**Outlook 2018**

**Growing Healthcare Sector Offers Huge Investment Opportunities**

“We are continuing to put logistics in place to ensure a seamless journey for the startups”

**Gaurav Gupta**, Principal Secretary, Department of IT, BT, S&T, Government of Karnataka

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COVERAGE STORY

GROWING HEALTHCARE SECTOR OFFERS HUGE INVESTMENT OPPORTUNITIES

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National Health Policy 2017 to accelerate pace of reforms

The government has come out with National Health Policy 2017, with major focus on quality and affordable healthcare to all. Hence, the Government’s focus on Universal Health Coverage (UHC) is expected to offer several opportunities for all stakeholders. The Private Sector has been involved in building the healthcare infrastructure in the country, with active participation from private equity players and increase in FDI. However, to meet India’s burgeoning healthcare needs, both the public and private sector will have to join hands to build infrastructure and develop the skill sets required to deliver care. This means that conventional modes of healthcare funding will need to be aided by innovative modes of funding to improve healthcare investments. The process has begun and in 2018, we are hopeful, the sector will have many opportunities to draw investments from innovative modes such as pension funds, long term debt instruments and others.

Going forward, in the next year we are hopeful that the new policy would accelerate the pace of reforms in the sector. As access to capital has been one of the biggest roadblocks to the growth of the Indian healthcare, governments are expected to do more in the face of healthcare funding challenges and skilled labour shortage. We are hopeful that, with NITI Aayog’s support and push for Public Private Partnerships (PPPs), the Centre would send an advisory or a model template to the various State Governments to encourage PPPs in several different segments such as Primary, Secondary and Tertiary Healthcare, Diagnostics and MedTech.

We hope that the several announcements made in the new policy shall start getting implemented. For example the policy proposes establishment of National Digital Health Authority (NDHA) to regulate, develop and deploy digital health across the continuum of care. We hope that this initiative would be functional in 2018.

The new policy also envisages private sector collaboration; however, there should be greater clarity on financial and non-financial incentives to encourage private participation. This is also true for GST as well when we talk about the complete supply chain of the sector.

- Anjan Bose, Secretary General, NATHEALTH
Priority status urged for healthcare

**FC Bureau**

New Delhi

To create a robust healthcare ecosystem, the apex healthcare body has urged the government to accord ‘national priority’ status to healthcare sector.

In its suggestions to the government, Nathealth underlined importance of priority sector status and said, “It will channelise funds from banks to create necessary health infrastructure.” Though healthcare was included in the harmonised master list of infrastructure sub-sectors by RBI in 2012, long-term financing options are still not available to healthcare providers. “The priority sector status to healthcare will help in enabling development of innovative long-term financing structures for providers apart from creating an attractive environment for domestic production of medical equipment, devices and consumables,” said Anjan Bose, secretary general, Nathealth.
‘Health insurance should be made mandatory’

THE GOVERNMENT SHOULD make health insurance mandatory for all citizens and give healthcare priority sector status, the Healthcare Federation of India’NATHEALTH’ said on Wednesday. Also, there is a need to facilitate access to funding by creating a specific fund for healthcare infrastructure and innovation, it said. Currently, only around 4% of the population in the country has health insurance coverage. Out of pocket healthcare spending constitutes 86% of total healthcare spend in India, NATHEALTH said in a statement.
NEWS UPDATE

Current state of healthcare in India requires action across multiple dimensions:

• India’s unique healthcare challenges need collaborative approach

Recent unfortunate incidents in the health system have unsettled the continuum of care leaving the healthcare sector in a ‘state of emergency’. While the Indian healthcare sector is passing through some sort of ‘emergency’, all stakeholders—government, public & private service providers, medical professionals and patients collectively need to make constructive efforts to redress the trust deficit. Rising trust deficit between patients and the health ecosystem can hamper the desired progress of the Indian healthcare sector and hence, the health of the Nation, according to NATHEALTH.

