Health is Wealth for SMEs

New technologies will be the key to helping SMEs take advantage of the opportunities in India's booming healthcare sector

THE healthcare sector in India is growing rapidly, as the need for medical care and the demand for high-quality healthcare facilities grows. The rise of new technologies for many aspects of healthcare is fuelling this growth, allowing the entry of many private players, both large firms as well as SMEs. The per capita healthcare expenditure in India grew by 9.3% from 1993-94 and 2001-02 and continues to increase. Public spending on healthcare is currently at 0.9% of the GDP, and is expected to double to 2% of the GDP. With the rise in income levels and the increasing adoption of health insurance, the demand for tertiary care is expected to grow. The market for tertiary care is expected to grow at a faster rate due to the increase in complex in-patient ailments such as heart diseases and cancer.

However, despite the expansion, the demand in this sector far outstrips the supply. Currently, the number of hospital beds per 1,000 population stands at 1.11 in India (The global average is 3.0, the US average is 3.6, and Switzerland has the highest average of 18.3). While large corporate hospitals (which account for just 10% of all available beds) are gearing up to increase their hospital beds, it will be a while before the capacity is ready and available for use.

Other emerging issues such as the pressure to quantify, the quality of healthcare service and the challenges raised by corporate governance will also put additional pressure on the existing healthcare system in India.

Technology Complements Manpower

The prime concern for India as well as for many developed countries is the shortage of trained staff in the healthcare sector. In India, the need for quality healthcare is the greatest in the remote regions, where it is difficult to employ trained personnel. All the advanced nations today have a shortage of paramedical staff. A case in point here is the nursing shortage in the US, where the requirement for staff is growing at 36% annually, whereas the local universities can only satisfy 3.3% of this demand. This shortfall is handled by foreign nurses, many of whom are from India. The nursing shortage therefore shifts to countries like India, where the impact will be felt even if we generate enough nursing talent locally.

The only way to handle this shortage of manpower is to adopt and implement technology. Technology adaptation by hospitals will help the sector bridge some of the gaps while improving the quality of care. Healthcare has always been a late technology adopter. Added to this is the inability of the small and medium hospitals in India to invest in IT. Traditionally, IT in hospitals was looked at more from a registration and billing perspective and not holistically to improve the quality of care. With the growing middle class (both in urban and rural areas) and their increasing knowledge of healthcare, it becomes important for hospitals to improve the quality of healthcare using appropriate technologies. There is a great opportunity for SMEs to step in as technology users as well as technology providers.

New Technology, New Trends

Telemedicine is another healthcare segment that is taking off in India. Telemedicine allows health professionals to provide services to patients at distant locations through telecommunications. Doctors can consult other experts instantly and a number of diagnostic procedures can be entirely outsourced. Teleradiology and telepathology allow technicians and pathologists to provide a diagnosis over the Internet. Some Indian SMEs are providing these services to foreign hospitals as well, taking advantage of the time difference to provide results much faster than local providers. These services allow hospitals to reduce their capital investments in the radiology and pathology departments. On the SME front, the service provider only needs to invest in the appropriate technology, hardware and the necessary experts.

Electronic Medical Records (EMR) is another requirement that will be driven by healthcare consumers. Currently, EMR is not on the radar of any hospital in India, but informed consumers will soon demand EMR of healthcare providers to provide medical records of patients to doctors anytime, anywhere. Though the ROI for EMR implementations is questionable, using EMR will provide benefits such as fewer errors and allow collection of data for medical research. EMR will also allow providers to monitor long-term care. SME service providers can take over the EMR requirements for hospitals, allowing for a reduction in non-essential staff.

Technology plays an extremely important role in the provision of emergency services. One of the greatest successes in India has been the Emergency Research and Management Institute (EMRI). This institute handles medical, police and fire emergencies through a free service delivered through emergency call response centers, and it has over 1800 ambulances across India. Technology plays a pivotal role in the success of a centralised, responsive emergency management system that works round the clock. Automation of processes involves using technologies such as computer communication toolkits (CCTs), Geospatial Information System (GIS) maps, Geographical Positioning Systems (GPS), Automatic Vehicle Locating technology (AVLT) and mobile communication. These systems allow providers to cut down the time to hospital and save lives. There is immense scope for SMEs to provide these services as well.

Capital for IT: A Priority for SME Hospitals

Hospitals in India are investing in medical equipment technology but not strategically in IT. While medical tourism is ensuring that some of these technologies are implemented, these are restricted to bigger corporate hospitals that are trying to attract tourists. IT still remains a challenge for SME hospitals. They can neither attract IT talent nor have the capital to invest in it. These hospitals however must set up basic applications like Hospital Information Systems (HIS), Picture Archival and Communication Systems (PACS), Electronic Medical Records (EMR) and an effective back-end ERP to improve their efficiencies. The challenge therefore would be for service providers to make the above applications available to the small and medium hospitals at affordable prices.

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