

Health Care

Nursing The Hospital

Practising physicians and surgeons usually make poor hospital administrators, and even worse practising business managers. How, then, do you make your hospital efficient, profitable and smart?

By Satish Kini



Reader Value

- » Learn why in spite of a huge demand-supply gap, the state of most private and public hospitals is poor in India.
- » What tangible/intangible benefits hospitals can get from investment in IT.

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The health care industry in India is in the throes of a major shake-up-just as the manufacturing (e.g. automobile) industry went through in the early 1990s, the banking/finance industry through the mid 1990s, and the insurance industry is undergoing since the last two years. And, in a way, the growth of all these industries is inter-related.

If global competition was the main business driver for the banking revolution in India, then effective deployment of IT was one of the key enablers that made the difference between the winners and the dinosaurs of the banking industry. Similarly, opening up of the insurance sector (especially health insurance) will be the key business driver that will bring about far-reaching changes in the health care scenario in India. And once again effective deployment of IT will be a critical enabler for future leaders in the health care business sweepstakes.

A study by Asian Health Services projects that from the current level of three million, the number of people covered by health insurance in India will go up to 30 million by 2005 and 160 million by 2010. We can safely assume that 70 per cent of these insured people will be those who cannot presently afford or seek quality medical treatment in private hospitals; this translates to a new customer base of 21 million paying customers in 2005 who would demand quality health care services. This demand will force health care service providers-hospitals, nursing homes, clinic, diagnostics centres and doctors-to reform fast to prosper, or perish.

STATE OF HEALTH CARE

As per the Health Information of India gazette, there are an estimated 15,097 hospitals in India with a capacity of 623,819 beds with a break-up of 4,473 hospitals (375,987 beds) in the government sector, 335 hospitals (19,677 beds) with local bodies and the balance 10,289 hospitals (228,155 beds) in the private sector.

Although these numbers look huge, we are told by a World Health Organisation report that India needs to add 80,000 hospital beds each year for the next five years to meet the demands of the population.

The most obvious benefit of technology is that it would raise productivity of high-cost resources in a hospital

But despite the yawning demand-supply gap, most hospitals in the private sector are languishing. Their poor financial performance in a demand-driven market very clearly suggests their poor planning and business management skills. It is also a fact that a large part of the demand is for cheaper-priced health care services than those offered by these private hospitals. So till health insurance comes to rescue with patients with purchasing power, one way to improve performance would be to reduce prices and make up through increased productivity of the high-cost resources deployed in this business.

Most practising physicians and surgeons usually make poor hospital administrators and even worse practising business managers. There are, of course, great exceptions like Dr. Reddy of the Apollo Group, Dr. Agarwal of the Eye Hospital in Chennai and Dr. Devi Shetty of the Narayana Hrudayalaya in Bangalore, which only go to prove this rule.

A study of the top 100 hospitals in the US has shown a strong co-relation between the superior performances of the best hospitals with their practice of providing management training to their senior physicians at Harvard Business School before involving them in the management functions of the hospital. It is also not a mere coincidence that the best hospitals had very successfully implemented integrated hospital management systems (HMS), which helped them to continuously monitor the cost and quality of services rendered to patients.

A study of some private hospitals with good performance in India shows a similar trend: professional managers in administrative positions and effective use of IT contributing to superior performance. So why are most Indian hospitals woefully behind times in their use of IT?

To start with, they're in the same position today that the automobile/manufacturing industry was in the mid-1980s and our banking industry was in the mid-1990s. The ills are similar: demand outstripping supply, no real choice of competitive service providers, exorbitant prices out of reach of most who need the services, rampant dealings in cash, low productivity and low accountability at operational and



management levels in hospitals.

ANATOMY OF THE DISEASE

For discussing the effective use of IT or lack of it in Indian hospitals, let's broadly categorise them based on their ownership/management profile:

Government/public sector-owned and managed: Although a major chunk of health care infrastructure in India is deployed in this category, the level of IT here is primitive and superficial. In fact, issues related to effective use of IT in government-managed hospitals are linked with the larger issue of use of IT in governance. Most such hospitals are struggling to provide basic health care services to the target population because of inadequate budgets and misuse of whatever is available. As usual, enough noises are being made at various levels in central and state governments about injecting massive doses of IT into government hospitals, but these attempts are bound to fail unless there is a qualitative change in the way these projects are executed by ministers and bureaucrats.

