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Healthcare Federation of India

An Assessment of India's Laboratory Diagnostic Industry

A Strategic Pillar of Healthcare : Opportunities Ahead

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Executive summary

The Indian laboratory diagnostics industry, estimated at USD 6 billion, is growing at a healthy rate of 13–14% per annum.[1] With more than 1 lakh labs in India, the industry is highly fragmented and the largest of the organised players has a market share of less than 5%. The industry plays a significant role on the care continuum, be it for diagnosis, prevention, monitoring or treatment. Today, 70% of medical decisions across the globe are based on laboratory results.[2]

The industry has evolved over the years from being just an investigation provider to a solution provider. The value chain in this industry today has three core components – clinical, retail and logistics. With regard to the clinical component, the industry has matured and today offers a wide array of tests (upto 4,500).[3] A majority of medical tests done globally today are also being offered in India. With respect to the retail component, large labs have successfully opened collection centres across India, including in the most backward districts, to enable them to serve the remotest populations. Finally, with regard to the logistics component, companies have developed a mechanism to regularly collect and take samples from these areas to their reference labs (located kilometres away), ensuring quick turnarounds and no contamination.

A closer look at the growth numbers indicates that the industry has seen growth driven by volumes and case-mix change. At the same time, the price points of diagnostic tests have not increased over the years as indexed to inflation. Prices have remained flat or at best increased by 5–10%[3] in the last 5 years, while the consumer price index (CPI) price inflation has grown by around 30%. In fact, the Indian industry operates at one of the lowest price points in the world. The costs are around one-eighth those in the US and half those of New Zealand. Even at these low rates, the Indian medical diagnostics industry has been able to provide people living in remote areas access to modern diagnostics facilities.

The Indian lab diagnostics industry today is characterised by cross-subsidisation at different levels: (1) at the payer level, cash-paying patients subsidise government insurance scheme patients. (2) At the geographical level, patients in remote areas and towns pay nearly the same price for specialised tests as patients in metros and tier 1 cities, where testing facilities are actually available. (3) At the test level, profit margins made by labs on specialised tests are lower than those made on routine tests.

While increasing accessibility and affordability, the change in the nature of the industry has also helped address one more core objective of national development, i.e. job creation and skilling. The Indian medical diagnostics industry today employs around 0.8 million[3] people with almost 3–4 direct jobs and 3–6 indirect jobs created per new diagnostics establishment.

There are no strict entry and exit barriers to this industry and this has encouraged entrepreneurship, with small players setting up labs with minimal capital investment. Test quality has improved over the years with a growing focus on accreditation (National Accreditation Board for Testing and Calibration Laboratories [NABL] as well as College of American Pathologists [CAP]), and the industry has been providing quality services.

The Indian medical diagnostics industry is a classic example of how, in the era of post-liberalisation, an industry left relatively unregulated can constantly evolve, upgrade, and upskill itself and become more efficient due to market forces. The industry today is governed by forces of supply and demand, with service

[1] Market Insights, [2] Report of the Review of NHS Pathology Services in England by Lord Carter of Coles [3] Industry discussions

quality driving market success. A robust and vibrant medical diagnostics industry is a fundamental requirement to achieve the vision of universal health coverage (UHC) and the Sustainable Development Goals (SDGs). The establishment of minimum quality requirements, easing of custom duty and extension of input tax credits for the Goods and Services Tax (GST) are some of the steps that can help expedite this journey.

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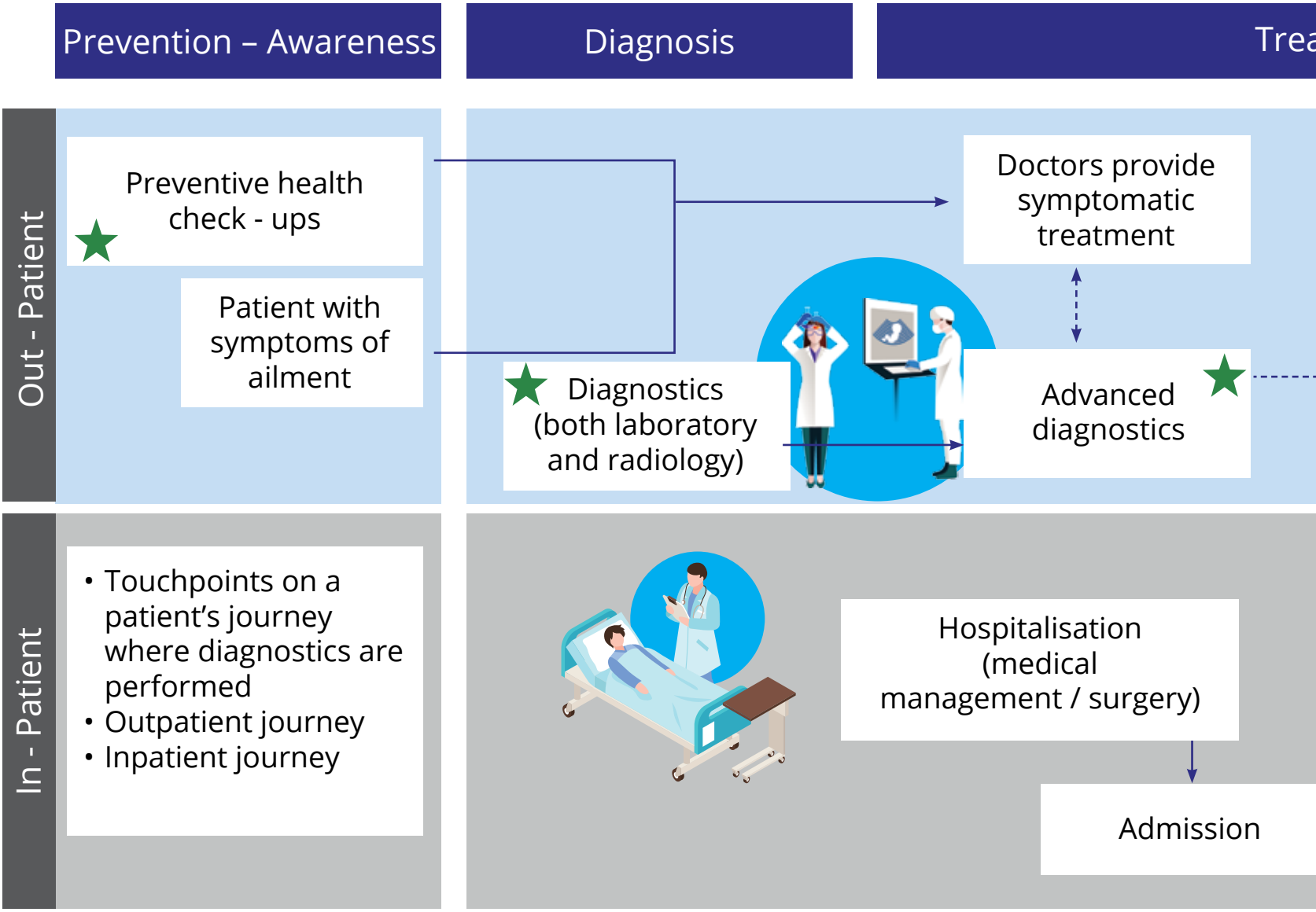
Importance of a robust diagnostics industry in an emerging economy

