

India's healthcare sector transformation in the post COVID-19 era

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Over the last few decades, India has made significant advancements in the way healthcare is delivered in the country. In terms of employment and revenue, it has been one of the largest sectors and is growing at a brisk pace. Healthcare in India is delivered mainly either by public or private providers. The public healthcare focuses on delivering primary healthcare through community-level health programmes mainly focusing on reducing mortality and morbidity caused by various communicable and non-communicable diseases. It follows a tiered system of infrastructure wherein basic health services are provided through sub-centers and primary health centers, while secondary and tertiary care is delivered at better equipped establishments such as community health centers, district hospitals and medical colleges that are mostly at district headquarters.

The private sector largely has its presence concentrated in tier I and II cities. The disparities and the challenges to equitable, accessible and quality healthcare get exposed when compared geographically. The National Health Policies over the years have served well in guiding the approach towards a more inclusive healthcare system in the country and aim at achieving a Universal Health Coverage (UHC) following a graded manner.

Impact of COVID-19 on the Indian healthcare sector

With the COVID-19 pandemic testing even the more developed healthcare systems globally, the foundations of India's healthcare system have naturally also been shaken. The overall response to the pandemic witnessed both the private and government sector working in tandem. The private Indian healthcare players rose to the occasion and have been providing all the support that the government needs, such as testing, isolation beds for treatment, medical staff and equipment at government COVID-19 hospitals and home healthcare.

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India's private healthcare sector has contributed significantly and accounts for about 60 per cent of inpatient care¹. Most private facilities initiated their plans in response to the COVID-19 pandemic, which involved significant investments to prepare facilities for controlling and preventing the infection, building infrastructure for quarantine and treatment, and equipping the facility with suitable medical supplies and additional workforce. Additionally, hospitals and labs witnessed a sharp decline in revenue due to delayed medical tourism and elective processes (the pandemic is speculated to trim the private hospitals' operational profit by approximately 40 per cent this fiscal year²). The OPDs (outpatient departments) had also been closed almost throughout the year as per the government advisory.

The healthcare industry, along with the central and state governments, undertook a robust response plan to tackle the pandemic by setting up of dedicated COVID-19 hospitals, isolation centres and tech-enabled mapping of resources. In order to effectively manage the outbreak, the Indian government also leveraged technology and developed various applications both at the central and state-levels. The Aarogya Setu mobile app which assisted in syndromic mapping, contact tracing and self-assessment was widely used throughout the country. Such technology platforms were used to supplement the response management, which included delivery of essential items in containment zones, tele-consultations with patients, bed management and real-time monitoring and review by the authorities.

Investment in India's healthcare sector

Despite initial hiccups, the healthcare system in India managed to withstand the pandemic. The various efforts in manufacturing of medical equipment, disposables, drugs and the most recent vaccine efforts made by India has placed us as a global leader. India not only fulfilled the domestic requirements, but also rose to the occasion and supported other countries. The healthcare sector, therefore, as an investment opportunity looks promising. A few factors encouraging future investments in the sector are:

- **Medical infrastructure in Tier II and III cities:** The shortfalls such as the required number of beds or the accessibility of advanced equipment that were highlighted during the worst-hit times of the pandemic are highlighting the need for a healthcare system that is 'emergency-proof' for such situations in the future. Hospital chains and specialty centres are coming forward to build more capacities, especially in Tier II and III cities. Numerous hospital chains have started expanding in these cities by setting up small clinics and associating with reputed local doctors. This is also aligned with government efforts to increase the number of hospital

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beds per thousand population and close the accessibility gap mainly in sub-urban and rural parts of the country.

- **Health insurance awareness:** There has been an increased awareness of health insurance products in the past few years and more people are investing in health insurance with each passing year.
- **Government policies:** Though planned before the pandemic, government efforts in achieving a universal health cover under 'Health for All' and schemes, such as Ayushman Bharat and National Digital Health Mission have sped up exponentially. These efforts to make healthcare affordable and accessible for the entire population also offer scope for private players to widen their reach and presence.
- **Medical tourism:** The healthcare sector in India is attractive to foreign patients because of the availability of quality services at relatively lower costs compared to countries in Western Europe or the U.S. As of 2012, Bangladesh (22 per cent) accounted for the highest number of medical FTAs (foreign tourist arrivals) whereas Maldives, Afghanistan and Iraq accounted for 17 per cent, 9 per cent and 8 per cent, respectively.³
- **Use of technology:** Online consultations and technology platforms are in high demand especially in today's times. In August 2019, the Ministry of Health and Family Welfare introduced the 'eSanjeevani' app, an integrated web-based telemedicine solution. It aims at making healthcare services fair by bridging the gap between urban and rural India.

The prognosis is positive

Driven by better healthcare awareness, rise in incomes, increased access to insurance and lifestyle-related diseases, India's healthcare market is expected to reach USD372 billion by 2022.⁴ The Indian government aims at increasing the healthcare spending to 2.5 per cent of the GDP (gross domestic product) by 2025.⁵ The COVID-19 pandemic has also transformed the way the government and private players are planning to bring change in the healthcare system. There has been an increased focus on telemedicine services and the government also issued new guidelines to make telemedicine a legal practice in India. The Ministry of Health and Family Welfare (MoH&FW), along with NITI Aayog has rolled out the new guidelines that will allow registered medical practitioners (RMPs) to provide healthcare services using telemedicine⁶. Furthermore, the government has also launched the NDHM (National Digital health Mission) to address the country's health crisis. The major components of this mission encompass telemedicine, health IDs, health records, along with e-pharmacy and digi-doctor services.

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The biggest health emergencies of our times have not just laid bare the myriad challenges and gaps in our health system but also highlighted the importance of investing in ‘well-being’ at both personal and system level. It has ushered in an era of digital and technological innovations and advancements that will help communities fulfil those requirements at a much faster pace.

¹ On the brink of collapse, private hospitals now in need of care, The New Indian Express, 30 July 2020

² Pandemic to shave off 40% operating profit of private hospitals, Business Standard, accessed on 28 January 2021

³ India Tourism Statistics report 2012, Ministry of Tourism, Government of India

⁴ Indian healthcare market to hit \$372 billion by 2022, The Economic Times, 3 December 2017

⁵ Committed to raise health expenditure to 2.5% of GDP: Harsh Vardhan, Business Standard, 28 September 2020

⁶ Top Telemedicine companies in India – InnoHEALTH, accessed on 29 January 2021

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