

Moving to value based competition  
Health Insurance and access

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# Health system In India

- Note worthy progress
- Eradicated multiple diseases including Small pox, Polio and Guinea worm disease
- HIV Infections and AIDS-related deaths have dropped significantly
- India has emerged as a hub for generic-drug manufacturing
- Large public health infrastructure
- Vibrant private health care
- Significant improvement in Mortality and morbidity over 50 years

# India still struggles across multiple dimensions

- Potentially unsustainable for the future...
  - \$6T Economic loss impact from NCD's by 2030
  - 75% population with no health insurance
  - 2M Gap in bed capacity
  - 315 M Population affected by tropical disease
  - \$3T Cumulative healthcare spending requirement by 2025
  - 3M Urban diabetes patients who receive adequate treatment, out of 38 M
  - Less than 1% of delivery providers accredited
  - 1.3% of GDP as public spending on health care
  - Rapid change in consumer's mindset

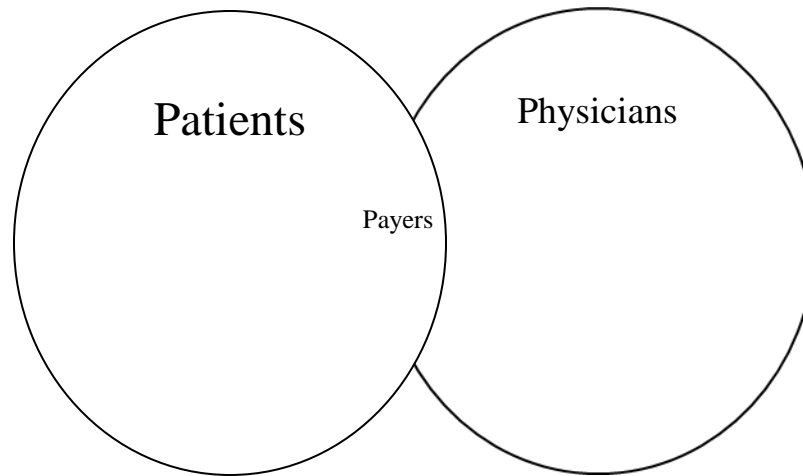
# Competition?

