

## Guest Editorial

**Emerging Health Care Markets and need for an Innovative Business Models for Equitable Health Care Service Delivery: A Health Policy Perspective.**

To drive the transformational change needed to have a good impact on health care delivery systems and to build the healthcare delivery value chain, new business models are needed. The innovative models interlink the patients, hospitals and economies and all participants through shared risk and shared purpose for working together. This business models can only be designed by thorough understanding of the economic policies relevant to the context where the health institutions are operating. For countries like India, thorough context analysis is needed to design the best business models, whose economy is in the transition phase.

India's post independent period has witnessed many reforms and changes in the monetary and fiscal policies to address the economic crisis of the country. It is very essential to view the policies and its impact on the larger group of the society collectively with the other policies like agricultural policy, foreign policy, population policy, health policy, environment policy and industrial policy by connecting them length or breadth, and often try to derive the Impact by collective approach, rather than vertical approach, and then diversifying the benefits to the larger population groups. The Indian economy is at cross roads. Its economic growth over the past two decades stands out as one of the best in the developing world, bringing higher incomes and better facilities to the poor. However, the harsh facts from the fiscal monitor released recently, by the International Monetary Fund, India has one of the worst fiscal deficits among 40 emerging markets and middle-income countries. Its consolidated fiscal deficit is nearly twice the average of its peers. The Indian government is running surprisingly loose fiscal policy, given its claim that the economy is recovering. It is also true that public debt burden in India is modest. The silver lining is that the fiscal deficits has come down

since, 2011. But it will not reach its 2007 level even by 2020, when the economy is expected to be growing rapidly.<sup>[1]</sup>

The first development policy review of India by the World Bank focused on the policy reform priorities of raising economic growth to 8 percent a year, as targeted in the tenth plan, and accelerating poverty reduction. It details ways to improve the management of India's public resources using socio-economic profiles and detailed secondary data. The policy review emphasizes on the, Lower budget deficits improved allocation of public expenditure and Effective delivery of services, particularly to the poor, It also proposes cross cutting reforms to improve the investment climate and raise productivity of firms.<sup>[2]</sup> There are many reasons for the poor quality of public service delivery in India. Internally administrative structures and responsibilities are highly fragmented, while human resource management places more weight on seniority than merit. It will obviously take time to reform these long standing structures and systems. But experience throughout India shows that civil servants do respond to external pressure for delivery of better services. Three key elements for success are, better public access to information, stronger accountability, and more independence from political interference.

**Rationale**

In-depth analysis and critical thinking is very essential for designing a business models at health care delivery outlets (Health systems). This can be done by studying the Impact of the economic policies and reformations in India and its impact on the health sector often linking with other developmental issues like poverty, education and hunger. This leads to context based scenario analysis, to trans-

form the health care service delivery patterns to the best of its productivity. Indeed progress in health indicators has been showing improvements in recent years. Infant mortality rates of (115) per 1,000 live births in the 1980's fell to (79) in 1992 but only to (68) in 2001 and (40.45) in 2016. Mortality of children under five appears not to have improved in the 1990's even worsening (from 94 per 1000 live births in 1992 to 95 in 2001).<sup>[3]</sup>

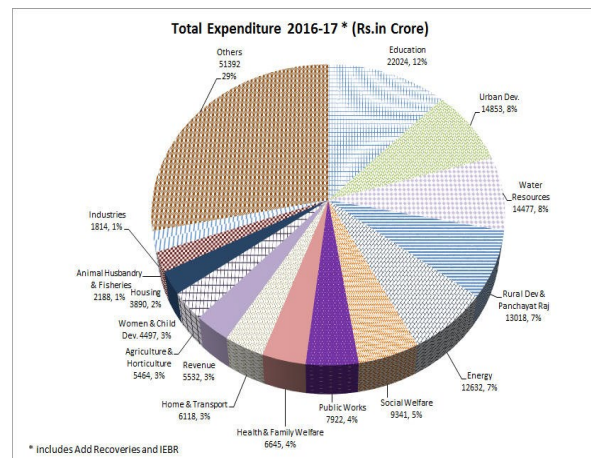
India's gross domestic product advanced (7.3) percent year-on-year in the third quarter of 2016, and missing market expectations of (7.5) percent growth. Private consumption expanded at a faster pace while government spending slowed down and fixed investment dropped further. GDP Annual Growth Rate in India averaged (6.08) percent from 1951 until 2016, reaching an all time high of (11.40) percent in the first quarter of 2010 and a record low of (5.20) percent in the fourth quarter of 1979. There is a lack of interface between development economics, public health and management sciences at the service delivery outlets. Such interface in the form of the business models is very essential, for effective health care service delivery and needs to be looked on priority basis for optimisation of the health services.



**Fig 1.** Annual GDP growth (2014-2016).<sup>[4]</sup>

Nor can the health goals set in SDG's can be achieved by simply increasing public expenditures, without complementary measures to improve the effectiveness of public service delivery. While the effectiveness of public expenditure in health is better, higher

spending alone is still not enough to achieve health coverage. Public expenditures on health have increased over the past decade. But, because health is labour intensive, the major proportion of this increase has been due to sharp increases in the wages of the health workforce. The health care business models incorporates macro and micro economic policies, inflation and purchasing power, translating towards the optimization of the health care facilities by minimising the costs. The need for innovation always arises, while optimising the resources, as countries of low and middle income economies have to work on resource constraint settings, India is not an exception to this. The possible solution for optimizing the health investments is to derive novel business models, for maximum productivity, as the India's private's health care service sector is highly unorganized, and it cannot alone meet the health needs without innovations in service delivery.



