Emerging Business Opportunities in Public Health: Acquisition of Konnur Hospital-Koppal-An Appraisal

By

Santosh S Gad

Dissertation submitted for the partial fulfillment of the
MBA Hospital and Health Management

Academic year, 2016-2018

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(WHO Collaborating Centre for District Health System Based on Primary Health Care)

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TO THE CONCERNED

This is to certify that **Dr. Santosh S Gad** of MBA Hospital and Health Management from The IIHMR University, Jaipur has undergone internship training at M/s Vaatsalya Healthcare Solutions Private Limited, Bengaluru from **12th Feb 2018 to 12th May 2018.**

The Candidate has successfully carried out the study designated to him during internship training and his approach to the study has been sincere, scientific and analytical.

The Internship is in fulfillment of the course requirements.

I wish him all success in all his future endeavors.

Dr (Col) Ashok Kaushik
Dean, Academics and Student Affairs
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Vaatsalya


Frost & Sullivan India, Excellence In Healthcare Award 2010


Dare Inspiring Entrepreneurs Award 2010


Rashtriya Samman Puraskar (National Award) - 2009


Sankalp Award 2009 Healthcare Inclusion


L-RAMP Award 2008 Innovation in Healthcare


BID Challenge Award 2007 Best Social Enterprise


Porter prize Award 2012 Value Based Healthcare

INTERNSHIP COMPLETION CERTIFICATE

To the concerned

The certificate is awarded to

Dr. Santosh S Gad

in recognition of having successfully completed his Internship at

Vaatsalya Healthcare Solutions Pvt Ltd- Bengaluru

and has successfully completed his Project on

Emerging Business Opportunities in Public Health in Tier-2 towns
Acquisition of Konnur Hospital- Koppal
A Project Appraisal

Date 12th May 2018

He comes across as a committed, sincere & diligent person who has a strong drive to learn & deliver.

We wish him all the best for future endeavors.

Mr Diwakaraiah N J
Director and CEO
Vaatsalya Healthcare Solutions Pvt Ltd
Bengaluru

12th May 2018

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CERTIFICATE BY SCHOLAR

This is to certify that the dissertation titled "Emerging Business Opportunities in Public Health in Tier-2 towns: Acquisition of Konnur Hospital, Koppal - A Project Appraisal" and submitted by Dr Santosh S Gad, Enrollment No: IIHMR-U/01/2016-18/0487, under the supervision of Dr S D Gupta, Professor and Chairman, the IIHMR-U, Jaipur, for award of MBA in Hospital and Health/ Pharmaceutical / Rural Management in Health and Hospitals of the University carried out during the period from 12th Feb 2018 to 11th May 2018 embodies my original work and has not formed the basis for the award of any degree, diploma associate ship, fellowship, titles in this or any other institute or other similar institution of higher learning.

Signature

Date: 18th May 2018

Place: Jaipur

ABSTRACT

National Health Policy-2017 envisions a healthy India through a multitude of initiatives and proposes strategic integration of departments, verticals, programs and sectors in achieving the overarching goals of equity, access and responsiveness. It aims at aligning the growth of private healthcare sector in line with the public health goals, while progressively implementing the 'Universal Health Coverage'. As part of this, the policy proposes to actively encourage private sector investments in rural healthcare and strategically purchasing services from private players.

Objectives of the Appraisal are to explore the emerging business opportunity: assess the feasibility of acquisition of Konnur Hospital by the Group, and to project a business plan for Konnur Hospital.

Methodology involves in-depth interviews of stake holders like medical practitioners, suppliers, citizens and patients based on purposive sampling, guided by a pre-developed interview schedule. The study design is a qualitative appraisal combined with a cross-sectional study of current revenues.

The **results** of this appraisal exercise brings out that the Koppal population is growing at a decadal rate of 16.32 percent, higher that the state's rate of 15.67 percent. The Hyderabad Karnataka region is growing at a decadal rate of 18.46 percent, wore than Koppal's growth rate. The region's population growth has increased over the previous censal period (2001) though, Koppal Growth rate has significantly moderated downwards from 24.84 percent. Population density in Koppal has increased the maximum among the districts of the HKL region, by 51 percent over the previous censal period (2001). High agricultural dependence coupled with only 40 percent area under irrigation, of which 67 percent os the area is sown only once year, has only perpetuated the poor socioeconomic condition of the district. Over 73 percent of the population is below poverty line. More women are expected to enter the reproductive age group in the next 4-10 years, with expectant maternal health demand to grow over years.

Konnur Hospital has an encouraging revenue estimate of over INR 16.7 lacs per month at market rates, with an annual revenue potential of upto INR 8 Crores. Konnur Hospital tops the recall among potential customers at 47 percent, with the next only at 17 percent, making it the undisputedly preferred destination for Koppal Healthcare market. The health status of the district

is going to remain challenged in the future offering a steady platform for the acquired Konnur Hospital to be developed into to strategically important establishment from the point of regional presence and market consolidation along the Hubli-Gadag- Koppal axis, with potential to expand the foot prints into the larger under-served Hyderabad Karnataka Region. The stake holders offer minimal risk, with very less entry and exit barriers. Strategic invenstment in Konnur Hospital may open newer avenues into the underserved Hyderabad Karnataka markets to be tapped eventually.

