



Aarogya Bharat

India healthcare roadmap for 2025

By Karan Singh, Parijat Ghosh and Dr. Debasish Talukdar

About NATHEALTH

Leading stakeholders in India's healthcare system created NATHEALTH to be "the credible and unified voice in improving access and quality of healthcare."

This Bain Brief is a summary of the analysis in a recent report, Aarogya Bharat: India Healthcare Roadmap for 2025, by Bain & Company and NATHEALTH, which the two organizations released in January 2015 at NATHEALTH's annual event.

Stakeholders in NATHEALTH include healthcare service providers, medical technology providers (devices and equipment), diagnostic service providers, health insurance companies, health education institutions, healthcare publishers and others dedicated to the goal of creating a common platform to power the next wave of progress in Indian healthcare.

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Healthcare in India is at a crossroads.

The nation has made remarkable progress on several fronts, and is healthier today than ever. India has successfully eradicated many diseases, including smallpox, polio and guinea worm disease. It has significantly reduced HIV infections and AIDS-related deaths. It has emerged as a hub for generic-drug manufacturing, and it boasts a large public-health infrastructure.

Despite this progress, India continues to struggle with critical issues and gaps in its healthcare system (*see Figure 1*). Healthcare is underserved and underconsumed. Health insurance covers less than a quarter of the population, and out-of-pocket spending is high. Hard infrastructure and talent are both in short supply, and there are significant regional variations in healthcare delivery. Investments in primary care and public health have long been inadequate. A strong bias towards curative care reflects a culture that often neglects prevention and wellness. The quality of care is mixed; high-quality care is hindered both by limited accreditation and by failure to adopt basic technologies.

Broad social trends in India are likely to increase the burden on India's health system, ultimately threatening its sustainability. Non-communicable diseases such as heart disease, diabetes and cancer are spreading rapidly, thanks in part to increased urbanization. The population is aging: The elderly will account for an estimated 11% of India's citizenry in 2025. More and more people are demanding greater access to quality care, but cost increases make it difficult for uninsured citizens to afford care and public healthcare spending is among the lowest in the world.

Now is an opportune time to redefine India's health system in order to power the nation's growth and development.

Today, stakeholders have an exciting opportunity to transform India's health system. Working in partnership with government, they can help India move beyond manufacture of generic drugs to emerge as an innovation hub in lower-cost health products and services. They can provide health insurance to the broad population, lessening the need for out-of-pocket spending. They can reduce the urban-rural divide in the supply and consumption of healthcare. And they can encourage greater use of

Figure 1: The current state of healthcare in India requires action across multiple dimensions

~\$6T Economic loss impact from NCDs by 2030	~75% Population with no health insurance	~2M Gap in bed capacity
~315M Population affected by tropical diseases	178 Maternal mortality rate vs. MDG target of 109	~\$3T Cumulative healthcare spending requirement by 2025
1.3% Percentage of GDP as public spending on healthcare	<1% Percentage of delivery providers accredited	~3M Urban diabetes patients who receive adequate treatment, out of ~38M

Notes: WHO is the World Health Organization; MDG is Millennium Development Goal; NCDs is non-communicable diseases
 Sources: Euromonitor; World Bank; Bain analysis

technology, both to create scalable, sustainable made-for-India solutions and to increase health awareness and engagement. All this can help turn India into an exporter of new models in affordable, high-quality care among emerging economies. The process holds the potential for significant job creation (15 million to 20 million additional jobs by 2025), and it will help create a healthy India to power the country's development and growth.

But India must choose its evolutionary trajectory wisely. It must make clear choices regarding the role of government, including how the government will prioritize and fund healthcare. All of us who are stakeholders need to reshape the paradigm of care in India and create a culture of health and wellness. To undertake this journey, we will have to redefine the health system and lay out preferred paths on three key dimensions of health delivery: access, cost and quality. Making the right choices in areas such as the role of government, regulations on essential healthcare goods and services, innovation in payment models, use of technology and sources of funding will be critical in defining the future trajectory of Indian healthcare.