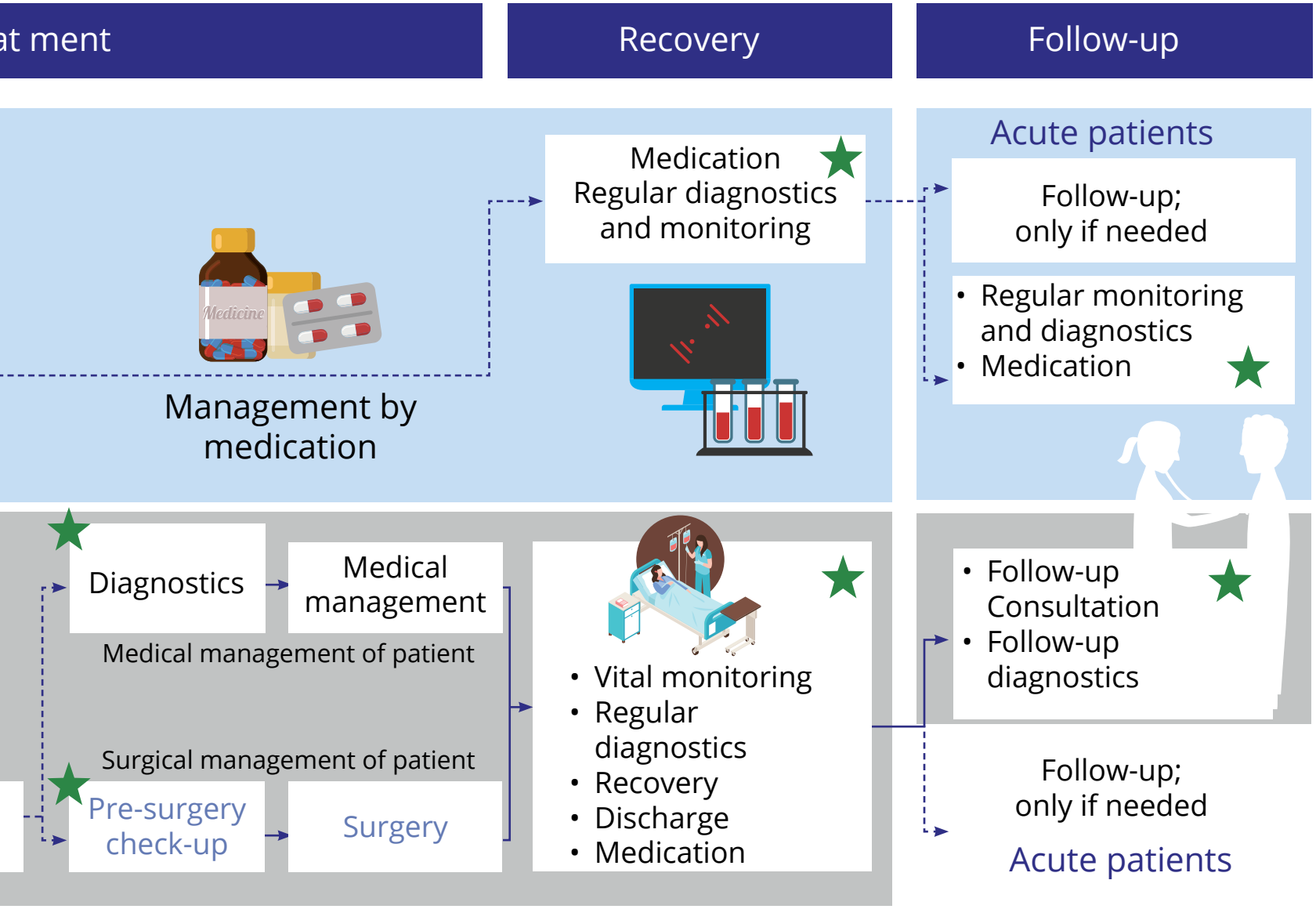
Diagnostics are a crucial part of a patient's journey as 70% of medical decisions are based on laboratory results



★ Touchpoints on a patient's journey where diagnostics are performed

Outpatient journey

Inpatient journey



Diagnostics have a conclusive impact on both early detection of ailments and the care continuum as they are the fundament for the screening and detection of diseases at an early stage, prognosis, determination of treatment regime and monitoring of patients. Even though diagnostics account for a small share of total healthcare expenditure, they help limit overall healthcare expenditure. Diagnostic tests form the basis of medical decision making, thus reducing the spend on trial-error treatment, hospital stay and overprescription of medicine. With the shifting focus from curative care to preventive care, diagnostics are taking centre stage and are increasingly performed in prevention and wellness.

The medical diagnostics industry accounts for only 5% of the total health system cost, but it influences 95% of the remaining costs

5% Spend on diagnostics as a percentage of total current healthcare expenditure[5]

70% of medical decisions are based on lab results[4]

25% Ratio of average revenue per customer in a diagnostics lab and average hospitalisation cost[6]

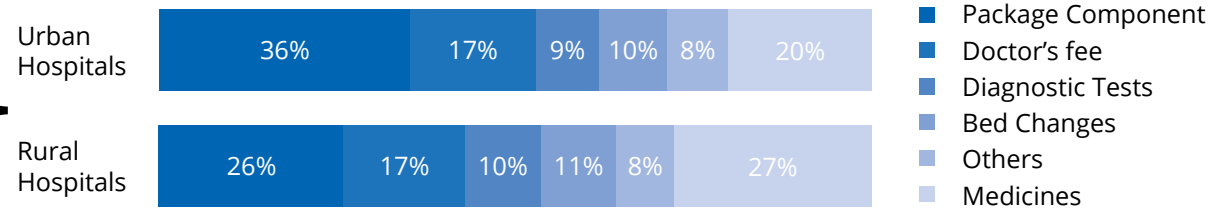
Laboratory tests contribute 80% of the objective data in clinical records[6]

Operating at only 4–5% of the total healthcare expenditure, the medical diagnostics industry influences the remaining 95% of the cost[5]. Around 70% of medical decisions regarding early disease diagnosis, patient prognosis and treatment selection are based on laboratory diagnostic results. Along with treatment regime selection, diagnostic test results help in monitoring of the patient condition during recovery and follow-up. With these multiple touchpoints, laboratory tests contribute 80% of the objective data in clinical records. In modern medicine, with data analytics and AI taking centre stage, these clinical records will help in predictive analysis and disease prevention going forward.

[4]Report of the Review of NHS Pathology Services in England by Lord Carter of Coles, [5]NSSO data, [6]IIB data, industry discussions

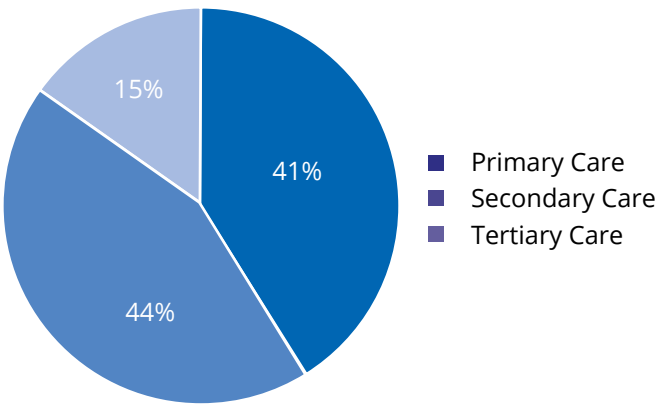
Also, in cases of hospitalisation, the total cost of diagnostics is not more than 10% of the overall hospitalisation cost

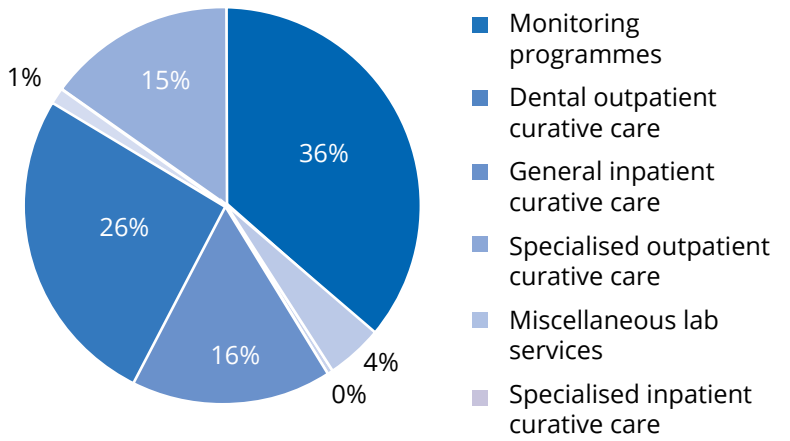
Break-up of average hospitalisation – 2014[7]



The diagnostics industry, which accounts for 4–5% of total healthcare expenditure,[7] has helped in delivering affordable diagnostic healthcare to a population of 1.3 billion.
Even in cases of hospitalisation, where diagnostics are critical in defining the treatment regime, the cost of diagnostics is lower than 10% for both urban and rural hospital settings.
With around 41% of the spend in primary healthcare being on diagnostics, the Indian medical diagnostics industry will play a vital role in the prevention and wellness space, which is the foundation of Ayushman Bharat.

Indian healthcare expenditure [7, 8]





Wellness centers are an important pillar for Ayushman Bharat, with the government aiming to set up 1.5 lakh such centers across the country. NITI Aayog has called for making these centres operational by 2022–23 to ensure sufficient coverage and lower the burden on secondary and tertiary care. The diagnostics industry will play a critical role in making this a reality while working closely with the government.

[7]NHA 2013-14 data, [8]NSSO 2014: Health Report

Unique dynamics

The Indian laboratory diagnostics industry is characterised by high fragmentation, with the largest organised player having a market share of less than 5%

Snapshot of the Indian diagnostics market

Multiple delivery formats

- Total number of labs: 100,000–110,000
- Delivery formats: Hospital labs, stand-alone labs, national chains, regional chains

High fragmentation

- Market dominated by stand-alone centres
- Low focus on accreditation, especially in the unorganised sector

High growth rate

- Market size: USD 5–6 billion
- CAGR: ~13–14% (higher than overall healthcare industry growth)[9]

Key characteristics of the Indian lab diagnostics market

1. Large number of firms
2. Free and fair competition
3. Large number of buyers
4. Low entry and exit barriers
5. No proprietary knowledge (no proprietary ownership of any medical tests)
6. Factors of production (labour, capital, entrepreneur and land) are freely mobile
7. Market governed by forces of supply and demand

The market is governed by forces of supply and demand, with service quality and pricing driving market success.