ACKNOWLEDGEMENTS

This serves to express my gratitude to Mr Diwakaraiah N J, Director & Chief Executive Officer, M/s Vaatsalya Healthcare Private Limited, Bengaluru, under whose able guidance and supervision this study was conducted. The keen interest he evinced throughout this period and the graciousness with which he gave his valuable advice was his exclusive acumen.

I also feel privileged in expressing my heart-felt thanks to Dr. S D Gupta, Chairman, the IIHMR University, Jaipur for having mentored me through my internship.

I express my deepest thanks Dr Rekha Konnur, Proprietor, Konnur Hospital for having co-operated during my study.

I would be failing in my duties if I miss to acknowledge and thank all those who co-operated in this study, including those at M/s Vaatsalya Healthcare Pvt Ltd. Their support was essential for the successful conduct of this appraisal.

I thank all those fellows and colleagues who have helped me in making this project a success and my apologies to anyone whose name I would have inadvertently forgotten to mention here.

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ABBREVIATIONS

AAY	Antyodaya Anna Yojane
ABY	Arogya Bhagya Yojane
AKS	Arogya Karnataka Scheme
APL	Above Poverty Line
BPL	Below Poverty Line
CAGR	Compunded Annual Growth Rate
GoK	Government of Karnataka
HRH	Human Resources for Health
INR	Indian National Rupee
JSY	Janani Suraksha Yojane
MMSHY	Mukhya Mantri Saantwana Harish Yojane
NHP	National Health Policy
OOPE	Out of Pocket Expense
PHC	Primary Health Centre
RAB	Rajiv Arogya Bhagya
RSBY	Rashtriya Swasthya Bima Yojane
SDMH	Sri Dharmasthala Manjunatheswara Hospital
UHC	Universal Health Coverage

VAS Vajpayee Arogyasri Scheme

1. Introduction

1.1. National Health Policy-2017

National Health Policy-2017 envisions a healthy India through a multitude of initiatives and proposes strategic integration of departments, verticals, programs and sectors in achieving the overarching goals of equity, access and responsiveness in the public health. It aims at aligning the growth of private healthcare sector in line with the public health goals, while progressively implementing the 'Universal Health Coverage'. As part of this, the policy proposes to actively encourage private sector investments in rural healthcare and to strategically purchase services from private players.

1.2. Universal Health Coverage in Karnataka

Karnataka has been a pioneer is stewarding initiatives towards universal access to healthcare in the state through its flag-ship programs like 'Yashaswini', 'Vajpayee Aarogyasri Scheme' 'Mukhyamantri Saantwana Harish Yojana', 'Rajiv Aarogya Bhagya', 'Aarogya Bhagya Yojane (Police)', etc. Taking these initiatives further, the Government of Karnataka, has recently (March-2018) ventured into the foray of Universal Health Coverage, amalgamating all the schemes into one 'Arogya Karnataka Scheme' and aims at reducing the 'out-of-pocket-expense' while implementing universal health coverage to all the citizens of the state.

1.3 M/s Vaatsalya Healthcare Solutions Private Limited- Bengaluru

Vaatsalya Healthcare Solutions Private Limited was incorporated as a chain of hospitals in the early 2000's with a mission to bring 'affordable, accessible and appropriate' healthcare services to under-served areas. While a significant proportion of India's population lives in semi-urban and rural areas, majority of the healthcare facilities are in urban/metropolitan areas and are poorly accessible to these families. 'Vaatsalya Healthcare' aims at bridging this gap by building and managing hospitals/clinics in semi-urban and rural areas and bringing healthcare services

where it is needed the most. Its vision is to transform the quality of life in India by bringing affordable, efficient and friendly healthcare within the reach of the average person. Vaatsalya currently has seven hospitals across Karnataka and Andhra Pradesh, and is in constant endeavor to expand their reach. Vaatsalya Healthcare intends to explore the district of Koppal for its next project.

1.4 Objectives of the Appraisal

1.4.1 To explore the emerging business opportunity: assess the feasibility of acquisition of Konnur Hospital by the Group

1.4.2 To project a probable stream of revenue estimates for Konnur Hospital.

1.5 Operational Definition

Koppal: Administrative district of Koppal which includes the taluks of Gangavathi, Yalburga, Kushtagi, Koppal.

1.6 Research Question/s:

1.6.1 What is the current business at Konnur Hospital?

1.6.2 What drives the Business at Konnur Hospital?

1.6.3 Who are the competitors?

1.6.4 What are the Strengths of Konnur Hospital?

1.6.5 What are the Weaknesses of Konnur Hospital?

1.6.6 What are the Threats for Konnur Hospitals?

1.6.7 Who are the New entrants in the market?

1.6.8 Are there any Supply chain challenges?

1.6.9 What are the Opportunities at Konnur Hospital?

1.6.10 Who are the Stake holders of, and what is their influence on Konnur Hospital?

1.7 Research Design

Cross-Sectional analysis of revenues

A qualitative situational appraisal of the Konnur Hospital and Koppal healthcare scenario.

