



FAST-TRACKING PPPs

Pragmatic PPP projects are the need of the hour to strengthen the healthcare ecosystem in the country

BY PRATHIBA RAJU

Public-Private Partnership (PPP) is a two-way street, and in healthcare both the government and the private sector need to fast-forward the PPP process as they have the potential to drastically change the healthcare landscape in India. A pragmatic, balanced framework with realistic, risk-sharing and robust dispute mechanisms and reasonable exit norms can help synergise the government and the private segment with a balanced PPP model. This is the need of the hour, according to experts.

The National Health Policy (NHP) 2017 envisages building a strong partnership between the government and the private organisations to strengthen overall functioning and efficiency of the health system. The policy also talks about strategic pur-

chasing by the government to fill critical gaps in public health facilities and outlines the process of creating a demand for private healthcare sector in alignment with public health goals.

Assuring that the PPP model can provide the much-required fillip to public health infrastructure in India, Dr Ajay Rajan Gupta, MD and Group CEO, Indo-UK Institute of Health (IUIH) said, "As per available industry estimates, to address the issues plaguing Indian healthcare, an investment of ₹150,000 crore is required, of which 80 per cent is likely to come from the private sector, primarily under the PPP model. The government has promised to increase state contribution from one per cent to 2.5 per cent over a period, and we feel this will mainly be in primary healthcare. However, linking of this system with secondary, tertiary hospitals

which are primarily in larger towns will need to be done by private sector both for private and government hospitals. Good policy initiatives from the government will attract private investment in health infrastructure by making it a viable business."

IUIH has proposed 11 new UK-Indo Institutes for Health in India which, would amount to an investment of ₹17600 crores into India's healthcare system.

"We, at IUIH, which is the largest PPP project, firmly believe that it is the way forward to improve healthcare in India. The PPP models will encourage much higher use of resources, bringing standardisation in delivery, increasing the reach of health systems to rural areas by use of digital technology, including medical record as well as telemedicine," Gupta added.



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MD and Group CEO, Indo UK Institute of Health (IUIH)



PPP is the only way going forward, as 70 per cent of healthcare is currently managed by the private sector and they have strength and the flexibility to come up with innovative models

Dr Devi Prasad Shetty
Chairman and Founder, Narayana Hrudayalaya



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MD & Chairman, Meditrina Group of Hospitals



A real PPP can be based on a level-playing field. Terms have to be fair and the risks have to be equally divided, only then it will be a level-played game

K Sujatha Rao
Former Union Health Secretary



By 2020, Piramal Swasthya endeavours to reduce MMR by 30 per cent, IMR by 20 per cent and risk of premature mortality by 25 per cent in intervention areas

Vishal Phanse
CEO, Piramal Swasthya

Need for PPPs

According to a recent McKinsey report, India will have a total bed density of 1.84 per 1,000 people against the global average of 2.9 and the WHO guideline of 3.5 by 2022. As a country, we account for 20 per cent of the global disease burden and only 12-15 per cent of our population is under health insurance cover. Private sector caters to over 90 per cent of hospitals, 80 per cent of doctors, 80 per cent of outdoor patients and close to 60 per cent of indoor patient care services in India. This overtly high dependence on the private sector has debilitating effects on the poor leading to liquidation of their assets, indebtedness and poverty. Two-fifth of those hospitalised in India end up becoming BPL category every year owing to out-of-pocket expenses which is often as high as 80 per cent of their income.

As per a KPMG report, PPP in the context of the health sector is an instrument for improving the health of the population. PPP is to be seen in the context of viewing the whole medical sector as a national asset with health promotion as goal of all health providers, private or public. The private and non-profit sectors are also very much accountable to overall health systems and services of the country. Therefore, synergies where all the stakeholders feel they are part of the system and do everything possible to strengthen national policies and programmes needs to be emphasised with a proactive role from the government.

Going forward, PPP in healthcare has emerged as one of the options to influence the growth of private sector with public goals in mind. One such instance would be a major multi-million collaboration in healthcare recently happened between India and the UK,

Partnering for development

The IUIH programme included the proposal for 11

new UK Indo Institutes for Health in India, accompanied by strategic clinical and training partnerships with the UK's finest NHS organisations, universities and private sector companies.

"Healthcare enjoys a central position in the bilateral relationship between India and the UK, and has been identified as one of the priority areas for the two countries to work more closely together. The benefits of this collaboration are broad ranging. They will include the provision of international standards of healthcare in India for the exchange of ideas in advanced medical research and development, training and education of doctors and nurses in both countries, state-of-the-art training facilities and extensive technology and innovation links. The IUIH will have 11 medicities and each medicity is planned to include a 1,000-bed hospital in close partnership with one of

the UK's leading NHS hospitals. The first two medicities at Nagpur, Maharashtra and Amravati, the new capital of Andhra Pradesh for which the foundation stones were unveiled recently. Each medicity are being built with an investment outlay of ₹ 1,600 crores in association with King's College Hospital, London," Gupta said.

