

Private Capital Investment in Primary Care -

*A Study of Three
Equity Financed
Primary Care
Chains in India*



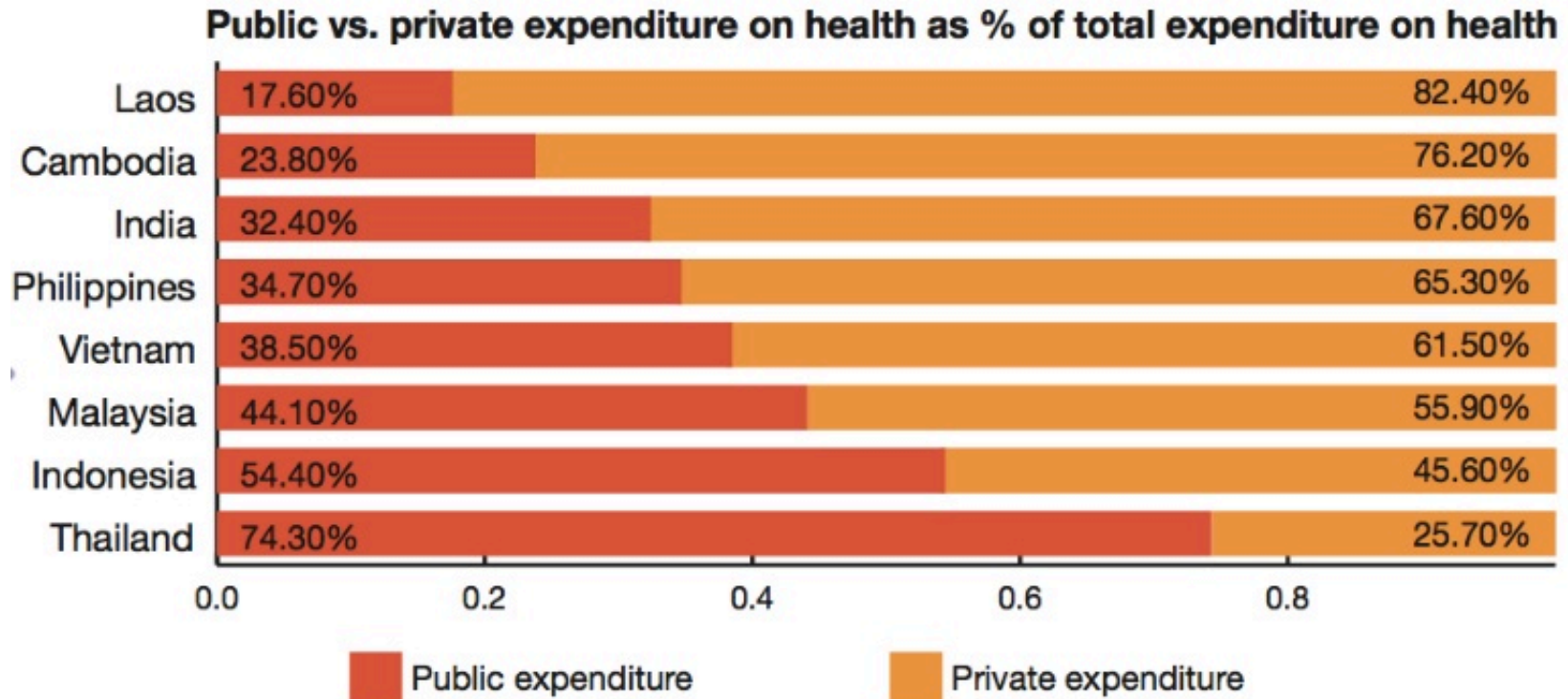
*Private Market Symposium 2013
Lipika Ahuja*

Agenda

- Healthcare in India – Current snapshot
- Growing need for primary care
- Private investment in healthcare – the current picture
- Equity-financed Primary Care Chains – new models of delivery
 - Nationwide
 - Ross Clinics
 - Viva Sehat
- Benefits
- Challenges & Risks
- Policy Recommendations

