

Issues in Indian Health Service Marketing

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Health sector in world

With global revenues of an estimated **\$2.8 trillion**, the healthcare industry is the world's largest industry. Today over 80 million Americans are employed in the service sector and as much as **70%** of the U.S economy is service oriented. The US service industry is very technical and sophisticated; comprising of computer and software development, business consultancy, telecommunication, banking, finance and insurance. This pattern of economic development is not universally applicable to all the countries. In many African and Asian countries, the agricultural sector is still the dominant one.

Daniel Bell, in his book the coming of the post-Industrial society states that: “If an industrial society is defined by the quantity of goods as a marketing standard of living, the post industrial society is defined by the quality of the life as measured by the services and amenities- health, education, recreation, and the arts-which are now deemed desirable and possible for everyone”.

Health sector in India

In countries like India, one can observe the growing importance of the manufacturing and services sectors while agriculture continues to retain its stronghold on the economy. The manufacturing and service sectors are growing not only in volume but also in sophistication and complexity.

Before independence, the health care sector was in dismal condition with high morbidity and mortality rates and prevalence of infectious diseases. Health as one of the Fundamental Human Right, has been accepted in the Indian Constitution. Although Article 21 of the Constitution requires the State to ensure the health and nutritional well-

being of all people, the Federal Government has a substantial technical and financial role in the sector. Due to growing importance of healthcare industry, it has been conferred with the Infrastructure status under section 10 (23G) of the Income Tax Act,

The Indian healthcare sector constitutes:

- Medical care providers: physicians, specialist clinics, nursing homes and hospitals and
- Diagnostic service centers and pathology laboratories,
- Medical equipment manufacturers,
- Contract research organizations (CRO's), pharmaceutical manufacturers,
- Third party support service providers (catering, laundry)

For the financial year 2006-2007, the share of services, industry, and agriculture in India's GDP is **55.1 per cent, 26.4 per cent, and 18.5 per cent** respectively. While the share of services in India's GDP increased by 21 percent in the 50 years between 1950 and 2000, nearly 40 per cent of that increase was concentrated in the nineties. One of the reasons for the sudden growth in the services sector in India in the nineties was the liberalization in the regulatory framework that gave rise to innovation and higher exports from the services sector.

The Government relaxed post Liberalization, in the 1980 the entry norms for Private players in the Health services industry. The private healthcare facilities are owned and run by for-profit companies, non-profit or charitable organizations. The entry of private sector has opened a gamut of opportunities for India in terms of Medical Equipment, Information technology in health services, BPO, Telemedicine and Medical and Health Tourism. An estimated 100,000 "Medical Tourists" visited India last year, representing a 20 per cent jump over the previous year.

With a GDP growth of 7.8%, India is one of the fastest growing economies in the world and the perfect health-hub of the world. At present, of the total healthcare

expenditure, around 75% is accounted for by the private sector, which we believe will contribute to the growth of the healthcare market in India in the future.

Today the healthcare industry has emerged as one of the most challenging sectors as well as one of the largest service sector industries in India with estimated revenue of about \$ 30 billion (FY 2005) constituting 5% of the GDP. The Indian Health Services sector is estimated to be around Rs. 750 billion with hospitals accounting for more than half of this.

Common challenges:

- Rising demand from the existing conventional communicable diseases burden.
- Emergence of new diseases like HIV/AIDS, bird flue and resurgence of old diseases like malaria and tuberculosis. Second challenge is financial and budgetary constraints under the economic restructuring regime.
- Threat by global climate change and associated diseases. Third challenge is arising from the structural adjustment policy to the shortage of medical trained personnel, ranging from doctors, nurses, technicians and even healthcare administrators

Issues : Are we healthy?

The issue is not to expand the healthcare infrastructure but to make it functional, accessible, accountable and better managed.

Are we lagging behind health wise?

A developing nation like Cuba and China appear to have done far better than us. As per WHO figures, the life expectancy at birth in China is 70.3% as compared to 60% in India. While China bears only 18.1% of the world's burden of communicable diseases, India has a crippling load of 30.3%.

Despite its high profile health services, India has 16.7% of the world's population, but it bears a frightening 19.5% of the 'global burden of diseases', half of this is accounted for communicable diseases. Our country continues to account for 23% of total child deaths, 20% of maternal deaths, 30% of tuberculosis cases and 68% of leprosy

cases is the world. In fact, health-wise we are way down the ladder at the bottom of the most underdeveloped countries of the world.