**Fig 2.** Gap analysis for provision of public services

The major challenges in the health sector, is in the implementation of good policies. The cause of implementation problem is that, politicians and bureaucrats and health institutions are not accountable for the health outcomes and the health status of the people; they do not hold the personnel providing the service accountable. Though it seems exaggeration of the actual problems, it is the reality. Sometimes for systemic reasons the interests of the poor are not reflected in the policy decisions for health. Even if it is addressed, the pro

- poor policies are generally poor policies, as it lacks accountability at all levels. Policy makers have very few options of influencing the service providers. As in civil service reforms, the major loop hole in administration in health sector is lack of control over staff behaviour, which hurts the poor and denies them basic services. One way to make the outcome more motivating factor is to generate and disseminate information on progress. Patients should know what they are entitled to and have a place to lodge complains when they do not receive services. The business models should be very sensitive to address these core issues and suitably incorporate these in framing such models. The increase in the public expenditures alone, may not always translate into better health indicators.

### **Sector wise public spending, by Union Govt. of India. [5]**

Indian health care industry is growing in a rapid pace; it is expected to become US \$ 280.<sup>5</sup> In spite of the innovations in various sectors like social, financial, and political empowerment, every year about 700 million people die due to inadequate health care facilities, as there is gross variation in the distribution of the health workforce, lack of access and affordability to the health facilities. The disease burden can only be addressed by innovative approach, by novel solutions by integrated approach. Deriving the best business models, at the health care delivery outlets can one of the many solutions, to address the issues on priority basis. Keeping track of the volatility of the health care markets, dynamics of health care industry and its integration is very essential in the era of epidemiological and demographic transitions.

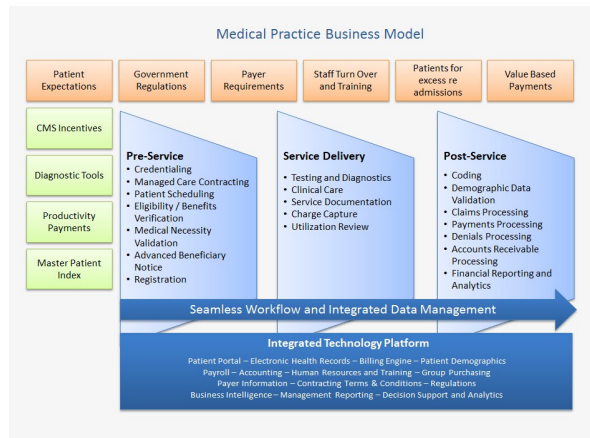
### **Health care business models**

There has been keen interest among public health cadres, in health care emerging markets. This is due in part to the growing prominence of health care markets in policy issues, the increasing availability of rich datasets on health care, advances in the methodologies of epidemiology and economics, and health institutional changes. The development

of the decision sciences provides a greater opportunity to integrate the health care innovations, markets and epidemiological tools to come out with best business models for the affordable health care provisions of the poor and the marginalized. The health care business involves several key stake holders, economic dimension of the health care provision, considers health as an important commodity and hence, the focus will be on health care providers, consumers and health care payees. There are several stages in optimising the health care services.

In a multi-stage model of the health care markets, in the first stage providers (hospitals and physicians) make investments that determine their quality. In the second stage, given their quality levels, providers negotiate with insurers to determine insurers' provider networks and the prices paid to providers. This complex interaction has been analyzed in a growing number of papers; it has substantial implications for consumer welfare and for costs. Third, insurers choose their premiums to maximize their objective functions, taking into account their own characteristics and those of competing insurers. In the fourth stage consumers observe each insurer's provider network and other characteristics, including premiums, and choose their insurers. Finally, when the enrolment process is complete, some consumers get sick and utilize providers either from within their insurers' networks or (incurring a larger out-of-pocket payment) from outside the network. This is an iterative loop where in, each stage of this model has an impact on the equilibrium outcome. Clearly every stage is related to the others, optimal choices in one stage are functions of expectations regarding the rest. The stages are as follows.[4]

- Quality determination in provider markets
- Price and network determination in provider markets
- Premium determination in insurance markets
- Consumer choice in insurance markets
- Incentives and provider referral decisions/ consumer utilization.



**Fig 3.** Hypothetical health care business model.<sup>[5]</sup>

## Conclusion

The integration of data sciences, from various verticals such as development economics, emerging health care markets, epidemiological and demographic transitions, with the health care institutions at various levels are very essential to optimize the resources by novel approaches. Health inclusion is one of the priority areas, that needs to be stressed. It is now needed than before, as technology provides the health care providers wide array of opportunities to fine tune patient care practices and approaches to meet the health care demand, cost effectively, by tracking the volatility of emerging health care markets, and integration in to their clinical practices. This helps the clinicians to transform their patient care outlets in to hot spots of micro economic activities, so as to make the health services more affordable, by innovative business models, minimising the health care costs and by widening the horizons of the medical care to the most needy. Reducing the health disparities and attaining health equity in service delivery is one of the key issues to be addressed by the policy makers at various levels, in countries of low and middle income economies like India.

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