Chapter – 4

PROFILE OF
THE SELECTED CORPORATE HOSPITALS
4.1 About Andhra Pradesh:

Andhra Pradesh was formed on 1st November 1956 based on linguistic reorganization of states. The state ranks 5th position in terms of area with 2,75,068 Square Kilometers. The total population of Andhra Pradesh at present is 7,57,27,541 of which 3,82,86,811 are males and 3,74,40,730 are females. Andhra Pradesh comprises of 23 districts distributed over three regions – Coastal, Telangana and Rayalaseema\(^1\). It has second largest coastal line in the country, providing several gateways for international trade.

Moreover, located more or less in the centre of India, it is within easy reach of key Indian cities – Delhi, Mumbai, Kolkata, Bangalore and Chennai. The state has also had economic centers of national importance in Hyderabad and in Visakapatnam, the two fastest growing cities in the country.

Andhra Pradesh is rich in the agricultural wealth. The state ranks among the top five Indians states in terms of cultivable land. It has ample water resources. 60% of Andhra Pradesh has ample rainfall and two major rivers of the country, the Krishna and the Godavari, flow through the state. It leads all other states in the production of Poultry and is among India’s top producers of fruits and rice. It has the second largest mineral reserves in the country. In addition, the state is rapidly building a reputation with Indian and International investors, especially in knowledge – based sectors such as Information Technology, Biotechnology etc\(^2\).
4.2 Health Scenario in Andhra Pradesh:

The Health standards in Andhra Pradesh have improved significantly over the last 20 years. Though, health in Andhra Pradesh has improved significantly, the state still lags behind many Indian states on key health indicators. The state’s primary health infrastructure, comprising about 11,000 primary health centers and sub-centres is inadequate for the number of people it needs to cover. Consequently, in some parts of the state, people have to travel more than two hours or 25km to receive treatment for even simple ailments.

Centralized structures and inadequate systems characterize the current public health system. Decisions on even minor operational issues are taken in the state capital, Hyderabad. Multiple Government Departments – Family welfare Department, Health Department, Department of Medical Education, Department of Insurance and Medical Services, Andhra Pradesh Vaidhya Vidhana Parishad etc., have authority over different, albeit related areas. For example sub-centres are under the authority of Family Welfare Department while Primary Health Centres are under the authority of the Health Department.

Both central and state programmes operate at different levels, sometimes resulting in duplication of work and inefficient use of resources. There are no information systems to track health results or control systems to monitor performance of personnel. For instance, even regular
attendance of doctors at Primary Health Centres and Auxiliary Nurse Midwives (ANMs) at sub-centres appears to be a problem.

Improving the effectiveness of the public health system is thus a mammoth task. In its quest to provide access to responsive basic health services to all, Andhra Pradesh has already made some significant advances. Andhra Pradesh has set itself an ambitious vision – vision 2020 to stimulate the growth of three major sectors of its economy – Agriculture, Industry and Services.

4.3 Andhra Pradesh Vision 2020 – Health First:

Andhra Pradesh through its vision aimed at developing health indicators in the state to international level.

- Infant and child mortality rate 10 per 1000 and 20 per 1000 respectively.
- Life expectancy 68.1 years for men and 70.6 years for women.
- Total fertility rates 1.5 (average number of children per women).
- Population growth 0.8 percent a year.

To sustained high levels of health in the state, a more attention will be paid on decease and control and on nutrition, sanitation, personal hygiene and fitness. The vision is bold and demanding, particularly in the context of current health levels in the state. However, a comprehensive plan can provide both curative and preventive health care to its entire people. To successfully do so, the state decided to focus on the following key priorities³.
• Providing universal access to primary health care.

• Encouraging private investment in tertiary health care.

• Promoting family welfare, particularly the health of women and children and family planning.

• Improving health levels in disadvantaged groups and backward regions.

• Ensuring a strong prevention focus.

• Enhancing the performance of the public health system.

• Formulating a state Information, Education and Communication (IEC) programme, that includes leveraging the electronic media.

4.4 Private investment in Tertiary Health Care:

Since the need for primary and secondary health care is paramount, the Government needs to direct its spending towards these sectors. As a result, tertiary health care will have to make do with a small share of government. At the same time, tertiary health care cannot be denied. Investments into tertiary health care have to come from other sources, namely the private sector. Therefore, government needs to encourage private investment in tertiary health care.

Private investment shall bring benefits other than funds for investment - it will open the sector to competition, improves service levels, lowers the costs of tertiary health care and eases the burden of tertiary health care on Government. The government, therefore, have to provide
incentives to encourage private investment in the health care sector. At the same time, several regulatory mechanisms – accreditation of hospitals, licensing of practitioners, regulation of drugs and review medical practices etc must be strengthened and streamlined.

Andhra Pradesh Government already made firm efforts in this direction. In terms of private investment, many of the initiatives have been envisaged with a view to provide tertiary health care to all its population.

A number of corporate hospitals emerged into the health care system to provide tertiary health care. Government of Andhra Pradesh had made sincere efforts to leverage Information Technology and strengthen the Public Health System. This covers Tele – Radiology, Tele – Conferencing, Tele – Medical Education and Tele – Medicine. The Tele – Medicine project is envisaged as a public-private partnership thereby involving the APOLLO group to take up Pilot Projects at District Hospitals, Eluru and Karimnagar and CARE group to take up at the district hospitals Mahaboobnagar and Nellore.

4.5 Selected Hospitals – A Profile:

The growth of corporate hospitals in health care is not independent of trends in the government owned hospitals. A drastic change in the socio-economic and political environment had shaped the private health care industry in India. Health care industry like other sectors of economy is operated as a model of mixed economy. Over the years government funding to health care has been declining. This has seriously affected the expansion of government hospitals.

Within this perspective, after formation of Andhra Pradesh State in 1956 there was an expansion of private sector. Lack of expansion of
government health care sector during the seventies and eighties coupled with increase in the population resulted in an increasing pressure on existing facilities. Government became handicapped to fund the health care needs of its growing population. This created growth of private - facilities.