1.8 Research Setting

Koppal District- Karnataka and Konnur Hospital- Koppal

1.9 **Duration of study**: Three months

1.10 Sampling and Data collection procedure

Reported data is accessed from the Census-2011 for the district, published data from the Department of Statistics, Government of Karnataka. Published reports on public health in Koppal are accessed through web-resources. The business information is generated by perusal of the records of Konnur Hospital- Koppal. User feedback is generated through conducted personal interviews from the patients at Konnur Hospital. Brand related information is elicited using pre-scheduled personal interviews. Supply chain issues are elicited by interviewing the suppliers personally by the researcher.

The schedule developed has four sections:

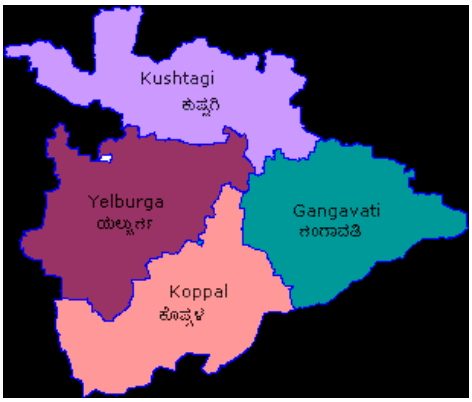
- Medical practitioners (n=30) : Purposive Sampling
- Stockist/ distributor (n=7): Purposive Sampling
- Citizen participants (n=30): Convenient Sampling
- Patients (N=20): Convenient Sampling

2. Koppal : Overview

2.1 Koppal

Koppal is a district carved out of Raichur district during the reorganization exercise of the Government of Karnataka in 1998. The district has 4 taluks, namely, Koppal, Yalaburgi, Gangavati and Kushtagi. It forms part of the six district cluster of the north eastern part of the state, categorized as 'Hyderabad Karnataka Region'.

Figure:1 Map of Karnataka and Koppal District



The district has a total geographic area of 5570 square kilometers, comprising 2.9% of the state of Karnataka. The district is organized into 20 hoblis (Blocks) with 594 inhabited and 39 uninhabited villages.

Koppal and Gangavati are city municipal councils, Gangavati is a town municipal council and Yalaburgi is a town panchayat. The district has 134 gram panchayats.

Population of Koppal is 13.89 lacs as per Census-2011, 83 percent of whom are rural. Male literacy rate is 78.5 percent and female at 57.6 percent. Swachh Bharat Mission has driven households proportion with latrine to 18% among rural households and 48 percent among the urban ones.

2.2 Koppal: Climate

Koppal falls in the northern dry agro-climatic zone of Karnataka. About 64 percent of the district area was under agriculture in 2011-12.

2.3 Koppal: Population

Table-1: Koppal Population Growth trends

Districts	2001Census		2011Census (provisional data)	
	population	% variation	Population	% variation
Bellary	20,27,140	22.41	25,32,383	24.92
Bidar	15,02,373	19.63	17,00,018	13.16
Gulbarga	21,74,742	21.76	25,64,892	17.94
Yadgir	9,56,180	20.12	11,72,985	22.67
Raichur	16,69,762	23.52	19,24,773	15.27
Koppal	11,96,089	24.84	13,91,292	16.32
H.k.Region	95,26,286	18.06	1,12,86,343	18.46
Total State	5,27,33,958	17.51	6,11,30,704	15.67

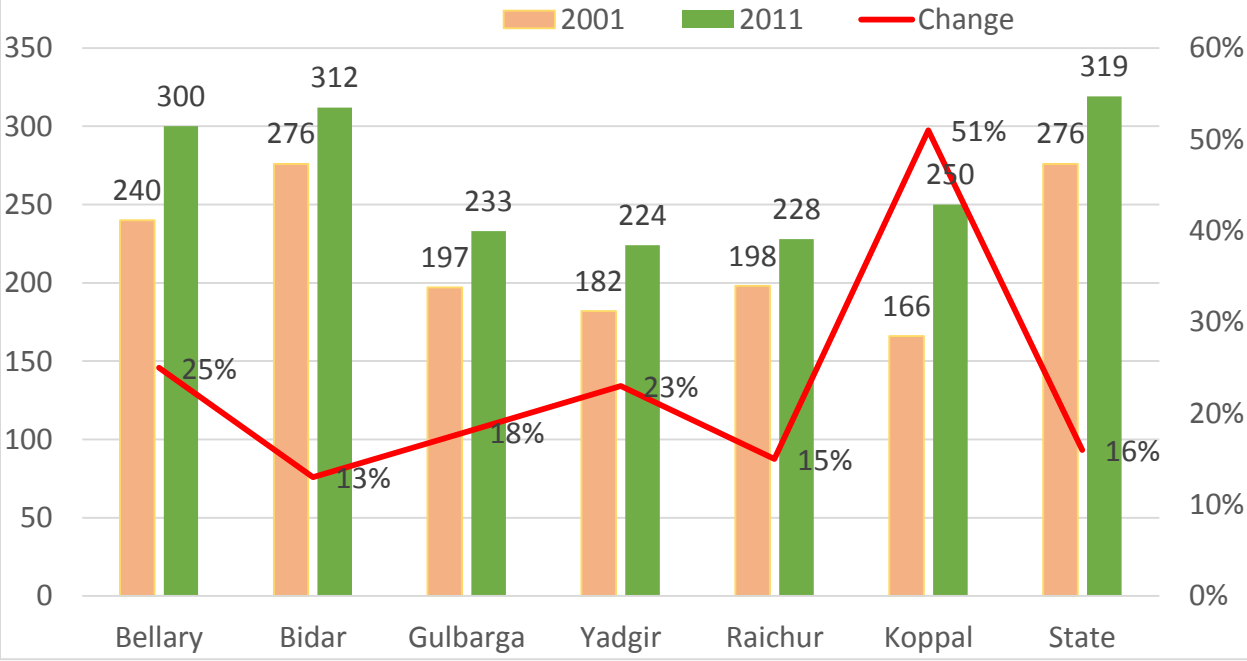
Source: Census of India 2011, GOK, Directorate of Economics and Statistics.