Healthcare System in India

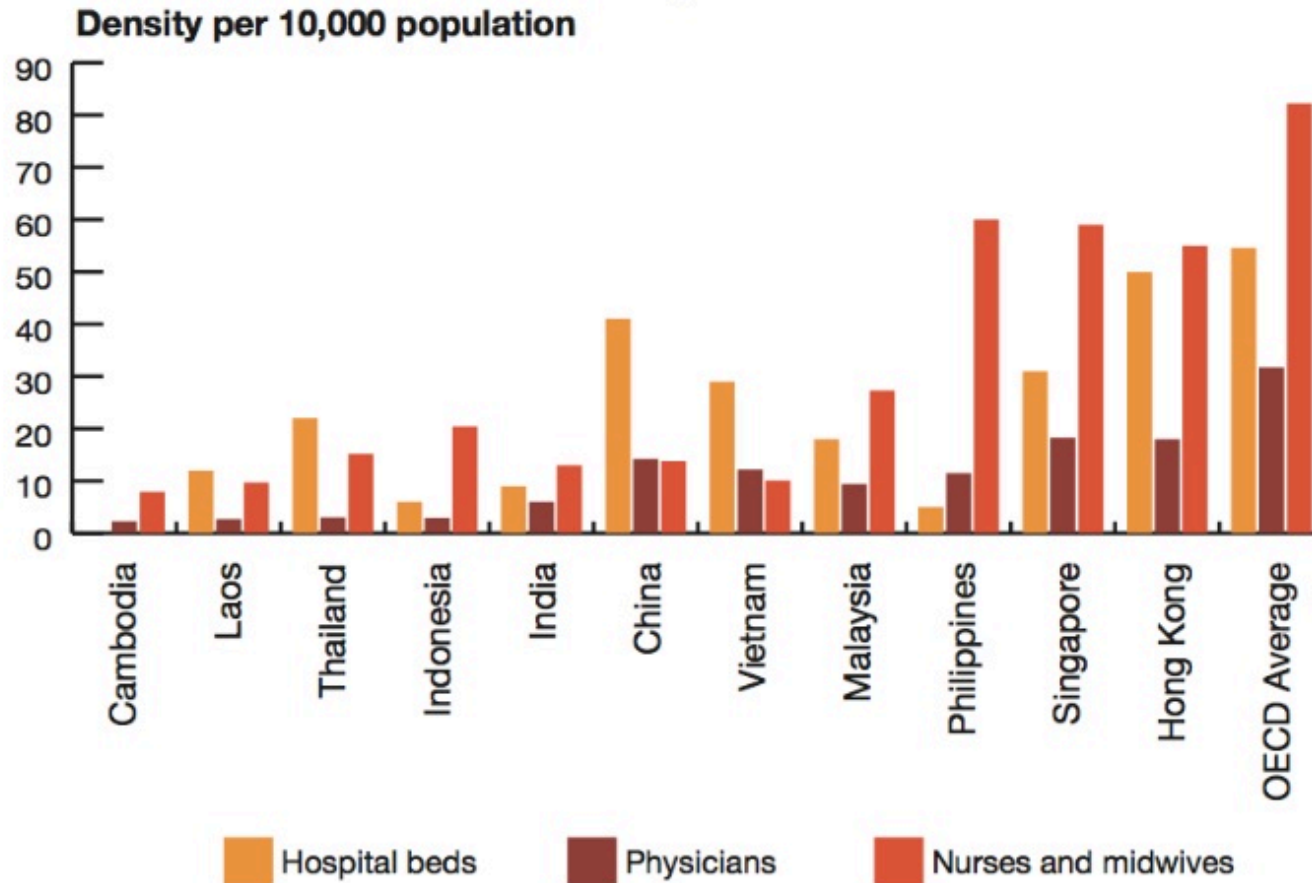
Public vs. private expenditure on health



Source: World Health Statistics 2011, World Health Organization

Healthcare System in India

Comparison to other Southeast Asia countries



Source: World Health Statistics 2011, World Health Organization, Hong Kong Food and Health Bureau

Demand-Supply Gap in primary care

- Rising Demand

Primary healthcare market currently \$40B, expected to cross \$200 by 2025

- Rapid Urbanization
- Rising Middle Class
- Higher life expectancy
- Chronic diseases

- Gaps in Supply

- Primary care system: fragmented and unorganized
- 26,000 govt. run PHCs, 615 district level hospitals
- 200,000 privately-owned GP clinics