An important factor that created boom in the growth of corporate hospitals is return of doctors working in Middle East during seventies. Non-Resident Indian doctors based in the United States are mainly involved as either share holders or partners in establishing private and public limited hospitals.

Another important factor that contributed to the growth of private limited and public limited hospitals is recognition of health care as an industry in the year 1986 by Government of India. This made entrepreneurs to have an access to loans from banks, tax holidays like industry and access to duty free import of equipment etc.

The study of corporate hospitals and the analysis of data at state level and national level revealed various factors that influenced the growth of private health care sector. The study identified 186 corporate hospitals as of 2002 both private and public limited. These hospitals are distributed over entire Andhra Pradesh, but many are confined to Urban areas. The twin cities, Hyderabad and Secunderabad account for 107 hospitals of which 85 are private limited and 22 are public limited. The next city that has highest number of hospitals is Vishakapatnam followed by
Vijayawada, Tirupathi etc. All these hospitals are registered under Company's act 1956.

Distribution of corporate hospital across three regions of Andhra Pradesh namely, Coastal Telangana and Rayalaseema vary greatly by number of hospitals and size.

A major portion of corporate hospitals are located in Telangana region because of Hyderabad and Secunderabad. The next place is occupied by Coastal region and lastly by Rayalaseema.

Table 4.1: Number of Hospital across the regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of hospitals</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal</td>
<td>55</td>
<td>29.57</td>
</tr>
<tr>
<td>Telanagana</td>
<td>115</td>
<td>61.83</td>
</tr>
<tr>
<td>Rayalaseema</td>
<td>16</td>
<td>8.60</td>
</tr>
<tr>
<td>Total</td>
<td>186</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Registrar of companies, Andhra Pradesh.

It is worth while to repeat that the study looks at a very specific segment of the hospital market. The hospitals are chosen based on form of ownership.

Based on form of ownership, the study included private and public limited hospitals which are registered under Companies Act, 1956. Private limited hospitals are more in number compared to public limited hospitals.
Table 4.2: Number of hospitals based on form of ownership

<table>
<thead>
<tr>
<th>Form of ownership</th>
<th>Number of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate private limited</td>
<td>153 (82.26)</td>
</tr>
<tr>
<td>Corporate public limited</td>
<td>33 (17.74)</td>
</tr>
<tr>
<td>Total</td>
<td>186 (100.00)</td>
</tr>
</tbody>
</table>

Source: Registrar of companies Andhra Pradesh

Note: Figures in parenthesis indicate percentages.

Sample hospitals:

The study has selected a sample size of 56 hospitals distributed across the three regions. The number of private and public limited hospitals selected is in the ratio 5:3. To make sample representative, hospitals are selected from the three regions as follows.

Table 4.3: Private and Public limited hospitals selected for the study across the regions.

<table>
<thead>
<tr>
<th>Region</th>
<th>Private limited</th>
<th>Public limited</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal</td>
<td>10 (17.86)</td>
<td>5 (8.93)</td>
<td>15 (26.79)</td>
</tr>
<tr>
<td>Telangana</td>
<td>22 (39.29)</td>
<td>14 (25.0)</td>
<td>36 (64.28)</td>
</tr>
<tr>
<td>Rayalaseema</td>
<td>3 (5.36)</td>
<td>2 (3.57)</td>
<td>5 (8.93)</td>
</tr>
<tr>
<td>Total</td>
<td>35 (62.5)</td>
<td>21 (37.5)</td>
<td>56 (100.00)</td>
</tr>
</tbody>
</table>

Source: Field survey

Note: Figures in parenthesis indicate percentages.
The study is constrained by the fact that the researcher has replaced some hospitals, which are non-existent with those exist. This is because some hospitals in the identified list are closed.

**Period of existence of selected hospitals:**

Selected sample for the study included the hospitals which are established during eighties, nineties and before 2002. The least period of existence of selected hospitals is one year and highest period of existence is 18 years. The range of period of existence of the sample is 17 years. The mean period of existence of the hospitals selected is 7.5 years as shown below.

**Table 4.4: Mean period of existence of sample hospitals**

<table>
<thead>
<tr>
<th>Number of years of existence</th>
<th>mid value (X)</th>
<th>Number of hospitals (f)</th>
<th>fX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>2.5</td>
<td>22</td>
<td>55</td>
</tr>
<tr>
<td>5-8</td>
<td>6.5</td>
<td>14</td>
<td>91</td>
</tr>
<tr>
<td>9-12</td>
<td>11.5</td>
<td>10</td>
<td>115</td>
</tr>
<tr>
<td>13-16</td>
<td>14.5</td>
<td>6</td>
<td>87</td>
</tr>
<tr>
<td>17-20</td>
<td>15.5</td>
<td>4</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$\Sigma fX = 422$</td>
</tr>
</tbody>
</table>

Source: Field Survey

\[
\text{Mean} = \frac{\Sigma fX}{\Sigma f} = \frac{422}{56} = 7.5.
\]
Social status of promoters:

Selected corporate hospitals are mainly promoted by practicing doctors with the help of Non-Resident Indians' as share holders or partners. Even there are hospitals that are promoted by individuals who are non-providers and business groups. Promoters hail from various social groups - peasants, Landlords, Professionals, Business people, Doctors etc. Due to various constraints the study is unable to present an exhaustive list of all the share holders or partners of the selected hospitals.

Capital investment:

In general, corporate hospitals offer tertiary care by using sophisticated equipment and facilities. Investment in crores is to be made to procure specialty equipment – investment is mobilized in the form of equality and debt. Many of the hospitals are reluctant to disclose the amount of term. The researcher tried hard to get minimum information about capital investment.

