ASSOCIATION OF HEALTHCARE PROVIDERS INDIA
Educating & Advocating for Well Being of Common Man

HEALTHARK

From Challenges To Opportunities: Emerging Models To Address The Gaps In Tier II / III Hospitals In India

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List of Abbreviations

Abbreviation	Term
AIIMS	All India Institute of Medical Sciences
AI	Artificial Intelligence
ML	Machine Learning
AR	Augmented Reality
VR	Virtual Reality
MRI	Magnetic Resonance Imaging
CT scan	Computed Tomography scan
HCWs	Healthcare Workers
CHCs	Community Health Centers
WHO	World Health Organization
ICUs	Intensive Care Unit
IoMT	Internet of Medical Things
PM-JAY	Pradhan Mantri- Jan Arogya Yojana
AB-HWCs	Ayushman Bharat- Health and Wellness Centers

Our Methodology (1/4)

Hospitals are the cornerstone of healthcare delivery in India and play a critical role in providing medical care to people across all socio-economic groups and in all parts of the country. In order to understand the key challenges faced by Indian hospitals, especially small-to-mid sized hospitals located in Tier II and Tier III cities, and the emerging solutions around these challenges, we conducted thorough secondary research backed by extensive primary research.

Secondary Research

We carried out extensive secondary research to build our hypothesis for this white paper. We gathered qualitative and quantitative information from multiple sources such as:

- Industry analysts (E.g. India Brand Equity Foundation, India Briefing, PwC, EY)
- Govt. agencies (E.g. NITI Aayog, FICCI, MoHFW)
- Print media (E.g. Economic Times, Indian Express, Hindu, TOI)
- Global and Indian statistics organizations (E.g. WHO, World Bank)
- Hospital / Hospital bodies (E.g. AHPI, Apollo Health, Narayana Nethralaya)

Primary Research

In order to further investigate, validate nuances and refine our hypothesis from secondary research, we interviewed 58 senior decision-makers from hospitals of different states across India. Our focus while conducting these primary interviews was towards small-to-mid sized hospitals, located in tier II / III cities. Key interviewee designations / roles:

- Chief Medical Officer (CMO)
- Chief Operations Officer (COO)
- Operations Manager
- Department Head
- Medical Superintendent / Hospital Administration

These interviews were 30 to 45 minutes long and were double-blinded to ensure confidentiality. The mix of hospitals was as follows:

- 32 small sized hospitals (<100 beds)
- 22 mid-sized hospitals (100-499 beds)
- 04 large sized hospitals (>500 beds)

Our Methodology (2/4)

#	Interviewee	City	State	Hospital
1.	Chief Medical Officer	Delhi	Delhi	Large size (1531)
2.	Chief Operations Officer	Mumbai	Maharashtra	Small size (50)
3.	Head of Operations	Bangalore	Karnataka	Small size (83)
4.	Medical Superintendent	Kolkata	West Bengal	Mid-size (241)
5.	Operations Manager	Hyderabad	Telangana	Small size (80)
6.	Chief Operations Officer	Pune	Maharashtra	Mid-size (110)
7.	Medical Officer	Ahmedabad	Gujarat	Small size (30)
8.	Operations Manager	Chennai	Tamil Nadu	Mid-size150
9.	Department Head	Bhopal	Madhya Pradesh	Small size (45)
10.	Department Head	Lucknow	Uttar Pradesh	Small size (85)
11.	Operations Manager	Bhubaneswar	Odisha	Mid-size (150)
12.	Chief Medical Officer	Nagpur	Maharashtra	Large size (1130)
13.	Department Head	Ranchi	Jharkhand	Small size (65)
14.	Operations Manager	Raipur	Chhattisgarh	Small size (75)
15.	Operations Manager	Surat	Gujarat	Small size (50)
16.	Department Head	Madurai	Tamil Nadu	Small size (25)
17.	Operations Manager	Mysore	Karnataka	Small size (58)
18.	Managing Director	Patna	Bihar	Small size (65)
19.	Department Head	Jaipur	Rajasthan	Small size (30)
20.	Operations Manager	Indore	Madhya Pradesh	Small size (50)

Our Methodology (3/4)

#	Interviewee	City	State	Hospital
21.	Medical Superintendent	Kanpur	Uttar Pradesh	Small size (35)
22.	Hospital Admin	Tiruchirappalli	Tamil Nadu	Small size (50)
23.	Department Head	Coimbatore	Tamil Nadu	Small size (80)
24.	Operations Manager	Dehradun	Uttarakhand	Small size (40)
25.	Department Head	Vadodara	Gujarat	Small size (50)
26.	Hospital Admin	Chandigarh	UT	Small size (75)
27.	Operations Manager	Vijayawada	Andhra Pradesh	Small size (78)
28.	Hospital Admin	Nashik	Maharashtra	Small size (60)
29.	Department Head	Agra	Uttar Pradesh	Mid-size (200)
30.	Department Head	Meerut	Uttar Pradesh	Mid-size (175)
31.	Hospital Admin	Guwahati	Assam	Small size (48)
32.	Department Head	Kochi	Kerala	Small size (80)
33.	Operations Manager	Ludhiana	Punjab	Small size (70)
34.	Department Head	Visakhapatnam	Andhra Pradesh	Small size (50)
35.	Hospital Admin	Cuttack	Odisha	Mid-size (106)
36.	Hospital Admin	Mathura	Uttar Pradesh	Small size (60)
37.	Operations Manager	Gwalior	Madhya Pradesh	Mid-size (130)
38.	Hospital Admin	Faridabad	Haryana	Large size (2600)
39.	Operations Manager	Siliguri	West Bengal	Mid-size (200)
40.	Operations Manager	Panipat	Haryana	Small size (52)