- Competing...
  - Against
  - With
  - For
  - To

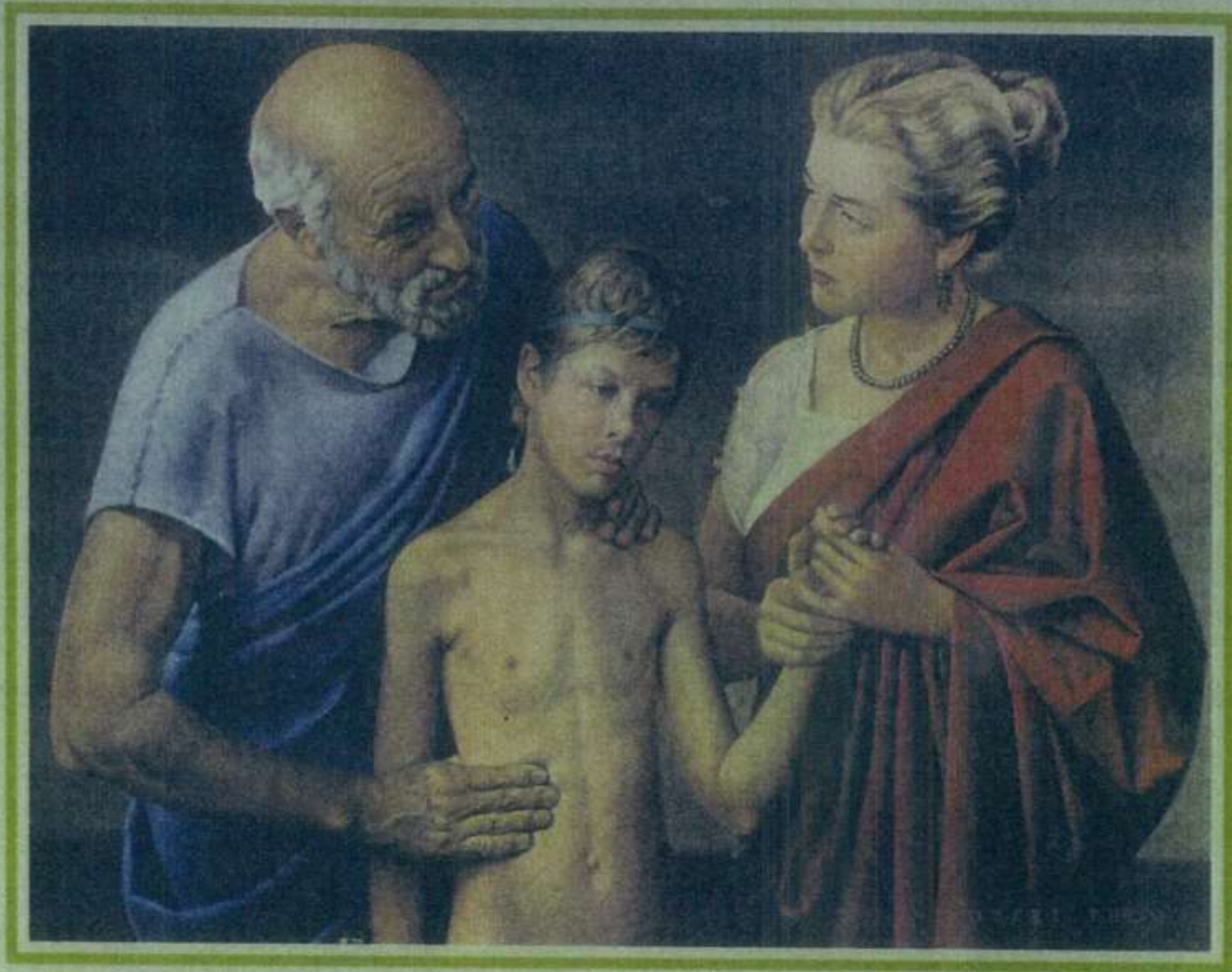
# Competition?

- Competing...
  - Against -Disease
  - With- Eco system
  - For- health of the patient
  - To- improve Quality of life with Longevity and less morbidity

# Old Health care system



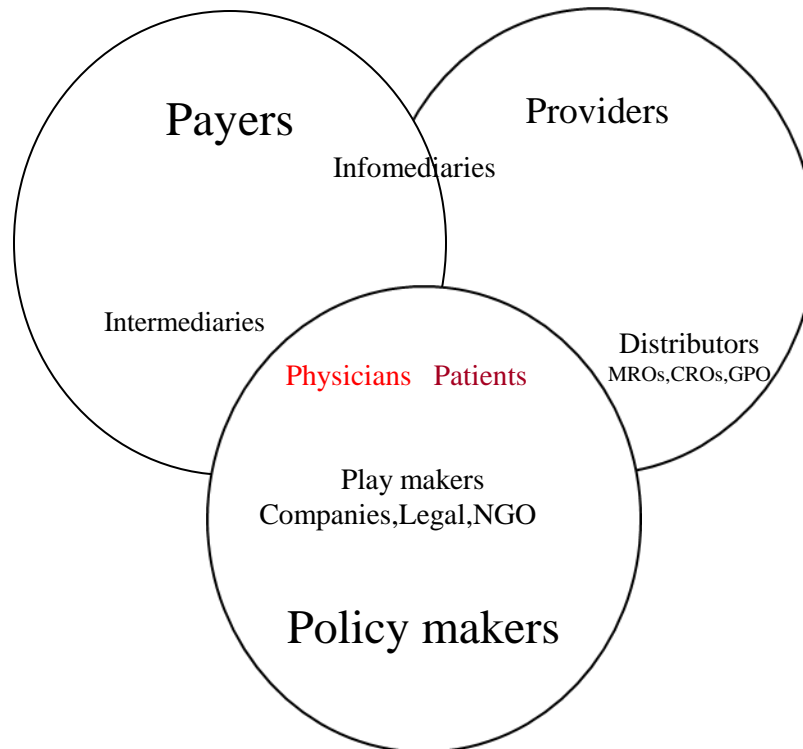
# HIPPOCRATES : FATHER OF MEDICINE



Kindliness, concern and love of the art of healing, all reflected by Hippocrates as he examines a young patient, are qualities that earned the great Greek physician (460-361 B.C.) the immortal title of "Father of Medicine."