Also, the IUIH Programme, which is designated for the provision of integrated healthcare facilities to all Indians, assures to build a capacity of 11,000 beds, 5,000 doctors, 25,000 nurses and generate direct and indirect employment for over 300,000 Indians. 20 per cent of patients are said to be given free treatment at IUIH facilities.

Apart from the conventional medicine and treatment of patients, IUIH assures efficient sharing of ideas and resources and creates invaluable economies of scale and size in several ancillary and complementary areas such as education and training, clinical support, manufacturing and technology, research and development, mental health, alternative medicine and commercial health.

"The IUIH will provide an integrated approach to healthcare across India by partnering with the UK's best organisations in research, education, manufacturing and healthcare delivery. The goal is to bring healthcare to India which is available, affordable - no patient is turned away, reduce costs across the value chain, operate a tiered system of charges, cross-subsidise patients, accountable - transparency of charges, treatments and outcome and appropriate - bring in all major specialities and treatments, provide outreach programmes to rural and semi-urban areas, develop digital health initiatives by providing remote consultations, advice and monitoring to all," Gupta said.

Getting PPPs right

Similarly, various state governments have also

KEY THRUST AREAS WHERE THE PRIVATE SECTOR CAN CONTRIBUTE

- + Healthcare infrastructure development;
- + Review, rationalisation and design of patient centred care pathways
- + Establishing integrated care pathways to improve health outcome
- + Management and operations of healthcare facilities for efficiency, economy, quality
- + Capacity building and training;
- + Financing mechanisms;
- + IT backbone and data repositories for access to clinical information;
- + Materials management including supply chains for ready availability of equipment, appliances, medical supplies etc.

Source - IUIH

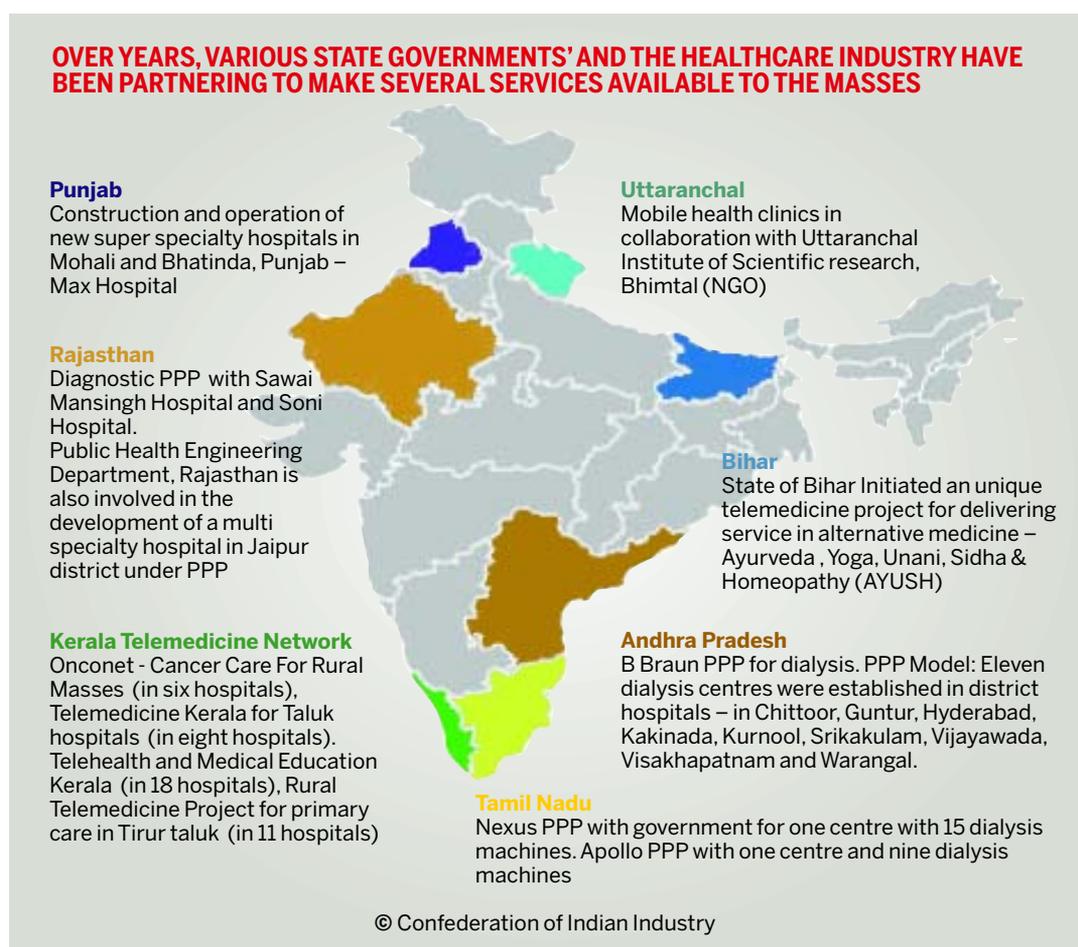
experimented with PPP models in healthcare delivery and got it right as well. Projects like Yeshasvini Health scheme in Karnataka, Arogya Raksha Scheme in Andhra Pradesh, telemedicine initiative by Narayana Hrudayalaya in Karnataka, The Uttaranchal Mobile Hospital and Research Center (UMHRC), Primary Health Centres (PHC) in Gumballi and Sugganahalli, Karnataka, emergency ambulance services scheme in Tamil Nadu are a few innovative and successful models.

