

Healthcare in India

Report Highlights

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bostonANALYTICS

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Syndicated Research Report – By Boston Analytics

Boston Analytics' Syndicated Research Reports provide deeper analysis and insights into specific industry sectors. These reports are based on a survey of current and potential consumers. Rich data sets from these consumer surveys provide an important analytical tool guiding the decisions of policymakers, companies and investors.

Overview of the Report

The first annual Boston Analytics report on “Healthcare in India” captures the state of healthcare as perceived by urban, middle- and upper-class Indians. In this report, we explore the following:

- Lifestyles and attitudes towards healthcare
- Emergency and specialist medical care
- Prescription and OTC drugs
- Health insurance sources and coverage

Reports Based on Robust BACSI Survey Methodology

Each Boston Analytics Syndicated Research Report captures consumer observations, expectations, satisfaction, confidence, and attitudes pertaining to different aspects and sub-segments of a specific sector. The wider scope of our specialized sector-specific questionnaires creates a rich data set to support extensive analysis. Syndicated Research Reports are based on monthly Boston Analytics Consumer Sentiment Index (BACSI) surveys of 3,000 respondents across four major Indian metropolitan areas—Delhi, Mumbai, Kolkata, and Chennai. A stratified sampling process is adopted with the stratas based on the socio-economic conditions of the respondents to ensure a proper representation of the population. All data is collected via face-to-face interviews.

Sample Distribution

Gender: The survey comprised 65% males and 35% females.

Age: In the survey, 16% of the respondents were in the 18 years to less than 25 years age group; 29% in the 25 years to less than 35 years age group; and 22% of the sample were in the 35 years to less than 45 years age group. The age group of 45 years to less than 55 years was represented by 18% of the respondents; and 15% represented the 55 years and above age group.

Annual Household Income: Of the total respondents, 9% had an annual household income less than Rs. 2.5 Lakhs; 22% recorded between Rs 2.5 to 5 Lakhs; and 32% comprised the Rs 5 Lakhs to 10 Lakhs category. The higher brackets of Rs. 10 to 20 Lakhs and more than Rs 20 Lakhs were represented by 28% and 9% of the respondents, respectively.

India's healthcare infrastructure has seen steady improvement in the recent past, but much remains to be accomplished

Introduction

Although India's healthcare system has gradually improved in the last few decades, it continues to lag behind those of its neighboring countries. The poor state of healthcare in India may be attributed to the lack of government funding on healthcare initiatives, as estimates reveal that the per capita spending on healthcare by the Indian Government is far below international recommendations. India's healthcare infrastructure has seen steady improvement in the recent past, but much remains to be accomplished. Despite a steady increase in the number of medical establishments in the country, there still remains a severe shortage of sub-centers, primary health centers, and community health centers. Lack of adequate healthcare is also reflected in the low density of healthcare personnel.

It is expected that the private sector will continue to take on an increasing role in India's healthcare system

The public healthcare delivery system consists of a large number and a variety of institutions—dispensaries, primary healthcare institutions, small hospitals providing specialist services, large hospitals providing tertiary care, medical colleges, paramedic training schools, laboratories, etc. Despite the size and reach of the public healthcare system, however, India scores poorly on most generally accepted health indicators. This may, in part, explain the growing role of the private sector in addressing India's healthcare needs. Public-private partnerships have also emerged as one viable method of growing the healthcare sector while keeping public goals in mind. The main objectives of public-private partnerships are to improve quality, accessibility, availability, acceptability, and efficiency of healthcare services. While different states in India have had different levels of success with implementation of such initiatives, it is expected that the private sector will continue to take on an increasing role in India's healthcare system.

