

Healthcare MSME Facilities Survey

May 2020

Executive summary

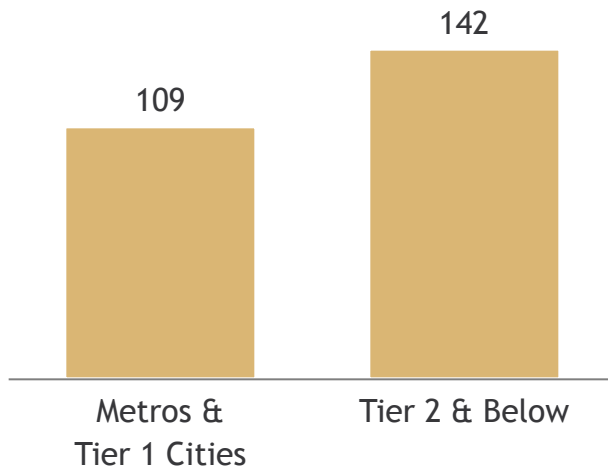
- 1 Survey conducted across 251 healthcare facilities across 9 states and 69 cities to understand challenges faced due to COVID**
 - 45% Responses from Metros and Tier 1
 - ~70% respondents with Small/Medium size facilities (<50 beds)
- 2 Healthcare facilities have seen an average 80% fall in business**
 - Similar drop experienced across outpatient footfall and inpatient occupancy
 - Reduction in business similar for different city types and facility sizes
- 3 90% respondents indicating financial challenges with 21% facing existential threat**
 - Financial stress prevailing irrespective of capacity or location
 - 3 major challenges observed: Lack of guidelines on patient handling, COVID testing protocols and inadequate and expensive supply of PPE
- 4 3 primary areas of Government support sought**
 - Financial Support- Loan moratoriums, Subsidized public supplies, Tax relief and Interest waiver on new loans
 - Clarity on Protocols and Guidelines - Handling of elective surgeries, Outpatients, Testing for hospital staff and Ease of COVID testing for private hospitals
 - Supply of PPEs - Availability and price control on PPEs

251 healthcare facilities surveyed to analyze the impact of Lockdown and perceived challenges going ahead



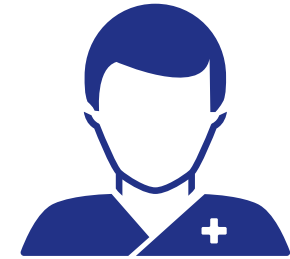
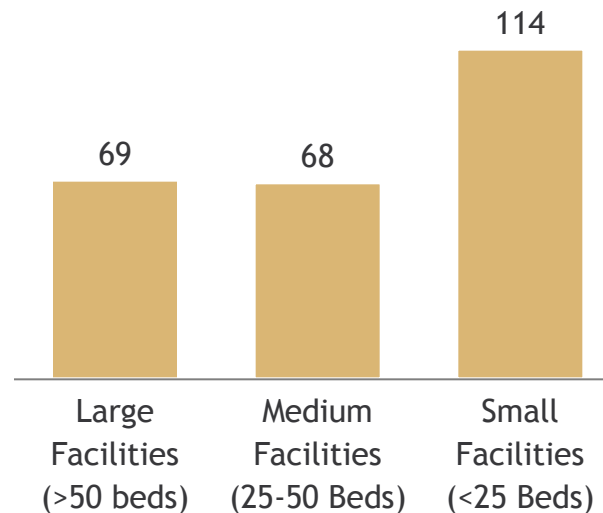
9 States and 67 cities covered