Our Methodology (4/4)

#	Interviewee	City	State	Hospital
41.	Chief Medical Officer	Trivandrum	Kerala	Mid-size (130)
42.	Department head	Kozhikode	Kerala	Mid-size (310)
43.	Chief Operations Officer	Ghaziabad	Uttar Pradesh	Mid-size (200)
44.	Hospital Admin	Jamshedpur	Jharkhand	Mid-size (150)
45.	Hospital Admin	Bikaner	Rajasthan	Small size (80)
46.	Department Head	Warangal	Telangana	Large size (1450)
47.	Department Head	Bareilly	Uttar Pradesh	Small size (50)
48.	Medical Superintendent	Ujjain	Madhya Pradesh	Mid-size (150)
49.	Operations Manager	Udaipur	Rajasthan	Mid-size (200)
50.	Department Head	Aurangabad	Maharashtra	Mid-size (100)
51.	Department Head	Roorkee	Uttarakhand	Small size (30)
52.	Operations Head	Rohtak	Haryana	Small size (95)
53.	Department Head	Bhatinda	Punjab	Mid-size (200)
54.	Chief Operations Officer	Gandhinagar	Gujarat	Mid-size (200)
55.	Operations Manager	Hosur	Tamil Nadu	Mid-size (125)
56.	Department Head	Mangalore	Karnataka	Mid-size (250)
57.	Operations Manager	Jabalpur	Madhya Pradesh	Mid-size (233)
58.	Medical Superintendent	Moradabad	Uttar Pradesh	Mid-size (108)

Introduction to the Indian Hospital Sector

Hospitals Are Pivotal To Indian Healthcare, And Are Well Positioned For Growth

Hospitals constitute 70% of the Indian healthcare industry and contribute significantly to the economy and society. However, the massive demand-supply imbalance in this sector has been a chronic problem in the Indian healthcare system, which was exacerbated during the COVID-19 pandemic. Now with normalcy setting in the Indian hospital industry is estimated to stand at INR 8.6 lac crore growing at CAGR of 17%. The long-term outlook of Indian hospitals is stable. Major chains are showing growth in revenues. Metropolitans, currently are host to major chains like Apollo, Medanta, Max health, whereas tier-II, tier-III cities house smaller hospitals, nursing homes and clinics

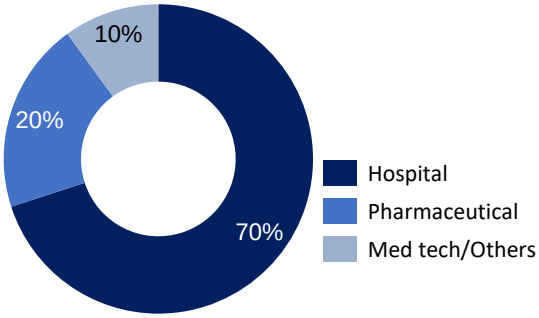


Fig 1: Broad sector-wise contribution to the Indian healthcare market (2021)

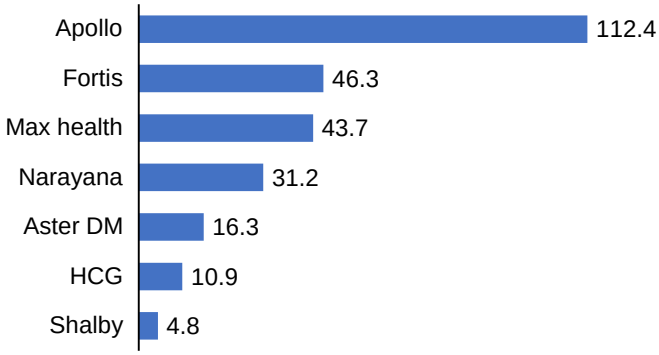


Fig 2: Leading players in the Indian hospital industry and their revenues (INR Bn) (2020)

Key Growth Drivers and Opportunities In The Indian Hospital Industry

Medical tourism

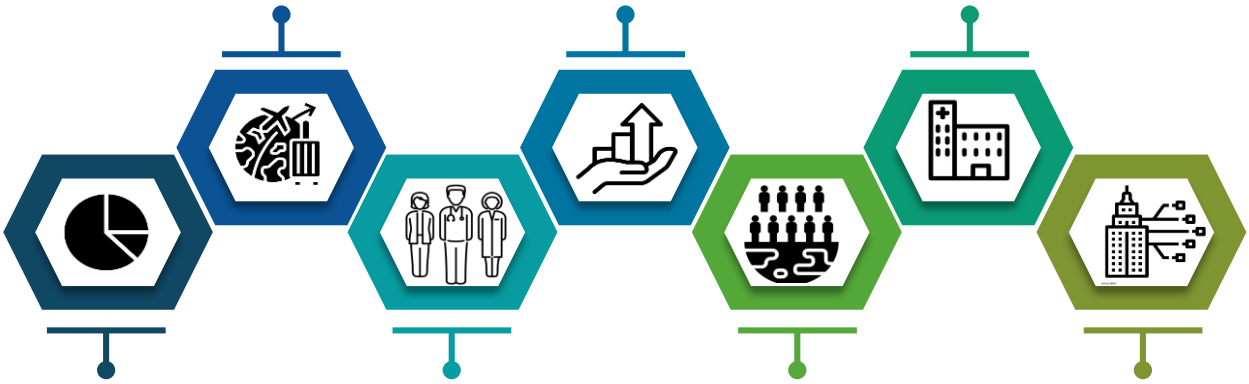
In 2020, India's Medical Tourism market was estimated to be worth US $5-6 Bn and is expected to grow to $13 Bn by 2026

Investment opportunities

Huge investment opportunities for both global & domestic investors. At present, there exists 582 investment opportunities worth US $32.1 Bn in medical infrastructure sector