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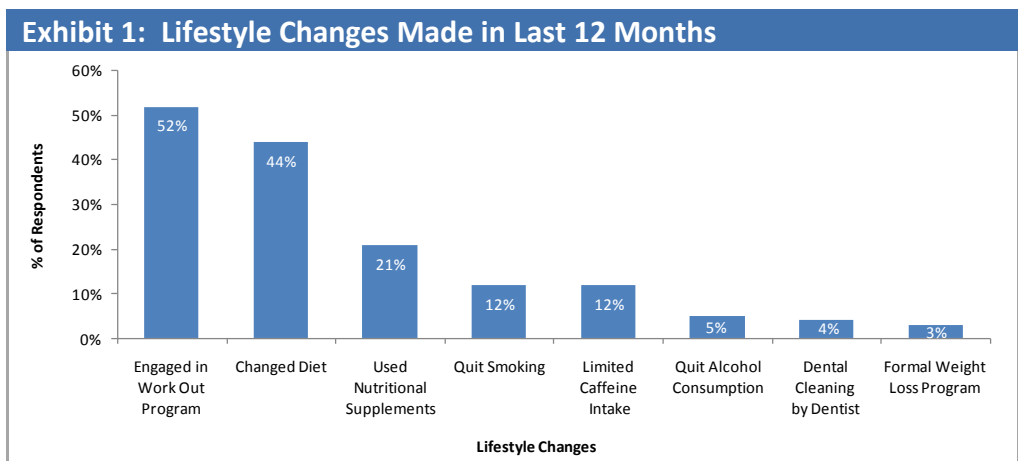
Lifestyle and Attitudes

The expansion of India's economy has, no doubt, greatly affected the lives of its citizens. Higher levels of work-related stress, increasing time constraints, and more sedentary lifestyles have increased Indians' consumption of alcohol, tobacco, and fast foods/prepared foods. This behavior, combined with higher levels of pollution, has led to an increase in obesity, cardiovascular disease, diabetes, and certain types of cancer. At the same time, however, one would also suspect that more money and attention is being paid towards healthcare. In this section, Boston Analytics examines the lifestyles and attitudes towards healthcare of middle- and upper-class, urban Indians. We explore the following topics:

- Changes made in lifestyles
- Sources of health-related information
- Frequency of medical and dental visits
- Preferred methods and locations for medical treatment
- Physician-patient relationships

Select findings from this section include:

- Middle- and upper-class, urban Indians appear to be cognizant of health-related issues—just over half reported engaging in a workout program within the past year, while many also changed their diet or began using nutritional supplements (as seen in Exhibit 1).



Question: What changes have you made to your lifestyle in the past 12 months to become healthier? (check all that apply)

Answers: Engaged yourself in a workout program/changed your diet/quit smoking/quit consumption of alcohol/used nutritional supplements/participated in a formal weight loss program/dental cleaning by a dentist/limited caffeine intake/other

- Those in Chennai appear to be more “westernized” in their attitude towards medical treatment, i.e. they are most likely to use allopathic medicine and prefer private hospitals over government hospitals and chemists/pharmacists for treatment. Those in Kolkata, on the other hand, tend to be more traditional.

- Those who are insured are more likely to engage in “healthy” behaviors and appear to be more comfortable navigating and operating within the modern healthcare system.

Medical Care

Emergency care is still in a very nascent stage all across India, while specialist medical care is markedly better for the urban, middle-and upper-class Indians than for their less wealthy counterparts

Two areas critical to a robust and efficient medical care system are emergency and specialist medical care. Emergency care is still in a very nascent stage all across India, while specialist medical care is markedly better for the urban, middle-and upper- class Indians than for their less wealthy counterparts (both rural and urban). The current Emergency Medical Services infrastructure is inefficient due to the lack of critical components such as: a centralized administrative body, trained emergency medical personnel, a centralized emergency phone number (similar to “911”), and quality ambulance services. There are, however, signs of change in EMS due to an increase in the number of government initiatives.

Specialist care for the middle- and upper-classes has improved due to more private hospitals, better private hospital infrastructures and equipment, and higher salaries/incentives

The quality and availability of specialist medical care varies greatly among the different socio-economic groups and by geography, i.e. urban vs. rural. Despite a high annual output of medical specialist graduates, specialist medical care has traditionally been very poor in India due to “brain drain,” or the phenomena of highly educated Indians immigrating to western countries. Recently, however, specialist care for the middle- and upper-classes has improved due to more private hospitals, better private hospital infrastructures and equipment, and higher salaries/incentives (mostly a result of increased demand from the growing middle-class).