Informing that PPP mode will deliver high impact solutions more efficiently, and help tackle systemic challenges, Dr Devi Prasad Shetty, Chairman and Founder of Narayana Hrudayalaya who runs several PPP models pan-India said, “PPP is the only way going forward, as 70 per cent of the healthcare is currently managed by the private sector they have strength and the flexibility to come up with innovative models. One such model is the Yeshasvini Health Insurance Scheme in Karnataka, which was conceived by us. We have multiple successful PPP models in Assam, Jammu and Kashmir, Karnataka, Andhra Pradesh where the government gave us the land to build up hospitals.”

Developing one such successful PPP model, Speciality In Hospital (SIH), Dr N Prathap Kumar, MD and Chairman, Meditrina Group of Hospitals, said, “Having tried out many business models in healthcare industry, I can affirm that PPP is one of the best models in the country today. The perception in public regarding the civil hospitals being service oriented and meant for welfare of general public has given them a wider acceptance. There are quite a good number of civil hospitals that operate in the most remote villages of our country. The only drawback with these is the lack of advanced speciality care facilities. The government has limitations to invest to convert these civil hospitals into speciality care facilities as well as hire skilled professionals for these hospitals, but a private player capable of investing can provide expertise and required capital infusion in these hospitals.”

Explaining the SIH model, Prathap Kumar said that every hospital needs a department like cardiology, cardiac surgery, neurosurgery and requires huge investment in modern equipment, machinery as well highly-skilled professionals. It is a tough game for a government hospital to afford the entire expenses of the building, power supply, staff along with high-end machinery and equipment. The SIH model is where Meditrina will invest only in the cardiology department whereas other facilities like housekeeping, security, CSSD, HR department and accounts are run by the parent hospital. The partnership delivers free quality treatment to state government health card holders and BPL citizen. The centres will not only cater to the medical requirement of people from Haryana but even from neighbouring states.

“The response to SIH has been great as it mobilises a department with less investment, assuring quality service and sufficient revenue out of it. The model brings in a favourable change, particularly in tier-II and tier-III cities, as it offers expert specialty care at very affordable rates. The Haryana state health department in an attempt to empower the health scenario of the state called a global tender to start, operate and run cardiology service and cardiac surgeries in four civil hospitals across the state. The government was looking forward for a private player for these serv-



ices since the state had no facilities of interventional cardiology or cardiac surgery in civil hospitals. We quoted just less than ₹ 50,000 for angioplasty with a drug eluting stent for any patient in the state. This proposal offered the government a very different plan because here BPL card holders as well Haryana government health card holders will get the entire treatment free of cost (where the cost is borne by the government); the highlight being that the patients other than the ones eligible for free treatment also could avail the treatments at just ₹49,000,” Kumar informed.

Not just corporates, but also NGOs like Piramal Swasthya, act as catalysts between governments and corporate bodies. They have developed an integrated community outreach programme that reaches out to people in six states with the help of 388 MMUs.

“Piramal Swasthya has served more than 8.6 crore beneficiaries. Nearly 4.5 crore beneficiaries have been provided validated health advice through remote health advisory and intervention services, which has a direct impact on health related awareness of the beneficiaries. By 2020, Piramal Swasthya endeavours to reduce maternal mortality rate (MMR) by 30 per cent, infant mortality rate (IMR) by 20 per cent and risk of premature mortality by 25 per cent in intervention areas. Today, we deliver mobile medical services in 13,523 villages in Andhra Pradesh through equipped MMUs, with real time data transferred to the AP chief ministers dashboard, a real time executive integrated dashboard established AP to monitor category-wise key performance indicators,” Phanse added.

Thus, there are certain exemplary PPP models in healthcare. Simultaneously, there have been numerous projects driven by the state governments, which suffered setbacks due to lack of evaluation.

Design with care

However, in the coming times, PPPs would take on even more significance in the healthcare sector given their manifold benefits like improved access to healthcare and reduction of out-of-pocket expenses. They also improve equity and higher efficiency through use of digital technology. PPPs can also ensure higher accountability, opportunity for regulation and better quality of services.

Hence, it is time to get our act together and design PPPs right. It is essential to ascertain that the PPP model is realistic and the capacities of the government and the private sector are well utilised. The financial and project structuring, detailing scope of services, technical advisory, tendering process and eventually shortlisting of private partners should be done with care. Any PPP model needs to be well scrutinised before implementation, advised a health expert.

As Former Union Health Secretary, K Sujatha Rao informed, “PPP in health segment can work when the risk is shared. It can't be a one-sided game with all benefits taken by one partner and all risks borne by the other. In many cases, the private sector is the dominant provider. A real PPP can be based on a level-playing field. Terms have to be fair and the risks have to be equally divided, only then it will be a level-played game.”

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