

Indian Affordable and World-Class Health Care Models

Health care models in developing countries are successful if focused on better service delivery

Indian health care models are at forefront to provide world-class treatment at the lowest cost. Few of Indian hospitals are ahead in terms of cost of treatment, health outcomes, and local innovations. Indian health care charges for many surgeries are 95% lower than that of US hospitals with similar outcomes. The price difference between India and the US is as follows.

Treatment	Indian Price	U.S Average
Cancer treatment	\$2,900 HCG Oncology	\$22,000
Kidney Dialysis	\$12,000 Deccan Hospital	\$66,750

Service delivery system refers to the process of providing service and delivering the service spontaneously or with minimal delay. The success of service also depends a great deal on its execution. As service and service provider are inseparable, marketers take extra precaution in the delivery of the service. This is often used in tourism and hospitality, where customers receive services immediately they are delivered.

Indian health care models have reached distinct identity and better health outcomes in many areas as follows.

S. No	Global Standards of Indian Health Care Models
1	<ul style="list-style-type: none">• Aravind Eye Care System is still profitable in spite of providing 2/3 patients at free or subsidized cost• Eye complication rate is better than that of UK's National Health Services
2	<ul style="list-style-type: none">• Narayana Hrudayalaya(NH) is opening an international accredited hospital in Cayman Islands in 2014 to provide high-quality treatment to uninsured and underinsured patients at half-the-price of the US hospitals.• 30-day post coronary artery bypass surgery mortality rate at NH, Bangalore is below the average rate recorded in Texas hospitals
3	<ul style="list-style-type: none">• Apollo Hospitals have better health outcomes than the international standards in knee, coronary, and prostate surgery along with infections related to operation theater and catheters
4	<ul style="list-style-type: none">• HCG Oncology is on par with U.S. benchmarks for five- year survival rate for breast cancer patients
5	<ul style="list-style-type: none">• Deccan Hospital is on par with U.S standards for five-year survival rate for peritoneal dialysis patients

Indian health care models reached global status by taking interventions in many areas to provide affordable and world-class treatment. The following are few of the interventions taken by Indian healthcare players.

S. No	Why is Indian Health Care Affordable?	Exemplary Models
1	Low-cost of labor	<ul style="list-style-type: none"> Indian surgeons earn 20-74% of American surgeons Aravind ophthalmologist earns \$50,000 p.a. (US = \$253,000)
2	Hub-and-Spoke model , configuration of facilities and expertise in a cost-effective way to support scale	<ul style="list-style-type: none"> The spoke does diagnosis, routine treatment and follow-up, send patients to hubs for advanced treatment and surgery. HCG Oncology has 17 spokes around 4 hubs in Ahmadabad, Mumbai, Chennai, and Bangalore Bangalore acts like a super-hub to provide more advanced diagnosis and treatment
3	Economies of scale	<ul style="list-style-type: none"> Spoke supplies more patients to Hubs More patients force hospitals to optimize doctors time, equipment, supplies, medicine etc. to reap economies of scale and drastic reduction in unit cost
4	Volume of patients attract talented doctors	<ul style="list-style-type: none"> Doctors can build capabilities faster and enhance expertise with broad spectra of diseases
5	Developed protocols to simplify complex procedures	<ul style="list-style-type: none"> CARE Hospitals classify angioplasty patients based on simple but objective criteria such as age, weight, medical history, and lifestyle
6	Volume of patients support for rare specialization into niche areas	<ul style="list-style-type: none"> LV Prasad Eye Institute(LVPEI) has reached a status of top leader in the niche, corneal transplantation
7	Local innovations	<ul style="list-style-type: none"> Deccan Hospitals provides home-based treatment for chronic kidney disease at cheaper price LVPEI cuts a single cornea into more numbers for more cornea transplantations
8	Delegation of skills	<ul style="list-style-type: none"> Paramedics are trained to assist doctors in less-skilled and routine tasks Narayana Hrudayalaya trains general physicians to become specialists and then to super-specialists. HCG Oncology developed a cadre of nurses to assist oncologists
9	Reducing dead time of surgeons in the operation theatre	<ul style="list-style-type: none"> The time between wheeled-in and wheeled-out of the patient in the operation theatre can be optimized by keeping patient ready for surgery at the end of previous surgery. Aravind Eye Care System developed a swiveling microscope to help surgeon to move from one patient to other without wasting any time in the operation theatre to perform 5-6 operations in an hour.
10	Self-service	<ul style="list-style-type: none"> Narayana Hrudayalaya, Mysore, transfers non-ICU postoperative care to family members which is traditionally done by hospital staff

11	Cost cutting	<ul style="list-style-type: none"> Reusing medical devices meant for single-use products NH and CARE reuses \$160 steel clamps 50-80 times employed during beating -heart surgeries
12	Economize on Decoration	<ul style="list-style-type: none"> Indian hospitals don't waste on decoration of lobbies, wards, patient rooms, halls, offices etc.
13	Pay-per-use deals	<ul style="list-style-type: none"> NH uses the medical equipment of GE, Philips, and Siemens on pay-per-use deals rather than outright purchasing.
14	Matching the sophistication of equipment to the task	<ul style="list-style-type: none"> LifeSpring uses smaller and simpler beds in maternity wards but spends for sophisticated delivery tables in the operation theatre.
15	Own manufacturing unit	<ul style="list-style-type: none"> CARE hospital has a manufacturing unit to produce stents to reduce the price.
16	Fixed salary for doctors	<ul style="list-style-type: none"> Salary is not linked to number of patients treated to facilitate focused treatment to each patient
17	Fixed package for a treatment rather than for a single procedure	<ul style="list-style-type: none"> Fixed package discourages unnecessary procedures without skipping any essential tests
18	Cost awareness	<ul style="list-style-type: none"> Cost awareness motivates employees to suggest better cost management and process improvements

Indian hospitals now can teach western hospitals in the areas such as management of scale, delegation of tasks, reconfiguring facilities, local innovations, and cost awareness.

Topic	Course
Service Delivery: Marketing of Services: Unit 25.7	Marketing management

Source: Govindarajan, V., and Ramamurthi, R.(2013), *Delivering World-Class Health Care, Affordably*, Harvard Business Review, November 2013.