Number of Respondents by City Type



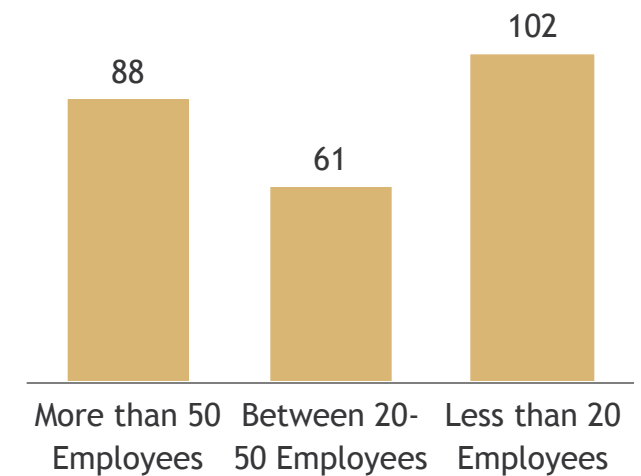
Average inpatient capacity: 42

Number of Respondents by Facility Size



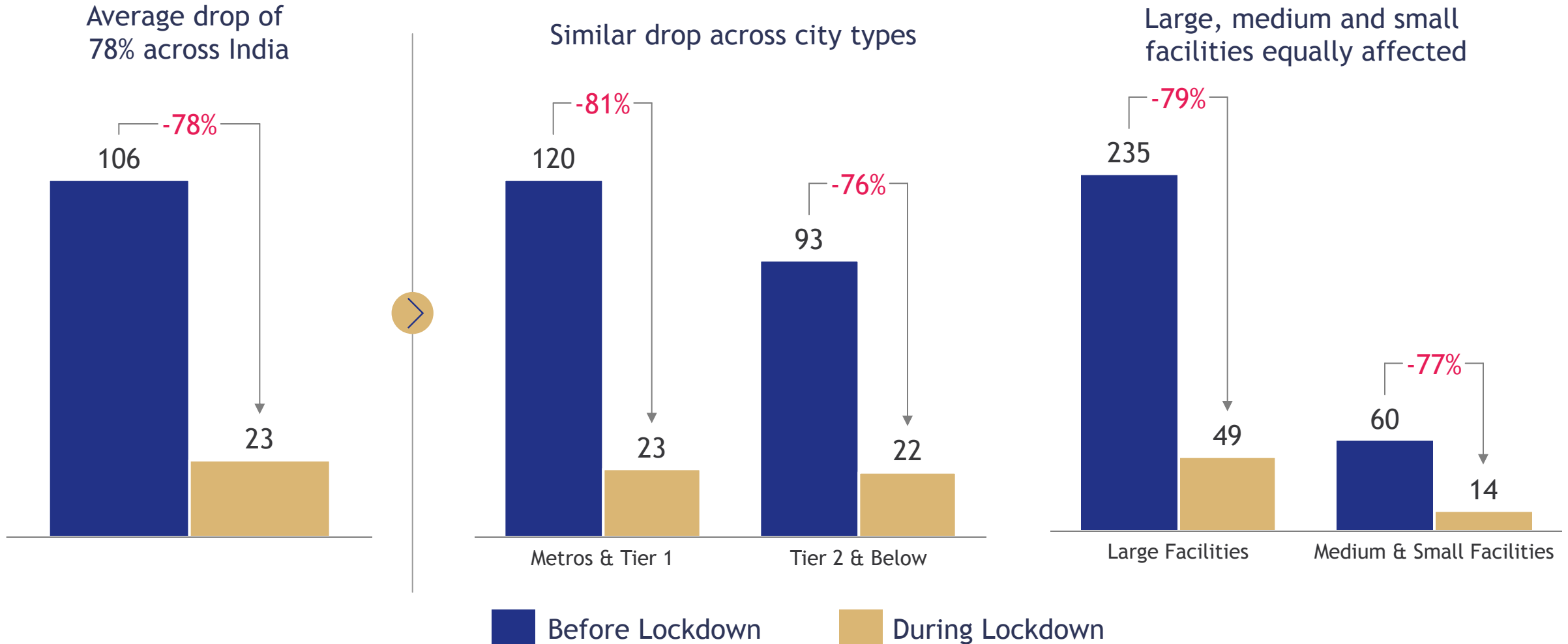
Average employee strength: 95

Number of Respondents by Employee Strength



Hospitals have experienced 78% reduction in outpatient footfall...