In a statement issued here today, NATHEALTH said, “The Indian healthcare sector needs to redress the paradigm of care and create an environment of regular introspection to achieve the goal of Healthy India. To undertake this exercise, we need to redefine the health system and clearly lay out the preferred path for several key aspects, including insurance coverage, adherence to treatment & care protocols, regulations, price control, payment models, technology adoption and ethics.”

Over the last three decades, private sector has been making growing contribution and supporting already heavily burdened public health institutions at every level. The private sector today provides 53 percent of the hospitals and 81 percent of the doctors in India. This comes as a big support to public health institutions right from primary care to tertiary care like AIIMS. India’s non-communicable disease (NCD) burden continues to expand and is responsible for around 60% of deaths in India. Moreover, out of pocket expenditure (OOP) constitutes more than 50% of all health expenses, a major drawback in a country like India where a large segment of the population is below poverty line. India has only 1.1 beds per 1,000 persons compared to the world average of 3.7. Rising dual disease burden (CDs & NCDs) in India calls for increased capacity building which is only possible with a collaborative approach.

Healthcare, being state subject, is guided and governed by union and state laws. Clinical Establishment Act which has taken effect in four States namely, Assam, Madhya Pradesh, Haryana and Tamil Nadu. Uttarakhand, Sikkim and all Union Territories except the NCT of Delhi since 1st March, 2012 vide Gazette notification dated 25th February, 2012. The States of Uttar Pradesh, Uttarakhand,
**Pre Budget Expectations From Industry Leaders**

Mandatory health insurance, insurance coverage for elderly, priority sector status, creation of health infrastructure and innovation funds, promotion of medical tourism, CSR incentives along with other tax-related reliefs and exemptions prominently figure in the pre-budget recommendations submitted to the government by Healthcare Federation of India (NATHEALTH).

To ensure universal healthcare access and augment healthcare and infrastructure capacity, NATHEALTH has emphasized on introduction of mandatory health insurance. Currently, only around 4 per cent of the population in the country have health insurance coverage. Out of pocket healthcare spending constitutes 66 per cent of total healthcare spends in India. Further, a vast majority of the rural poor are unable to access quality healthcare.

“The major reason for the low penetration of health insurance is that it is currently optional. It is also the case that most of the people opting for health insurance have some pre-existing illnesses. This has led to a high claims ratio being prevalent in the health insurance business which makes it difficult for health insurers to sustain their operations,” said Dr Arvind Lal, President, NATHEALTH.

While appreciating the government’s efforts to introduce a health insurance scheme for economically weaker sections of the society and senior citizens in the last budget, NATHEALTH recommended that the government could also explore making health insurance coverage mandatory for all citizens in a phased manner, initially covering the organised sector. It would also meet the urgent need for augmenting healthcare capacity creation in the country,” Dr Lal added.

NATHEALTH also recommended increase in quantum of deduction towards payment of medical insurance premiums as it considers the present annual deduction limit of Rs 15,000 inadequate to push health insurance schemes. Accordingly, it should be enhanced to Rs 50,000 for self and family and the current annual limit of Rs 20,000 in respect of dependent parents needs to be enhanced to Rs 50,000.

The Federation also emphasized that there is an urgent need for setting up a Health Infrastructure Fund and a Medical Innovation Fund.

“The Government can think of providing the seed capital for funds such as Health Infrastructure Fund and Medical Innovation Fund. Access to funding by creating a specific fund for healthcare infrastructure and innovation would facilitate access to capital for the sector,” said Anjan Bose, Secretary General, NATHEALTH.

“Such funds would encourage entrepreneurship and new business models which are the need of the hour for improving access, availability and quality, especially in Tier 2, Tier 3 and rural areas,” Bose added.

NATHEALTH also recommends that healthcare should be given priority sector status. Though healthcare was included in the harmonized master list of infrastructure sub sectors by the Reserve Bank of India in 2012, long term financing options are still not available for healthcare providers.