Infrastructure

Total of ~69,000 hospitals exist in India, out of which 43,400 are private and 25,700 are public hospitals



Major contributor

In FY21 Hospitals accounted for ~70% of the Indian healthcare market (Fig1)

Primary Healthcare

Primary care industry is currently valued at US $13 Bn. The share of the organized sector is practically negligible in this case

High dependence

About 70% of the rural population and 80% of the urban residents rely on private hospitals

Vision to expand

Most healthcare giants in India like Apollo, Max, Fortis, etc. are looking to expand into tier-II and tier-III cities

Source: India briefing, Invest India, PRNewswire, Statista

Indian Hospitals Are Mostly Private, Unorganized and Small-Mid Sized; Less Than Half Have Secondary, Tertiary / Surgery Care

Due to lack of adequate public heath infrastructure, lack of trust on public health facilities and insufficient qualified medical professionals, the patient burden is driven towards private sector. 70%+ of Indian hospitals are private, and 85% of private hospitals are unorganized standalone facilities. Majority of Indian hospitals are small-mid sized, are not part of an organized chain, and those too are mostly concentrated in tier-1 cities.

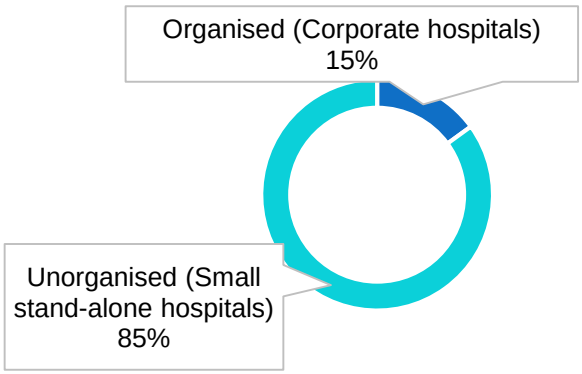


Fig 3: Broad sector-wise contribution to the Indian private healthcare market (2021)

70%+
patient footfall is directed towards private hospitals

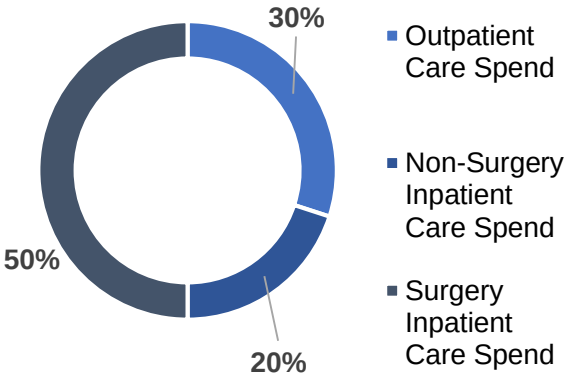
85%
private hospitals are in the organized sector; only 15% are part of large organized chains

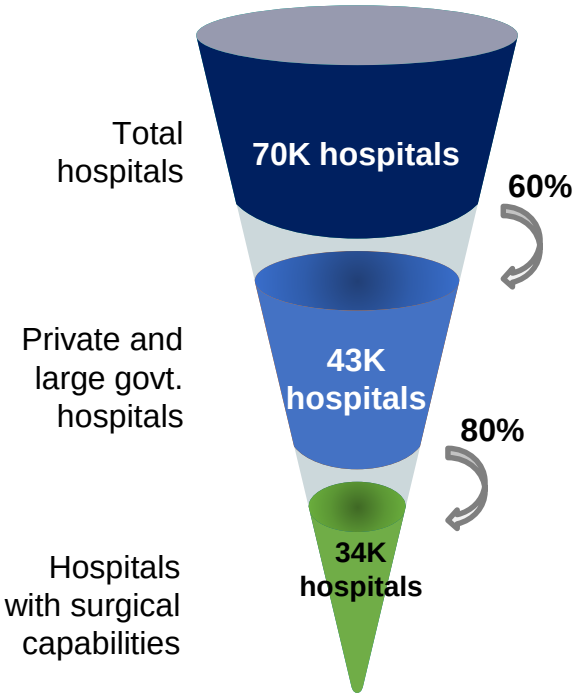
60%
health facilities are concentrated in a handful of large tier 1 cities

70% of healthcare spending is on in-patient care, managed by just 70,000 hospitals …

… of which, only 34,000 hospitals are adequately equipped for providing secondary and tertiary care (surgeries)

Fig 4: India Healthcare Spend by Inpatient/Outpatient Care (FY 20)





70% of the spend is on in-patient care, handled by merely 70,000 hospitals (Public + Private). Further, more than 70% of the inpatient care market is led by surgeries

Source: India briefing, Invest India, PRNewswire, Statista, Smergers

There Is An Increased Focus Towards Expanding Healthcare In Tier II / III Cities

Private healthcare sector in India is about 30 years old and for the majority of this time the focus has been on the large metropolitan cities. The tier-II and tier-III cities have largely been devoid of quality healthcare but this is set to change. Given that most people in India reside outside of tier-I cities, it is crucial to address the healthcare requirements of tier II and tier III cities in order to advance the wider cause of India's healthcare needs. To make the healthcare ecosystem more sustainable in these areas, both the Govt. and private sector has taken significant strides, some of which are highlighted below:-

Large Govt. Medical Institutes

6 AIIMS facilities built in tier II cities like Rishikesh, Bhubaneswar, and Bhopal; proposed AIIMS setups in Awantipora (J&K), Rewari (Haryana), Darbhangha (Bihar), and Madurai (Tamil Nadu)

