

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. PRODUCTS

	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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