Government contribution:

The government spending on healthcare (as % of GDP) is as low as 0.9% (In the developed markets of US, UK and Japan the healthcare spend by the government is above 7%). The public sector accounts for 20% to 25% of the total healthcare expenditure (accounting for nearly 1% of GDP). This is the lowest in the world and ahead of only five countries namely, Burundi, Myanmar, Pakistan, Sudan and Cambodia (Source: CRISIL).

There are just 1.1 beds for every 1,000 Indians as compared to around 4.3 in countries such as China, Korea and Thailand, which indicates that huge investments need to be made if the situation has to improve going forward.

As compared to the developed world, in India, around 80% of the healthcare payments are borne by individuals out of their own pockets. This percentage stands at around 10% to 30% in the developed markets. This means that increased penetration of health insurance in India will play a critical role in boosting the growth of the healthcare market in the country. Pharmaceuticals and hospital services account for 75% of the total healthcare market.

The Indian government spends on too little on essential health services. In our country, out of the total amount spent on health, only 18% comes from the government treasury. This service is provided free of cost to people around the country. In addition, a whopping 82% of the total spend on health is accounted for by the private sector. By the statistics available, government spends less than Rs.200 per person's health. In India, the proportion of population paying for its own health-related costs is higher than anywhere in the world.

Prior to this, the citizens had to run around to various departments, which had a lot of disadvantage in terms of wastage of time, complicated rules and procedures, corruption, and other resource wastage. Besides, malpractice is very common, irrational

and unnecessary diagnostic tests and surgeries are rampant, and ethics are largely jettisoned.

Private healers:

While the public health sector has failed to deliver the service, the private sector has grown rapidly. It includes a wide range of health care from the luxurious corporate hospitals with state-of-the-art equipment, which cater to the medical tourists, to the local quacks. The average cost of treatment in the private system is 2.1 times higher for rural patients when compared to public health care. For the last five decades, the government has systematically nurtured the private health sector.

Disappearing doctors

Villagers have no access to any specialized medical care like paediatrics, gynecology, anesthesia and obstetrics. Even though 165 recognized medical colleges churn out 12,000 medical graduates every year, the shortage of doctors in the rural areas persists. While one-fifth of them leave the country for greener pastures, most others opt for the private sector. As a result, the number of physicians per 1000 individuals is measly 0.2 in the public health sector. There are approximately 11,25,000 practitioners of different systems registered with various medical councils in the country. Of them, only 125,000 are in government service (including those in central health services, the armed forces, railways, state insurance etc). The country loses Rs. 4,000-5,000 million because of the out – migration of four to five thousand doctors every year.

Primary healthcare

Since independence, emphasis has been put on Primary Health Care and India has worked continuously to improve its health care system in the last several decades. Considerable progress has been made in expanding the public system and reducing the burden of disease. However, the government-funded facilities were not enough to meet to the growing demand of population, whether it was primary, secondary or tertiary care, which necessitated the need for alternate source of funding in the healthcare sector.

For rural care, it is expected that there will be a community health centre (CHC) for every 100,000 population. Under each CHC, the norm requires four primary health centres (PHCs) serving approximately 25,000 people each and 24 sub-centres (SCs) serving 4,000-5,000 people each. Primary healthcare in India is provided through government-operated PHCs, at village and town levels. PHCs should be functioning as the first level in a hierarchical system of healthcare facilities.

At present, the major problems at the primary level in healthcare can chiefly be attributed to: i) shortage of qualified doctors to be posted at PHCs; ii) non-availability of proper infrastructure, including equipment and consumables at the PHCs; iii) poor motivation of the public to seek timely help from the PHCs owing to misbeliefs, superstitions and lack of health education.

The result of non-functioning PHCs has been that in many cases, diseases are neither diagnosed in their early stages nor treated. The rural population has to often travel to urban areas when they can no longer bear the suffering caused by the disease, thus increasing the load on hospitals in the urban areas and ending up with serious complications that, in many cases, could have easily been treated at their early stages.

This ignorance, coupled with the increased mobility between rural and urban areas, has led to an explosive spread of diseases such as HIV/AIDS and Hepatitis B and C.

