TO ASSESS THE FACTORS AFFECTING GROWTH OF MEDICAL CROWDFUNDING INDUSTRY IN INDIA

IMPACTGURU, MUMBAI

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Submitted By: -

Dr. Akanksha Bhatia

Under the Supervision and Guidance of

Dr Sunita Nigam

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By
Akanksha Bhatia

Under the Supervision and Guidance of

Dr Sunita Nigam

2021

DECLARATION

I hereby declare that this dissertation titled

<u>TO ASSESS THE FACTORS AFFECTING GROWTH OF MEDICAL CROWDFUNDING INDUSTRY IN INDIA</u>

……is the bonafide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

Name of Student
Akanksha Bhatia

CERTIFICATE OF COMPLETION

TO WHOMSOEVER IT MAY CONCERN

Date: 01-07-2021

This is to certify that **Dr. Akanksha Bhatia** has successfully completed her tenure as a Business Development Consultant from 1st April 2021 to 30th June 2021 at Impact Guru Technology Ventures Pvt. Ltd. Her performance during the tenure was found to be good.

We wish her all the very best for her future endeavors.

Regards,

Sandeep Kumar Tripathy
(Senior VP Business Development)
Impact Guru Technology Ventures Pvt. Ltd

Certificate from Faculty Guide and School Dean

CERTIFICATE

This is to certify that dissertation titled

TO ASSESS THE FACTORS AFFECTING THE GROWTH OF MEDICAL CROWDFUNDING INDUSTRY IN INDIA

is a record of the research work undertaken by Akanksha Bhatia in partial fulfillment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur under my guidance and supervision and his/her approach to the research study has been sincere, scientific, and analytical.

Dr. Sunita Nigam
Faculty Guide
IIHMR University, Jaipur

Dr. Dhirendra Kumar
School Dean
IIHMR University, Jaipur

ABSTRACT

Assessing the factors affecting the growth of medical crowdfunding in India

Countless lives that may have been saved are lost due to people's inability to pay for their therapies. While universal healthcare would solve this problem, we are still a long way from achieving that goal. Medical crowdfunding, on the other hand, has developed as a new way to fund healthcare. Medical crowdfunding has become popular in India, where healthcare financing is a problem.

The study focuses on the factors responsible for increase in medical crowdfunding. The reasons people are opting for crowdfunding are many. Lack of medical insurance, poverty, healthcare system inadequacies, a lack of proper social safety nets, and growing medical costs are just a few of the issues that have spurred the expansion of medical crowdfunding.

The present study was designed to assess the increase in medical crowdfunding in India.
Various literature and news articles available for medical crowdfunding have been used to analyze the factors responsible for its increasing trend.
This is an exploratory study which is used to investigate an issue which is not clearly defined. Since medical crowdfunding is a very recent development in India, not much literature is available. Still various factors that led to trend in crowdfunding have been explored based on various cases and issues related to healthcare in India.

It was seen that campaigns raising funds especially for rare diseases have fairly affected the growth, also social media endorsement plays a major role in rise of medical crowdfunding, the very recent pandemic covid-19, too has affected the growth of medical crowdfunding.

When people do not have medical insurance or are unable to obtain a medical loan, crowdfunding has shown to be a more viable option. Medical emergencies strike without warning, and crowdfunding allows families who are unable to cover the costs to share the burden.

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DATE: - 19TH JUNE 2021 NAME: - Akanksha Bhatia

PLACE: - MUMBAI

INDEX

I. LIST OF FIGURES

LIST OF TABLES

II. ACRONYMS AND KEYWORDS

WHO	**World health organization**
SMA	**Spinal muscular atrophy**

KEYWORDS

- **Crowdfunding**
- **Rare diseases**
- **Covid-19**
- **Donation**
- **Health insurance**
- **Campaigns**
- **Social media endorsement**
- **Financial distress**

III. ABOUT THE ORGANISATION

Impactguru.com, India's premier healthcare financing portal for patients, uses crowdfunding to raise funds for medical bills. It collects a significant number of online donations to enable anyone in need of financial aid to generate funds for medical bills, whether it's for cancer, a transplant, an accident, or any other medical emergency.
Impactguru.com has already assisted in the mobilization of 600 crore (US$8 billion)..