Table 4.5: Capital investment

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low investment</td>
<td>10(17.85)</td>
</tr>
<tr>
<td>Medium investment</td>
<td>20(35.71)</td>
</tr>
<tr>
<td>High investment</td>
<td>26(42.43)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.
**Bed size:**

There are variations in bed strength among small and large corporate hospitals. In the former category bed strength is even less than 50 where as in the later category bed strength is higher than 200. Bed size of the selected hospitals is as follows.

**Table 4.6: Bed size of selected hospitals**

<table>
<thead>
<tr>
<th>Bed size</th>
<th>Number of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 50</td>
<td>20(35.71)</td>
</tr>
<tr>
<td>50 – 100</td>
<td>21 (37.50)</td>
</tr>
<tr>
<td>&gt; 100</td>
<td>15(26.79)</td>
</tr>
<tr>
<td>Total</td>
<td>56(100.00)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.

The number of beds is widely used as an indicator of hospitals size. The classification of hospitals by bed size seems to indicate that the sample is broad based from a reasonable cross section of hospitals with great variations.

**Bed occupancy rate:**

The occupancy rate of selected corporate hospitals varied greatly. Some hospitals accounted for less than 25%, on the other side for some hospitals it is >50%. Occupancy rate is the ratio of occupied beds to available beds. Sample study shows that hospitals are over bedded or they
are under utilized. This may be due to the reason that in some departments—obstetrics, emergency coronary care etc. the demand may be unpredictable and lower occupancy is unavoidable.

Table 4.7: Bed occupancy rate

<table>
<thead>
<tr>
<th>Range of occupation rate</th>
<th>Number of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25</td>
<td>11(19.64)</td>
</tr>
<tr>
<td>25 - 50</td>
<td>22(39.29)</td>
</tr>
<tr>
<td>&gt; 50</td>
<td>23(41.07)</td>
</tr>
<tr>
<td>Total</td>
<td>56(100.00)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.

Trend in bed size:

In many of the selected hospitals there is an increasing trend in the bed size. There is a great variation in the bed size at establishment and at present number of hospitals have gone for increasing bed size, despite increase in the competition.

4.6 Services offered:

In general hospital administration perceives competitiveness of hospital in terms of its ability to provide a variety of specialty services. Many hospitals do not have full time specialists even though they claim to offer those specialties. They hire visiting consultants on specified days of the week. Even there are hospitals that offer specialists by appointment,
who are called as Consultant–by-appointment. Large hospitals are hiring full time consultants, depending upon the demand for the service.

There is a wide difference in the range of services offered by the sample hospitals. Some hospitals are single specialty hospitals while others are multi-specialty hospitals offering more than one service. The maximum number of services offered by the hospitals in the sample selected is more than 50. Many hospitals manage to deliver health care with Consultants–By–Appointment. Hence they are able to provide high average number of services.

Table 4.8: Services Offered

<table>
<thead>
<tr>
<th>Number of services offered</th>
<th>Number of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8(14.29)</td>
</tr>
<tr>
<td>&lt; 3</td>
<td>8(14.29)</td>
</tr>
<tr>
<td>3 – 5</td>
<td>14(25.00)</td>
</tr>
<tr>
<td>6 – 8</td>
<td>12(21.42)</td>
</tr>
<tr>
<td>&gt; 8</td>
<td>14(25.00)</td>
</tr>
<tr>
<td>Total</td>
<td>56(100.00)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.

Obstetrics and Gynecology are the most widely offered services among the sample selected. This is followed General Medicine, General Surgery and Diabetics. The services that are rarely offered by the sample...
are Cancer, Vascular surgery, Physiotherapy, Traumatology, Neonatology, Geriatrics, Cosmetology and Psychiatrics. The 15 most widely offered services by the sample are given below.

**Table 4.9: Most commonly offered service areas by selected hospitals**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Service area</th>
<th>Number of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Obstetrics and Gynecology</td>
<td>46 (82.14)</td>
</tr>
<tr>
<td>2.</td>
<td>General medicine</td>
<td>44 (78.57)</td>
</tr>
<tr>
<td>3.</td>
<td>General surgery</td>
<td>40 (71.43)</td>
</tr>
<tr>
<td>4.</td>
<td>Pediatrics</td>
<td>36 (64.29)</td>
</tr>
<tr>
<td>5.</td>
<td>Urology</td>
<td>31 (55.35)</td>
</tr>
<tr>
<td>6.</td>
<td>Dentistry</td>
<td>32 (57.14)</td>
</tr>
<tr>
<td>7.</td>
<td>Neurology</td>
<td>35 (62.5)</td>
</tr>
<tr>
<td>8.</td>
<td>Neurosurgery</td>
<td>25 (44.64)</td>
</tr>
<tr>
<td>9.</td>
<td>Diabetics</td>
<td>41 (73.21)</td>
</tr>
<tr>
<td>10.</td>
<td>Gastroenterology</td>
<td>36 (64.29)</td>
</tr>
<tr>
<td>11.</td>
<td>Ophthalmology</td>
<td>22 (39.29)</td>
</tr>
<tr>
<td>12.</td>
<td>Cardiology</td>
<td>12 (21.43)</td>
</tr>
<tr>
<td>13.</td>
<td>Cancer</td>
<td>8 (14.29)</td>
</tr>
<tr>
<td>14.</td>
<td>Rheumatology</td>
<td>14 (25.0)</td>
</tr>
<tr>
<td>15.</td>
<td>ENT</td>
<td>15 (26.78)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.
4.7 Diagnostic equipment and facilities:

All the hospitals selected are facilitating diagnostic equipment for the purpose of investigating diseases. Technological advancement made hospitals techno savvy. In today's technological environment, diagnosis is made easy for doctors. Even the prestige of hospital is derived from the range of diagnostic facilities and equipment available. X-Ray, ECG, Endoscopy, Ventilator and Ultra sound scan are the most commonly found diagnostic equipment. Holter monitor, Traction, Pap smear, Lithotripper, Digital EEG- cerobro-web, Digital ECG- cardio-web, Digital PFT - Spiro-web and foetal monitor are found in very few large hospitals. The 15 most commonly found diagnostic equipment are give in Table 4.10.