India has a narrow window and must act quickly. If we can capitalize on this opportunity, we can hope to achieve a massive shift in healthcare within a decade. We can aim for equitable access to affordable healthcare and minimum quality standards for today's highly aware and engaged consumers by 2025. The sustainable healthcare ecosystem we seek would be centered on a wellness-oriented culture focusing on prevention and early diagnosis.

Key recommendations

Several critical steps can help ensure a successful transformation of India's health system.

Immediate priorities

One key objective is to ensure that the central government assigns national priority to the healthcare agenda, commits to spending more on public health and defines a holistic framework for an India-centric health system. The government should set clear priorities, clarify roles and establish enabling incentives and regulations for stakeholders.

A second objective is enabling a paradigm shift to healthy living, with a focus on prevention and primary care. Stakeholders can encourage greater public spending on prevention, create individual incentives for healthy living and foster broader engagement of multiple stakeholders (technology and food and beverage companies, for example, along with media, schools and others). They can expand current programs to control non-communicable diseases with offerings that integrate screening, prevention, treatment and follow-up. One key here is to create partnerships—private-private, public-private and inter-sectoral, involving the delivery, insurance, technology and pharmaceutical sectors of the healthcare industry.

Other immediate priorities include:

- Expanding insurance coverage and reducing out-of-pocket expenses by rolling out a universal coverage system for essential care, which includes government support for the disadvantaged.
- Institutionalizing minimum quality standards for healthcare products and services, and initiating tracking of outcomes.
- Using health-technology-assessment (HTA) tools to determine access to innovation.
- Investing in IT and other technologies to overcome access barriers in remote areas and engage patients.
- Expanding the supply of healthcare talent in critical roles, rejuvenating AYUSH (ayurveda, yoga and naturopathy, unani, siddha and homeopathy) and encouraging private investment in education. A clear roadmap for governance and continuing medical education (CME) for professionals can help improve the quality of healthcare talent.
- Encouraging local manufacturing, transforming India into an export hub for medical products and equipment and into an R&D hub for tropical diseases.

Short-term priorities. The objectives just listed are at the top of the priority list. But there are several others that require attention in the short term. For example, the

government needs to create enabling regulations to foster private enterprise in healthcare at sustainable returns. Government and other stakeholders should inculcate a culture of personal responsibility for health through education, awareness, schooling, public mandates and incentives—for example, through health savings accounts and co-payments. It should encourage the build-out of healthcare infrastructure into underserved areas; optimize existing infrastructure by restoring non-functional capacity; and relax norms for expansion within existing facilities.

Medium-term priorities. Stakeholders need to build capacity in both the health system and the community to provide long-term care, especially for the indigent and elderly. This capacity should include mental healthcare. Stakeholders can also encourage innovation in care models, shifting from hospital-centered delivery and procedure-centered, fee-for-service models to low-cost delivery, capitation-based payments and population health models. And they can foster greater self-regulation and ethical behaviour among medical professionals, with oversight by professional councils.

What we ask of the government

India's central government has shown encouraging signs that it intends to make healthcare a national priority. We ask the government to take the lead in bringing about the key changes required to achieve the objectives outlined in this report.

In particular, we suggest that the government increase public spending on healthcare from 1.3% of GDP in 2012 to 3% of GDP by 2025. A greater share of public spending should go to prevention, including mass screenings, and to primary care coverage. We ask the government to pilot and scale up universal-coverage models to guarantee essential care. We also ask central and state governments to collaborate to ensure that healthcare is a high priority and that health regulations are uniform.

There is much else that the government can do. It can define a vision and roadmap for non-communicable diseases and healthy living, rolling out high-impact public-health interventions and ensuring multi-stakeholder engagement. It can mandate minimum quality standards

for delivery and diagnostic providers and device manufacturers—for example, a “light” version of the National Accreditation Board for Hospitals & Healthcare Providers (NABH) standards. The government needs to invest in an IT backbone and interoperability standards in healthcare, providing incentives for adoption, and it needs to build competency in HTAs, relying on such tools to manage access to innovation in publicly funded products and services.