In 2014, Harvard Innovation Lab in the United States incubated Impactguru.com. Impactguru.com recently announced a $2 million Series A round led by Apollo Hospitals Group, Currae Healthtech Fund, RB Investments (Singapore-based VC Fund), Shorooq Investments (Middle East-based VC Fund), Venture Catalysts (India's #1 angel investor group), with participation from a number of other investors from the United States, South America, and Europe.

Impactguru.com was recently named one of India's top five early-stage start-ups by tie, was featured on CNBC Young Turks, and awarded News Corp's Best Social Impact Start-up Award (Tech Circle). In the field in which it works, Impactguru.com was named one of the top 21 Start-ups to Watch in the world. Harvard, Wharton, Parsons, IIT, and IIM alumni lead Impact Guru's senior management. Impact. Impact Guru’s Advisory Board Features Managing Directors at J P Morgan, BCG, Dalberg, Harvard Business School Professor, Founder of Sequoia Portfolio Company, leading US-based doctor.

Impact Guru was founded with the goal of making healthcare more approachable to everyone and saving more lives. It's a tech-for-good platform that gives people, NGOs, and social enterprises complete crowdfunding solutions to help them raise money for medical emergencies, personal needs, artistic endeavours, or any other social cause, big or small.
.

“An ImpactGuru is someone who sees change, seeks answers to social problems, steps up to support another change maker, develops a habit of kindness, pursues a dream, or just assists a friend in need. We think that each person has the potential to make a significant difference, and that with the correct tools and support, anyone can become an impact Guru.”

ImpactGuru is also India's first crowdfunding platform to offer a smartphone app to its consumers. The app gives users a quick overview of their fundraising efforts, allowing them to track campaign progress, receive real-time donation notifications, and publish updates. Impactguru.com has grown to become India's largest medical crowdfunding portal.

IV. INTRODUCTION

Medical crowdfunding has become a key source of financial aid in India, where healthcare finance is a subject of concern, particularly in times of medical crises. Medical crowdfunding, at its most basic level, aims to turn the crowd's financial power into a safety net for individuals who are unable to access public or private healthcare.

Every year, millions of people launch crowdfunding projects to help them pay for medical bills. This makes medical crowdfunding one of the most popular donation-based crowdfunding categories, with medical crowdfunding accounting for 27% of all crowdfunding campaigns worldwide.

Over 70 million people in India are affected by nearly 450 uncommon diseases. Rare diseases, according to the **World Health Organization (WHO),** are those that affect one in every 1000 individuals or less.

In recent years, **Spinal Muscular Atrophy (SMA) Type 1** - a rare condition that affects toddlers and younger children - has become more common. The condition causes motor function loss in youngsters and has a significant impact on them. Every 1 child in 10,000 children is diagnosed with the SMA onset.

According to global statistics, the average time it takes to diagnose a rare disease is seven years. SMA Type 1 cases can be identified as early as birth. However, for families suffering with a condition like this, the battle to purchase this miraculous medicine is a burden. **Zolgesma**, a treatment for SMA, costs USD 2.1 million (approximately Rs. 16 crores).

In addition to the health crisis, the country is also going through economic turbulence due to **COVID-19** pandemic. Thousands of people have lost their livelihoods with no financial option to fall back on in case of medical emergencies or sudden treatment expenses. Crowdfunding can solve that problem more effectively now more than ever. It connects the people in need to the people who are willing to help.

In the face of financial distress in a medical situation, online crowdfunding has worked wonders to help patients receive timely treatment even in the rarest of cases and has given hope to millions of other families and individuals who are struggling to give access to quality healthcare to their loved ones due to lack of funds.

There are rare diseases like **lysosomal storage disease, spinal muscular atrophy , hunters disease, gauchers disease** that requires long term treatment but they are of high cost.

The policy report noted that India has close to 50-100 million people affected by rare diseases or disorders, and that nearly 80% of these patients are children, with the high morbidity and mortality rates of these life-threatening diseases being a major reason for most of them not reaching adulthood.

Research question:

- How has higher medical cost in India led to growth of medical crowdfunding
- How social media presence has affected the rise in crowdfunding.
- What are the other factors responsible for growth of crowdfunding

Objectives:

The objectives of this study is to:-

- To assess the factors responsible for rise in medical crowdfunding in India
- To assess the role of Indian users social media platforms leading to increase in medical crowd funding in recent years.