4.8 Networking with diagnostic centres:

Many hospitals selected are having networking with independent diagnostic centers. This is particularly based on the concept “Make or Buy”. Especially, smaller hospitals, which “find it difficult to invest large capital on medical equipment” and large hospitals which “find it economically not viable” develop networking with diagnostic centers. This is very sensitive issue from a hospital perspective as well as from the patients’ point of view.

It is very common to hear people talk about deals between hospitals and diagnostic centers. In fact, hospitals get a fixed share of the charges on every patient referred to a diagnostic center. This is not so with every
hospital but it is a common practice prevalent. It is impossible to present an empirical proof and extent of such deals.

**Table 4.10: Most commonly found Diagnostic equipment**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Diagnostic facilities / equipment</th>
<th>No. of hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>X-ray</td>
<td>56(100.00)</td>
</tr>
<tr>
<td>2.</td>
<td>ECG</td>
<td>56(100.00)</td>
</tr>
<tr>
<td>3.</td>
<td>Endoscopes</td>
<td>50(89.28)</td>
</tr>
<tr>
<td>4.</td>
<td>Ventilator</td>
<td>54(96.43)</td>
</tr>
<tr>
<td>5.</td>
<td>Biochemistry lab</td>
<td>16(28.57)</td>
</tr>
<tr>
<td>6.</td>
<td>Ultra sound scan</td>
<td>46(82.14)</td>
</tr>
<tr>
<td>7.</td>
<td>Tread mill</td>
<td>36(64.26)</td>
</tr>
<tr>
<td>8.</td>
<td>C T scan</td>
<td>26(46.42)</td>
</tr>
<tr>
<td>9.</td>
<td>Pathology lab</td>
<td>20(35.71)</td>
</tr>
<tr>
<td>10.</td>
<td>Incubator</td>
<td>22(39.29)</td>
</tr>
<tr>
<td>11.</td>
<td>Angiogram</td>
<td>12(21.43)</td>
</tr>
<tr>
<td>12.</td>
<td>Laparoscopy</td>
<td>29(51.78)</td>
</tr>
<tr>
<td>13.</td>
<td>Echo-cardiography</td>
<td>10(17.86)</td>
</tr>
<tr>
<td>14.</td>
<td>Hemodialysis</td>
<td>25(44.64)</td>
</tr>
<tr>
<td>15.</td>
<td>MRI Scan</td>
<td>15(26.79)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.
62% of hospitals sample reported that they refer the patients to diagnostic centers for the facilities that are not available. 15% of hospitals obtain some diagnostic equipment on lease basis whenever they require. It is surprise to say that “leasing of diagnostic equipment “ is slowly raising in the hospital setup.

Hospitals are having own diagnostic equipment for the focused services. For example Hospitals offering obstetrics and Gynecology prefer to have ultra Sound Scanner, Laparoscopy etc within their premises since they use it very frequently.

The study doesn’t say anything about the frequency with which patients are referred to diagnostic centers by hospitals, non-referrals are appropriate or not. Networking concept is similar to the “Business Process Outsourcing” adopted by the other sectors of economy.

4.9 Hospital chain – number of branches:

Hospitals are developing the concept of providing sophisticated health care facilities at different locations so as to make convenient to the patients located in a specific geographical region. The factors underlying in the multi-location system are promoting efficiency in healthcare industry, the intensified competition and a more sophisticated and demanding population. Therefore hospitals are being attracted to multi location system in order to benefit from the economics of scale in such operations – purchasing, financing, insurance and other shared services. Despite criticism on certain performance aspects, there is strong evidence to
suggest that multi-location system will emerge successfully from their growing pains and will continue to solidify their position.

Among the selected hospitals some hospitals are having branches only in the same city, while some other hospitals are operating in different towns or even in different states. 64.29% hospitals are having no branches. The number of branches various twin one to twelve within the state of Andhra Pradesh.

Table 4.11: Branches of the hospitals

<table>
<thead>
<tr>
<th>Branches</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>36(64.29)</td>
</tr>
<tr>
<td>1 – 3</td>
<td>11(19.64)</td>
</tr>
<tr>
<td>&gt; 3</td>
<td>9(16.07)</td>
</tr>
<tr>
<td>Total</td>
<td>56(100.00)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.

4.10 Emergency services:

Emergency services are important feature of the hospitals. These facilities require medical and paramedical staff specially to handle heart attack, poisoning, accidents, coma, burns and other potentially fatal emergency. Hospitals need to practice standardized emergency to enable the commencement of treatment as quickly as possible. One hospital in
Hyderabad claims that “the commencement of treatment starts in just 180 seconds after the patients arrival”.

All the selected hospitals without any exception said that they provide round the clock emergency services.

4.11 Charges for the service:

In many of the hospitals charges for procedure vary from patient to patient depending on the procedure. Hospitals are explaining about the charges in details to the person before providing treatment. But it was found that, charges vary greatly from patient to patient for the same procedure based on the bargaining capacity of the customer.

There are three different parties involved in the payment process of hospitals i.e., the patient, physician and hospital. Physicians fix the charge for service based on the procedure adopted but within the framework of hospital norms. The schedule of charges for tests as applicable would be available with the technicians who perform the test. A schedule of charges for tests, necessarily not fixed will be decided by the hospital authorities from time to time. They said that “when fixing fees we keep in mind patient’s economic background as well as medical status of patient”. Type of room occupied influences the fee charged for various services. If patient is covered by insurance they would vary the fees accordingly.