Given the evolving state of emergency and specialist medical care in India, Boston Analytics wanted to gauge the sentiment of middle- and upper-class Indians towards medical care. In this section, we study this group’s attitudes towards and experiences with the following topics:

- Quality of healthcare
- Ability to obtain emergency and specialist care
- Health insurance coverage of emergency and specialist care
- Costs associated with specialist and preventive care

Select findings from this section include:

- Despite reports of poor overall quality, it appears that urban, middle- and upper-class Indians have a somewhat positive view of medical care in India. For example, the majority feels that the quality of healthcare has improved over the past year; more specifically, they feel that the quality of healthcare which they, personally, received has improved.
- Those in Delhi are most likely to have a positive view of medical care in India, while those in Mumbai are most likely to have a negative view.

The Indian pharmaceutical market is projected to grow from \$6.2 B in 2006 to \$10.3 B by 2010

Prescription and OTC Drugs

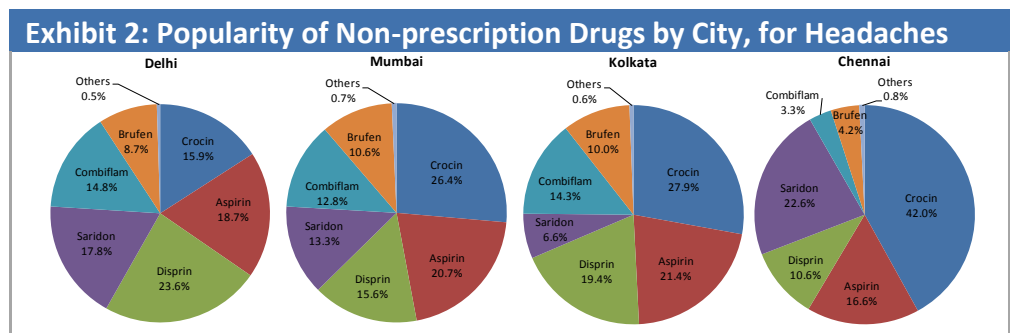
Despite having the world’s second largest population, India’s domestic pharmaceutical revenue (\$6.2 B) is lower than that of smaller countries such as Japan (\$60 B). This is due largely to the fact that generic drugs form the bulk of what is sold in the Indian domestic pharmaceutical market. The market, however, is projected to grow from \$6.2 B in 2006 to \$10.3 B by 2010. This growth is expected to be driven by a number of factors: rising life expectancy, rising income of Indian households, increasing penetration of health insurance, government action, and rising incidence of lifestyle-related diseases.

In order for drug manufacturers to properly position themselves during this time of growth, it is important to understand middle- and upper-class consumer sentiment/attitudes and experiences regarding prescription and OTC drugs. In this section, Boston Analytics explores the following:

- Health insurance coverage of prescription and OTC drugs
- Perceived change in costs of prescription and OTC drugs
- Most prevalent/popular OTC drugs used for common illnesses

Select findings from this section include:

- In Chennai, consumers were more likely to cite the same brand as the one they were most likely to use to treat minor ailments, i.e. headache, common cold, muscle strain, indigestion, nausea/vomiting/diarrhea, and cuts/abrasions, than consumers in any other city. (Exhibit 2 depicts brand preference for headaches.)



Question: What brand of non-prescription drug are you most likely to take for headaches?

Answer: (open-ended)

- Men are more likely than women to feel that costs incurred for both prescription and non-prescription drugs have increased.

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Insurance

The public and private health insurance sectors in India have witnessed strong growth in recent years and are expected to experience continued, if not accelerated, growth in the near future. In the years 2002–2007, health insurance premiums increased five-fold from INR 6.75 B to INR 33 B (approximately \$800 M). The market is currently expected to reach INR 200 B (approximately \$4.4 B) within the next five years.