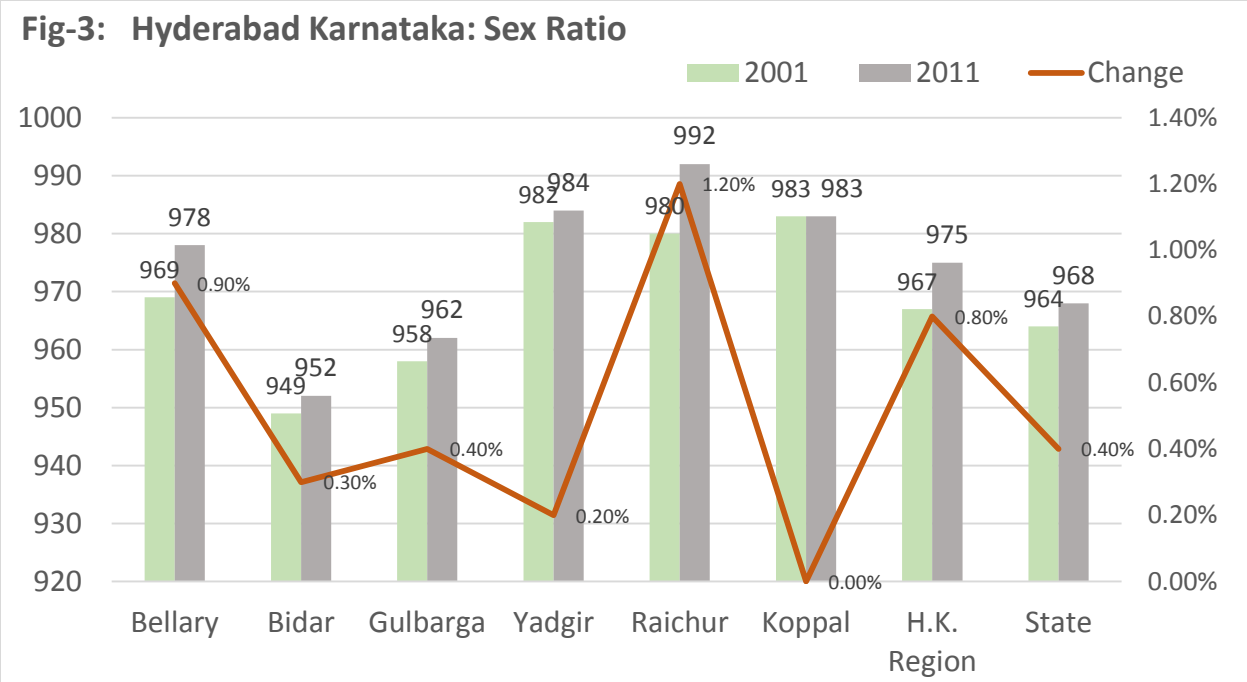
Koppal with a population of 13.9 lakhs (Census-2011) comprises of 2.3 percent of the the states population and 12.3 percent of the Hyderabad-Karnataka Region. The decadal change in population over 2001 census has been 16.32 percent. While the H-K region continues to grow at a faster pace compared to the state, Koppal decadal growth rate has seen significant moderation from 24.84 percent to 16.32 percent. Though the district is neither the most populous in the region, nor the most dense, the decadal increase in population density in Koppal has been the steepest among the six districts in the regional cluster, as evident in Fig-2.

The sex ratio in five of the six districts has shown improvement bettering the regional performance on the parameter, except Koppal which has remain unchanged, offering some resistance to such an improvement.