4.12 Sources of Investment:

Investment varies greatly across the selected hospitals. There are hospitals invested less than rupees 3crores and greater than 100 crores. The
investment is made in the form of equity and debt. Many of the hospitals procured medical equipment through financing from bank loans. Private limited hospitals are having partners with varying shares of capital. The partners are both providers and non-providers. Most of the public limited hospitals selected are having state holders, but not approved by Securities Exchange Board of India and are not listed in the stock exchange. They are treated as partners. The researches are unable to provide the complete information as hospitals hesitated to give factual information.

4.13 Physical infra structural facilities:

The physical infrastructural facilities provided by hospitals were directly related to the size of operations. The private hospital sector in India has grown passively without the intervention of any state policy directing its growth and development. There are no established norms with respect to the physical infrastructural facilities. But availability of various elements - Plinth area of hospital building and ownership, ambulances, elevators, rooms, water supply and sanitation facilities, power, intensive care unit facility etc., contribute to patient care in hospital.

Plinth area of hospital buildings:

There are no standards defined by law regarding the plinth area of hospital buildings. The plinth area of hospital buildings will have bearing on the overall cost of delivering health care and also on the quality of care.

Table given below shows that nearly 76% of hospitals have less than 10,000 sq ft. of plinth area, while the remaining have more than 10,000 Sq.
ft. The area given reflects the overall space available for administrative purpose, reception, consulting rooms, rooms for in patients, stores etc. The area given includes space available in all the floors. Many of the hospitals are existing in multistoried buildings.

### Table 4.12: Plinth Area

<table>
<thead>
<tr>
<th>Area (Sq.ft)</th>
<th>Number of hospitals</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 2500</td>
<td>20</td>
<td>35.71</td>
</tr>
<tr>
<td>2501 – 5000</td>
<td>7</td>
<td>48.21</td>
</tr>
<tr>
<td>5001 – 7500</td>
<td>10</td>
<td>66.07</td>
</tr>
<tr>
<td>7501 – 10000</td>
<td>6</td>
<td>76.79</td>
</tr>
<tr>
<td>&gt; 10,000</td>
<td>13</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field survey

**Hospital Building ownership:**

Ownership of hospital buildings will have an impact on expansion programme of the hospital. The scope for expansion will be comparatively low in case the hospital building is rented. Nearly 60% of selected hospitals are located in rented buildings.

**Availability of inpatient rooms:**

The accommodation for inpatient services includes semiprivate rooms, private rooms with or without air-conditioning, deluxe suite etc. To cater the needs of poor general ward facility is also available in the hospitals. The room charges vary from Rs.100 to 1200 depending on the category of room occupied. These charges differ from hospital to hospital.
The study is unable to provide the strategy of room charges adopted by corporate hospitals due to lack of information.

The number of rooms available depends on the plinth area of hospital building and the policy of hospital. The minimum number of rooms available in the selected hospitals is 10 and maximum number of rooms available is 60.

**Table 4.13: Rooms available:**

<table>
<thead>
<tr>
<th>Number of rooms</th>
<th>Number of Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 20</td>
<td>21 (37.51)</td>
</tr>
<tr>
<td>20 – 30</td>
<td>18 (32.14)</td>
</tr>
<tr>
<td>30 – 40</td>
<td>10 (17.86)</td>
</tr>
<tr>
<td>&gt; 40</td>
<td>7 (12.50)</td>
</tr>
</tbody>
</table>

Source: Field Survey

Note: Figures in parenthesis indicate percentages.

**Ambulances:**

A large majority of the hospitals have their own ambulance services. Hospitals are equipped with ambulances in meeting emergency services. Only 21.43% hospitals hire ambulance services when required. The number of Ambulances owned by hospitals is given in Table 4.14.

**Pharmacy:**

All the hospitals surveyed have pharmacy shop within their premises. Availability of pharmacy within the premises helps hospitals to
increase access to care, overall revenue and also competitiveness. Some hospitals have own pharmacies located within and outside the premises also. In case ownership of pharmacy doesn’t exist, such hospitals entered into contract.

Table 4.14: Number of ambulances available

<table>
<thead>
<tr>
<th>Number of ambulances</th>
<th>No hospitals</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>12</td>
<td>21.43</td>
</tr>
<tr>
<td>1</td>
<td>15</td>
<td>48.21</td>
</tr>
<tr>
<td>2</td>
<td>8</td>
<td>62.5</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>69.64</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>75.00</td>
</tr>
<tr>
<td>5</td>
<td>6</td>
<td>86.71</td>
</tr>
<tr>
<td>&gt;6</td>
<td>8</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Field Survey

**Intensive care unit facility (ICU):**

It is desirable to have an intensive care unit facility for hospitals. Like the emergency services this requires much better equipment and staffing pattern specially trained staff should be appointed to work in these areas. Intensive care unit facility is important in the hospital premises because patients of shock, coma, heart attack, lung, kidney, brain diseases etc require acute multi disciplinary and intensive observation and treatment.
At present there are no accepted norms on what constitutes an intensive care unit. The hospitals practically set their own standards and norms for intensive care unit. Out of 56 hospitals, 45 are reported to have an intensive care unit facility. The study has not looked at the number of beds accommodated in intensive care units and also number of intensive care units available with hospital.

4.14 Supportive services:

Quality of services made available by medical and paramedical personnel is divided from supportive services. Equipment need to be properly sterilized to get best result of treatment. To determine the direction for treatment diagnostic tests have to be conducted. In addition, the dresses and clothes used in the hospital setup required to be made bacteria free. Radiology and pathology are important areas to streamline quality of services. Nursing services are to be managed in an hygienic and friendly atmosphere. Catering facilities should be provided for diet management.

Central sterile:

Central sterile is supposed to store, sterilize, maintain and issued those materials, instruments and garments to provide quality care by hospital physicians and surgeons. Central sterile department must have direct communication with various departments. Role of central sterile is steadily decreasing with an increased access of disposable, which are
economical. All the selected hospitals are equipped with central sterile as it is a minimum requirement.

Supply laboratory:

The success of treatment lies on proper laboratory diagnosis. Laboratories for blood, urine, microbiology etc should provide round the clock services. All the hospitals selected are equipped with laboratory facilities. For tests that are not available, such hospitals are referring patients to diagnostic centers.

