
Healthcare 2020: Managing new health markets



Are conventional healthcare models still relevant, especially in rapidly-growing economies such as India's, what will be the economics of the healthcare business and who will be the players of the future? In this final article in our series of features on the Healthcare 2020 conference, held at INSEAD's Europe campus in Fontainebleau, we look at the management of globalised and networked healthcare.

A recent PwC report stated that healthcare systems will be unsustainable within 15 years, if they remain as they are. "Globally, healthcare is threatened by a confluence of powerful trends - increasing demand, rising costs, uneven quality, misaligned incentives. If ignored, they will overwhelm health systems, creating massive financial burdens for individual countries and devastating health problems for the individuals who live in them." (PwC HealthCast 2020: Creating a sustainable future, 2006).

Unprecedented opportunities

Harpal Singh, chairman of Fortis Healthcare, says "we need to stop fighting globalisation - it's here, and we need to focus on how we can make it

beneficial.” Singh also argues that countries like India could provide unprecedented opportunities both as a market and as a solutions provider.

“Consumers’ expectations of healthcare services are rising; costs are increasing - there is a growing imbalance between the developed and developing world. There are certain nations that are vulnerable to bioterrorism. All these factors mean we need to look at the restructuring of health delivery systems,” says Singh.

Demand for healthcare services is also growing due to demographic changes and disease patterns. “Consumers are more empowered and people want to know who is accountable. Unhealthy work/life environment, pollution, epidemics, natural disasters, ethical considerations are all increasing demand for healthcare services.”

India is an example of how services are improving, while costs are being reduced, by “increasing access and reach with improved quality,” Singh says. “However, there are still some key management and policy challenges that need to be addressed in demand and supply - most notably global integration and public private partnerships (PPP),” which he believes will be ‘essential’ in the future, rather than ‘just a good idea as they are at the moment.’

'A paradox of extremes'

India’s economy is growing rapidly, as is its middle class, and consequently, “decision-makers place India now as a superior destination for investments because of its sustainable economy,” Singh says. The country’s healthcare systems, however, are ‘a paradox of extremes,’ he adds. “We are talking about cutting-edge technology and services at one end of the scale, when there are clearly parts of the country where healthcare is extremely poor or non-existent.”

Singh stresses, however, that when you look at the whole country “the paradox is applicable everywhere, not just to healthcare.”

The single largest sector of spending in the Indian economy is healthcare and it is the country’s principal employer. However, Singh says two-thirds of the spending comes from the private sector. India has a “growing number of high-quality health institutions, with hospitals now seeking international accreditation. Talented individuals are returning to India as a result of better facilities and fewer Indian patients are seeking healthcare outside of the

country,” he adds.

“The move for global integration of the healthcare market will not be driven by the needs of the developing world, but by the compulsions of the developed world – costs and response time will be huge value-drivers. In healthcare- apart from innovation and technological prowess- scalability will be an important parameter determining the competitive advantage between nations, and qualified manpower availability will impact all three areas.”

“We need to ensure easy exchange between healthcare systems worldwide, if integration is going to happen,” Singh says. “There should be a free flow of competencies across geographies and national boundaries. In turn, this will mean access to health services, with national governments and insurance companies paying for healthcare services in other countries.”

There needs to be an expansion of medical manpower quality and capacity. We must increase global research through partnerships and have a powerful global surveillance and response systems for diseases.”

Singh says these will all have a huge impact and act as enablers to ensure that healthcare services are sustainable. He also advocates public private partnerships, citing India as a good example of how these can be achieved.

The need for private resources

“India’s government accepts that private resources are needed for the public good. However, at the citizen level, there is still a mindset that public resources should be responsible for changing services.”

Singh believes the patient should be as much a partner, as the service provider and the regulator in what is a ‘tripartite regulatory framework.’

Other issues to be addressed, according to Singh, are how to manage change and deal with productivity and effectiveness. “We have to ensure that healthcare enjoys best management practice,” he says, adding this includes managing technology and cultural change.

A future with compassionate robots?

Another panellist, Gabriele Sinigoj of the University of Vienna, wonders whether the ‘mature patient’ might receive health education based on research that is delivered to his or her home by “e-healthised” IT, which may

facilitate communication between patients and the care team, or alternatively erode it.

So can we look forward to a world of ‘compassionate robots’ providing healthcare services? Perhaps not in our lifetime, but technology is certainly going to play an increasingly important role in healthcare delivery going forward.

Oliver Tattan, the founder and CEO of VIVAS Health, one of Ireland’s fastest-growing companies, echoes Singh’s view that the patient is a key partner for the future of healthcare. Furthermore, he believes individuals should be more responsible and accountable “for our own health and this should be a global vision.”

Consumers of healthcare services are actually looking “to live longer. As a start-up company we couldn’t actually promise this, but what we did was to encourage people to take better control of their health and to empower them,” he says. As consumers, individuals want to make their own decisions concerning their health, he adds.

Another key factor for the future development of healthcare will be the use of IT. “Of all the sectors of the economy, healthcare is one of the worst offenders for the non-adoption of information technology,” Tattan says. If the airline industry were regulated in the same way as healthcare, “there would be planes dropping out of the sky regularly.” The attitude of “waiting until it is broken to fix it, is too widespread in the healthcare industry.”

“If the financial services industry lost as much money as healthcare, there would be an uproar but we don’t have the same rigour in healthcare.”

Find article at

<https://knowledge.insead.edu/responsibility/healthcare-2020-managing-new-health-markets>

About the series

Healthcare Management

The [Healthcare Management Initiative](#) at INSEAD was founded on the belief that many of the systemic challenges of the healthcare industry globally can benefit from the application of principles that stem from rigorous, evidence-based thought leadership.