A USD 5–6 billion market, the Indian laboratory diagnostics market is characterised by high fragmentation and non-standardisation. The laboratory diagnostics industry is expected to grow at a CAGR of 13–14%, which is higher than the overall growth rate of the healthcare industry.

There are multiple delivery formats, with no single market leader or monopoly in the system. The largest of the organised players has a market share of less than 5%.[10]

Source: [9]Market Insights and [10]Industry discussion

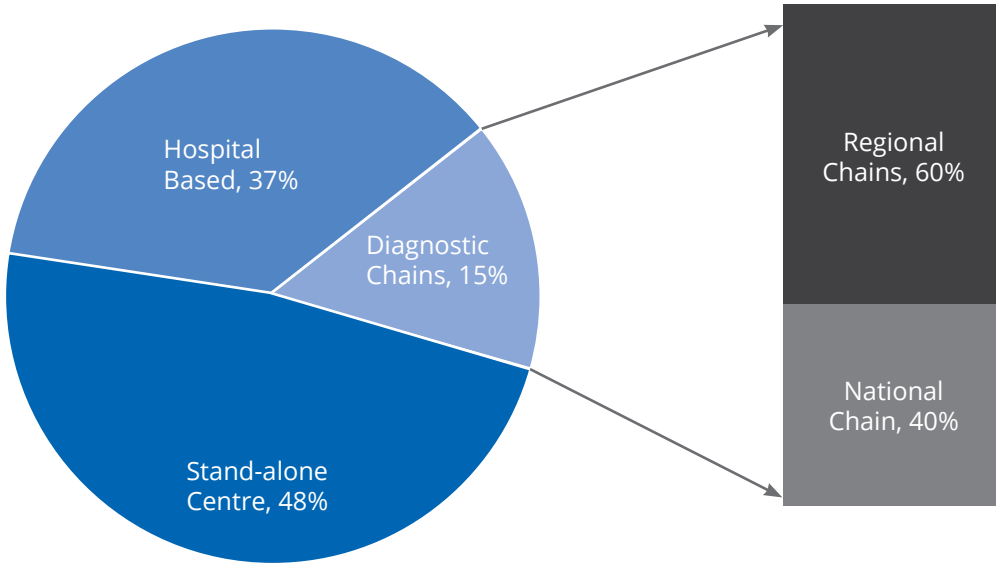
Multiple growth drivers are contributing to the higher growth of this industry compared to the overall growth of the healthcare market

1	2	3	4	5	6	7
						
Growth in non-communicable disease (NCDs) and chronic diseases	**Ageing population**	**Increasing focus on preventive medicine**	**Preference for evidence-based treatment**	**Increasing per capita income**	**Increasing insurance cover**	**Increase in awareness levels**
Shift in disease profile, thus changing the level of interaction between doctors and patients from episodic to rhythmic.	India's population above 60 years was 104 million (2011 Census), and is expected to reach 200 million by 2025 and 300 million by 2050.[11]	There is a shift in focus from curative to preventive medicine which will give impetus to the consolidation of primary health and wellness centres.	With growing patient participation in disease management, there is a noticeable shift towards evidence-based treatment.	Per capita income in India will rise to USD 3,500 by 2020 from USD 1,826 in 2016.[12]	The number of lives insured has increased from 254 million in 2010 to 438 million in 2017.13 The launch of the Ayushman Bharat will lead to better affordability and accessibility.	Awareness levels are increasing with an increase in media reach and Internet penetration.

Source: [11]World Population Ageing - United Nations, [12]World Bank estimates, [13]Insurance Regulatory and Development Authority

Diagnostics chains are shaping the industry with a higher focus on service delivery and quality

Break-up of the Indian diagnostics laboratory market by provider type



Source: Industry discussions

Significance of diagnostics chains in the ecosystem

Newer Delivery Models: Laboratory diagnostics chains in India are instrumental in transforming the industry; these chains have played a critical role in shaping the new delivery models while focusing on quality and patient centricity.

Technology Focus: These diagnostics chains have invested in the required advanced technology as well as training to bring the industry at par with developed countries while keeping costs in check.

Comprehensive Test Menu: Diagnostics chains have helped in expanding the test menu and offering sophisticated tests in India; these chains are acting as referral centres for hospitals and stand-alone labs in the country for advanced testing.

Quality Focus: They have a greater focus more on quality, and are rapidly adopting accreditations and deploying some of the best standards like College of American Pathologists (CAP) accreditation, National Accreditation Board for Testing and Calibration Laboratories (NABL), and International Organization of Standardization (ISO) certification.

A patient had to spend substantial time and money to get a laboratory test done historically

Mr. Ram stays in a tier 3/4 city in India

He used to travel twice to the laboratory, in the morning to deposit the sample and in the evening or on the following day to collect his report:

- Used to ***travel 30–60 km*** to get high-end diagnostic tests done and collect his report[14]
- Used to ***spend 3–4 hours*** and ***INR 200–350*** on traveling[14]
- Used to incur a ***loss of daily wage***[14]
- Used to ***wait for 24 hours for report collection***[14]

14Industry discussions

Patient's home

Morning (sample deposit)

Historical scenario

Evening (report collection)

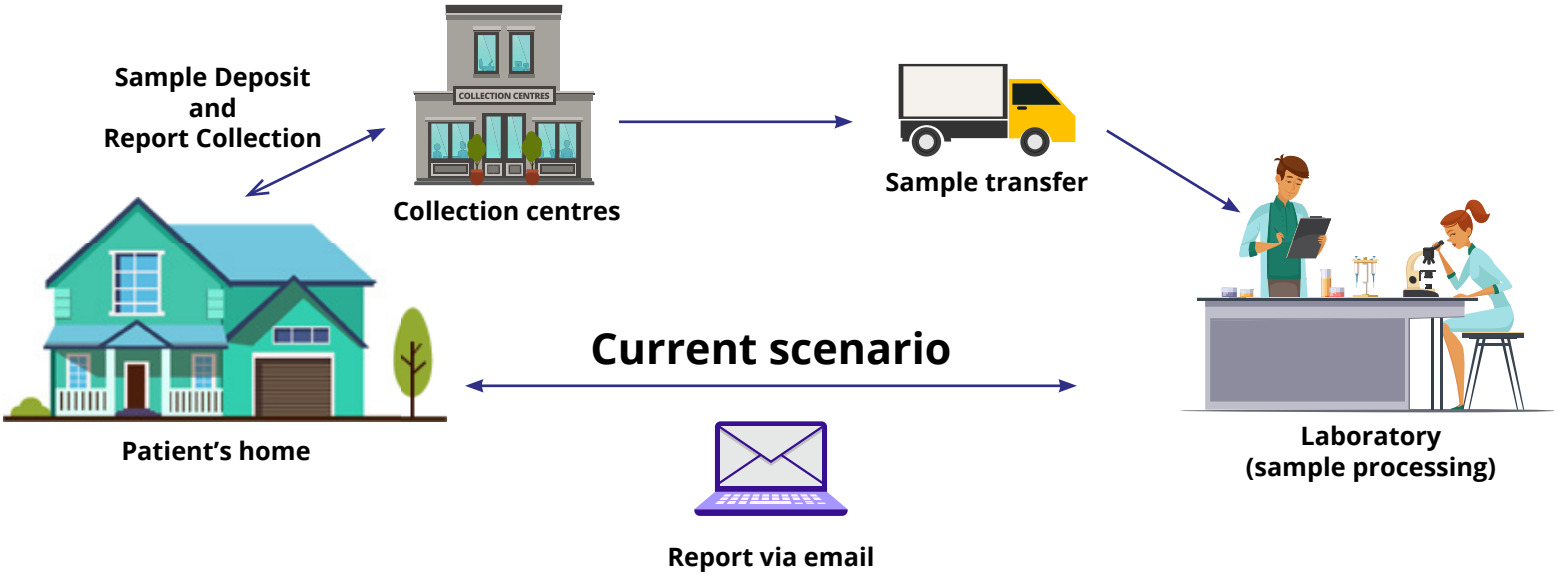
Laboratory (sample processing)

How has his journey changed over the years?

Historically, the focus was on clinical excellence for high-end tests, and patient centricity took a back seat. Patients used to travel long distances to get high-end tests done, thus resulting in high travelling cost, loss of a complete day (loss of wages) and higher wait time for these diagnostic tests. Through the use of technology, diagnostics chains have altered the business model and shifted the focus to patient comfort. The journey of a patient has changed in the current scenario.

[14] *Industry discussions*

With the evolution of this industry, patients are able to get the same tests done with ease and convenience



Over the years, due to the transformation of the business model with the setup of collection centers and availability of reports on app/email, Mr. Ram has saved on the following parameters:[15]

- **70–80% fewer kilometres travelled**
- **Saved 75–85% on travel time**
- **Saved 65–75% on the cost of travel**
- **No loss of daily wage**
- **TAT has been reduced** by 45–55% through more efficiencies in the ecosystem

Other value-added services that have eased the patient journey

Home sample collection

Mobile apps

In the present scenario, the focus has shifted towards patient centricity; the industry has innovated the service delivery model and is providing quality services. The innovations include collection centres and home sample collection, reduced turnaround time for report generation, and rapid alerts to customers. The evolution of the industry has brought in significant savings in time, thus preventing loss of wages for getting a diagnostic test conducted.