Nursing services:

Nursing services play an important role in building image of the hospital. Promptness, friendliness, patience and attentiveness measures the quality of nursing care. The accepted norms by Indian nursing council for a general ward are one staff nurse for five beds. The selected hospitals are found to be practicing quality-nursing care through the appointment of qualified nurses.

Laundry:

Laundry facilities are not available in many of the hospitals selected, but hospitals are hiring outside dhobi to cater to the needs of hospitals as well as patients. Only 24% of hospitals selected are equipped with laundry facility.

Catering:

Catering department is intended to provide special diet for patients suffering from certain diseases. Food served in an attractive manners
provides and incentive for the hospital image. Catering department is not received attention of hospitals through its presence is highly desirable.

4.15 E-health:

While there has been a frenetic activity in the global environment to gear up for the anticipated boom in e-commerce, the health care sector is not left behind. E-health, an internet strategy of leading corporate hospitals is focusing on key health problems and tailor made suggestions to the patients. All this will result in better care at lower costs. A person who needs a medical advice need not visit hospital to see the physician. By sitting in his drawing room or office he can consult doctor via net and can have medical advice.

4.16 Extensions to related business:

Some corporate hospitals larger in size have ventured in to various sectors-schools for medical and para medical training manufacturing of home health care products like automatic BP meters, Glucometer etc, manufacturing of sophisticated medical equipment hospital Consultancy and turn key projects, manufacturing of diagnostic imaging products etc. These are direct extension to their line of business.

4.17 Accreditation:

Accreditation or quality certificates covering service, safety, quality and efficacy is optional. Consumer protection legislation has not been developed scientifically for health care, which is norm in most developed countries. There is no system to monitor health care facilities there is no
requirement of quality accreditation or quality certificate for Indian health services or facilities. Hospitals have no obligation to establish or adhere to basic quality norms or standards. However, interest in formal accreditation and quality system has been growing in India over the past three years and some major hospitals have obtained quality certification of International Standards Organization (ISO).

4.18 Competition – a stimulus for innovation and productivity:

Many of the corporate hospitals seem to think if they are professionally competent there is no question of failure. Corporate hospitals in Andhra Pradesh are facing stiff competition due to entry of many players into the health care field. To overcome the competition, hospitals are participating in the creation of infrastructure to provide qualitative secondary and tertiary health care services. This was further strengthened by the liberalized policy of Government in the form of free import of medical equipment, tax concessions and incentives.

Corporate hospitals today are facing both price competition and non price competition. Price competition brought down the costs of health care for example a heart bypass surgery is now priced at just Rs.65000 which was charged nearly Rs.2,00,000 five years ago. At the other end non-price competition is created by hospitals by providing value added services through the investment of crores of rupees in infrastructural facilities and equipment. Corporate hospitals are competing with five star hotels in
providing hospitality to its patients. Thus competition has stimulated innovation and productivity.

4.19 Marketing practices of corporate hospitals:

Corporate hospitals in Andhra Pradesh are practicing marketing in one or other form. It is surprise to know that many of the hospitals don’t realize them as marketing functions. But they accepted marketing as integral function in the hospital operations.

Corporate hospitals have a dilemma regarding the functions of marketing. It was identified that many hospitals are with neither marketing department nor public relations department. Marketing activities are performed by managing director or chief of the hospital with the help of administrative staff. Many of the hospitals are unaware of results oriented marketing plans and are confining to old traditional methods of selling. Selling is one of the several functions of marketing. Hospital Marketing is basically seeing what the community perceives as its needs, identifying those needs and developing the services to satisfy those needs. The study of sample revealed the following marketing programmes adopted by corporate hospitals.

Advertising:

The most important objective of advertising is to effect sales of a new product or increases the sale of existing products. Advertising persuade the potential customers to buy the product. There are broadly two
types – image advertising and product advertising. Image advertising is used for positioning the organization. It mainly emphasizes.

- To bridge gap between the organization and public.
- To communicate the public about organization’s activities growth and strengths.
- To promote the philosophy of the organization.
- To build trust in the public.

Product advertising is used to create awareness about products and to promote them among public who need it. Product advertising performs role of a salesman.

Corporate hospitals studied are mainly concentrating on product advertising to inform buyers/users about their services. The corporate hospitals prefer print media that too mainly daily news papers to give information about services offered and date and time of arrival of consultants.

Image advertising is adopted by very few hospitals. These hospitals are sponsoring Tele serials to develop the image of hospitals. Some of these hospitals are using Internet based advertising through their own website.

**Referral Network Development:**

Corporate hospitals have developed a strong referral system, where in treatment for tertiary care level, a referral from the secondary level and primary level has to be made. There is a large skew in favour of corporate
hospitals in terms of availability of medical equipment, supplies and personnel. The referral sources are generally physicians working in nursing homes and government hospitals, nurses, paramedical professionals etc. The corporate hospitals are attracting referrals by developing an understanding with physicians of nursing homes. Every hospital has developed a referral system.

In today's corporate hospitals, referrals form a considerable proportion of hospitalized cases. Even they are attracting referrals to utilize sophisticated diagnostic facilities and equipment. Corporate hospitals selected knowingly or unknowingly adopted relationship marketing to attract the customers.

**Public relations:**

Corporate hospitals which are smaller in size and which are not financially well off designed a programme for effective and successful marketing without marketing department and public relations. Public relations programme maintain image of the hospitals and don't require expensive advertising, unlike other organizations, Hospitals staff come into direct contact with the patients. The human relation and patient relations are of utmost important in the hospital setup. The various activities practiced by selected corporate hospital to enhance public relations are:

♦ **Good Signage System:**

Corporate hospital provided an effective and easy-to-fallow signage system to facilitate patients find their way through the complex
maze of hospital buildings. All rooms are numbered and facilitated large board bearing the names of specialists in conspicuous places.