Fig-2: Population Density – Hyderabad Karnataka Region

Source: GoK, Directorate of Economics and Statistics, Bangalore



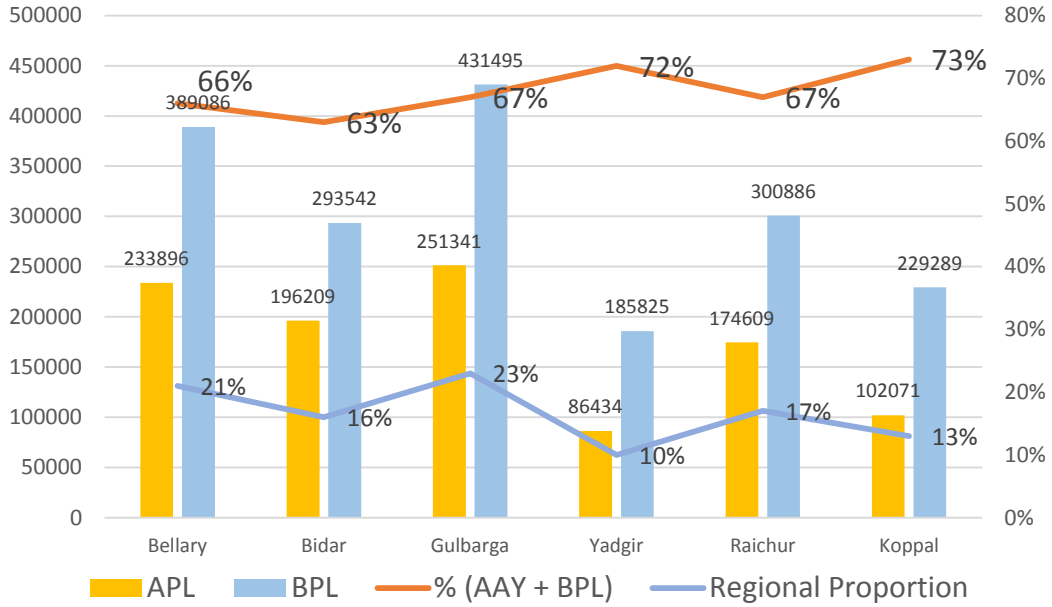


2.4 **Koppal- Socio Economic Status:**

The socio-economic performance of the district under consideration is the least in the region. The district is part of the cluster of six districts categorized as Hyderabad Karnataka Region. The district has huge factories in iron, steel and telecom sectors, small scale industries in food processing, wooden furniture, textiles and textile products (readymade garments), repairing services. Agriculture is the main occupation in the district. 69 percent of the available land being utilized for the purpose. Of this, 67 percent is sown only once a year. About 2/5th of the grows sown area is irrigated in the district.

The district has the most proportion among the six districts of the cluster classified as 'Below the Poverty Line' (BPL), though district does not out-number the other districts in absolute terms. Fig-4 shows the comparative analysis of the BPL/ APL status of the Hyderabad- Karnataka Region.

Fig-4: Hyderabad Karnataka Region: APL / BPL Status
Source: Karnataka, Food and Civil Supplies & Consumer Affairs-2012(www.ahaara.kar.nic.in)



2.5 Koppal Population: Key Take-aways:

2.5.1 The district of Koppal has the highest decadal growth in population density (per sq km). this would mean that the demand for services including healthcare is also high.

2.5.2 More women shall enter reproductive age-group in the next 4-10 years. This is because the decadal growth rate in population is higher than the state's average.

2.5.3 Child Marriage is a prevalent practice among the community. This would boost the need for reproductive care.

2.5.4 Adult Sex Ratio remains static (983) in the district as compared to the previous census period, i.e., 2001. Though this is the second in rank in the cluster, the child sex ratio is 958

2.5.5 Reproductive health is a major concern.

2.6 Human Resources for Health

Table-2: Human resources for Health (HRH) status of Koppal District

Taluk/ District	Population / Sub center	Population / PHCs	Population / CHCs	No. of Doctors / 1000 Population	No. of Nurses / 1000 Population
Gangawati	4764	25251	153302	0.05	0.08
Koppal (T)	5773	21647	188891	0.03	0.03
Kushtagi	9401	43482	284792	0.04	0.06
Yelburga	7438	24795	89147	0.06	0.11
Koppal (D)	6615	27563	154436	0.04	0.07

Source: District Health Office, Koppal District.

Koppal City is the headquarter of the district and the taluk. Yet, it has the least number of doctors and nurses per 1000 population among all the taluks of the districts, underlining the need for augmentation of the same. This also throws up opportunities for an active intervention. The situation favors locating the healthcare establishment aa the district headquarter.

According to a report on Human development in Koppal, "*Number of doctors as well as nurses per 1000 population is so thin that one can say that it is as good as having no health care personnel at all. It may not be easy to rectify this kind of alarming situation immediately; however efforts need to be made to bring improvement in these indicators." (*Source: Koppal Human Development Report 2014)

2.8 Madilu Kit

'Madilu Kit' is a delivery kit provided pre-packed to facilitate home-based deliveries. Of the entitled, only 31percent receive on time, 29 percent receive after a delay and 40 percent do not receive at all. This again underlines the need for augmenting maternal and neonatal healthcare services.

2.7 **Janani Suraksha Yojana benefit delivery to the entitled in the HK Region**.

According to a report on the evaluation of the '24 x 7' PHCs in the Hyderabad Karnataka Region, conducted by Grass Roots Research & Advocacy Movement – A SVYM Initiative in 2014, only 25 percent receive such benefits on time, 49 percent receive after a delay and 26 percent do not receive at all.

3. Konnur Hospital

3.1 Konnur Hospital: Genesis

Konnur Hospital made a humble beginning in 1998 when the proporietor-doctor couple started a small maternity home in a rented premise in Koppal. Dr Rekha Konnur, a qualified anesthetist and Dr Konnur, a qualified obstetrician and gynecologist were the first to start any private hospital in the city. The establishment then grew and they moved to their own estate, the present one in the year 2000. They practiced together until the sad demise of the husband in 2012 forcing Dr Rekha to move to Bengaluru leasing it out to the current occupant.