Govt. Healthcare Schemes

Government initiatives like Ayushman Bharat, Ayush Mission and Pradhan Mantri Swasthya Suraksha Yojana are proving to be game changers for the smaller towns and rural areas

Private Healthcare Sector Ventures

Private healthcare brands including global giants have already ventured into smaller towns and peripheral regions with more following suit. With world-class medical facilities available, these cities are seeing flux of people from rural and adjoining areas in search of advanced health care

Role of Health Tech Startups

These play an important role in small towns and rural areas where access to medical facilities may be limited. These startups are using innovative technologies such as cloud platforms, AI and ML applications, and AR/VR simulations to bridge the gap in technology in the healthcare sector

Although India has witnessed healthcare growth in small towns / rural areas, there is still a long way to go to make quality and access of healthcare uniform throughout the country

Source: Financial express

Key Challenges In Tier II And III Hospitals

Key Challenges In Tier II And III Hospitals: Summary

Indian healthcare currently faces a dual predicament where patients require greater access to affordable and quality healthcare, and tier-II and tier-III hospitals / smaller medical facilities are under-utilized, and lack qualified people, standardized processes, and advanced technology.

Low Utilization

Patients from tier-II and tier-III cities travel to tier-I cities for specialized treatments which results in low patient footfall in the tier-II and tier-III hospitals / smaller medical facilities. One major reason is the lack of trust amongst patients who believe that quality doctors and facilities are available only in large cities.

Lack of Advanced Technology

Hospitals from tier-II and tier-III cities lack investments on medical equipment and technology like MRI, CT scans leading to travelling of patients to tier-I cities for diagnostics and treatments.

Lack of Doctors and Medical Staff

Majority of medical practitioners prefer to practice in urban cities because of the higher footfall of patients, professional work environment, and urban lifestyle. This leads to paucity of doctors and supporting staff in tier-II and tier-III cities.

Lack Of Standardization and Staff Training

In tier-II and tier-III hospitals, there is a lack of standardized processes, quality of care, and trained staff; there is also an increased number of unqualified HCWs working in small towns / rural areas in the past few years.

Healthcare in tier-II and tier-III cities have a long way to go

Tier II And III Hospitals Are Underutilized As Patients Prefer Visiting Hospitals In Tier-I Cities To Access Quality Healthcare

The healthcare industry in India is just as diversified as the rest of the nation. On one hand, India is home to one of the highest medical tourism sectors in the world, but on the other, millions of Indians struggle with severe lack of access to high-quality healthcare.

Patients from tier-II and tier-III cities travel to tier-I cities, especially for specialized healthcare and surgeries, resulting in majority of quality healthcare providers becoming saturated in larger cities.

While India consistently develops outstanding physicians, introduces innovative medical technology, and advances in digital health, a sizable portion of the population still lacks access to this development and majority of such population resides in India's tier-II and tier-III cities.

In Comparison To Urban Areas, There Are Several Shortcomings Impacting Tier-II and Tier-III Cities:-

i. People from tier-II and tier-III cities are mostly referred to urban cities owing to a lack of secondary / tertiary healthcare. Moreover, the doctor-patient ratio is heavily skewed towards tier-I cities

ii. The metro cities have higher footfalls, higher disposable income among patients than the tier-II and tier-III cities, leading to attractive opportunities of medical practitioners too

iii. There is a lack of physicians, nurses and trained medical professionals in the rural areas. Moreover, a lot of existing HCPs are under- / un-qualified

iv. Though there is a critical need for high-quality healthcare in non-metropolitan and rural areas, a very few percentage of doctors choose to practice in small towns and cities

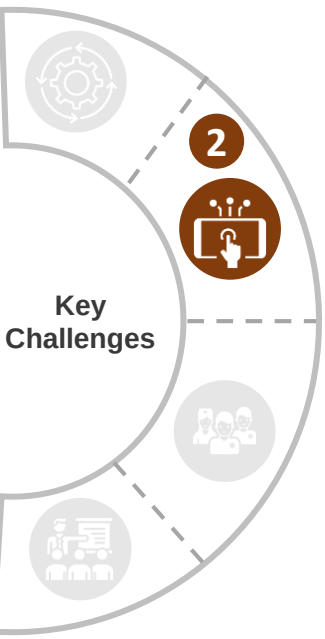
v. There is a huge lack of specialty care in tier-II & tier-III cities including oncology care & high-quality diagnostic facilities resulting in lack of adequate secondary & tertiary care

Rural India, which is home to more than 64% of the total population, lacks access to even 30% of the country's health infrastructure

Source: Financial Express The Tech Panda Express Healthcare Think Global Health The Hindu business line

Penetration of Advanced Healthcare Equipment And Technology In Tier-II and Tier-III Cities Is Still A Gap

The lack of technology in small towns and cities has been a persistent challenge in the Indian healthcare sector. Approximately 86% of medical visits in India are of individuals living in tier-II and tier-III cities out of which the majority of patients travel more than 100 km to avail the advanced healthcare in tier-I cities. This is due to a lack of advanced technology required for the diagnosis and treatment of many diseases.