♦ **Clean and Hygienic conditions:**

Corporate hospitals are creating psychological impact on the overall impression of patient and visitors by maintaining clean and Hygienic conditions. People in general lack of medical knowledge, form their opinion on the hospital and its repetition on the basis of its appearance and cleanliness. Good house keeping is an asset for building public relations and to increase prestige of the hospital.

♦ **News media relations:**

Establishing and maintaining media relations in one of the most important function of public relations. Hospital media relations are built on mutual trust and co-operation. This facilitates accurate information and eliminates wild rumors about the hospital. Every hospital irrespective of size and location and whether or not have public relations department, developed an official policy for developing media relations.

♦ **Reception:**

Reception is the most important activity of the hospital that build image of the hospital among patients, visitors, visiting doctors, patients friends and family members etc. A reception is a place where patients, visitors and doctors make enquiry on a wide range of subjects – about specialists, working hours, patient information, when and where a patient
was admitted, when discharged etc – enquiries are endless. Corporate hospitals are providing well-informed receptionists round the clock.

♦ Preventive and wellness programmes:

Preventive and wellness programmes are organized by the sample hospitals to develop the list of prospective and enhance public relations. These programme aims at educating public about need for medical care and creating long lasting impressions on the hospital. The hospitals are providing:

- Consultative services for the public
- Immunization
- Health educational programmes etc.

Personal Selling:

Personal selling is found instrumental in promoting the business of service generating organization. It is basically a method of communication – inter-personal or two-way communication. Personal selling in the hospital set up is two folds.

- Convincing the public over the services offered.
- Convincing referral sources over the technologic edge and the service offered.

The hospitals offering various health plans and schemes are persuading the public to buy, whether or not having marketing department,
the hospitals are involving in personal selling activity to persuade the customers.

All the hospitals have developed a list of referral source and are persuading them to refer the patients to their hospital.

4.20 A sample profile of corporate hospital:

A 400 bedded super specialty hospital – let us call it XYZ hospital – a name synonymous with excellence in medicare is situated in the city of Hyderabad

Established in 1989 with the a vowed aim of bringing hi-tech, cost-effective tertiary Medicare within easy reach of the common man, XYZ Hospitals is today a famous land-mark in ways more than one; an ultramodern one-stop hospital famed for its patient-care, a renowned Heart Institute, of learning for medical and paramedical personnel, and a center committed to community health care.

With 38 specialty and super-specialty departments, state-of-the-art equipment, highly qualified, experienced and dedicated medical and paramedical personnel some of them residing in-house supported by an excellent diagnostic division, and aided in no small measure by other supporting staff, XYZ Hospitals is geared to provide the best in patient care.

This orientation to patient care has brought the hospital rewards and recognition by the Government of India, State Government of Andhra Pradesh, Orissa, Chattisgarh and Madhya Pradesh, a host of private and
public sector enterprises and vast number of private sector organizations for treatment of their employees.

Various facilities at XYZ hospital:

Diagnostic services:

Pathology:

This department is equipped with Coulter Cell Counter, Shandon Cytospin, Microtome, Crycount unit, etc. that provides reliable information in disease diagnosis and management.

Biochemistry:

This department is equipped with auto analysis, Blood gas analyzer, electrophoresis unit among other hi-tech devices and has the facilities to carry out all hormonal assays and recto-immuno assays.

Microbiology:

This department has facilities for carrying out all cultures and sensitivity, torch profile and pathogenic organisms etc. that are not undertaken in other labs.

Blood Bank:

The blood bank provides blood to the patients preferably on replacement basis as per the requirement. A routine screening programme is done on the blood donors and blood bank has a donor room, reception, laboratory and storage area.

Radiology and imagining:

X-Ray:
Two X-ray plants with an imagine identifier and two mobile X-ray units from Siemens provides all investigations like various procedures of x-ray, barium series, I.V.P. HSG etc. with a reliable and accurate diagnostic information.

Ultra sound:

The radiology department is equipped with two ultra sound scanners from GE and has all special probes like Trans-vaginal and Trans-rectal probes.

C.T. Scan:

Whole body scanner for siemens, which is the latest equipment available in the market, undertakes C.T, scans of head, chest, abdomen and other organs with reliable and detailed information and C.T. guided procedures are a regular features of the department.

M.R. I.

MRI, the latest in the field of imaging Technology is a non-invasive means of diagnosis involving no radiation. The system permits imaging in multiple planes and provides excellent soft tissue resolution. MRIs applications extend to the entire organ system with several key advantages over other imaging other system like Direct sagittal and coronal imaging, Neuro-imaging, Complete spine imaging, Spinal cord lesion imaging, imaging in trauma, Bone tumour imaging, Ligament and muscle imaging, Mediastinal imaging, Blood vessel imaging, Contraindications etc. This MRI system comprises of a super-conductive magnet that is superior to
MRI machines with permanent magnets as it enhance sensitivity to produce images with great accuracy. The Vectra 0.5T compact imaging system plays important role in the diagnosis of all systems in the body.

**Nuclear Medicine:**

It is the state of the art department for diagnosing and treating diseases using radioactive material and provides details about the functional disorders of the various systems of the body. The equipment uses Gamma Camera with a dedicated Starcam computer for image and data processing.

**Cardiology:**

This department is fully equipped with the state of the art technology. Various equipment in this department are ECG, TMT, 3D colour Doppler, Echo Cardiography with well-equipped Cath Lab. It is supported by an ultra modern 13-bedded IOCU as well, that is manned 24 hours a day by highly experienced consultants.