3.2 Competition Analysis: Konnur Hospital- Koppal

Table-3: Competition Mapping (top-4) of Koppal Healthcare (Hospital) Market:

	Doctor	Specialty	Beds	Deliveries	Remarks
Koppal Instuitute of Medical Sciences		Dist Hospital	250	500	400 bed MCH block under development; bed str under incr to 450; total 800+ beds in next two years
Konnur (Akshay) Hospital	Dr Mahesh	OBG		100	
Kalal Hospital	Sushil Kr Kalal	OBG	15	45	
Srimangala Hospital	Chandrakala Narahatti	OBG	15	45	

Konnur Hospital is only next to the Government District Hospital- Koppal. The DH also serves as the teaching hospital for the students of Government Koppal Institute of Medical Sciences.

3.3 Business Drainage: Konnur Hospital- Koppal

Konnur Hospital drains patients from as far as 30 kilometers around the city, most of which is from the hinterland. Patients come from as far as Yalaburga in addition to the entire taluk of Koppal draining into the city.

Fig-5: Business drainage for Konnur Hospital-Koppal

3.4 Strengths of Konnur Hospital

3.4.1 Early entrant advantage: Konnur Hospital was the first and the only private medical facility with specialty doctors in the city for quite some time.

3.4.2 Top of mind recall: Konnur Hospital has an excellent recall among its potential customers. It tops the recall in the market with 47 percent recalling and second hospital next to Konnur at 17 percent recall. This means to infer that the immediate competitor has got a lot of distance to cover before it can hover around Konnur Hospital in terms of recall.

Table-4: Top of Mind Recall of the potential customer

Hospital	Recalls n=30	%
Konnur (Akshay) Hospital	14	47%
Kalal Hospital	5	17%
Srimangala Hospital	5	17%
Yashoda Hospital	3	10%
Koppal Instuitute of Medical Sciences	1	3%
City Hospital	1	3%
Sri Nursing Home	1	3%
GSR Hospital	0	0%
Sompur Hospital	0	0%
Khushi Hospital	0	0%
Vivikta Hospital	0	0%

3.4.3 Revered as a first referral preference

3.4.4 Enormous good will among its potential customers

3.4.5 Pricing:

The price point suits the target customers very well. Not only is it perceived as affordable, the price at Konnur Hospital is also perceived to be not so rigid and very flexible too.s

3.4.5 Friendly doctor, with a pleasant temperament

3.4.6 Doctor does not ask for repeat investigations for referrals

3.4.7 Comprehensive OBG facility: OBG Consultant, Radiologist- Sonology, Pharmacy, Laboratory all under one roof.

3.4.8 Access: Close to Main Road

3.4.9 RSBY empaneled: Easy to get empaneled under AKS

3.5 Weaknesses of Konnur Hospital

3.5.1 Lack of Pediatrics services: despite being a leader in the market for maternal health, the hospital does not offer pediatric services.

3.5.2 Lack of other specialties: Konnur Hospital does not offer services in General and laparoscopic surgery, Internal Medicine, Orthopedics, Emergency Medicine.

3.5.3 Konnur Hospital does not part-take in Yashaswini scheme

3.5.4 The hospital cannot participate in 'Vajpayee Arogyashri' Scheme.

3.5.5 Business is entirely focused on the lower and lowest Socio-economic segment

3.5.6 Inability to meet the aspirations of the middle class

3.5.7 Poor hygiene standards at the hospital

3.5.8 Major redo of toilets and facility may be required to be undertaken to meet the brand standards of Vaatsalya Hospitals.

3.6 Competitive Advantages of Konnur Hospital: Business Drivers

3.6.1 Comprehensive OBG facility

- OBG Consultant – Resident in the hospital
- Radiologist- Sonology – Resident in the hospital
- Pharmacy
- Laboratory