Without a doubt, the health insurance sector in India is experiencing rapid changes and presents opportunities for more private insurers to enter the market. Boston Analytics believes that the greatest opportunity lies in the provision of products/services to the middle and upper classes. In this section, we study the health insurance sector from such a perspective. We explore the following topics:

- Perspectives on healthcare costs and affordability
- Health insurance coverage
- Drivers to health insurance subscription
- Source of health insurance plan subscription
- Health insurance plan coverage

Select findings from this section include:

- Despite overall pessimism over healthcare costs, Indians anticipate an increased ability to afford healthcare in the coming year.
- Approximately half of the respondent population is subscribed to some form of health insurance. Those who do not own it feel, above all else, that they simply do not need it.
- While men are more likely to own health insurance, women are more optimistic in their ability to afford healthcare over the next year.

Conclusion

Despite reports on the poor overall state of healthcare in India, Boston Analytics has found that middle- and upper-class, urban Indians have a relatively positive view on the healthcare system that they access and their personal lifestyles. For example, this demographic is becoming increasingly aware of the benefits of diet and exercise; they report having a generally positive view on the state of medical care in India; and they anticipate an increased ability to afford healthcare over the next year. The growing confidence of middle- and upper-class, urban Indians may provide opportunities for key players in the healthcare industry to further promote and penetrate their respective markets. Increasingly healthy lifestyle changes, for instance, may subsequently increase demand for health services or nutritional products, while consumers' views on healthcare affordability may have implications for payors and healthcare providers.

Sentiments and/or behaviors, however, can vary by city, gender, income, age, education, and insurance coverage. For example, in Chennai it may be more difficult to enter and become the dominant player in the non-prescription drug market. However, once a particular brand is established and reaches a critical mass in terms of market share, it may be better able to maintain its position and grow than in other cities.

Complete findings and implications - in the areas of *Lifestyle & Attitudes*, *Medical Care*, *Prescription & OTC Drugs*, and *Insurance* – can be found in the full report of our annual “Healthcare in India” publication.

About Boston Analytics

Boston Analytics is a business and financial research and analytics company headquartered in Boston, Massachusetts, USA. Boston Analytics provides its corporate, consulting and financial clients the most current, accurate, and actionable research and analytics — so they can be first to uncover and exploit opportunities. Our work powers knowledge processes and enables effective decisions at all levels of our clients' businesses. To do what we do best, we bring together the best analytical minds worldwide, deliver a robust offering of knowledge services, and work as genuine partners.

Boston Analytics partners with companies across the healthcare value chain to enhance their competitive advantage. Our healthcare research and analytics enable our clients to:

- **Penetrate new markets**—evaluate opportunities in different geographies, in other parts of the value chain, and through new lines of business
- **Grow revenue**—ensure optimal pricing, optimize product/service portfolios, and expand distribution channels
- **Track competitors and drive differentiation**—track competitors' product developments, customer markets, and geographic expansion; identify unique and sustainable product and brand positioning
- **Acquire and retain customers**—develop a deeper understanding of customers' diverse requirements and unmet needs
- **Predict and respond to market dynamics**—monitor, forecast, and proactively respond to trends in regulations, technology, and emerging business models

Guided by scientifically rigorous methodologies, our experienced healthcare researchers and analysts conduct discrete projects and ongoing programs tailored to the needs of each healthcare client. Our approaches can encompass primary research – customer surveys and analyses, focus groups, in-depth interviews, and large-scale web-based surveys – as well as secondary research, data mining, and multidimensional modeling. Accordingly, we can provide our healthcare clients with diverse analyses to support their business needs, as illustrated in the following chart.

Boston Analytics supports decision-making processes on multiple levels of our clients' organizations—at the corporate level as well as at the sector and business unit level. Combining our deep industry expertise with multidisciplinary skills enables us to address the key pain points of clients across the healthcare value chain, including:

- IP service providers—consulting firms, patent attorneys, and technology services providers
- Financial institutions involved in the healthcare sector
- Biotech and pharmaceutical companies—including contract research organizations (CROs) and contract manufacturer organizations (CMOs)
- Medical equipment manufacturers
- Healthcare providers, pharmacies, and payors

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