## New competitive framework





# massive shift in competitive goals in health care

- The stakeholders must choose the evolutionary trajectory smartly
  - Access to care continuum
  - Cost
  - Role of government and regulators
  - Role of India appropriate technology and medicines
  - Innovation in payment models and source of funds
  - Transparent and ethical engagement models
  - Focus on prevention, early diagnosis and assured minimum quality of care
  - Lastly.....

## We should aspire for surpetition

- Multiple stakeholders need to collaborate to develop a holistic and sustainable health care system with a transparent Governance model.

# Disruption in business models has been the dominant historical mechanism for making things more affordable and accessible.

## Yesterday

- Ford
- Dept. Stores
- Digital Eqpt.
- Delta
- JP Morgan
- Xerox
- IBM
- Cullinet
- AT&T
- Dillon, Read

## Today

- Toyota
- Wal-Mart
- Dell
- Southwest Airlines
- Fidelity
- Canon
- Microsoft
- Oracle
- Cingular
- Merrill Lynch

## Tomorrow:

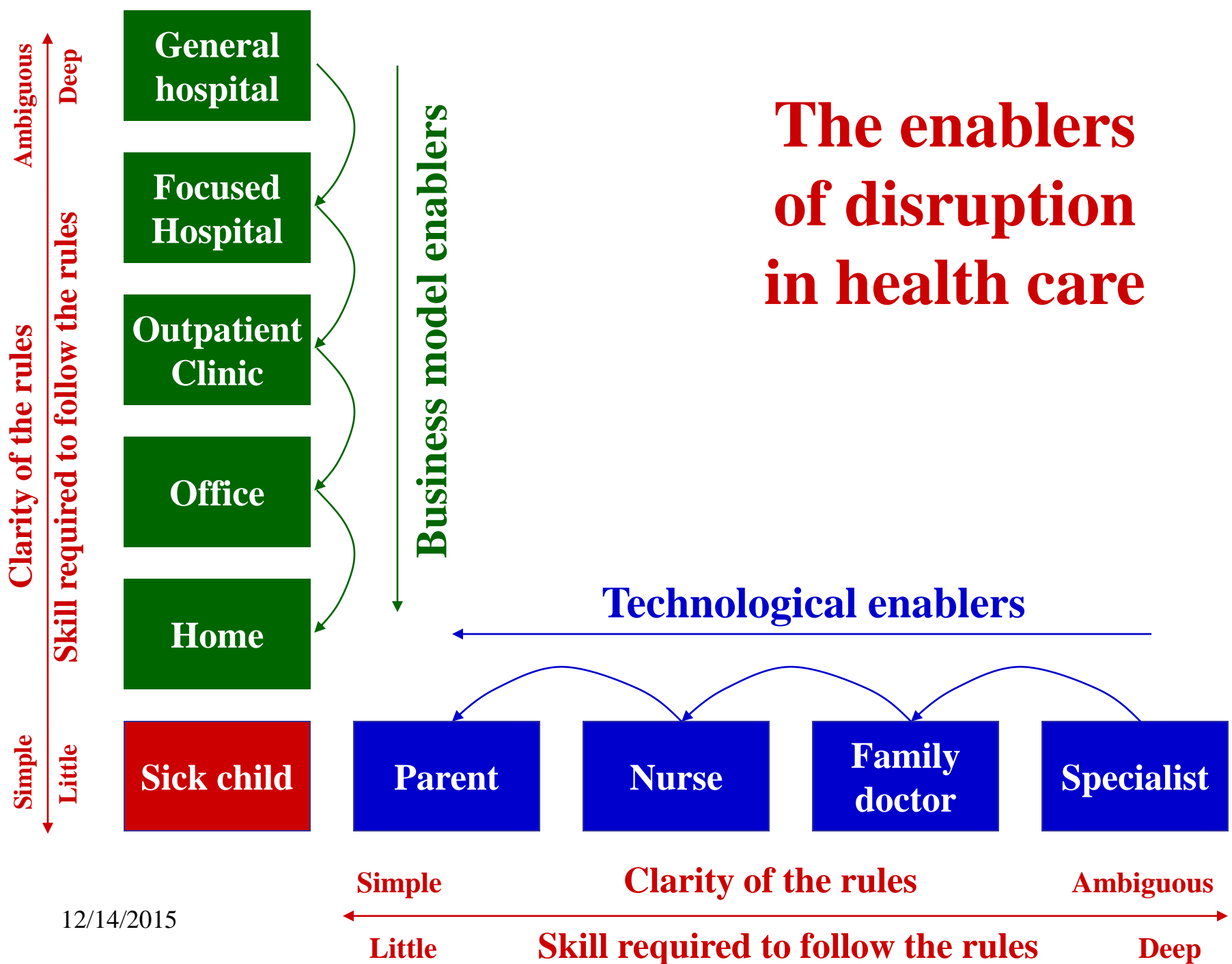
- Chery
- Internet retail
- RIM Blackberry
- Air taxis
- ETFs
- Zink
- Linux
- Salesforce.com
- Skype
- E-Trade