Private sector hospitals: These can be

- Owner/doctor-managed hospitals with less than 100 beds (e.g. Cumballa Hill, Shroff Eye Hospital);
- Hospitals managed by missionaries/religious groups/community groups/cooperatives/ political leaders with 100-250 beds (e.g. Holy Spirit Hospital, Holy Family Hospital, Prince Aly Khan Hospital, Bhatia General Hospital, Parsee General, Shushrusha Hospital, RKM Seva Pratishthan, MGM Trust Hospitals);
- Hospitals managed by business families/ conglomerates and having more than 250 beds (e.g. Hinduja Hospital, Manipal Hospital, Nanavati); and
- Hospitals managed by corporate houses-Apollo Group, Wockhardt Hospitals, Escorts Heart Institute, Reliance Group.

Most of the hospitals in the first three categories have eminent doctors, businessmen, and religious/community/political leaders at the helm of affairs. But it is quite rare to find these hospitals being run on very professional lines. It is quite common for the management of these hospitals to view IT and HMS as no more than sophisticated office automation. Funds for IT and HMS are allocated only after all other "essential" items are budgeted for. The budget for IT could very often be found under the head of "office equipment" or "electrical equipment"! I have come across some hospitals that prefer to spend lakhs and crores of rupees on five-star hospital infrastructure, fancy reception lobbies, granite floorings and close-circuit TVs, but defer the implementation of hospital systems till the hospital revenues become "satisfactory".

It is this attitude and misconception at the top management level that is the biggest stumbling block to effective use of IT in Indian hospitals. While hospitals in the US budget two to five per cent of their initial investment for IT, in India even so-called hospital planning consultants plan less than 0.5 per cent of project cost for IT. It is precisely because we are a poor country and need to extract maximum productivity from our high-cost resources that we need to invest in IT. A more accurate percentage earmarked for IT for basic needs should be one to two per cent of the total initial investment.

Corporate hospitals, on the other hand, plan IT as a strategic and mission-critical component of the hospital project. They are also able to leverage their experience of use of IT in other lines of business to good advantage and have a methodology in place to select and implement IT in their hospitals.

SWEET TASTE OF IT

What are the tangible and intangible benefits that management must expect from its investment in IT? The most obvious benefit is that it would increase productivity of high-cost resources in the hospital. Consultants would be able to attend to more patients during OPD (out-patient department) timings; surgeons would be able to conduct more operations thus using their time, the operating theatres (OTs) and ICUs (intensive care units) more effectively; pathological labs would be able to report more tests without errors; and diagnostic labs-CT-MRI, etc.-should be able to handle more patients. The system would also prevent/reduce wastage/pilferage/expiry of expensive pharmacy items, reduce revenue

leakage, inventory/equipment maintenance costs and staff cost.

Among the intangible benefits, the most evident is increased satisfaction of patients and their families due to availability of relevant information during emergencies and during planned visits, less waiting in queues, timely delivery of reports, and prompt and accurate billing. Physicians serving in the hospital would be happy on account of better scheduling of OPDs, OTs, etc., prompt and accurate settlement of honoraria, and online availability of medical records and investigation reports. Finally, the hospital management benefits through better controls despite higher volumes, higher responsibilities/accountability at all levels, better and faster implementation of management policies, and quality decisions on important issues due to accurate and fast MIS (management information system).

But the first step in the whole automation process is for the management to believe that these are the deliverables of IT and work towards it.

I am personally in favour of Indian hospitals adopting the global trend of outsourcing the entire information systems to reliable HMS consulting organisations. In that case, hospitals can focus on their core competency of delivering health care services, ably supported by the IT partner that would deliver what it promises.

JUST THE BEGINNING

What we have discussed so far is merely about using IT within the confines of a hospital primarily to support the administrative and management processes. It is only the first small step to make the hospital a little more patient-friendly.

The advanced users of HMS in India are busy implementing IT for sophisticated clinical/ diagnostic use like PACS (Picture Archival Communication Systems) and EMR (Electromagnetic Radiation/Reconnaissance) record. These not only require much higher investments but a very high level of commitment and discipline on the part of physicians/doctors who have to use the systems for capturing and using electronic medical records online. This is a bigger change management challenge than HMS.

Finally, the revolution in health care services will be complete when hospitals, diagnostic centres, physicians and private practitioners start using telemedicine and telediagnosics to treat their patients across time zones and continents. But that's another story.

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