Lack of Advanced Medical ...ments

- Diagnostic and pathology services are rarely found in the tier-II and tier-III cities of India which makes it difficult for medical professionals to cure the patient. High-end diagnostic machines like X-ray machines, CT scan machines, and MRIs are not available in rural hospitals
- Moreover, in rural India, the framework to maintain electronic health records (EHRs) is limited which leads to missing patient history that reduces informed and effective treatment for the patient

Lack of Basic Diagnostic Facilities

- Apart from advanced medical instruments, there is a gap in the availability of basic diagnostic facilities too in rural India
- In bigger cities, basic diagnostic facilities and machines required for blood tests, urine tests, eye check-ups, and other lab tests are easily available, whereas many parts of rural India are devoid of these facilities

There Is Lack of Funds and Investments In Tier-II and Tier-III Healthcare Infrastructure To Improve Technological Advancement

- The primary reason behind the lack of technology in the tier-II and tier-III cities of India is inefficient funding and investments
- Additionally, the cost of these tests is frequently increased by taxes charged on laboratory equipment, making these services unavailable to the majority of individuals in rural areas

According to a study, 8 metro cities that are home to 10% of the Indian population use 40% of the total radiotherapy devices in the country while the rest of the population is left with just 300 machines

Source: Ballard Brief Devex Oxfam Thinkglobalhealth

Doctors In India Are More Attracted To Urban Cities; There Is A Paucity of Specialist Doctors In Tier-II and Tier-III Cities

Despite large majority of the country's population residing in tier II / III towns and rural India, there's a dearth of doctors in these areas. Most of the population in these areas relies on public health infrastructure due to lack of economic resources. In 2021 Govt. reported that only 33% of HCWs and 27% of doctors reside in rural areas. PHCs are facing a shortage of doctors by 7% and CHCs are facing a shortage of 57%. The shortage of specialist doctors at CHCs, which stands at 76%, poses a significant challenge in terms of providing quality secondary care in smaller cities and towns. Efforts to incentivize medical graduates to work in rural areas, such as offering financial rewards, have been unsuccessful. This is likely due to the fact that well-educated professionals who come from urban backgrounds are unwilling to work in these remote locations.

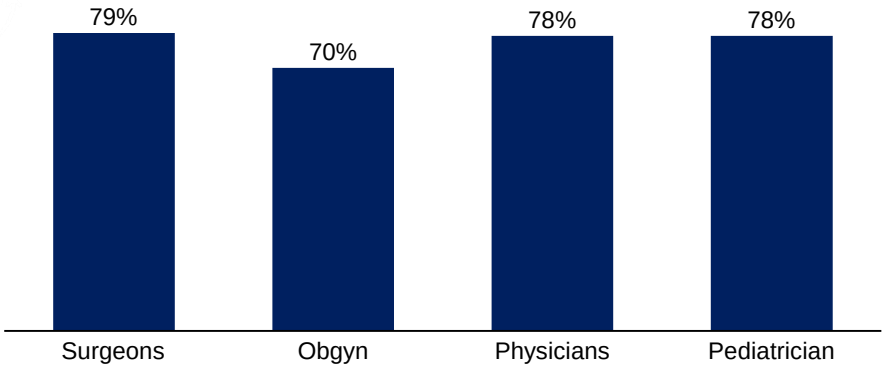


Fig 5: Lack of specialist doctors in CHCs (in %) (2021)

India Is Lagging Behind The Rest of The World When It Comes To Healthcare Workforce

- Currently, around 80,000-90,000 physicians graduate from the various medical colleges in India each year
- According to the National Medical Council of India, there are ~1.3 Mn doctors (~1 Mn active) in India at present, which translates to a ratio of 1 doctor for every 834 people, which is lower than the global average of 1 doctor per ~640 people (World Bank, 2017)

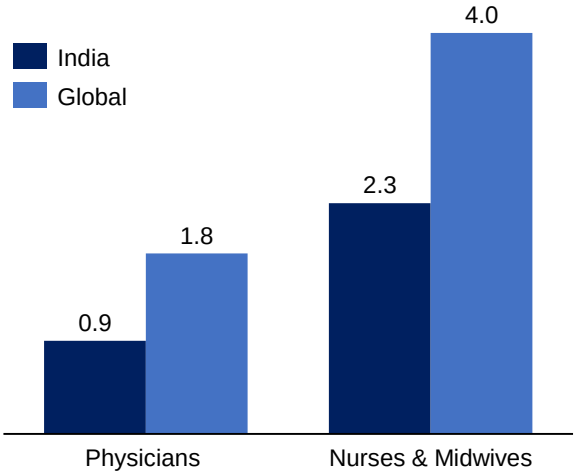


Fig 6: Number of HCW per 1,000 patients in India compared to Global average (Worldbank)

Source: Indianexpress, Businessstandard, SPRF, World bank

Unqualified HCWs / Quacks and Maturity Level Variances in Hospitals of Tier II / III Cities Leads to Non-Standardized Care

Key Challenges

4

Lack of Training

According to estimates, in India, there are 29 total HCWs for every 10,000 people, while there are only 16 trained HCWs for every 10,000 people against the minimal WHO-recommended standard of 22.8 skilled workers per 10,000 people. Untrained HCWs are frequently the initial point of contact in rural and backward areas.

Absence of Standardized Care

The absence of standardization in processes leads to inefficient service delivery and increased overall healthcare costs. This also results in lack of quality control and patient safety

Compromise On Patient Safety

Indian hospitals often lack training in key areas such as medical ethics, patient safety, and infection control. These are critical components of quality healthcare, and without adequate training in these areas, hospitals are at risk of providing substandard care

Unregistered Doctors Are Increasing In Number Hampering Patient Trust & Quality Care

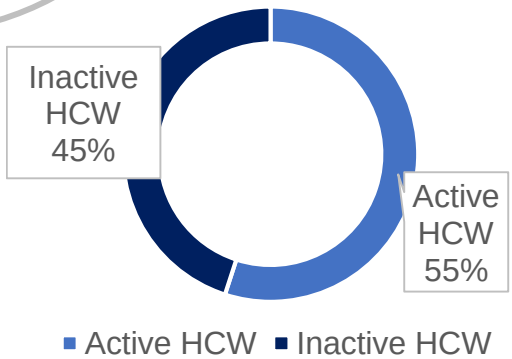


Fig 7: Active vs. Inactive healthcare workers (2021)