3.6.2 Access: Close to Main Road

3.6.3 RSBY empaneled

3.6.4 Consultant friendly, approachable

3.6.5 Pricing: flexible, not rigid, not-a-price-leader.

3.6.6 People: loyal, unqualified-trained, low attrition

3.6.7 Promotion: First-comer advantage, Excellent good-will, good recall, sustained word of mouth.

3.7 Threats to Konnur Hospital

3.7.1 Continuity in Medical Program

3.7.2 Lack of marketing: sustenance of volumes may be a challenge in the contemporary scenario

3.7.3 Lack of Yashaswini: drainage of business to SDMH-Dharwad

3.7.4 Poor hygiene: may dilute the goodwill/ positive opinion

3.7.5 Conservancy running through the premises

3.7.6 Legal compliance

3.7.7 Dr Mahesh is developing his own hospital; likely to shift in the next 3-4 months

3.7.8 A huge hospital is being developed by the ex-MLA's family in the vicinity of Konnur Hospital.

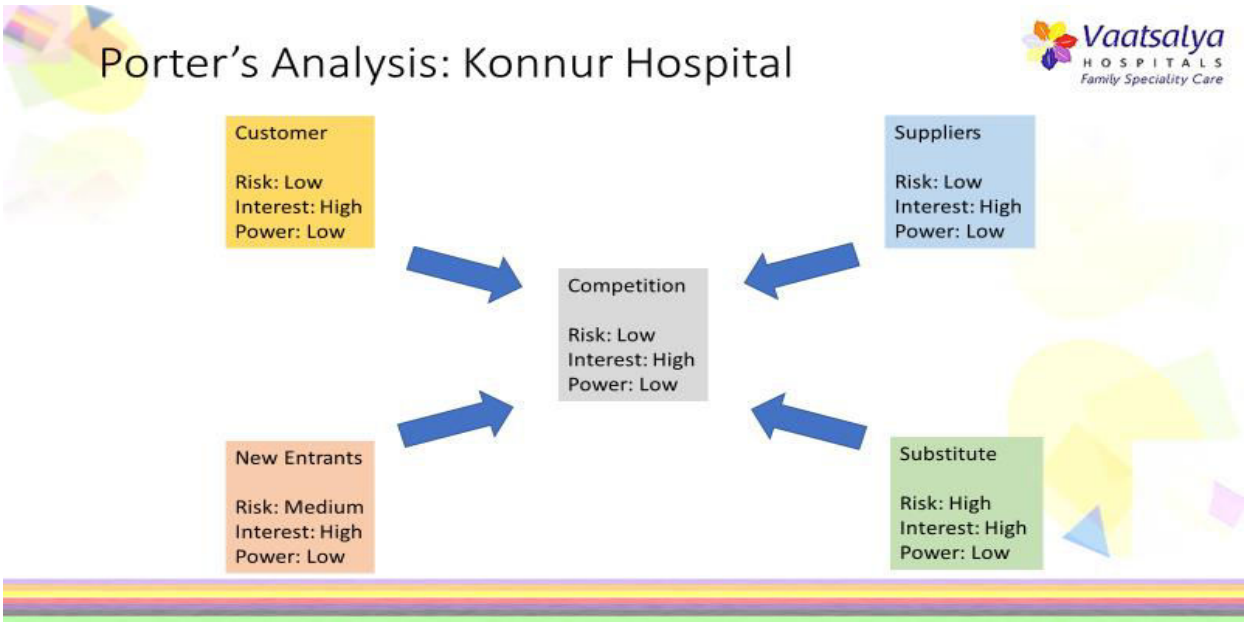
3.8 **Porter's Analysis**:

3.8.1 Customer: The customer bestows high level of trust and confidence in Konnur Hospital. He has a high interest in the hospital, a very low negotiating power , offering minimal risk to the hospital.

3.8.2 Supplier: The supplies deems Konnur Hospital with very high importance as a market leader in the city, enjoying a low negotiating power and offering low risk.

3.8.3 New Entrants: Dr Mahesh's facility and another large private hospital are the new entrants. However, their relevance in terms of power of negotiation, business risks is very low as the Konnur Hospital enjoys a very high recall and enormous goodwill. It will be very efforts-taking and time consuming to beat the word of mouth prevailing for Konnur Hospital.

Fig-6: Porter Analysis of Konnur Hospital



3.8.4 Substitute: The nearest substitute – Kalal Hospital and Srimangala Hospital are very far in recall and market capitalization from Konnur Hospital. Also, given a meagre probability of something drastic happening detrimental to Konnur Hospital's reputation, their influence on the Hospital's business prospects are at worst, only moderate.

3.9 PESTLE Analysis for Konnur Hospital:

3.9.1 Konnur Hospital has no visible political concerns; However, the ex-MLA's son is developing a huge hospital in close vicinity. It is not easy for the incumbent to match the reputation of Konnur Hospital in short span of time, unless Konnur Hospital deteriorates by itself.

3.9.2 Koppal is an economically challenged society. Majority (73 percent) of the population lie s below poverty line. Health schemes under Universal Health coverage program have to be harnessed to drive volumes into the hospital.

3.9.3 Socially, nuptiality is early in life. Hence, child marriage; early conception; unmet need for contraception are a significant healthcare need to be met. These act to favor Konnur Hospital.

3.9.4 Technical factors: Equipment maintenance is a challenge as the region is remote to access and the required talent is had to fetch. Longer lead times will be the norm given the situation.

3.9.5 Legal factors: Compliance to facility standards as prescribed by the Karnataka Private Medical Establishments Act & NABH standards is a concern

3.9.6 Environmental: Public Conservancy running through the hospital; this may be perineal source of vectors and rodents.

3.10 Arogya Karnataka Scheme (AKS):

3.10.1 All existing schemes like VAS, Yashaswini, RBSK, RSBY, Aarogya Bhagya, RAB, Jothi sanjivini, MMSHY have been amalgamated into 'Arogya Karnataka Scheme'

3.10.2 Objective of AKS is to:

3.10.2.1 Minimize OOP expense

3.10.2.2 Provide Universal Health Coverage

3.10.3 All entitled will have to route their private healthcare needs through their respective Public Health Institutions and have their referrals ratified by the respective District Surgeon before landing up in a private hospital for cashless facility.

3.10.4 The scheme is expected to load a lot of administrative burden on the clinicians; eating away their already deficient clinical time.