# Three types of business models

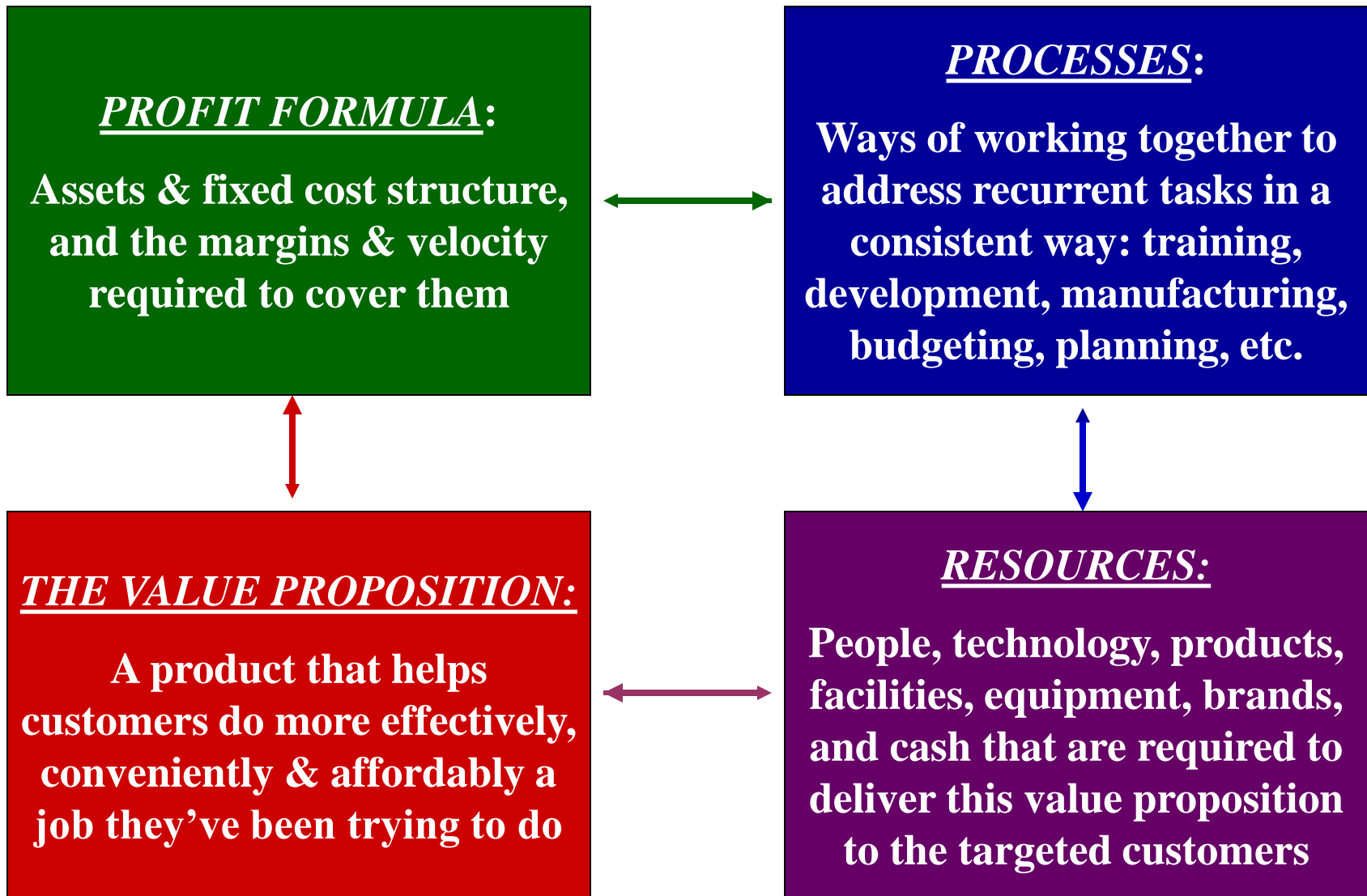
- **Value Shops**
  - Consulting, law, advertising, product development
  - Diagnostic & hypothesis-testing activities in hospitals and specialists' practices
- **Value Chains**
  - Manufacturing, retailing, food service
  - Medical procedures after definitive diagnosis
- **Value Networks**
  - Telecommunications, insurance, banking
  - D-Life, Crohns.org

