Chapter-8

PUBLIC PRIVATE PARTNERSHIP IN INDIAN DIALYSIS MARKET: A DISRUPTIVE FORCE

[1]Anita
[1]Student, IIHMR University

[2]Dr. J.P. Singh
[2]Professor, IIHMR University

DOI: https://doi.org/10.52458/978-8197040863.2024.eb.ch-08
Ch.Id:- IIHMR/NSP/EB/RHP/2024/Ch-08

INTRODUCTION

Dialysis is crucial for individuals coping with End Stage Renal Disease (ESRD). Preliminary research suggests that the incidence of chronic kidney disease, a precursor to ESRD, is reported at 0.8% in India. The leading causes of CKD, specifically Diabetes and hypertension, are increasing nationwide [1].

Around 200,000 new patients in India need dialysis annually, but less than 30% can avail themselves of this critical therapy, likely due to challenges related to availability and affordability. The expenses for a dialysis session range from Rs.500 in subsidized charitable facilities to Rs.2000 in private institutions. Nephrologists recommend that End Stage Renal Disease (ESRD) patients require approximately three dialysis sessions per week to adequately remove toxins from the blood. Enhancing the affordability and accessibility of dialysis is vital to increasing session frequency and reducing noncompliance [2].

Addressing this challenge requires a collaborative effort from both the public and private sectors, involving suitable public policy initiatives that incentivize healthcare financing and provision, thereby enhancing healthcare access. The government is actively working towards making healthcare more accessible and affordable for all.

The involvement of public-private partnership (PPP) is crucial, particularly in the domain of dialysis. The government is progressively embracing this model, as it not only guarantees widespread accessibility and affordability but also maintains high-quality standards. In healthcare PPP, a lasting agreement is formed between the public sector and one or more private sector entities, operating as a legal entity. This strategy empowers private enterprises to innovate, build, sustain, and oversee the provision of agreed-upon services throughout the contractual period [3].

RESEARCH OBJECTIVES

1. To understand the present situation and prospective direction of Public-Private Partnership (PPP) in the Dialysis market in India.

2. To acquire insights into the theoretical structure of the PPP model within the dialysis market in India.
3. To evaluate the potential growth trends in the PPP model within the dialysis market in India.
4. To recognize and emphasize the challenges and hindrances linked with PPP initiatives in the dialysis market of India.

RESEARCH METHODOLOGY

The research utilized a descriptive approach, combining both qualitative and quantitative data. Primary research involved conducting semi-structured interviews with nephrologists and industry experts, specifically equipment manufacturers, to address the study's goals. Secondary research involved internal data sources such as databases and previous PricewaterhouseCoopers (PWC) research, as well as external data from government statistics, agencies, articles, and reports.

The study covered the entire geographical area of PAN India, and data were collected through telephonic and face-to-face interviews with nephrologists, equipment manufacturers, and dialysis center technicians. The data collection instrument was semi-structured, incorporating questions and secondary data from internal (PWC) and external sources. The study's duration extended from February 20, 2017, to May 12, 2017, concluding upon achieving the specified objectives.

The data collection procedure involved two main components: primary and secondary research. Primary research included nationwide interviews addressing key points such as the average price per dialysis session, patient compliance rates, dialysis-related issues, information on major industry players, Public-Private Partnership (PPP) models, and factors influencing growth or decline.

Direct face-to-face interviews with nephrologists and telephonic interviews with equipment manufacturers and dialysis technicians were conducted. Secondary research entailed a review of government contracts, PWC data, and government websites to complement the primary research findings. Overall, the study employed a comprehensive approach to gather insights into the past state of the

dialysis market in India.

RESULTS AND DISCUSSION

The study highlighted key aspects of India's dialysis landscape. It reported a 0.08% prevalence of End-Stage Renal Disease (ESRD), with only 125,000 ESRD patients receiving dialysis. The cost per session ranged from ₹500 to ₹2,000, and the country had a low dialysis penetration rate of 13%, contrasting with Japan's 95%. The research explored the Indian dialysis market, detailing organized players, hospital-based dialysis providers, and players in Public-Private Partnership (PPP). Current challenges included low diagnosis and treatment rates, leading to poor compliance, especially among affluent and insured patients. Future trends anticipated increased patient load, improved treatment rates, enhanced penetration, and better compliance due to increased affordability and insurance coverage.

Government initiatives, like the National Dialysis Program, allocated significant funds for PPP dialysis centers, aiming to add 1500-18000 machines. The study underscored PPP as a growth driver, reporting the current market value and EBITDA for PPP in FY17. Future projections indicated growth in ESRD patients, an increase in machines, and a substantial market expansion, reaching up to 60% penetration by 2036.

CONCLUSION

A thorough analysis of the dialysis market, particularly focusing on Public-Private Partnership (PPP) in dialysis, was conducted. Presently, there are over 50 centers operating under the PPP model across India. Despite PPP centers having lower Revenue Per Treatment, their EBITDA margins consistently outperform other types of centers. The implementation of the national dialysis program is anticipated to further increase the number of PPP centers, with 400 proposals submitted. A total allocation of 22.8 million USD has been made for 29 States and Union Territories.

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