Opportunity Areas

Apart from the issues, our analysis here tries to highlight various ‘opportunity pockets’ within Indian healthcare sector. The key areas of opportunity are as follows:

- Medical Infrastructure
- Telemedicine
- Medical Equipment.
- Medical textiles
- Health Insurance
- Clinical Trials

- Health services outsourcing
- Medical value travel
- Training and Education

Future investments:

The foremost objective of the Indian health system should be financial risk protection for the poorer and weaker sections of the population. — V. V. Krishnan

- The sector has had a growth of over 12% p.a. in the past four years and is estimated to grow by 170% by 2012.
- As per CRISIL, investment of Rs 670 bn will be required by 2011 for ramping up the healthcare infrastructure, of which only one-fifth is expected to come from the government.
- The government is planning to increase public spending on health to at least 2% to 3% of GDP over the next five years from the current 0.9%, which is a positive sign, execution of the same remains an issue.
- The medical equipment industry at US\$ 2.17 billion (Rs 9,790 Cr) in 2006 growing at 15% per year. It is estimated to reach US\$ 4.97 billion (Rs 22,396 Cr) by 2012.
- Medical textiles, which shall almost double to a US\$ 753 Million (Rs 3,388 Cr) by 2012, from the current US\$ 405 Million (Rs 1822 Cr).
- The estimated value of the Medical tourists industry will reach US\$ 1.48 billion (Rs 6,678 Cr) by 2012 growing at 22% per year from the current size of US\$ 450 Million (Rs 2025 Cr).
- Health insurance sector will grow to a US\$ 3.8 billion (Rs 17,100 Cr) in collected premiums by 2012 from the current annual premium collected of US\$ 711 Million (Rs 3,199 Cr) in 2006.

- Clinical trials have the potential of becoming close to a US\$ 1 billion (Rs 4,500 Cr) industry by 2010.
 - The total size of the Health services outsourcing industry is set to grow to US\$ 7.4 Billion (Rs 33,300 Cr) by 2012, at a CAGR of 11%.
 - A realistic target of 1.85 beds per thousand population by 2012 needs an investment of US\$ 77.9 Billion
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- By 2025, health care industry's contribution to GDP will have to reach 8-10%.

The Indian way to go:

- Stress on training local people-barefoot doctors- to take care of the primary healthcare centers referred to as 'community participation'.
- Must develop mechanisms to transfer skills and learning from one market to others.
- Integration of traditional medicine practitioners with the mainstream system.
- The vaccination drive for diphtheria, measles and polio should reach 100% of the population as soon as possible.
- Little effort has to be taken to standardize education or to promote research.
- Service marketing strategy calls not only for external marketing but also for internal marketing to motivate employees & interactive marketing to emphasize the importance of both "high-tech" & "high-touch".
- To bring the desired changes for a healthy growth of the healthcare sector, a well-defined partnership between the government and the private sector is essential to enhance quality healthcare in our country.
- The net present value (NPV) of the primary care market is a positive of Rs. One Crore. There is enough scope for primary healthcare players to make profits. Service is an attitude in health care.

- Patients should be treated with courtesy, attentiveness, respect, and enthusiasm.
- Cleanliness is necessary in health sector as much as giving customers the best value for their Trust.
- Regenerate the healthcare with new actors (NGOs, corporations) and new health practices (consumerism, new relation to body and well-being, rejuvenation of traditional medicines) etc.
- The following strategic practices would help the diagnostic service providers in improving their overall performance toward rural are Patient-Centric Approach, Credibility, Expertise, Modernization, Professionalization, One Stop Shop, Price Competitiveness, Accessibility, Human Resources, Networking, Quality control and Accreditation.

Conclusion:

Services in health sector are intangible, inseparable, variable and perishable. Each characteristic poses challenges and requires certain strategies. The equation of secret for success sums up to customer's total satisfaction. The author have studied and analyzed a wide spectrum of issues and challenges. From the global point of view, focus should be given on the key issues like financing, human resource and infrastructure for the rural people in developing countries like India with the support of WORLD BANK along with WHO, UNICEF, UNFPA, WHO, USAID, DFID, SIDA, and CIDA who provided assistance for specific programmes in family planning, leprosy, malaria control, HIV/AIDS, etc.

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