[15] *Industry discussions*

Price trends in the Indian diagnostics industry

Prices of lab diagnostic tests in India are amongst the lowest in the world

Indexed laboratory prices in India vs the USA, New Zealand, Kenya and Rwanda[16]					
	India	USA	New Zealand	Kenya	Rwanda
Urine culture	1.0	5.7	1.9	2.6	1.6
T3 (free)	1.0	9.5	3.1	10.4	3.5
T4 (free)	1.0	9.5	3.1	10.4	3.5
HIV I and II AB screening	1.0	13.6	2.2	1.1	3.3
Prolactin	1.0	74	2.8	3.3	3.0
Quantitative HcG	1.0	9.0	1.9	2.5	2.3
PSA (total)	1.0	5.1	1.1	2.6	2.3
LFT	1.0	4.8	3.0	3.5	3.3
Lipid profile	1.0	14.9	1.5	1.5	1.2
HCV Ab	1.0	2.8	0.8	1.3	1.3
Pricing index	1.0	8.2	2.1	3.9	2.5
	India	USA	New Zealand	Kenya	Rwanda

The modern diagnostics industry has not only ensured the availability of high-end tests in the country but also made these tests economical for people.

The industry operates at one of the lowest price points in the world. The uninsured rates for lab tests in the USA and New Zealand are around eight times and two times the test prices in India respectively.

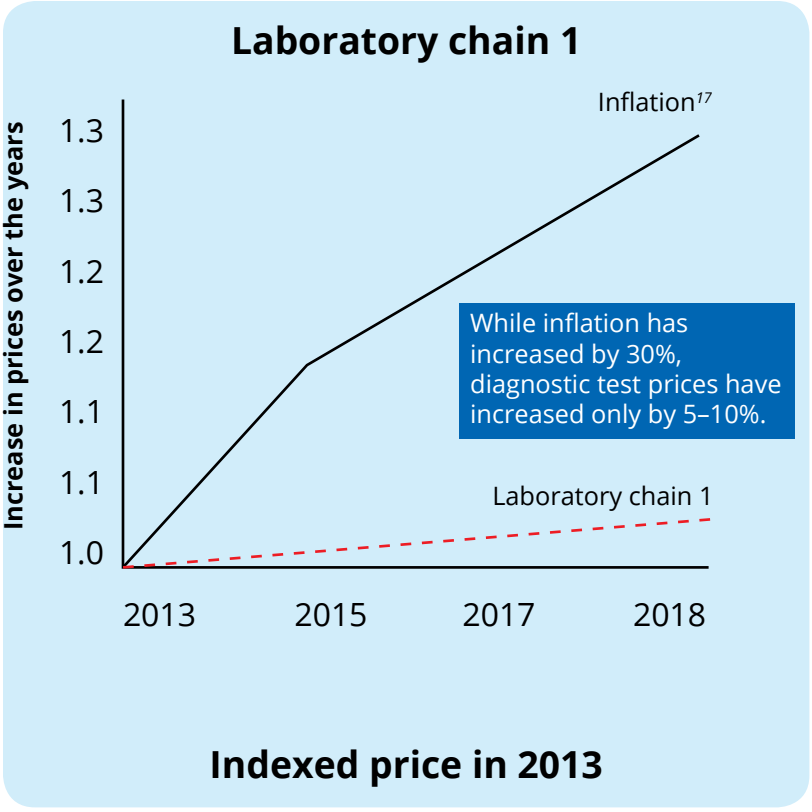
Further, when compared to under-developed countries, laboratory test prices in India are significantly lower. Lab test prices in Kenya and Rwanda are around four times and two-and-a-half-times those in India respectively.

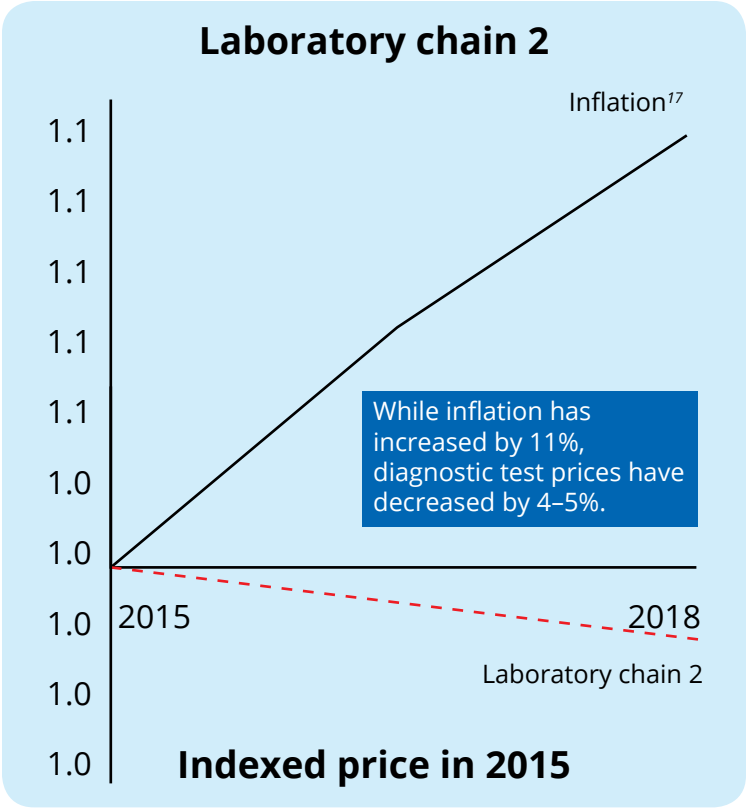
The industry has ensured low prices while innovating the delivery model and building in patient centricity.

[16]FairHealthConsumer.org USD 1 = INR 68; data not indexed to PPP

Prices of diagnostic tests have decreased compared to those of most other essential items of consumption

Prices of diagnostic tests in India are amongst the lowest in the world



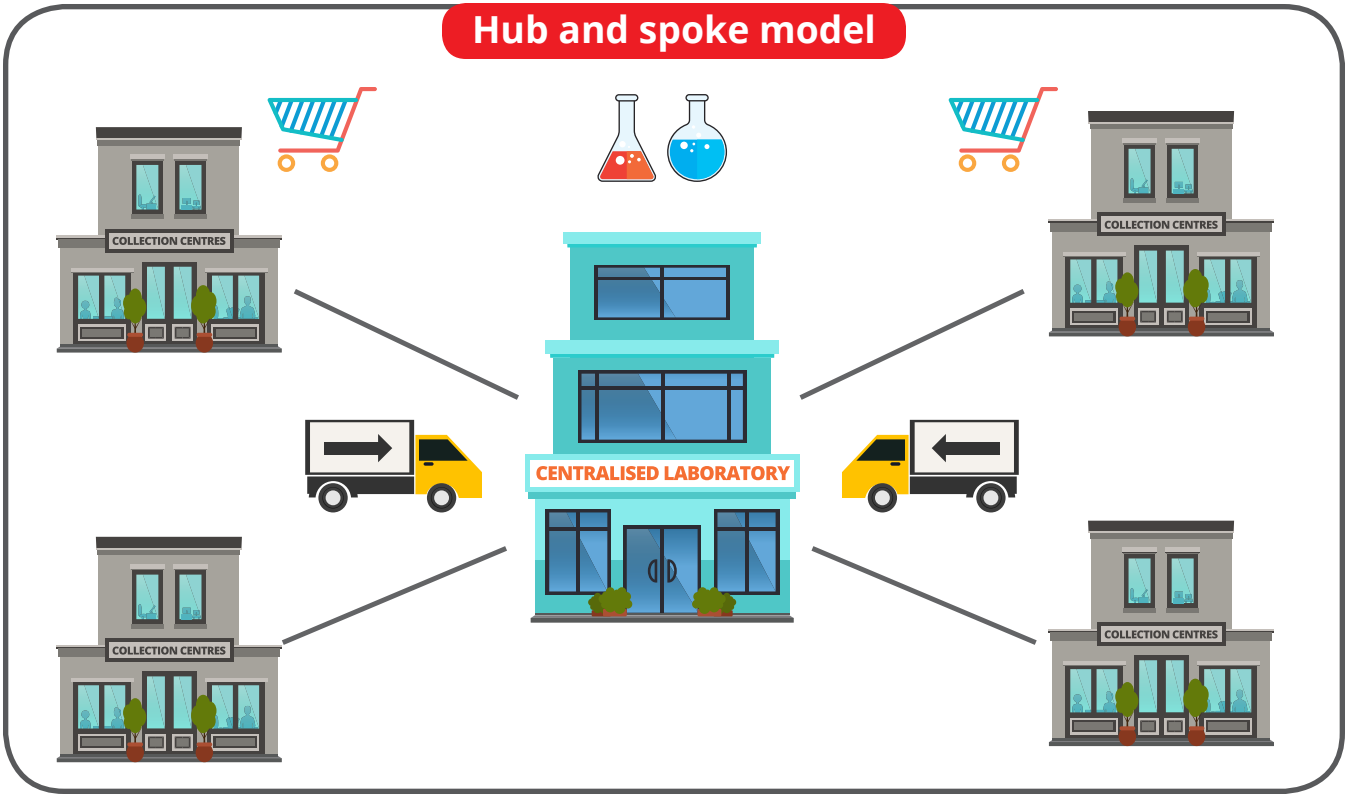


The price points of diagnostic tests have not increased over the years as indexed to inflation. The prices have remained flat or at best increased by 5–10% in the last 5 years, while the general inflation has been around 30%. The industry operates on the hub and spoke model with samples getting transported from remote areas to a central hub for processing. This has helped transform the industry and bring in efficiencies of scale. The per unit cost of diagnosis has thus decreased significantly over the past 15–20 years. Diagnostic test prices have already settled at a lower price point (when indexed to inflation).