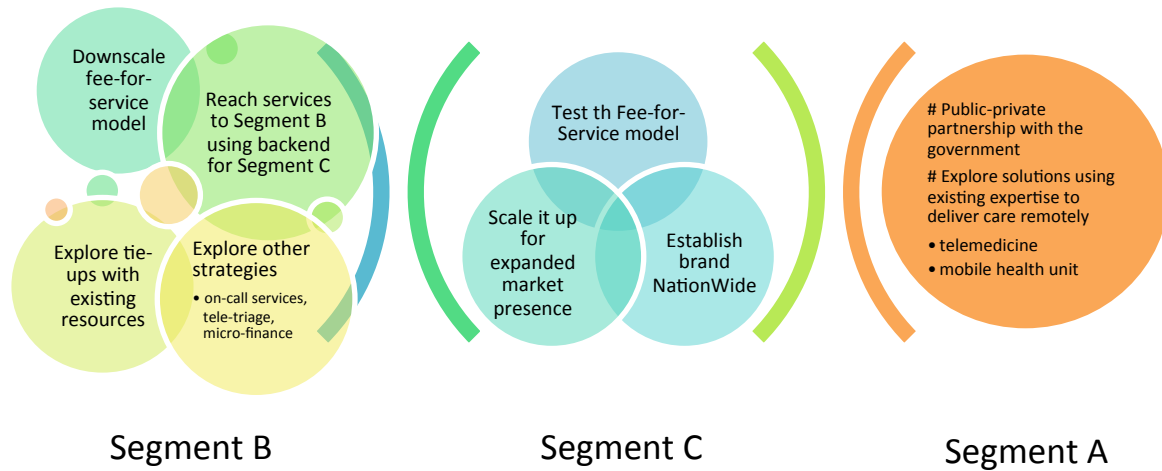
Private investment in healthcare

- India
 - \$520M in 2012 compared to \$137M in 2011
 - Investors include
 - Goldman Sachs Group
 - Warburg Pincus
 - Sequoia Capital
 - Govt. of Singapore Investment Corp.
- Subsectors – Pharma, Tertiary Care

New Models of Care

- Equity financed primary care chains
 - Nationwide started in 2010
 - 25 clinics in Bengaluru, India
 - Investors
 - Norwest Venture Partners
 - Angel Investors
 - Ross Clinics started in 2011
 - 10 clinics in Gurgaon, India
 - Investors
 - Angel Investors
 - Viva Sehat started in 2011
 - Established 85 clinics across AP and Karnataka
 - The company wound up all 85 clinics in December 2012
 - Investor
 - Richard Chandler Corporation