India's government also should create an enabling ecosystem that provides incentives for private investment in delivery infrastructure, medical education, R&D and domestic manufacturing. It should establish systems to rationally determine the pricing of publicly funded products and services—for example, procedures carried out through Rashtriya Swasthya Bima Yojana (RSBY), India's national health programme. It should adopt a mission approach for India-focused drug R&D—in tropical diseases, for example—and for public health initiatives such as vaccination coverage.

Commitment from NATHEALTH members

We recognise that there is a significant lack of trust between the private and public sectors in healthcare today. Private players in the healthcare industry have a major role to play in bridging that gap and enabling a healthier future. Members of NATHEALTH should therefore pursue a series of measures designed to achieve these objectives:

First, they should invest in expanding the supply of affordable care, especially beyond metropolitan areas, with appropriate incentives. They should continue to innovate with new delivery models, including in government partnerships, to improve quality of care. And they should invest in cost-effective innovation in drugs and device manufacturing to transform India into an Asian hub for high-value products.

Second, they should harness technology to expand the reach of existing services like telemedicine. This includes prioritizing investments in the appropriate technology tools, such as electronic health records (EHRs), to enhance care quality and coordination.

Third, they must improve quality by encouraging the adoption of minimum standards and enhancing the skills

Figure 2: How do we measure success and on-track performance?

Input	Output	Activity
<ul style="list-style-type: none"> • Public spending as a percentage of health-care expenditure • Share of total healthcare (and public) spending on public health, prevention, screening and diagnostics, primary care • Percentage of population with health insurance (public/private/social) • Enrollment of citizens to national health register (Aadhaar) 	<ul style="list-style-type: none"> • Life expectancy (at birth, at five years, overall) • Sustainable Development Goals* post-2015 • Bed density, distribution across rural and urban areas • Out-of-pocket spending as percent of total spending • Healthcare professionals per 1,000 people • Penetration of technology (e.g. x-ray equipment) • Basic health awareness 	<ul style="list-style-type: none"> • Overall coverage of preventive measures <ul style="list-style-type: none"> – DTP3 immunisation – Percentage of population screened for NCDs • Utilisation of healthcare services in the past year <ul style="list-style-type: none"> – Primary visits and preventive health checkup – Utilisation by different income classes • Percentage of accredited delivery and diagnostic centres • Progress in India-focused R&D (e.g. drugs for tropical diseases)

*Sustainable Development Goals (SDGs) comprise 17 goals for United Nations development agenda beyond 2015; health-related goals include ensuring healthy lives and promoting well-being for all ages, and availability and management of water and sanitation for all

Notes: NCDs = non-communicable diseases; BPL = below poverty line; DTP3 immunisation coverage is the percentage of one-year-olds who have received three doses of combined DPT vaccine

Source: Bain analysis

and capabilities of doctors, nurses and allied personnel through training, career progression and CME. They should focus on education and awareness of healthy living and prevention; they also should invest in worksite wellness programmes for employees.

Finally, members of NATHEALTH need to engage with the government on health policy, sharing their expertise on such matters as procedure costs, pricing and new technology assessments. They should commit to adopting and promoting ethical behaviours and norms, and they should invest a portion of profits in corporate social responsibility activities, supporting social enterprises and causes for a better India.

Must-haves in the health system to achieve the aspirations

As India's health system transitions towards the aspirational state, multiple underlying factors must be in place. Both central and state governments must provide public funds. The private sector should receive adequate invest-

ment, with incentives to invest in local manufacturing and healthcare delivery in underserved areas. Publicly funded services must be rationally priced, ensuring fair returns for private providers.

But that's not all. The infrastructure must be made ready to meet anticipated growth in demand, especially following universal coverage. Trained talent in every field must be available in every part of the country. Consumers will need high levels of health awareness and should be willing to take individual responsibility for health outcomes. Health IT and data can serve as the backbone for effective implementation of these initiatives, tracking outcomes and providing disease surveillance. State and central governments will need to improve the level of cooperation for consistent implementation of public initiatives.

Relevant signposts will indicate whether the transformation of India's healthcare system is on course (*see Figure 2*). If the nation can succeed at this difficult task, it will be firmly on the path to healthy development for the remainder of the century. 

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