Note: This is a comparison of lab diagnostic prices in the Delhi NCR region for top 20 tests at two top laboratory chains with CPI inflation.

[17]*Inflation.eu, industry discussions*

The industry has transformed itself into a service industry with logistics and retail costs accounting for a significant part of the cost component



Service delivery (retail and logistics) accounts for more than 50%[18] of the total expenditure by typical private laboratory chains.

It is argued that the industry is actually a service industry today. A modern diagnostics laboratory has three core operating functions, i.e. material, retail and logistics. Any comparison of the price of a test with the cost of a reagent used in the test is erroneous as the latter constitutes a minor part of the total cost.

Material component: Actual collection of sample, reagent and its processing

Retail component: Servicing a customer via billing, maintaining IT infrastructure, staff training, home collection service, maintaining accreditation, laboratory security, housekeeping, etc.

Logistics component: Transport of lab samples from collection centres to the main lab in a timely and environment controlled manner

Source: [18]Industry discussions

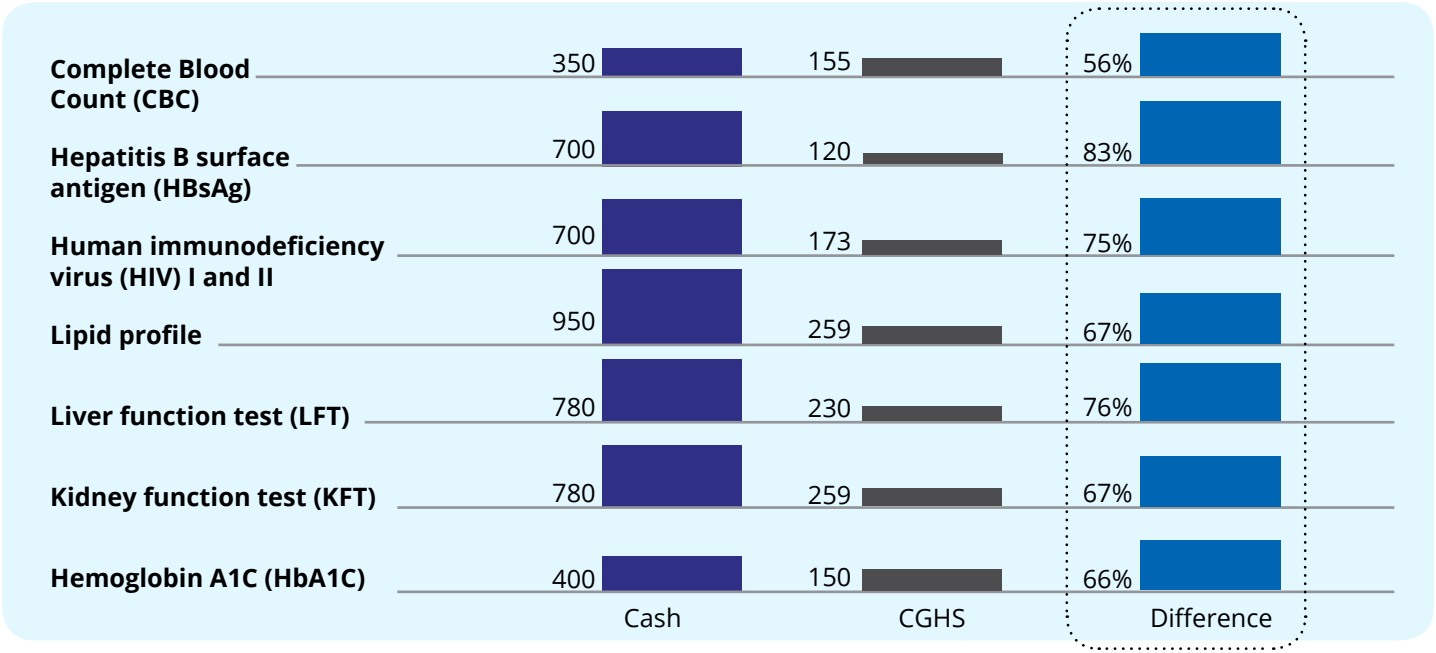
Societal impact

This section focuses on the impact in the following areas:

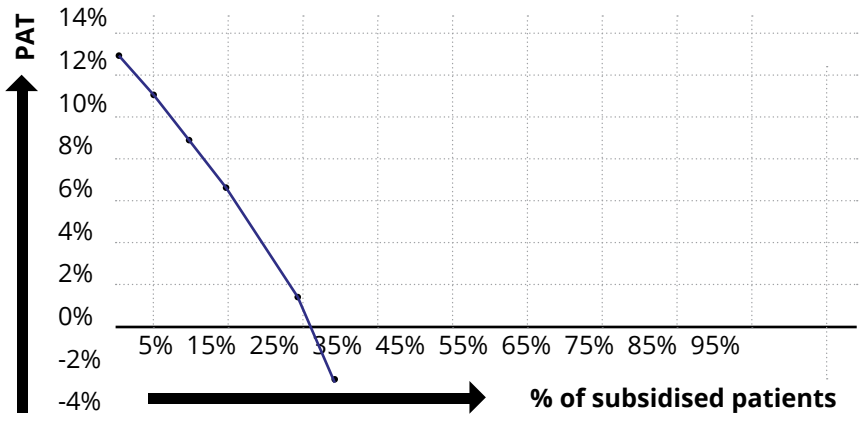
- Affordability
- Availability
- Accessibility
- Quality
- Employment generation

The diagnostics industry in India is characterised by cross-subsidisation - Central Government Health Scheme (CGHS) patients are subsidised by out of pocket expense patients

Comparison of out of pocket expense with CGHS prices[19]



Impact of increase in the proportion of subsidised patients on profit after tax (PAT)[20]



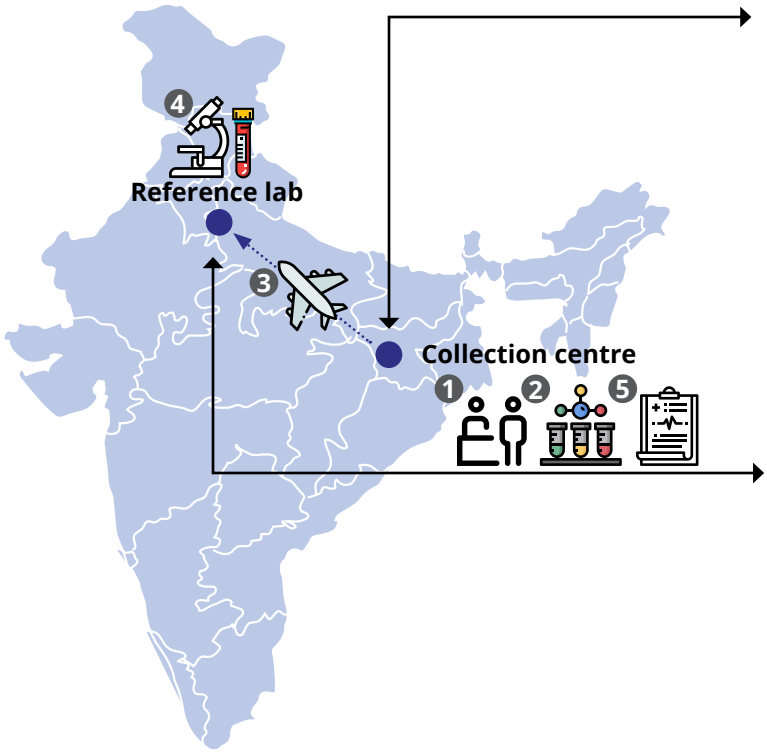
The Indian medical diagnostics industry today is characterised by heavy cross-subsidisation at different levels. Cash-paying patients subsidise government insurance scheme patients (CGHS rates are discounted up to 83% compared to the rates for cash-paying patients).

