

# RECESSION: IMPACT & COMBAT STRATEGIES

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# RECESSION AND HEALTHCARE SERVICES

# Questions Often Asked

- Are people reluctant to spend on Healthcare also?
- What is the impact, if any of pricing, on demand?
- Is recession in urban or rural India?
- May be there is reduction in medical value travel?
- Are consumers holding back on purchase of all types of services or only elective & patient driven products & services?
- Has it been because of the change in behavior of up-market, middle or lower segments?
- Has it impacted the full value chain or only Hospital services .

# Factors that impact recession in Healthcare

- a) Overall fall in income levels.
- b) Lack of penetration of Health Insurance. 75 % out of pocket.
- c) Slow growth social security schemes. Only 12% are covered by ESIS , CGHS , Rlys , Defence schemes etc:
- d) Urban market
- e) Behavior of rural market .
- f) Recession in other sectors creating a sentiment in favor of austerity.
- g) Doctor driven / Emergency services vs. Patient driven services
- h) Alternate system of medicine.
- i) Protectionism of other countries (US , Europe)

# CITY-WISE IMPACT

CITY	Doctor driven	Patient driven
Mumbai	-3%	-10%
Delhi	-4%	-12%
Bangalore	-6%	-15%
Hyderabad	-2%	-8%
Chennai	-5%	-13%
Kolkatta	1.50%	2%

# IMPACT OF RECESSION – MARKET VS.PRODUTS

	High <u>Income</u>	Upper <u>Income</u>	Middle <u>Middle</u>	Low <u>Income</u>
Luxury/Cosmetic Svcs Yes		No	Yes	Yes
Surgical Svcs Yes		No	No	PA
Medical Svcs No		No	No	No
Injuries PA		No	PA	PA

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# RURAL AND URBAN DEMANDS

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# COMBAT STRATEGIES

➤ MACRO STRATEGIES

➤ MICRO STRATEGIES



# MACRO STRATEGIES

- Investment strategies
- Facilitation strategies
- Proactive Stimuli in Healthcare value chain
- Protectionism

# INVESTMENT STRATEGIES

- a) Investment into infrastructure and facilities.
- b) Investment into training and skill development.
- c) Investment in Quality Improvement initiatives.
- d) Investment initiatives in R&D

# FACILITATION STRATEGIES

- The total resources available to the Govt. can be mustered.
- The proportion of the resources that can be allocated for Healthcare, among competing demands, and
- The efficiency with which they are utilized.

# Pro-active Stimuli in Healthcare Value Chain

- Creation of Resources for Healthcare
- Mobilization of resources
- Creation of facilities (supply side)
- Products & Services for Healthcare
- Financing Demand.

# Protectionism

- Protectionism raises prices when the need is to lower prices.
- It lowers quality when the need is to raise it.
- It limits choices when the need is to increase it.
- It allows inefficient producers to survive.

# MICRO STRATEGIES

1. Understand and predict changes in the environment.
2. Reduce costs.
3. Remain focused on core products
4. Reduce prices.
5. Improve productivity.
6. Buy-in and Buy-out
7. Marketing
8. Leadership

# Micro Strategies (contd.)

What should Leaders do?

- a) Support creativity. Keep asking what the customer is and would be looking for next.
- b) Support experimentation.
- c) Tolerate & accept failures at the tactical level.
- d) Support success: invest further in axes of success.

LEADERS NEED NOT HAVE ALL THE RIGHT ANSWERS BUT THE ISSUE IS DO THEY HAVE ALL THE RIGHT QUESTIONS

THANK YOU

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