*Our thanks to Oystein Fjeldtsted,  
Norwegian School of Management,  
for teaching us this framework*

# The enablers of disruption in health care

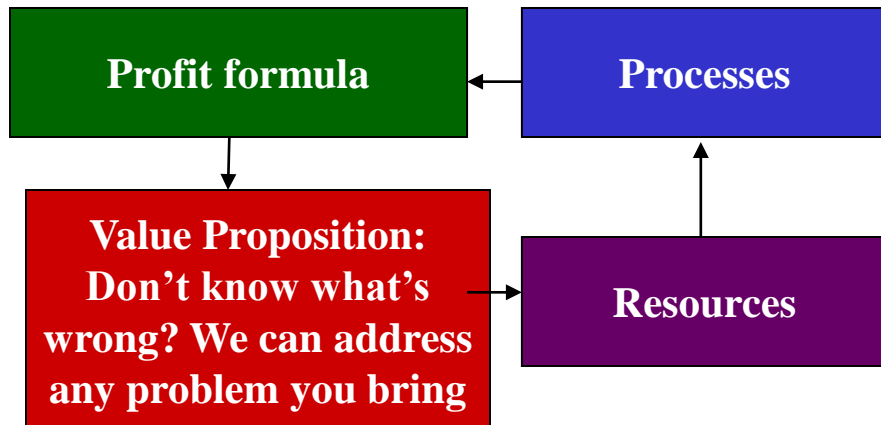


# What is a business model, and how is it built?



# Disruptive innovation in the hospital business model

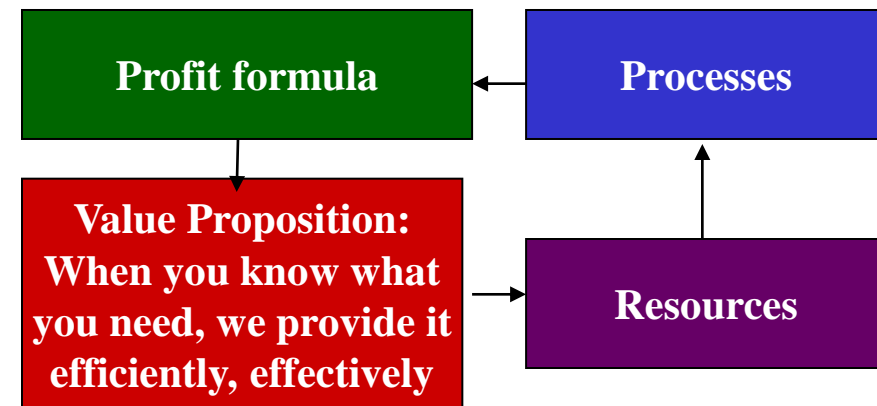
## General Hospital



12/14/2015

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## Focused value chain Hospital