The industry can cater to highly subsidised patients if they comprise around 5–10% of the total volume. However, any further increase in the number of subsidised patients will disturb the balance as the industry relies heavily on revenue earned from cash-paying patients to cross-subsidise the cost for these panel patients.

Cash rates are the average patient prices charged by the top three national diagnostics chains and are compared with the CGHS Delhi rates list for NABL accredited labs.

[19]Industry discussions and CGHS website and company websites; [20]Industry discussions

The cost of servicing remote areas for specialised tests is subsidised by that in metro/tier 1 areas



Rural/semi-urban/tier 3 regions and cities

- Low per capita income
- Poor healthcare infrastructure
- Inadequate number of labs
- Inability of the labs to perform specialised tests

Urban/metropolitan/tier 1 cities

- High per capita income
- Improved healthcare services and infrastructure
- Presence of laboratory services
- Ability to perform a range of routine and specialised tests

The following steps are involved when a specialised test is prescribed to a patient in a rural/semi-urban/tier 3 region:

1. **Sample collection** done at collection centres
2. **Tests assigned** to reference labs
3. **Sample shipped** to reference labs for specialised tests
4. **Sample processing** at reference labs
5. **Report delivery** to the patient

Cross-subsidisation also occurs at the time of servicing patients in remote areas, especially for specialised tests. Patients in remote areas and towns pay nearly the same price for specialised tests as patients in metros and tier 1 areas, where testing facilities are actually available.

Samples are collected from remote areas via collection centres/a pick-up partner and are transported to the main laboratory. The cost of sample collection and transport from these areas is thus heavily subsidised.

The specialised test menu has expanded significantly over the years, with a majority of medical tests done globally being offered in India

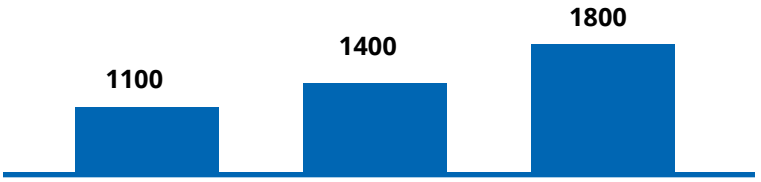
Test menu India

~3,500–4,500

Test menu provided by top diagnostics centres in India

The test menu has increased rapidly in the last 5 years

Increase in specialised test menu (2010–2018)[21]



Specialised tests

Molecular diagnostics, flow cytometry, genetics/ cytogenetics and histopathology among others

National laboratories are moving towards high-end tests and advanced diagnostics and pathology

The industry offers almost all the tests available in modern medicine. With their focus on high-end tests, diagnostics chains have limited the number of samples going out of the country. This has, in turn, reduced the report delivery turnaround time for very high-end specialised tests.

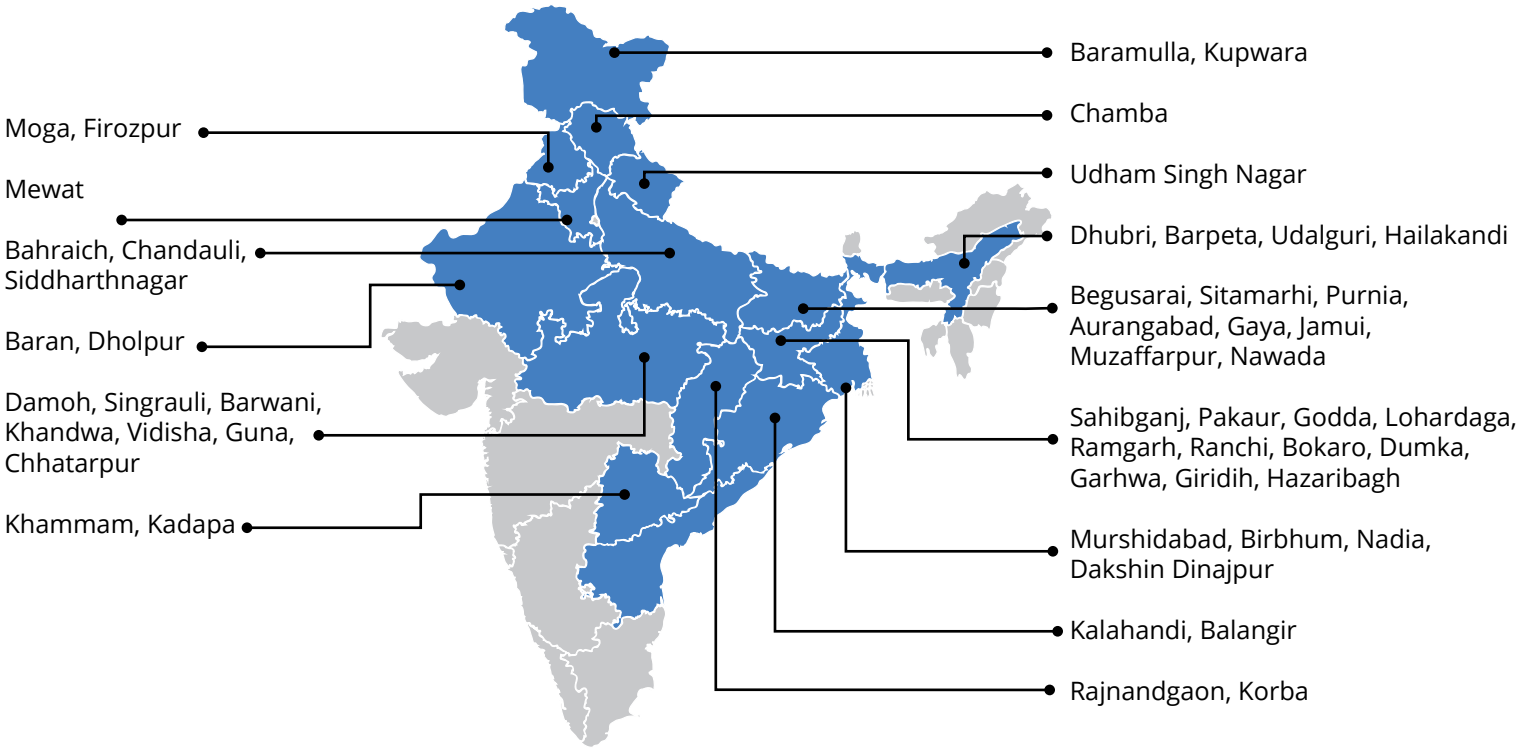
The latest medical technologies, skilled doctors and availability of high-end specialised diagnostics have helped India consolidate its position as a preferred destination for high-end medical tourism, including oncology, transplants, cardiology, etc.

Some national diagnostics chains have now started looking beyond India, and international business, which currently stands at 4–5% of total revenue, has also increased steadily over the last 5 years.

[21]Industry discussions

Even the most backward districts of India today have ready access to modern diagnostics

List of the most backward districts of India where laboratory services are made available by one of the three leading laboratory chains in India

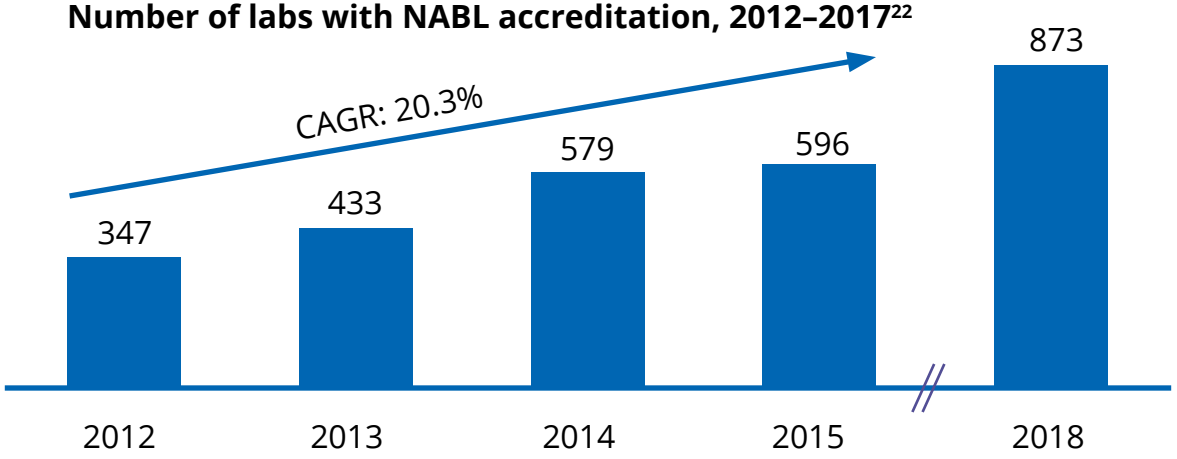


Diagnostics chains are making healthcare geographically accessible

The Indian medical diagnostics industry has been able to provide access to modern diagnostics facilities even to people living in remote areas.
An analysis of the geographical presence of labs and sample collection centres of three of the largest organised chain players in the private sector reveals that more than 50% of the districts identified by NITI Aayog as aspirational districts and lacking most in terms of basic infrastructure are being served by one of these three players.

