Hospitals – North India

In a sweet spot

We hosted a hospitals consultant to understand the dynamics about the industry in North India. The key highlights of the discussion were: a) North-based hospitals are dependent on the patients from the North region as compared to the South-based hospitals where patient flow is from East and North-East part of India, b) the hospitals which have high proportion of cardiac/orthopedics procedure are likely to be comfortable with the latest SC directive to the central government, c) from the cost analysis point, for some private hospitals, CGHS rates are far beneficial as compared to the rates for a cash-paying patient for similar treatment and d) there is a rise in medical tourism in the Delhi-NCR market due to various initiatives like setting-up a team in the embassies, doctor tourism and fellowship programs.

Demand scenario

- The Northern market is a self-dependent market wherein the patients who come for treatment are from the North India majorly. Additionally, this market also caters to patients from Nepal, Bhutan and Afghanistan.
- On the other hand, the patients who come for treatment to the hospitals in the South India are also from the East/North-East (NE) India and Bangladesh. The lack of healthcare infrastructure in the North/East India is a primary reason due to which patients go to South-based hospitals for treatment.
- This has led to volumes of elective surgeries being proportionately higher in the South India market than that in the North India market.

Price scenario

- Recently, the Supreme Court (SC) has directed the central government to standardise hospital treatment charges. The expert highlighted that the hospitals with high proportion of cardiology and orthopaedics may be comfortable with this ruling. This is because in the past, when a similar ruling came, senior opinion leaders of cardiac/orthopaedics took up the initiative to counter the proposed rates by the CGHS. They got a better benefit which still exists and is favourable for cardiac and orthopaedics treatment.
- However, for other procedures, the rates are less and we feel that it will not be accepted fully by the rest of the industry. If these rates are forced upon, this might lead to lower-quality services.
- Interestingly, from the cost-benefit analysis, CGHS rates are far beneficial as compared to the rates for a cash-paying patient for similar treatment. The expert highlighted that there are some private hospitals where the cost for a cash-paying patient is far less than that of CGHS rate. For example, there are some private hospitals where cost of an angiography treatment for a self-paying patient is nearly INR6k as compared to CGHS rate of ~INR11k.

Medical tourism

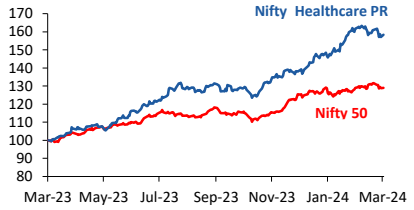
- **Gaining share through consulate/embassy**: The revenue share of medical tourism is higher in North-based hospitals, especially Delhi as compared to the rest of India. One of the reason is presence of foreign embassies in Delhi. The large hospitals in Delhi have channels in these embassies. When an international patient applies for a medical visa, a dedicated team within the embassy guides that patient to choose their hospital.
- **Doctor tourism**: Interestingly, the market has also witnessed an increase in doctor tourism, wherein, the doctor needs to go to the country, especially African countries like Mozambique or Kenya, to treat the patient. Moreover, these patients then refer other potential patients to these doctors who might travel to India. This has led to an increase in the overall business.

C-NTRUM DEALERS' DIALOGUE
Uttar Bharat Ki Kahani, Dealers ki Zubaani.

NIFTY 50: 22,056

BSE Sensex: 72,748

Nifty 50 vs Nifty Healthcare PR



Source: Bloomberg

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- **Fellowship programs**: Large hospitals have fellowships programs for medical practitioners wherein they invite doctors from ME, Africa under a senior doctor. These practitioners then go to their respective countries and refer people to India.

Other highlights

- The rise of Oncology cases over the past few years have been due to awareness and early detection of the disease.
- The rise in insurance penetration has led to the patients opting for quality treatment in private hospitals like MAXHEALT, MEDANTA and others.
- The patient in tier-2/3 city does not have the negotiation capacity due to lack of tertiary and quaternary healthcare facilities. Moreover, the doctor talent availability is a huge gap between tier-2/3 as compared to tier-1 city.

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