**Major Medical Equipment at XYZ hospital:**

X-ray UNIT: 500 ma X-ray Unit – Siemens

X-ray unit schemes

Dental X-ray unit – 10M

C.T.Scan : Siemens

Ultra sound: Siemens

MRI: Wipro GE

Auto-analyzers: Hitachi
Cath lab – Digitalized ‘Shimadzu’

Colour Doppler – Wipro GE

TMT – Marquette

Continuous cardiac monitoring system : L&T, BPL Indchem

Heart Lung Machine: HD Secura

IABP

Multi parameter bedside monitors : Hewlett Packard

Selection MDR/SDR : Theratronics

Cobalt – 60: Korloskar

Gamma Camera Spect : Wipro – GE

EMG/EEG

Operating microscopes – Bharath Electronics Limited

Dialysis machines : HD Secura

C – arm: Wipro – GE

Sodium and Potassium analyzers: Trivitron

Blood Gas analyzers: AVL

Defibrillators: HP

Services offered:

The various services offered at XYZ hospitals Ltd are Cardiology,

CT Surgery, Dental, Dermatology, Endocrinology, ENT, Gastroenterology,

General Medicine, General Surgery, Gynecology, Nephrology,

Neurosurgery, Neurology, Nuclear Medicine, Oncology, Ophthalmology,

**Evening Specialty Clinics:**

The evening specialty clinics are outcome of our sincere desire to provide comprehensive, specialized treatment by medical professionals with proven expertise in the field at a time that is convenient to all patients. The treatment is aimed at complete physical, mental and social well-being. These clinics were started by XYZ hospitals for the convenience of the office goers who have to waste an entire productive day in case they need to see any consultant. For such individuals, XYZ hospital offers evening specially clinics to suit their needs.

**The silent features of the evening specialty clinic are:**

* The clinics are run by medical professionals with vast experience in their respective specialty.
* The timings are so set that attending the clinic doesn’t interfere with the patients’ employment.
* Health education on disease process, prevention and control etc. are eagerly taken up during these clinics.
* Multi-disciplinary team approach.
* Group discussions and sharing of experience by patients and attendants
* Formation of self-help groups amongst patients with valuable inputs from medical professionals.
Building of rapport between doctors and patients.

The XYZ hospital at present runs the following Evening Specialty Clinics:

- Headache Clinic
- Vertigo Clinic
- Epilepsy Clinic
- Jaundice Clinic
- Menopause Clinic
- Hernia clinic
- HIV Clinic
- Breast Cancer Clinic
- Childhood asthma Clinic
- Head and neck cancer clinic
- Thyroid Clinic
- Arthritis Clinic

Centre for Learning...

A center of learning for medical and paramedical personnel, XYZ Hospital is recognized by Royal College of Surgeons Edinburgh (UK) for AFRCS, by the National Board of Examinations for its Diplomate National Board (DNB) programmes and by the Medical Council of India for housemanship programmes. XYZ runs a full-fledged School of Nursing and also conducts a number of paramedical training courses.

Our Commitment to Community...
XYZ hospital is committed to community health care, regularly conducts health camps, lectures and lecture-demonstrations on preventive health, organizes exhibitions to enlighten people on health and hygiene and brings out literature to educate the masses on health care, Ever responsive to the changing health care needs and dedicated in providing the finest medical, surgical, nursing, and rehabilitative care to every one of our patients, we at XYZ stand tall by of our professionalism and commitment to patient care.

XYZ Hospitals has also initiated a patient education and preventive health programme. It conducts free patient education and preventive screening programs for the general population ranging from corporate houses to slums

An extension to our commitment to our society, XYZ Heart foundation has been mooted with the aim of talking heart care to those who cannot afford it. Apart from financial contributions and preventive checkups, expensive investigations and procedures like angiograms, angioplasties and stenting are now done at affordable prices for the weaker section of the society

**XYZ Emergency Center:**

When an emergency strikes precious lives are saved by rapid institution of appropriate treatment than by any other single measure. An experienced management with over a decade of experience has fine-tuned
the system to reduce paper work and needless hassles, Which could waste precious moments.

XYZ has specialized ICUs- acute medical care unit, stroke unit, intensive cardiac care unit (ICCU), postoperative ward and the neurological intensive care (NSICU). Doctors with special qualifications in the relevant area are available in each one of these areas round the clock. A close interaction of various specialists ensures a multidisciplinary approach-a team concept that recognizes the importance of treating patients as a whole. All diagnostic facilities are available at XYZ so there is no need to shift the patient elsewhere for any test or treatment.

Advantages of XYZ Emergency Center include its central location, availability of in campus consultants, Speciallized intensive care units, 24 hrs imaging services, Multidisplinary approach services, Affordable costs, etc.

**Vascular Center:**

The recent addition of vascular care facilities is a shot in the arm for XYZ heart institute. This comes as blessing for those suffering from vascular diseasess that have affected their quality of life.

Sr. Consultant in Vascular and Endovascular surgery and Interventions will provide the vascular services.

The vascular center is equipped with the latest non-invasive diagnostic tools and the Cath Lab for angiograms and interventions, it can provide comprehensive vascular services under one roof including
preventive, clinical, diagnostics, operative and endovascular interventions.
The endeavor of the vascular surgery unit will be to provide the best possible care, with the latest technology, at a reasonable cost with humane approach.

Health Screening Department:

Various preventive health services have been designed by XYZ to help individuals to track their health and to help their physicians to control the situation before it manifests itself into a grave problem. In addition, we have also designed various programs to educate the people on various health topics. Various services offered include Master Health Checkup, Executive Health Checkup, pre employment Checkup, Annual Health Checkup, etc

Patient Education programs:

Gaining strength from our commitment to preventive health and patient education, we conduct regular patient education programs for all section of the society. These programs are conducted in various localities, corporate houses as well as in XYZ itself. Consultants from all departments eagerly participate in these programs. We have so far conducted over 300 such programs.

Tele-serials on health and disease are Tele casted live on various channels.
XYZ Convenience Clinics:

XYZ Hospitals also organizes special convenience clinics every evening between 4 and 8 pm and on Sundays between 9 AM and 1 PM.
References:

1. A.P. Fact file, www.aponline.gov.in
3. ibid