Indian diagnostics labs follow the best global industry standards and accreditations

Number of labs with NABL accreditation, 2012–2017[22]



Quality accreditation in India vs the USA

NABL

CAP ACCREDITED
COLLEGE of AMERICAN PATHOLOGISTS

QUALITY ISO 9001 2008 CERTIFICATION

Source: Industry discussions

Currently, only less than 1% of labs are NABL accredited; a majority of these labs are hospital-associated labs or labs from regional/ national diagnostics chains. However, the number of accredited labs is increasing rapidly and the number of those with NABL accreditation has increased at a CAGR of around 20% between 2012–2017. In the next 5 years, many more laboratories in the country are expected to opt for accreditation.

Test quality has improved over the years with more automation and more sophisticated tests being performed. The industry is increasingly opting for accreditation and deploys some of the best standards like CAP accreditation, NABL and ISO certification.

[22]*NABL website*

Increasing focus on research and development aimed at continuous quality improvement

Research and development

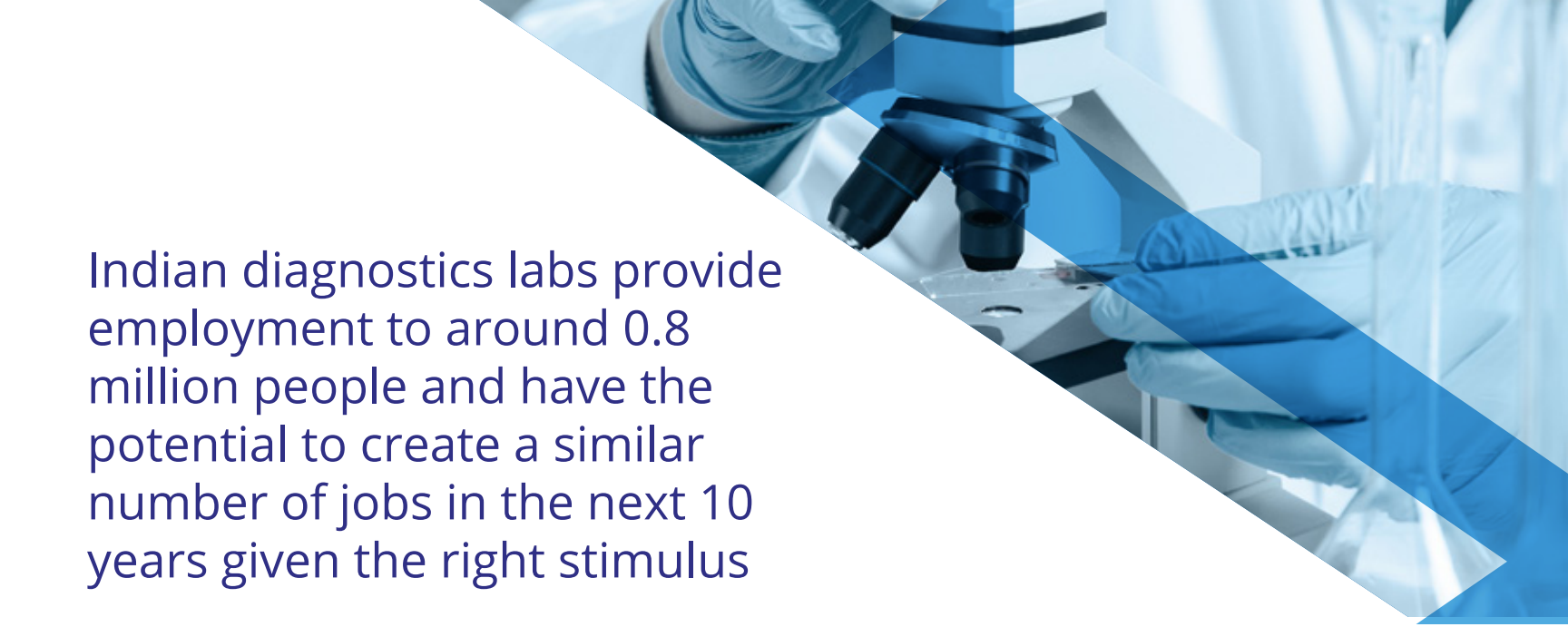
- **Advanced testing modalities** – new tests and concepts
- **Support to conduct clinical trials** as an initiative for clinical staff
- **Knowledge sharing** on platforms
- Enabled by **new technology and systems**
- A **step closer to exploring preventive and targeted medicine**

Advancement in technology

- Liquid chromatography **(LC)**/mass spectrometry (MS) technique
- **Human leukocyte antigen** diagnostic system
- Matrix-assisted laser desorption ionisation time-of-flight mass spectrometry **(MALDI-TOF MS)**
- **Next generation sequencing technologies**
- **Integrated platform**
- Inductively coupled plasma MS

As 70% of the diagnostic errors occur at the pre-analytical stage, diagnostics chains are investing heavily in research and development, advanced technologies and IT infrastructure. They are also testing advanced modalities and new technologies and systems in order to explore preventive and targeted medicine. With a focus on automation, laboratory chains have invested in the best diagnostics equipment, thus increasing efficiency.

The focus on quality and research and development has been the need of the hour to meet the requirements of evidence-based medicine and achieve improved health outcomes.



Indian diagnostics labs provide employment to around 0.8 million people and have the potential to create a similar number of jobs in the next 10 years given the right stimulus

Jobs created across different lab categories

Total number of Labs (in thousands)	Direct employment generated across different labs (in thousands)[23]			Total employment (in thousands)
100–110	**180** **Hospital labs**	**450** **Stand-alone labs**	**150** **Laboratory chains**	**780**
Assumptions	3.5 direct and 2.5 indirect jobs	3.5 direct and 2.5 indirect jobs	3.8 direct and 5.7 indirect jobs	

The diagnostics industry in India has created approximately 0.4 million direct & indirect jobs each.

While increasing accessibility and affordability, the industry has also helped address one more core objective of national development, i.e. job creation and skilling.

The Indian medical diagnostics industry employs around 0.8 million people, with almost 3–4 direct jobs and 3–6 indirect jobs created per new diagnostics establishment (the number varies as per the type of establishment – hospital-based lab, stand-alone lab or any other type of lab).

Employment generation and additions to the workforce have enabled the industry to serve communities better. Home sample collection, online report generation, etc., add to the patient experience and ease of accessing the services of diagnostics labs.

[23] *Industry discussions*

The shift towards 'Home Collection' will further aid employment generation

Shift towards home collection

Average Sample Collection by a Phlebotomist

35/40 samples per day

4/5 samples per day

Market Direction

Shift towards home collection

At Lab

Home Collection

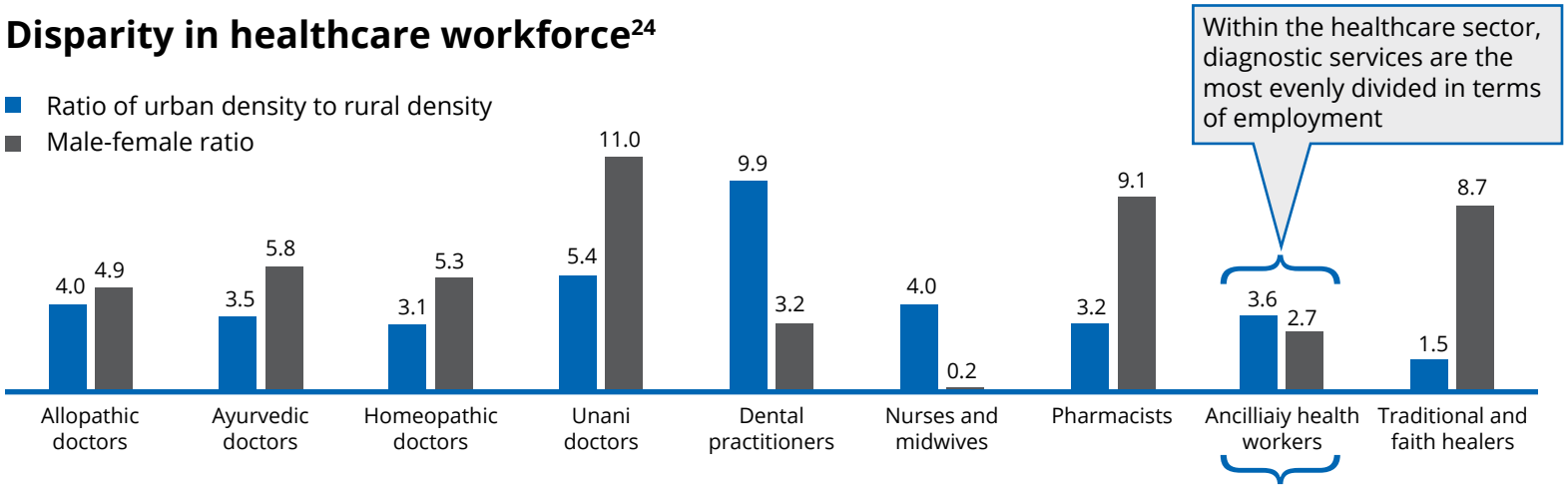
Job Creation Opportunity (Illustrative)