3.11 Opportunities for Konnur Hospital:

3.11.1 Growing demand for RMNCH + A Program

3.11.2 AKS empanelment

3.11.3 Scope for introduction of tertiary care, integrating with the Hubballi Unit and Gadag Unit

3.11.4 Scope for introduction of Pediatrics, Medicine, Surgery & Orthopedics Program

3.11.5 Scope for empanelment under RBSK Program

3.11.6 Market consolidation along the Koppal-Gadag-Hubballi belt

3.11.7 Key foot-print to affect a strategic expansion into the under-served markets of HK region.

3.11.8 Tap LMI & UMI market

3.12 Current Revenue Estimation and future revenue projections:

Table-5: Current revenue Estimates: FY 2018.

Konnur Hospital- Koppal																
Volume & Revenue Estimates based on 1st Week of Feb's actuals																
Price	Current Price				Volume Estimate- Monthly		Revenue Estimate- Monthly				Volume Estimate- Annual		Revenue Estimate- Annual			
	Min (Rs)	Max(Rs)	Market(Rs)	Average Price	Nos	%	Min Revenue Est- Monthly	Max Rev Est- Monthly	Rev Est at Market rate- Monthly	Avg Rev Estimate- Monthly	Nos	%	Min Revenue Est- Annual	Max Rev Est- Annual	Rev Est at Market rate- Annual	Average Rev Est- Annual
D&C	2000	3000	3000	2667	12	10%	24000	36000	36000	32000	624	10%	1248000	1872000	1872000	1664000
Labor-Normal	5000	7000	10000	7333	4	3%	20000	28000	40000	29333.3333	208	3%	1040000	1456000	2080000	1525333
LSCS	10000	14000	15000	13000	100	83%	1000000	1400000	1500000	1300000	5200	83%	52000000	72800000	78000000	67600000
Hysterectomy	11000	15000	25000	17000	4	3%	44000	60000	100000	68000	208	3%	2288000	3120000	5200000	3536000
Total					120		1088000	1524000	1676000	1429333.33	6240		56576000	79248000	87152000	74325333

Table-6: Future revenue projections: Konnur Hospital

Revenue Projections											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
D&C	1773408	1890010	2014278	2146716	2287863	2438290	2598608	2769466	2951558	3145623	24015821
Labor-Normal	1625624	1732509	1846421	1967823	2097208	2235099	2382057	2538677	2705595	2883488	22014502
LSCS	72044700	76781639	81830032	87210356	92944437	99055534	105568435	112509560	119907064	127790953	975642711
Hysterectomy	3768492	4016270	4280340	4561772	4861709	5181366	5522041	5885115	6272062	6684450	51033619
Total	79212224	84420428	89971071	95886669	102191217	108910290	116071141	123702819	131836279	140504515	1072706652

Assumptions:

3.12.1 Population CAGR of 1.5 percent pa

3.12.2 Price CAGR of 5 percent pa

3.12.3 The project negotiation is expected to conclude by end- April

3.12.4 Koppal renovation plan to be in place by 25th April

3.12.5 The construction of Ramp, water storage to start wef 20th April

3.12.6 Formal change in occupation to be by end-June

3.12.7 Transition of hands to impose a dip in occupancy

3.13 Challenges for Konnur Hospital

3.13.1 Doctor acquisition: It will be challenge to fetch a equally dedicated Obstetrician to the acquired Konnur Hospital, as the incumbent Obstetrician as he is a resident obstetrician. It will also be a challenge to put in place the sonologist, pediatrician on a full-time basis. Though the Koppal Institute of Medical Sciences has specialists to be explored on a part-time basis.

3.13.2 Long Days Sales Outstanding: the government health schemes are not very disciplined payers. This imposes a long DSO on the Hospitals cash management system.

3.13.3 Credit realization from Government Schemes. It may be a significant challenge to realise the submitted bills from the government health schemes.

3.14 Human resources for Health at Konnur Hospital:

3.14.1 Doctor: KIMS Specialists may consider association on a visiting basis

3.14.2 Gavi Ayurveda College interns and BAMS doctors may be available for physician assistant positions

3.14.3 Government Paramedical College trains radiographers, GNMs, laboratory technicians

4. Discussion

The results of this appraisal exercise brings out salient strengths and opportunities at the disposal of Konnur Hospital and an encouraging revenue estimates of over INR 16.7 lacs per month at market rates, with an annual revenue potential of upto INR 8 Crores. The health status of the district is going to remain challenged in the medium term future offering a steady platform for the acquired Konnur Hospital to be developed into to strategically important establishment from the point of regional presence and market consolidation along the Hubli-Gadag- Koppal axis, with potential to expand the foot prints into the larger under-served Hyderabad Karnataka Region. The stake holders offer minimal risk, with very less entry and exit barriers. Strategic invenstment in Konnur Hospital may open newer avenues into the underserved Hyderabad Karnataka markets to be tapped eventually.

5. **Ethical Consideration**:

The project appraisal research is being done with the consent of the owner of Konnur Hospital- Koppal and the researcher is being engaged by Vaatsalya Healthcare Solutions Pvt Ltd for the purpose. The researcher is bound to ensure the privacy and confidentiality of the project.

6. References:

1. http://www.sast.gov.in/home/details

2. Koppal District Human Development Report 2014, GoK. Downloaded from http://planning.kar.nic.in/docs/Koppal/Koppal%20English.pdf

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4. Evaluation of 24x7 PHCs in 7C Districts of North Karnataka; http://www.graam.org.in/wp-content/uploads/2015/11/Presentation-on-Evaluation-of-24x7-PHC.pdf