According to NATHEALTH, Priority Sector status to healthcare will help in the process of enabling development of innovative long term financing structures for healthcare providers apart from creating an attractive environment for domestic production of medical equipment, devices and consumables while also catalysing research and development. NATHEALTH feels that this will channelise funds from the banking sector to create necessary healthcare infrastructure and meet societal objectives of the Government of India.

In order to make India a preferred healthcare tourism destination by ensuring a level playing field with other Asian healthcare nations, and earn valuable foreign exchange, NATHEALTH also suggested that earnings from Medical Tourism should be made fully exempt from income tax for healthcare providers.

Other Recommendations from NATHEALTH:

- **Need for extending the 150 per cent weighted deduction scheme under section 80D of the Income Tax Act, 1961 for another five years up to 2022.**
- **Provide import duty relief on respect of imaging equipment, not manufactured in India and enable a robust regulatory framework for domestically manufactured medical devices.**
- **Further simplification of the tax regime in respect of Real Estate Investment Trusts (REITs) Business Trust.**
- **Need for a liberalised FDI regime in respect of investments.**
- **Exemption of tax on the healthcare sector from the Minimum Alternate Tax (MAT) regime under the Income Tax Act.**
- **Loosening of Corporate Tax rates as announced in the Union Budget 2014-15.**
- **Abolishment of Dividend Distribution.**
- **Need for revision in the Service Exports from India Scheme (SEIS) Reward Rate.**
- **Extension of duration of the Tax Holiday schemes from 3 years to 10 years for new hospitals to ensure viability.**
- **Enhancement in medical reimbursement exemption limit for salaried employees to Rs 1 lakh per annum in line with cost inflation index.**
- **Introduction of a separate deduction in respect of preventive health checks.**
- **Introduction of a deduction for investment into long term bonds with a minimum tenor of ten years issued for setting up hospitals with at least 100 beds.**
- **Allow Corporate Social Responsibility (CSR) spends as tax deductible business expenditure.**

Dr. Arvind Lal, President, NATHEALTH
Anjan Bose, Secretary General, NATHEALTH

www.medicareinsight.in (Jan-Feb 2018)
We sincerely hope healthcare industry would be given some leeway in terms of GST implementation. This will ensure better services to patients by healthcare providers. This will also result in greater accessibility of care and services by the common man. The government must also come out with clear roadmap to make medical insurance more popular. It must also exclude the medical insurance premium exempt from GST. Given the acute shortage of manpower, there is need to industry representation in central universities and even medical colleges so that healthcare industry can source talent appropriately.

Dr Dharminder Nagar, MD, Paras Healthcare

The total healthcare spending of India is one of the lowest in the world and lagging behind the GDP growth. India spends only 3.4 per cent of the total spending as compared to the budgets of other nations like the US, Canada, New Zealand, Australia etc who spend more than 17 per cent. The basic expectation from this budget will be to see an increased spending on the healthcare sector, in order to make available the basic healthcare infrastructure and affordable healthcare for all. There is a huge unmet need for healthcare infrastructure and professionals in the nation that needs to be addressed by providing right quality healthcare with trained professionals to improve the healthcare indicators. The trends in diseases are changing as well. More and more deaths in India are happening because of non-communicable or lifestyle associated diseases. Provisions and policies to spread awareness on the importance of prevention and how to mitigate these diseases should be considered.

Where most of the renowned doctors in various other countries use of Indian generic, India is not considered to be a leading hub for pharmaceuticals. Efforts need to be focussed in making India a hub of excellence for healthcare services by increasing spending on technology and infrastructure. Increase in tax incentives for research in healthcare could help achieve the same and further support the Make in India initiative of Government of India as well.

Initiatives to encourage improvement of healthcare availability in under-served areas would also help bridge the rural-urban disparity. The government can look into providing more incentives to individuals and organisations that strive hard to improve rural health.

Tax incentives should be given for setting up new hospitals. Incentives for domestic manufacture of medical devices and consumables should also be considered in the budget this year.

The progress on improving the condition of women and children is really slow, the under five mortality and maternal mortality rates are still on higher side, increased spending on nutrition, drinking water coverage, sanitation, female secondary school enrolment should be undertaken.