Home Collection

	Today	Tomorrow
Samples per day	50,000	500,000
Phlebotomists employed	10,000	100,000

The industry ranks high on gender and rural-urban employment parity

Disparity in healthcare workforce[24]

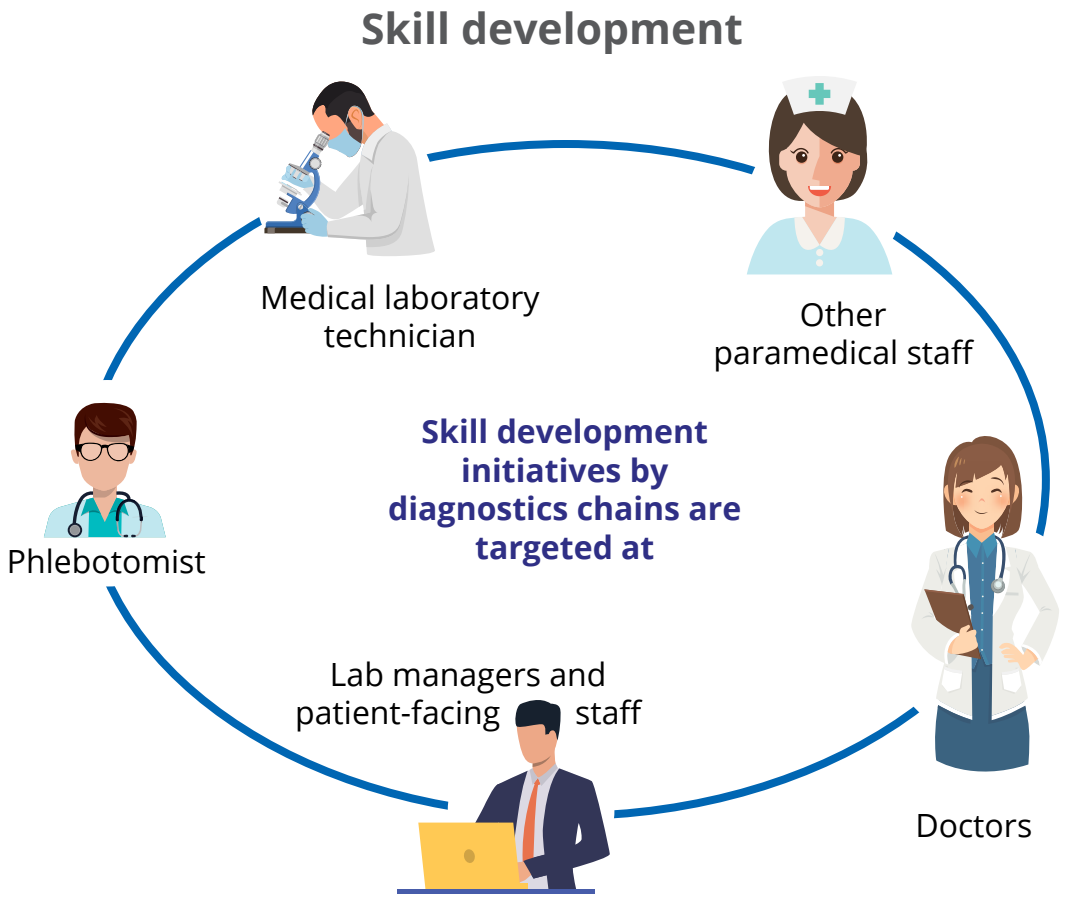


*Ancillary health workers are a heterogeneous group of lab technicians, assistants and other members of the health workforce, not classified elsewhere.

These jobs are created in an equitable manner. There are around 2.7 males for every female employed (a highly favourable ratio compared to around 11 male Unani doctors for every female doctor). For every 3.6 jobs created in the urban sector, there is one job created in the rural sector.

[24] 'The Health Workforce in India', WHO report, 2016

With employment generation, the industry has created new cadres and led to skilling of healthcare professionals



Besides creating more jobs in an equitable manner, the industry has helped in skilling. New cadres like phlebotomists and technicians have been created, and special training courses have been started for them.

Skill development initiatives

Certified courses offered

- Medical laboratory technology
- Phlebotomy technician
- Diabetes educator
- PhD (Biotechnology)
- Fellowship in molecular pathology (for doctors)
- Internal staff (managers and customer-facing teams)

Benefits

- **Higher geographic coverage** with courses provided across India (including tier 2/3 cities)
- Both **offline and online courses** with opportunities in job placement and paid internship
- **Professional course** for postgraduate students who are trained in molecular pathology
- These courses are offered for a **minimal fee**

Given the right impetus, the industry can play an important role in the health and economic well-being of the country

- **Create Job opportunities**
- **Increase access to diagnostics**
- **Become a diagnostics centre of excellence in the region**
- **Provide entrepreneurship opportunities**
- **Advanced personalised test menu**
- **Increase trained and highly skilled manpower**
- **Success of Ayushman Bharat**

Unlocking the growth potential

The diagnostics ecosystem has transformed into a service industry, bringing in additional benefits

Partnering together for a Healthy India

Industry Ask	Rationale	Call to Action By Govt.	Projected Impact
Minimum quality standards	• Undefined standards leads to varying levels of quality and clinical standards compliance. Defining the minimum norm will help patients avail quality diagnostic services.	• The government should push for the minimum quality standards, thus ensuring the availability of quality diagnostics facilities.	• Improved quality of diagnostics
Reduction in Customs Duty	• High customers duty leads to higher equipment cost which in turn results in higher price to patients.	• High custom duty on the import of diagnostic equipment has to be borne by providers. The government should collaborate with the industry to lower custom duty so that this benefit can be passed on to patients.	• Opening of more number of labs • Reduction in prices • Large employment opportunity
GST Benefit	• Healthcare industry including diagnostics is today unable to claim the benefit of input tax credit under GST.	• The government and industry should collaborate to ensure that the industry benefits from GST while easing the cost burden on providers.	• Lower cost burden on providers which in turn will facilitate reduction in prices for patients.
Partnership for Ayushman Bharat – Health & Wellness Centres	• Govt. has announced 1.5 lakh health & wellness centres which will offer diagnostic services. The expertise of the private sector could be leveraged to provide quality diagnostics at an appropriate cost to the exchequer.	• Evaluate models for partnering with the diagnostic companies w.r.t. the Ayushman Bharat – Health & Wellness Centres.	• Access to quality diagnostics for a large segment of population from certified labs • Could lead to lower costs for the Govt.

Conclusion

The lab diagnostics industry plays a significant role in the care continuum. The growing importance of evidence-based medicine has provided a fillip to the industry. Along with its core objective of diagnosis, the industry offers additional benefits, be it employment generation, availability of specialised tests (forex earnings), improved access, and technological advancements, among others. The industry will play a critical role in the achievement of the vision of UHC as well as the SDGs.

The industry, however, suffers from limited focus on quality standards and cost pressures driven by high custom duty and the GST structure. Going forward, the government and industry should come together and efforts should be made towards laying down minimum quality requirements, easing of custom duty and extending input tax credits for GST.

India still lags behind most developed countries in proving quality care to its citizens. The launch of Ayushman Bharat is a significant step towards achieving the goal of UHC. The lab diagnostics industry would need to play a key role in the realisation of this goal. However, it warrants significant investments – both capex as well as investment in expanding research and development facilities and introducing India-specific markers and tests. The government should collaborate with the industry to ensure that the benefits of quality diagnostics and wellness can be delivered to the country as a whole.

About NATHEALTH

NATHEALTH has been created with the Vision to “Be the credible and unified voice in improving access and quality of healthcare”. Leading Healthcare Service Providers, Medical Technology Providers (Devices & Equipment), Diagnostic Service Providers, Health Insurance companies, Health Education Institutions, Healthcare Publishers and other stakeholders have come together to build NATHEALTH as a common platform to power the next wave of progress in Indian Healthcare. NATHEALTH is an inclusive Institution that has representation of small & medium hospitals and nursing homes. NATHEALTH is committed to work on its Mission to encourage innovation, help bridge the skill and capacity gap, help shape policy & regulations and enable the environment to fund long term growth. NATHEALTH aims to help build a better and healthier future for both rural and urban India.
http://www.nathealthindia.org/

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Contact us

Mr. Siddhartha Bhattacharya Secretary General
Healthcare Federation of India
26, Okhla Phase 3
1st floor, New Delhi - 110 020
T: 011 - 4076 9956