- Number of qualified doctors in India is projected to be 6.75 lakhs, accounting for only 53% of all registered doctors
- Over the last two decades, the number of uncertified health workers has increased substantially, with approximately 1.48 lakh uncertified medical practitioners or quacks currently practicing
- Lack of standardized training and continuous education of qualified specialists leads to non standardized medical diagnostic and treatment procedures leading to unfavourable patient experience

Quackery undermines the doctors who are practicing the profession honestly and diligently

Source: BMJ Indianexpress, Businessstandard, SPRF

Emerging New Age Models Addressing Gaps

Emerging New Age Models Addressing Gaps In Tier-II and III Hospitals: Summary

New age model players (e.g., Pristyn Care) are revolutionizing and modernizing healthcare in tier-II and tier-III regions, tackling accessibility and affordability challenges using state of the art processes. These solutions can be bucketed into the following categories:

Democratizing Access To Healthcare

Through telehealth and the new age tech driven platforms the penetration of healthcare in rural parts of India has increased and specialty healthcare has become accessible to the patients

Providing Access To The Latest Technology

Through asset light models, MRI, CT scans, and other medical equipment required for diagnosis are being made available outside tier-I cities

Optimizing Doctors' and Medical Staff's Availability

New age models are helping in sharing of resources and assets, allowing for small and medium-scale hospitals to reach economies of scale

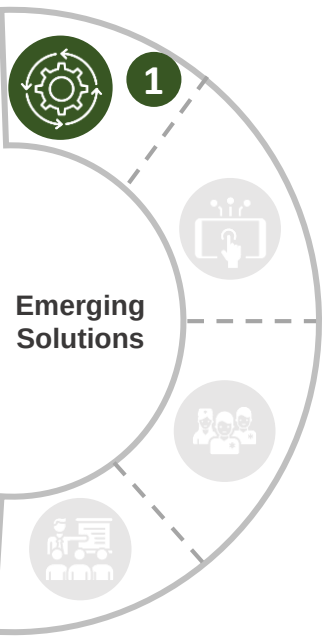
Providing Trained Staff and Standardized Processes

These models are helping gain patient trust by building brands and standardizing operations in small or mid sized hospitals. They are providing patients with improved quality care through experienced and well-trained staff

New-age health models are revolutionizing healthcare in tier-II and tier-III cities

Tech-Based Platforms Are Democratizing Access To Healthcare Making Quality Care Accessible In Tier II and III Cities

The new age platforms offer increased convenience by connecting patients with the right doctors and surgeons, creating transparency in the healthcare ecosystem, additionally allowing for access to a range of healthcare services from various healthcare providers. They also streamline patient's experience, from the initial appointment and diagnostic testing, to surgery or specialized care, and post-treatment follow-up appointments with the doctor.



Improving Healthcare Access In Tier-II/Tier-III Cities

- Telehealth has the potential to bridge the gaps between urban and rural healthcare by availing expert and specialty care through an online consultation to patients residing in remote areas in order to receive timely treatments
- Using these models, patients can pick and choose from a wide variety of options leading to better footfall dispersion and better utilization of the ideal capacity of the existing clinics

Minimizing The Medical Expenses

- Healthcare start-ups are coming up with innovative solutions to tackle the affordability challenge by providing no-cost EMI and pre-approved health insurance schemes
- With options like digital lending, patients can avail of instant medical emergency loans by uploading documents on a digital lending platform and getting emergency loans approved with minimum paperwork
- This has increased patient trust in new-age models due to transparency in the payment of hospital bills
- Furthermore, asset-light models can reduce the cost of specialty care and surgeries by sharing resources that are underutilized
- Through telehealth healthcare expenses can be further minimized by the reduced cost of traveling

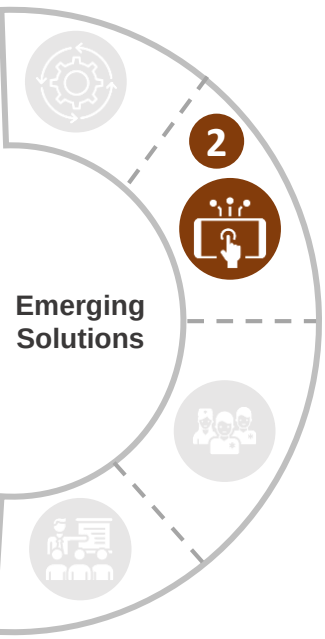
According to a McKinsey report, India might save as much as $10 Bn by 2025 if telemedicine were to replace in-person consultations

Source: Indi Village Foundation Ruralhealthinfo.org FE Business World Medtel TOI

Asset Light Models Are Bringing Advanced Medical Equipment and Technology To Small-Mid Sized Standalone Hospitals

To address the challenges of tier-II and III cities in availing quality healthcare, new-age technologies like remote patient monitoring, video integrations, and mobile health are increasingly being adopted. New-age tech-driven technologies can bridge the gap of unavailability of specialized care and advanced facilities in remote areas.