V. REVIEW OF LITERATURE:

s. no.	Title and author	Study location	Sampling technique	Study findings and salient features
1.	Public health foundation of India, Manavi Kapoor	India, 2018		According to the government's own calculations, the 1.3 billion-strong country spends only 1.28 percent of its GDP on health. Public healthcare isn't universally free; instead, it's a patchwork of free or subsidized medical care services that vary by state and don't often cover more serious treatment
2	Journal of medical internet research	2020	Data-driven study using a visual analytic approach	The veracity of endorsements, as well as their importance in influencing potential donors, should be regulated by social media corporations. As the presence and popularity of crowdfunding technology platforms grows, more social, political, and economic challenges will be investigated.
3	Journal of health economics	2016		it takes approximately $2.6 billion and more than 10

				years to create a single new drug. Only 14% of drugs in clinical trials ultimately receive FDI approval since a significant amount of drug research does not succeed
4	Anand Kulanthaivel, Donald Juzwishin, Manthan Janodia, and Robert Lee	United states, 2020	This data-driven study used a visual analytics approach	In general, crowdfunding is being used for the development of community or social projects. Health care can be considered both a community and social project because it incorporates programs such as poverty reduction and child education. In this context, medical crowdfunding has emerged as a growing area of opportunity for crowdfunding

VI. METHODOLOGY

It is an exploratory research study used to investigate an issue which is not clearly defined. It was conducted to have a better understanding of the existing scenario, but will not provide conclusive results. It is an open-ended study.

The data for the study was collected using various CAGR reports and economic reports.

A pattern was identified regarding social media users, data collected from the global statistics site statista.com

VII. FINDINGS

Factors responsible for increase in medical crowdfunding

1. Rising medical cost

Indians are underinsured, public health-care plans are inadequate, and private medical care is prohibitively expensive.

Medical crowdfunding portals like Milaap, Ketto, and ImpactGuru have helped bridge the gap between the country's private and public healthcare systems.

According to government estimates, the 1.3 billion-strong country spends only 1.28 percent of its GDP.

Rather than being universally free, public health care consists of a patchwork of free or subsidised primary care services that vary by state and frequently do not cover more extensive treatment. As a result, India has one of the world's highest rates of out-of-pocket medical spending.