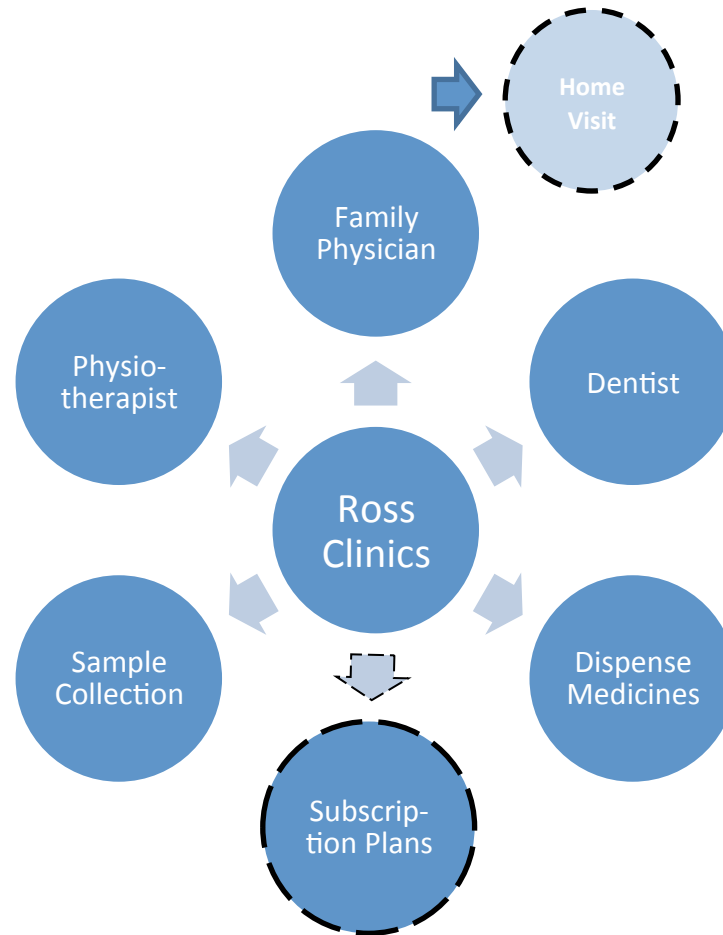
Nationwide – *Business Model*



Nationwide



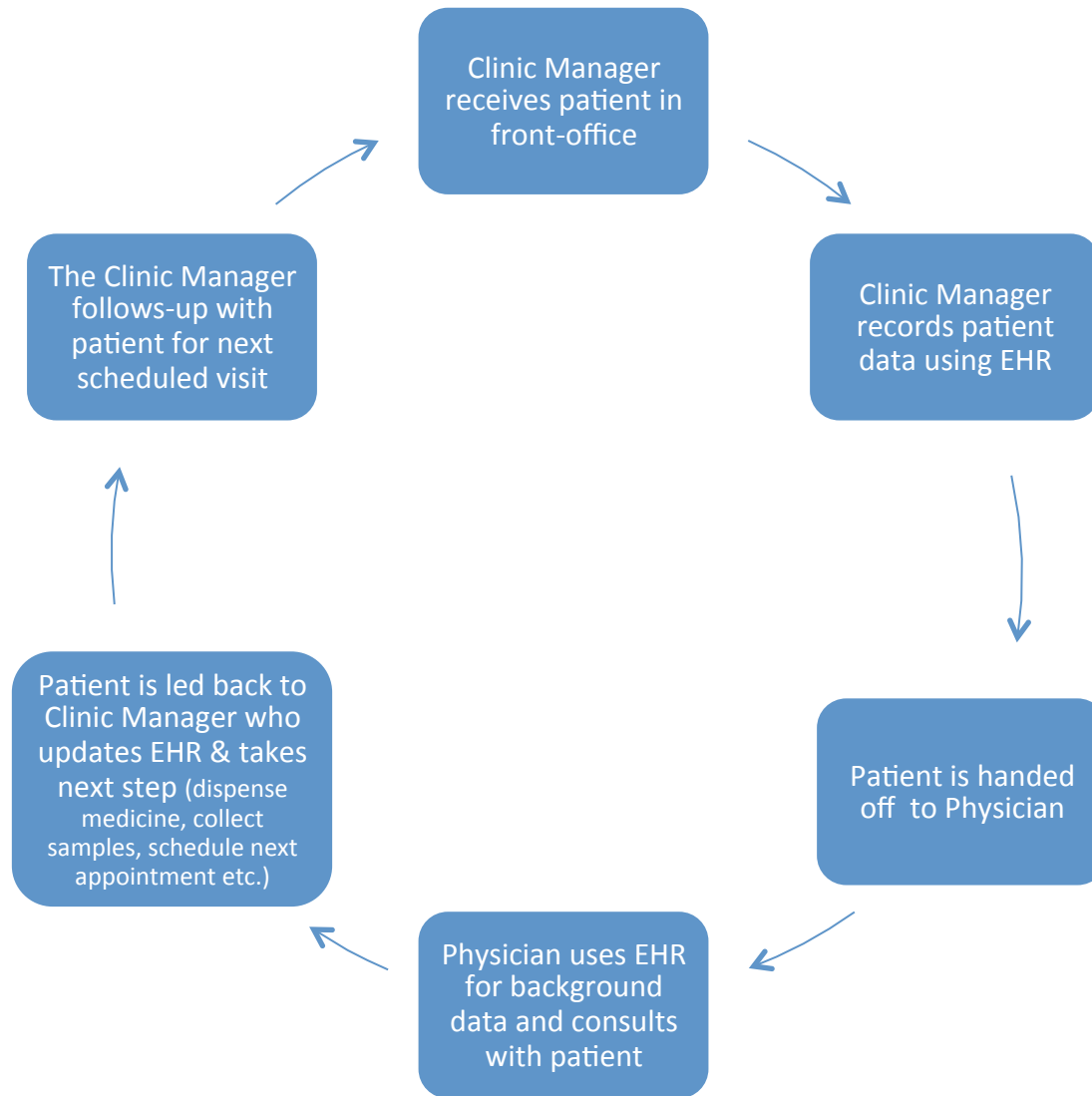
Ross Clinics - *Business Model*



Services Offered at Ross Clinics



Ross Clinics – *Service Model*



Viva Sehat (*Business Model*)

- Low Cost High Volume Centers
 - Investment cap for each clinic about \$50K
- Target Middle-class and Lower-Middle class families
- Neighborhood Clinic/ Community Healthcare Provider
- Provide integrated solutions
 - GP Consultation
 - Diagnostics and Pharmacy
 - Specializations such as OBGYN, and Pediatrics
 - Paramedic help

- Reinvent family medicine
- Improve Quality of care
 - Push towards adhering to Clinical Standards
 - Non-clinical standards generally high as seen from overall high patient experience
- Create a cadre of competent primary care health workforce
- Easy to scale and replicate
 - Using existing backbone of delivery infrastructure
 - Create a network of providers making it easier to contract with

Risks and Challenges

- Challenges for the providers
 - Difficult breaking into established healthcare communities
 - Not enough primary care doctors
 - 25-50 clinics to gain from volumes, 2-3 years for a clinic to become profitable
 - Limited to Urban/ Peri-urban implementation
- Risks
 - Bottom-line driven
 - Corporatize primary healthcare, disenfranchise poor
 - Competing/ conflicting objective

Policy Recommendations

- Build a Robust Investment Climate
- Incentivize investments in primary care
- Promote Family Medicine
 - Improve Family Medicine Training Curriculum
 - Recognize Family Medicine as a Specialization
 - Efforts to reduce compensation differences between GPs and Specialists
- Make Family medicine a mandatory first-step for health consultations
- Use outcome based performance metrics to ensure quality

Acknowledgements:

ACCESS Health International, Hyderabad

Thank you!

