



drishti

Mainstreaming Healthcare Startups

 drishtiias.com/current-affairs-news-analysis-editorials/news-editorials/20-02-2020/print

This article is based on **“Powering the health-care engine with innovation”** which was published in The Hindu on 20/02/2020. It talks about the role of startups in India’s healthcare.

By launching Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PM-JAY), the government of India has taken a big step by rolling out the world’s largest and most ambitious publicly funded health-care assurance programme.

The scheme has provided 84 lakh free treatments to poor and vulnerable patients for secondary and tertiary ailments. Under the scheme, there is one free treatment every three seconds and two beneficiaries verified every second.

However, as the scale of this scheme grows, a key challenge is to expand the secondary and tertiary hospitals empanelled under PM-JAY and ensure their quality and capacity while keeping the costs down.

Need for Augmenting Physical and Human Infrastructure Capacity

- At present, there is one government bed for every 1,844 patients and one doctor for every 11,082 patients.
- In the coming years, considering 3% hospitalisation of PM-JAY-covered beneficiaries, the scheme is likely to provide treatment to 1.5 crore patients annually.
- Conservative estimates suggest that India would need more than 150,000 additional beds, especially in Tier-2 and -3 cities.

Role of Startups in Healthcare

- While a comprehensive long-term strategy should focus on expanding hospital and human resources, healthcare startups can be an effective near-term approach needed to improve efficiencies and bridge gaps.

- Today, start-ups are working to bring innovative technologies and business models that leapfrog infrastructure, human resources, cost-effectiveness and efficiency challenges in Tier-2 and -3 cities.
- Artificial Intelligence platforms can aid in rapid radiology diagnoses in low resource settings, tele-ICU platforms to bridge the gap in high-skilled critical care personnel, centralised drone delivery of blood, medicines and vaccines to reach remote locations cost-effectively.
- Thereby, mainstreaming healthcare startups in the Indian health system may accelerate health system efficiency and bridge these gaps.

Healthcare Startups in India

- According to the **State of Startup Ecosystem Report 2018**, there are a total of 4,892 startups in the Indian healthtech space. Overall, the healthtech startups in India raised a total of \$504 million between 2014-2018. Indian healthcare market to be valued at \$372 billion by 2022.
- **Telemedicine startups** essentially help patients get doctor consultations virtually through apps or web-based videos, chats and voice guidance.
 - Generally, these startups are focussed on solving the lack of specialised doctors in Tier 2 and Tier 3 Indian cities.
 - **According to Mckinsey report**, India could save up to \$10 billion in 2025, by using telemedicine instead of in-person doctor consultations.
- **According to a 2018 Research and Markets report**, India currently has over 850K independent pharmacy retail stores but they are able to meet only 60% of the total demand.
 - **E-pharmacy** (e-commerce sites that deal with online selling of medicines) can fill this gap.
- Indians are getting more and more **health consciousness** thanks to increased awareness of **health problems as well as fitness activities**.
 - India has also seen a rise in the number of fitness and nutrition startups with the likes of Fitternity, Cure.fit, HealthifyMe.

Associated Challenges

Mainstreaming healthcare startups is lined with many challenges. Issues faced by healthcare startups:

- **Non-uniform regulatory and validation standards.**
 - Lack of standards in this area leads to a huge variation in validation requirements at States and hospitals. As a result, hospitals often rely on foreign regulatory certifications such as FDA and CE, especially for riskier devices and instruments.

- **Start-ups face procurement challenges in both public and private procurement.**
 - They lack the financial capacity to deal with lengthy public tenders.
 - Private procurement is complicated by the presence of a fragmented customer base and limited systematic channels for distribution.
- **Operational liquidity crunch due to a long gestation period.**
 - Health-care start-ups spend long periods of time in the early development of their product, especially where potential clinical risks are concerned.
 - The process of testing the idea and working prototype, receiving certifications, performing clinical and commercial validations, and raising funds, in a unstructured environment makes the gestational period unusually long thereby limiting the operational liquidity of the start-up.
- There is a **lack of incentives and adequate frameworks** to grade and adopt innovations.

Way Forward

- There is a need to **facilitate standardised operational validation** studies that are required for market adoption, to help ease out the startups procurement process.
- The government is set to **overhaul Indian med-tech regulatory standards and product** standards. This will help bridge trust-deficit related to startup.
- To accelerate the process of mainstreaming healthcare startups, there is a need to focus on identifying promising market-ready health-care innovations that are ready to be tested and deployed at scale.
- Indian healthcare reforms must broadly address **3A challenge in healthcare** i.e. **affordability, accessibility and availability.**

Integrating Ayushman Bharat with healthcare startups, India has the unique opportunity to develop a robust ecosystem where hospitals actively engage with health-care start-ups by providing access to testbeds, communicating their needs effectively and adopting promising innovations.

Drishti Mains Question

Start-ups can be effective stakeholders in India's pursuit of achieving universal health care. Discuss.