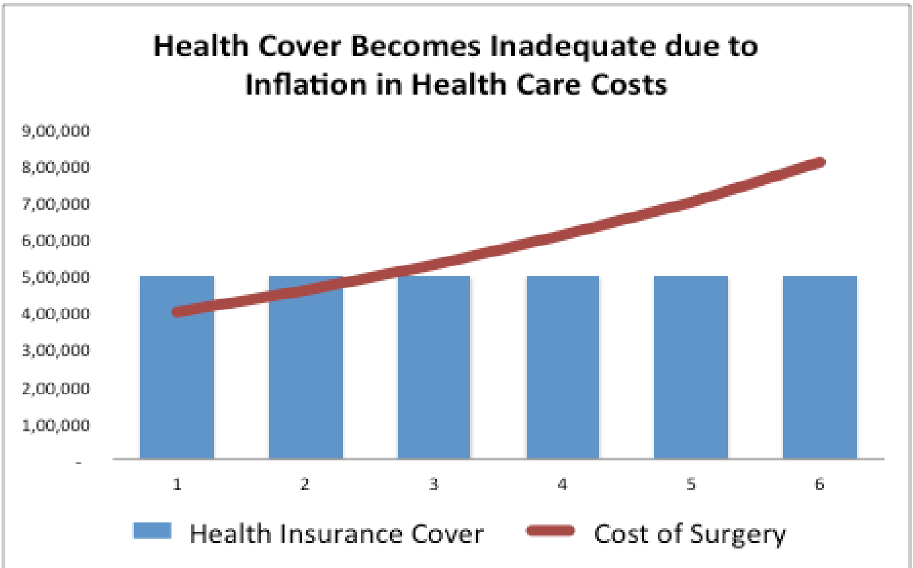


Fig1. Comparison of treatment cost vs health insurance cover

2. <u>Covid-19</u>

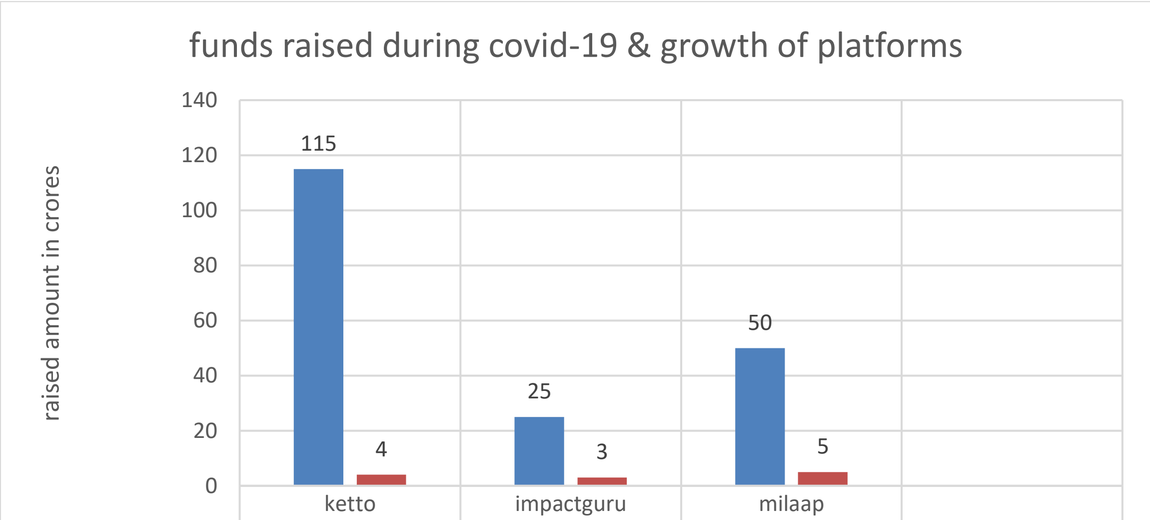
The second wave of covid-19 has seen some dramatic addition of complications in patients infected with covid. The disease itself cost around 3-4 lakhs in private hospitals in the year 2020.

But this year, it came along with more complications like black fungus, white and yellow fungus, leading to lung transplant, extraction of eyeballs in many patients. The lung transplant along with ICU care cost around 40-45 lakhs.

Patients on ECMO support machine, had a treatment estimate of around 50-60 lakhs. Breaking the economic backbone of many households.

Many families resorted to crowdfunding on various online crowdfunding campaigns, namely Ketto, milaap and Impactguru.

FIG 2.Funds raised by these platforms during covid-19 pandemic.



	ketto	impactguru	milaap
raised amount	115	25	50
growth (x times)	4	3	5

3. Rare diseases

Rare diseases present society and healthcare systems with unique problems. This is demonstrated by the fact that just 5% of the 7000+ globally diagnosed rare diseases have therapies available in the country. So far, over 450 such illnesses have been identified in India, with about 80% of them having a genetic origin and diagnosis still proving difficult.
India needs to take this issue seriously.
Most genetic abnormalities are estimated to cost between INR 1.8 and 17 million to treat, according to the Ministry of Health and Family Welfare (MoHFW). Given the exorbitant expenses, a plan for a long-term funding system is urgently needed to ensure that patients with rare diseases may continue to receive treatment.
Some of the common rare diseases in India :-

- Spinal muscular atrophy
- hemophilia
- thalassemia
- sickle cell anemia
- Pompe's disease
- cystic fibrosis
- Gaucher's disease
- Lysosomal storage disease
- hunters disease

TABLE 1. Representing treatment cost of rare diseases in India along with their treatments

RARE DISEASE	TREATMENT COST	Treatment procedure
Spinal muscular atrophy	**16 crore for 1 injection**	**Single dose of injection Zolgesma**
Hemophilia	**12-13 lakhs annually**	**Weekly injections, decompression procedures**
Thalassemia	**14-15 lakhs anually**	**Bone marrow transplant**
Sickle cell anemia	**11-12 lakhs anually**	**Bone marrow transplant**
Pompe's disease	**48-50 lakhs**	**Enzyme replacement therapy**
Cystic fibrosis	**20-25 lakh**	**Lung transplant**
Gaucher's disease	**40 lakh- 1 crore**	**Enzyme replacement therapy**
Lysosomal storage disease	**30 lakh**	**Enzyme replacement therapy**
Hunter's disease	**60 lakh- 1.5 crore**	**Stem cell transplantation**

All these rare diseases exceeds even the insurance limit provided by under government schemes. Therefore, since recent years crowdfunding has proved to be a best option to raise funds to payoff such hefty amount for these treatments.

Health insurance schemes has its own limitations, 5 lakh coverage under ayushman bharat scheme is not enough to cover the expenses of these rare diseases.