Incentives for emerging sectors like health insurance and medical tourism can benefit the industry, also the government should focus on an affordable healthcare for all policy by providing a social insurance scheme benefiting every individual of our nation.

Dr Minnie Bodhanwala, CEO, Wadia Hospitals

This year has been an important one for healthcare. Various initiatives ruled under the National Health Policy have helped in larger scope of the Indian population to access medical services at affordable prices. Post introduction of GST, the tax rate on medical devices was pegged at 12 per cent, this, if reduced further can positively affect the overall cost structure thereby providing cost effective healthcare services to the society. The last budget had a lot of focus on policy direction and targets for elimination of chronic diseases which is laudable. In addition to increased spending, we also hope that this year’s budget with address the National Health Protection Scheme and also set impetus to generate demand for health insurance through additional exemptions.

Amaresa Shaw, MD & Promoter, Metropolitan Healthcare

The budget must acknowledge that quality of healthcare delivery is non-negotiable. The public sentiment in India should understand that quality care demands heavy investment of capital, and more importantly, skilled manpower, both of which are in short supply, leading to an acute crisis in healthcare delivery. It is critical that all stakeholders – the public, Government and the private sector come together now to create a partnership of trust, which empowers the private sector to create and build capacity.

By according National Priority Status for healthcare, the government can signal its intent to put in place an enabling environment that will attract capital – both financial and intellectual, and stimulate the creation of high-quality capacity. Several approaches in combination can be used for this – in public-private partnership (PPP) models, or purely by incentivising the private sector with carefully structured tax benefits.

The Fayer problem demands urgent attention. We urge the government to adopt Universal Health insurance at viable rates for all players, and to incentivise the consumers through higher tax deductions for healthcare expenditure and insurance payments. Zero rating of health care services and health care insurance premiums under the GST regime would be most important to ensure that the cost of care remains protected for the consumer.

It is important to note that healthcare is the fifth largest employer and has the potential to generate 7.1 million direct jobs by 2022. Every hospital bed creates five direct jobs, and an exponential number of indirect jobs. More importantly, it is the only sector that takes responsibility for the health of the nation.

Sumeeta Reddy, MD, Apollo Hospitals
Address India’s growing healthcare costs

The Indian healthcare sector needs to adopt innovative measures to reduce the overall cost of services. Promotion of health insurance, digital healthcare including TT-based solutions and quality asset management can reduce out-of-pocket expenditure considerably.

AVINOD LAL

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In India, access to health is determined by location, income, profession, and gender. A large portion of the population does not receive health care due to lack of access and affordability. This results in a large number of deaths, disabilities, and economic losses. The government has recognized the importance of healthcare and has taken several initiatives to improve access and affordability of health care.

Role of technology: The increased use of technology in healthcare has made it easier for patients to access healthcare services. The use of telemedicine and remote patient monitoring has helped in reducing the cost of healthcare and improving patient outcomes.

Addressing the issue of affordability: The government has introduced schemes like Ayushman Bharat, which provides health insurance coverage to the poor and vulnerable sections of the population. This has helped in reducing the burden on the patients and the government.

Conclusion: Addressing the issue of affordability and accessibility of healthcare is crucial for the development of any country. The government needs to continue its efforts to improve access and affordability of healthcare services. The private sector can also play a significant role in this regard by providing affordable and quality healthcare services.

However, the high cost of treatments remains a major concern for many patients. The government needs to work closely with the private sector to ensure that patients have access to affordable and quality healthcare services. The government needs to continue its efforts to improve access and affordability of healthcare services. The private sector can also play a significant role in this regard by providing affordable and quality healthcare services.

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Nathealth Budget wish: In order to create a robust healthcare ecosystem in the country, apex healthcare body Nathealth urged the government to give 'National Priority' to healthcare by according it with a status of priority sector. In its Pre-Budget recommendations sent to the government, Nathealth said, “This will channelize funds from the banking sector to meet societal objectives of the Government of India.”