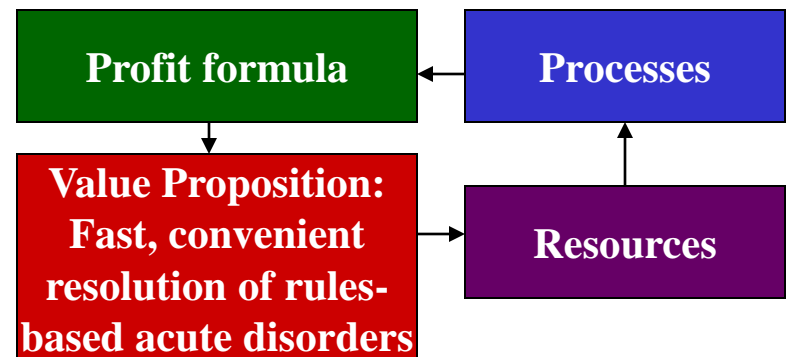
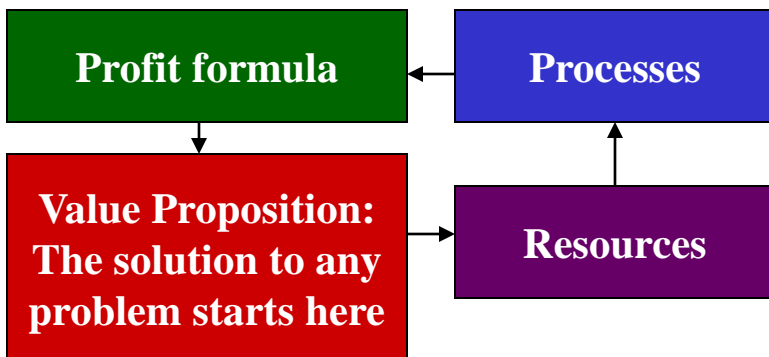
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# Sources & magnitude of cost differences: Specialty vs. General Hospitals

	<b>Shouldice Hospital (hernia repair)</b>	<b>General Hospital</b>
<b>Cost of materials &amp; supplies</b>	<b>\$100</b>	<b>\$300</b>
<b>Cost of direct labor</b>	<b>\$600</b>	<b>\$670</b>
<b>Overhead burden</b>	<b>\$1600</b>	<b>\$6030</b>
<b>Total cost for equivalent length of stay</b>	<b>\$2,300</b>	<b>\$7,000</b>
<b># service families offered</b>	<b>1</b>	<b>75</b>
<b>Overhead burden rate</b>	<b>2.7</b>	<b>9.0</b>



# Disruptive business model innovation in physicians' practices



# The jobs of reimbursement

		Fee for service	Capitation	National health plans	HSAs & HDI	
Patient Jobs	Help me and my family become and remain healthy					
	Help me achieve financial security					
	Protect my assets from being taken or destroyed					
Provider Jobs	Pay me for services rendered.					
	Facilitate innovation.					
Employer Job	Help me cost-effectively attract and retain the employees I need.					
Insurer Job	Help me avoid paying for unnecessary services					
Politicians' Jobs	Help me stay in office while I balance the budget					
	Make health care affordable and conveniently accessible					