4. <u>Social media presence</u>

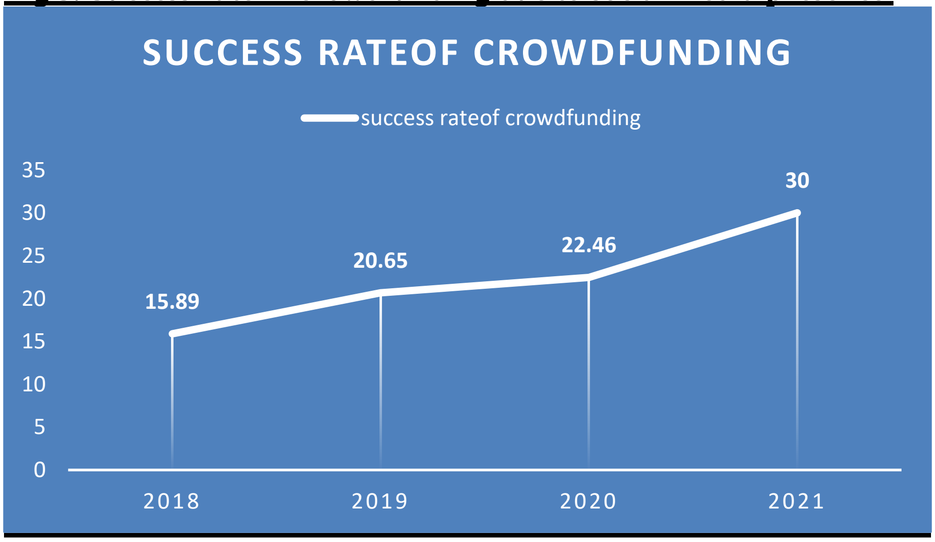
A crowdfunding campaign's success hinges on its ability to raise funds. It is critical to publicise and promote a campaign on a big scale using social media in order for it to be successful.

Table 2. Over the years, india has seen a particular amount of social media penetration.

Year	Share of population (in %)
2015	19.31
2016	22.99
2017	29.49
2018	35.44
2019	46.44
2020	50.44
2021	54.58

By 2020, more than half of India's population will have used social media. By 2025, it is expected that 67 percent of the country's population would have access to social media.

<u>Fig 3. Success rate in crowdfunding due to social media presence</u>



<u>The success rate of crowdfunding indicates the successful campaigns that reached its goal amount</u>

VIII. DISCUSSION

Health insurance isn't all created equal. In India, there is a significant disparity between the rich and the poor. The government-sponsored health insurance programmes were created to protect those who were at risk of becoming impoverished due to the high cost of hospital care. As a result, programmes like the Pradhan Mantri Swasthya Suraksha Yojana, Employees' State Insurance, and Yashaswini were developed.

Once the Indian economy was liberalised, various private insurance companies made a push to access the massive Indian market. There were a variety of plans to choose from, and the premium rates, as well as the number of options, continued to climb.

Although we have the luxury to choose a plan, the process when one needs to use it is truly cumbersome.

For diseases whose treatment is both lifelong and high-cost, there is no cover as of now — these include Gaucher’s disease, Hurler syndrome (in which the body cannot digest sugar), Hunter syndrome (in which sugar molecules build up in body tissues), Pompe’s disease (which damages muscle and nerve cells), spinal muscular atrophy (in which babies can’t use their muscles), among others.

The presence of Indians on various social media platforms such as Instagram, Facebook, and Twitter led to increase in awareness of online crowdfunding platforms and their increased participation.

IX. CONCLUSION

While traditional healthcare finance options such as medical insurance are available, many terminally ill patients may find that online crowdsourcing is the best option!

While claiming insurance money can take days, which is inconvenient for someone who needs treatment right away, crowdsourcing allows for more flexible withdrawal of funds for urgent therapies.

In the case of SMA, the cost of health insurance is dependent on the treatment necessary. Given the increasing health issues as people get older, age is also a significant role. As a result, there is a large cost difference between buying health insurance at 30 and 50. Medical insurance also does not cover any pre-existing conditions that a person may have.

When people do not have medical insurance or are unable to obtain a medical loan, crowdfunding has shown to be a more viable option. When it comes to flexibility, crowdfunding gives you the ability to launch a fundraising in under 5 minutes, raise any amount of money you need, and extend your fundraiser if you need more money.

Most middle-class households cannot afford health insurance because it is an expensive service. Medical emergencies strike without warning, and crowdfunding allows families who are unable to cover the costs to share the burden.

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