There are various technologies that are playing a vital role in increasing the penetration of quality healthcare in tier-II and tier-III hospitals:



Adapting innovative solutions like cloud platforms, AI and ML-based applications, and AR/VR-based simulations, new-age models are bringing quality diagnosis and treatment to tier-II and tier-III cities

Remote or smart ICUs are reforming intensive care and gaining ground in many parts of India. Implementation of smart ICUs can greatly increase the number of patients who have access to high-quality, continuous care across multiple hospitals and ICUs

Bluetooth-enabled IoMT (Internet of Medical Things) devices are capable of sending the clinical data of patients to the doctor in real-time, mimicking face-to-face consultation with doctors and enabling timely healthcare delivery

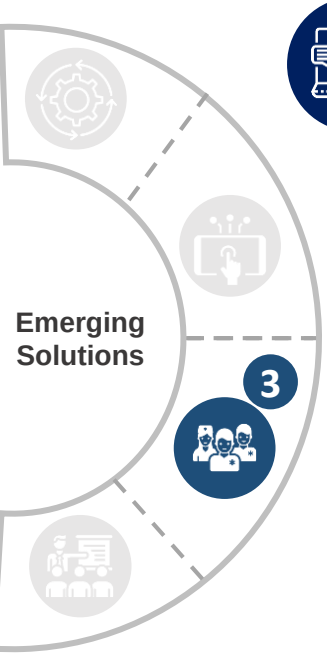
Moreover, IoMT devices are backed by **artificial intelligence and predictive analytics** which can predict the future conditions of patients using periodical data that can be used in preventive care in underserved areas

The supply and demand imbalance in tier II / III hospitals is increasingly being addressed by adopting asset-light models, which allow hospitals to share resources, optimize spending, and build steady cash flows. These shared-economy models are advantageous for both doctors and patients where doctors can have better career opportunities by being part of a bigger supply chain and for patients this adds value in form of affordable and quality care.

Source: Medtel HDFC Indi Village Foundation Ruralhealthinfo.org FE Business World

New Age Models Are Reducing Burden On Existing HCWs By Optimizing Their Availability

New age tech driven platforms are optimizing availability of HCWs, these new platforms are allowing access of doctors and nurses at homes allowing for shorter wait times. These platforms have recognized the extreme burden on existing HCWs and are working towards tackling this challenge eventually leading to better access to quality care. The asset-light business models are helping in brand building and enable a hospital network to expand more quickly and densely without sacrificing clinical quality or patient experience. It also allows for the creation of smaller centers that may be more suited to specific areas. These new age models are narrowing the doctor patient gap by implementing the following:-



Using Tech To Reduce Doctor Patient Gap

Advanced telehealth platforms are helping patients from tier-II and tier-III cities consult highly qualified doctors remotely, thereby, helping patients reduce travel costs and avoid long travel to obtain optimum medical care

Remote Patient Monitoring Systems

Remote patient monitoring technology has allowed doctors to monitor a patients condition from distance allowing for quicker response times in critical or chronic health conditions

Increased Funding for HCWs by both Public & Private Players

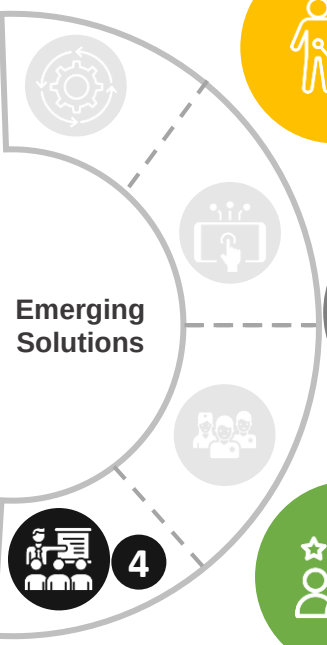
There has been a surge of funding from both private and Govt players to increase numbers of HCW by making medical education accessible and affordable

These new age models are focusing on making quality care affordable and accessible for all and providing doctors and other HCWs with better opportunities allowing for better optimization of their time and skills.

Source: Forbes, BW healthcare, TOI

New Age Models Are Standardizing Care In Tier-II and Tier-III Cities and Building Patient Trust

The focus of new age healthcare platforms is on prioritizing quality healthcare and building brand presence in small scale clinics and hospitals which leads to trust building in patients. These digital health players have policies and procedures in place to ensure compliance with the laws and regulations for safeguarding patient data privacy and security. These players also have stringent controls to ensure only authorized personnel have access to patient data which may involve implementing login systems and access controls.



These models are moving towards aspects of value based healthcare where the focus is more on patient outcomes and patient experience

All costs in treatments are kept transparent building trust and help provide a better healthcare experience

They standardize patient's treatment journey from the initial outpatient visit, diagnostics, admission, surgery or specialized care, discharge process to follow-ups with the doctor

Through use of data analytics, big data, AI, e-health and telemedicine, the new-age healthcare models are actively contributing towards continuous education of doctors and healthcare workers. These technologies not only provide doctors with access to the most recent research and evidence-based practices, but also helps them to better assess and personalize treatment for their patients, leading to more effective and efficient care for patients.

Source: BW healthworld, Catalyst, Forbes

Private Players Augmenting Government Initiatives

New-Age Private Players Are Augmenting Govt. Initiatives Focused On Improving Healthcare in Small Towns & Rural India

	Ayushman Bharat	Private player (Asset light/Tech enabled
Healthcare Infrastructure Utilization	▪ There are only **1.28 empaneled hospitals per 1 lakh population** under the scheme ▪ **Majority of private hospitals are not enrolled** under the scheme (only 3% of the total private hospitals are eligible	• New age business models are emerging that can improve the **utilization of private hospitals**, especially the smaller ones in tier 2/3 cities
Digital Initiatives	▪ Ayushman Bharat Digital Mission (National Digital Health Mission) launched with the aim to ease business processes which will **connect the digital health solutions of hospitals** ▪ Citizen will now get a digital health ID and their health record will be digitally protected	• Private players, both traditional hospitals and health-tech start-ups, are **augmenting government's digital initiatives** by creating **tech-enabled ecosystem to connect caregivers and patients**
Care Continuum	• Ayushman Bharat - Health and Wellness Centers (AB-HWCs) launched a move away from selective health care to a **more comprehensive range of services** spanning preventive, promotive, curative, rehabilitative, and palliative care for all ages	• Multiple **apps and digital platforms across the care continuum** are coming up that span across wellness (meditation, diet & exercise) to diagnostic testing to consultation to curative procedures and surgeries
Patient Population Insurance Coverage	• Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY**)** and various State Government extension schemes, provide comprehensive hospitalization cover to the **bottom 50% of the population**	• **Middle and high income population** are covered through employer's group insurance or/and private voluntary health insurance • Online aggregator platforms help customers compare and select the right insurance plan at a simple click-of-a-button

