

Fortis targets post-acute homecare to improve AVLOS and profits

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India's second largest healthcare chain Fortis is partnering with home hospitalisation specialist Healthcare At Home India (HCAHI). But the post-acute homecare segment brings its own set of challenges, says Raghava Rao, executive director of consultancy Camomile Healthcare Ventures.

The Fortis-HCAHI deal allows patients recovering in Fortis' hospitals to be discharged and receive specialist care at home.

"It is actual hospital-level care provided at home and that brings many challenges. HCAHI can't rely on auxiliary nurses and they can only employ qualified medical staff and specialists for many aspects of care."

But Rao says that recruitment is only part of the problem. India's poor infrastructure means that HCAHI, which offers complex care, may struggle to dispose of medical waste.

"This is a new service segment in India and regulations are yet to fall into place. Processes for the management of emergencies in the case of homecare patients are not clear. Also, there are no bin collection points for medical waste. One option for the staff could be to dispose of it near the patients' home but at the moment, there is nothing."

Notwithstanding that, for patients, the possibility of receiving care at home is particularly beneficial: the daily rate for a private bed at a group like Fortis is around US\$400, ten times more than a high-end homecare visit. No longer is the only option to decide between spending more to stay in hospital or to receive homecare from relatives.

Fortis, too, is gaining: "Fortis won't lose money because patients are getting discharged faster and they will have more beds to offer to patients. In the hospital business, the highest revenue earning days are the first few days of admission, post that period, it becomes a hotel service or skilled nursing service. The bed turnover ratio of Fortis will actually improve, one bed will be able to admit more patients every year with lower length of stay and hence higher revenue per bed."

HCAHI homecare services include ICU care, cancer care, post-surgical care, and specialised nursing care as well as basic services such as physiotherapy, medicine delivery at home and diagnostic services.

Not all hospitals choosing to expand into homecare have done so via a strategic partnership. Apollo and Care, for instance, prefer the B2C model where they provide homecare services themselves. But Rao believes that there are more advantages in partnering with specialist homecare companies rather than go it alone.

"Apollo has been in the homecare space for a long time and it didn't need a partner. For the majority of hospitals, especially regional chains, a partnership works better from a clinical and economic perspective."

However, Rao reckons the Fortis deal is indicative of a larger plans between both organisations as it contains an exclusivity agreement – Fortis patients can only use the services provided by HCAHI.

"Most hospitals offering post-acute homecare services give the option for patients to decide which agency they want to use."

HCAHI received a €40m investment from private equity house Quadria Capital just two months ago to strengthen its

offer in highly specialised homecare treatments, including chemotherapy and high-end drug infusion – a transaction that “very much matters” according to Rao and is likely to have sealed the deal.

“HCAHI’s business model relies on high-skill nursing and it makes it a purely clinical player. It is the only serious homecare provider in India, especially if you compare it to Portea and India Home Health for example, which rely a lot on non-medical staff for basic care and is more into wellness, elderly care and physiotherapy,” he says.

Using a scale of one to ten for the complexity of care, Rao says that the leading homecare companies in India, Portea, Medwell Ventures and HCAHI “would respectively score 4, 6 and 7”, making them very different potential partners for hospitals.

But that doesn’t make Portea is of lesser value: “Indians are still reluctant to receive very specialised high-end care at home. Portea’s offer is where the market is, at least in the short-term!”

Healthcare At Home India were approached for comment but have yet to respond.