Key: Excellent Good Neutral Detracts Badly counter-productive

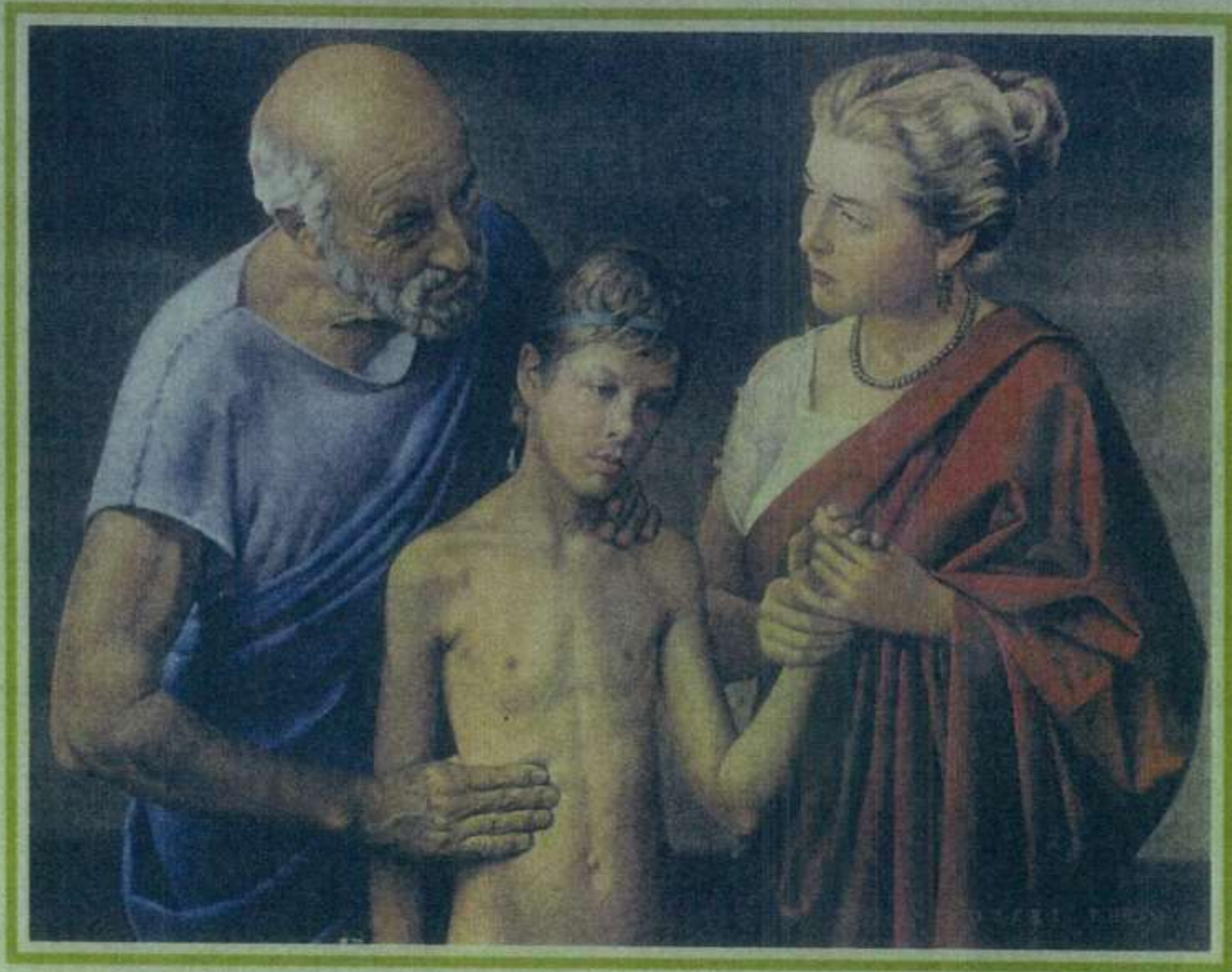
## Changing Eco system

- There will be conflicting interests
- Need to work together and be part of the disruption in the interest of the patients

# Suggestions

- **Providers and Payers to lead the change**
  - Have a seat at the table of Policy decision making
    - Develop Health insurance programs and products that reflects the disruption
    - Capacity increase
    - Skill development
    - Design and adopt Technology adoption for positive disruption adopting HTA as a frame work
  - Our Medical education system to create awareness and capability to deal with the Eco system. e.g. Post graduate courses on HTA, Health insurance and reimbursement, etc.
  - Create Cadres of medical professionals dealing with different aspects of Health care system
  - Create clear differentiation between social sickness insurance vs private health insurance programmes
  - Be not the victims but the cause of the winds of change in the interest of patients

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Thanks