New age models have aligned strategies with Govt run schemes

Source: BW healthworld

Conclusion And Way Forward Recommendations

Conclusion And Way Forward Recommendations (1/2)

The Indian healthcare and hospital landscape is complex and multifaceted. While India has made significant progress in improving access to healthcare and reducing mortality rates, the country still faces significant challenges. Like any other industry, healthcare is also undergoing transformation. Several technological, regulatory, and operational changes are set to transform the working of the public healthcare system, how patients are treated, and how private providers operate.

Despite being the most populated country in the world, there is low patient footfall in tier-II and tier-III hospitals of India, which is mainly due to the lack of trust amongst patients regarding the quality of doctors and facilities available in smaller medical facilities. This is leading to patients traveling to tier-I cities for specialized treatments. Additionally, hospitals in these regions face challenges related to lack of investments in medical equipment and technology, resulting in patients traveling to tier-I cities for advanced diagnostics and treatments. There is also a shortage of specialists and supporting staff in tier-II and tier-III cities, as many medical practitioners prefer to practice in urban areas due to higher patient footfall, professional work environments, and urban lifestyles. Moreover, the lack of standardized processes, quality care, trained staff in smaller medical facilities, and an increased number of unqualified healthcare workers working in rural areas add to the challenges. To address these challenges, new-age healthcare providers are actively making efforts to achieve global standards in Indian healthcare.

India's healthcare landscape is undergoing a transformation due to various market forces, leading to changes in consumer behavior, digital technology dependency, provider landscape, diagnosis, disease burden, healthcare workforce, and regulatory regimes. The government and large private players have recognized the gaps in healthcare facilities in these areas and have begun investing heavily in the sector. Emerging asset-light models empowered by technology are also revolutionizing the industry and making healthcare accessible to all, benefiting both patients and doctors. This continued focus and implementation of Govt initiatives coupled with funding to scale private players will ensure increased integration of new-age models with traditional hospitals. This, in combination with advancements in technology to aid efficient patient handling, transparency in treatment costs, and collaboration with insurance companies, can contribute to the comprehensive care that patients are entitled to receive. Moreover, the latest technology is enabling healthcare workers to upskill, leading to better patient care and outcomes.

Emerging healthcare models are being envisioned and implemented in India which are allowing providers to save time, helping patients to take control of their health data, and driving healthcare organizations to refine their business models to include more personalized treatments. Delivery of care is also being reimagined so that the hospitals move beyond bricks and mortar, particularly if the patients are aged or are suffering from chronic conditions. Technological advancements have made it possible for patients to receive care beyond the hospitals, which helps to save both time and money. In the coming years, the healthcare industry in India hopes to transform with improved healthcare access, optimal asset allocation, proper utilization of healthcare services, focus on the quality of healthcare, use of innovative diagnostics and treatment methods, improved transparency, and patient-centered models of healthcare delivery.

Conclusion And Way Forward Recommendations (2/2)

Recommendations for Tier II / III Hospitals:

1. **Embracing technology**: Like any other industry it's time for the Indian healthcare industry to include technology across its value chain. We are seeing the Western nations implement technologies such as AI and Electronic Health Records (EHRs) to help smoothen the patient journey. AI can help improve healthcare quality and accessibility in tier-II and tier-III cities by enabling more accurate diagnoses, predicting diseases, and providing personalized treatment plans. AI can also help automate administrative tasks and reduce the workload of healthcare professionals, enabling them to focus more on patient care. EHRs can help improve the quality of healthcare by providing a centralized record of a patient's medical history. EHRs can be accessed by healthcare providers across different healthcare facilities, making it easier for providers to access a patient's medical history and provide better care. EHRs can also help reduce medical errors and improve patient safety. Additionally, technology can be utilized to provide patients with a more personalized and convenient experience by bringing healthcare to their homes using digital mediums such as apps and telemedicine platforms to schedule appointments. These apps would also allow patients to self-monitor their health and take better decisions for their well-being.

2. **Integrating with new-age healthcare models**: The existing challenges in the Indian healthcare system have led to the emergence of new-age healthcare models (e.g., Pristyn Care) which are a combination of asset-light, telemedicine, and / or value-based care models. These models have successfully identified the challenges both the provider and patient face. Asset-light models can help tier-II/III hospitals reach economies of scale and operate more efficiently by allowing them to collaborate with other providers and share resources which would essentially help these hospitals cut down on investments leading to more affordable healthcare for patients. Moreover, asset-light healthcare models can provide patients with access to specialized healthcare services that may not be available locally. This can lead to better health outcomes for patients who require specialized care.

3. **Providing standardized care**: Standardization in quality of care can act as the cornerstone for building patient trust. Hospitals should strive towards securing third party validation of high operating standards of patient safety and quality of care, such as NABH accreditation. This is becoming increasingly important for hospitals to attract patients and meet regulatory requirements. Such accreditations essentially allow for better quality in healthcare and improved patient outcomes as the accreditation process involves a rigorous evaluation of the healthcare provider's management systems, clinical processes, and patient outcomes, and helps healthcare providers to identify areas for improvement in their delivery of healthcare services. Additionally, in order to build patient trust, it is recommended that providers should strive towards keeping their pricing and billing procedures standardized and transparent. This would not only help gain patient trust but also make healthcare more accessible and affordable for all and allow for patients to make better financial decisions.