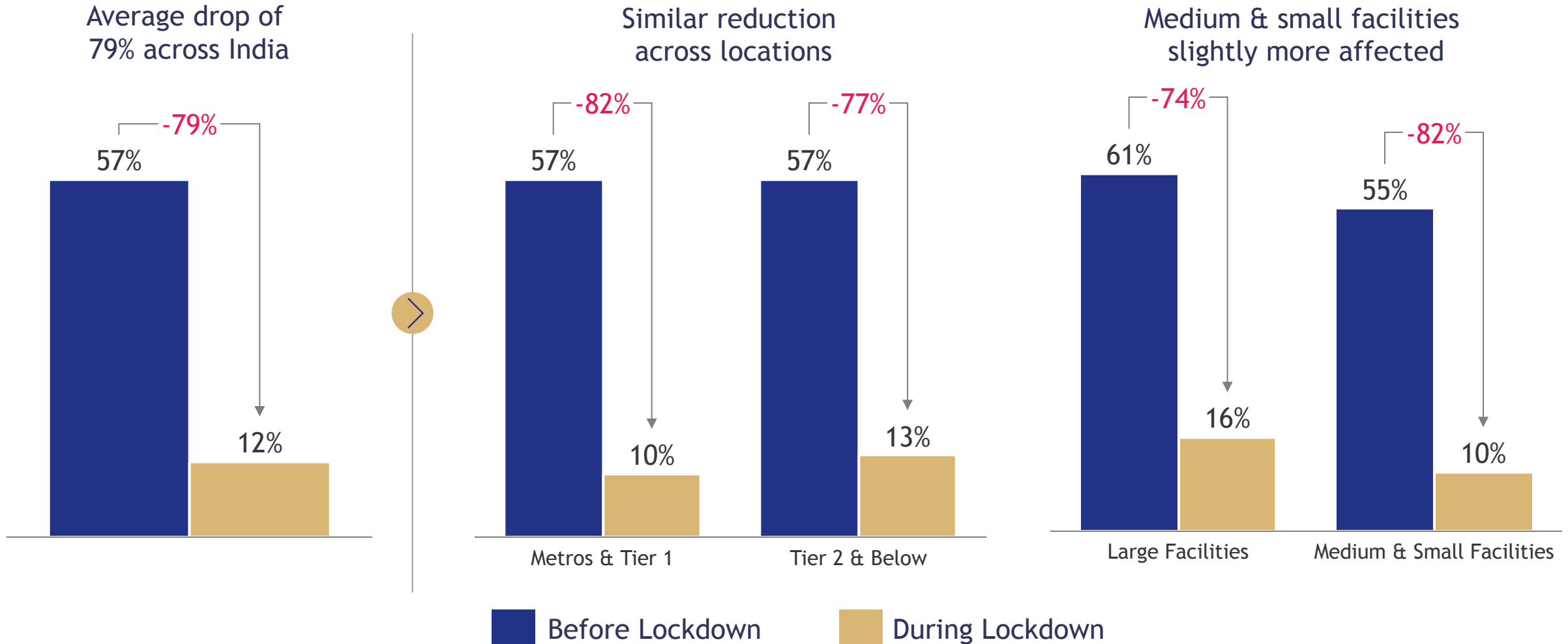
Average OPD footfall per day



Source: Basis responses to question "What was your average daily footfall prior to and during Lockdown?"

...and a similar reduction in inpatient admissions

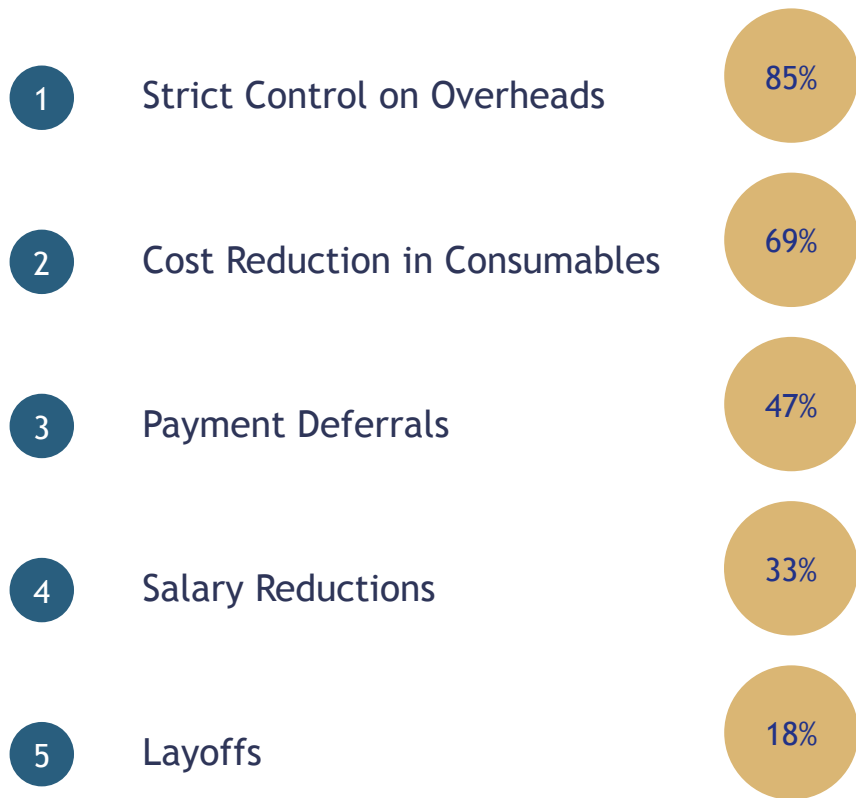
Average bed occupancy



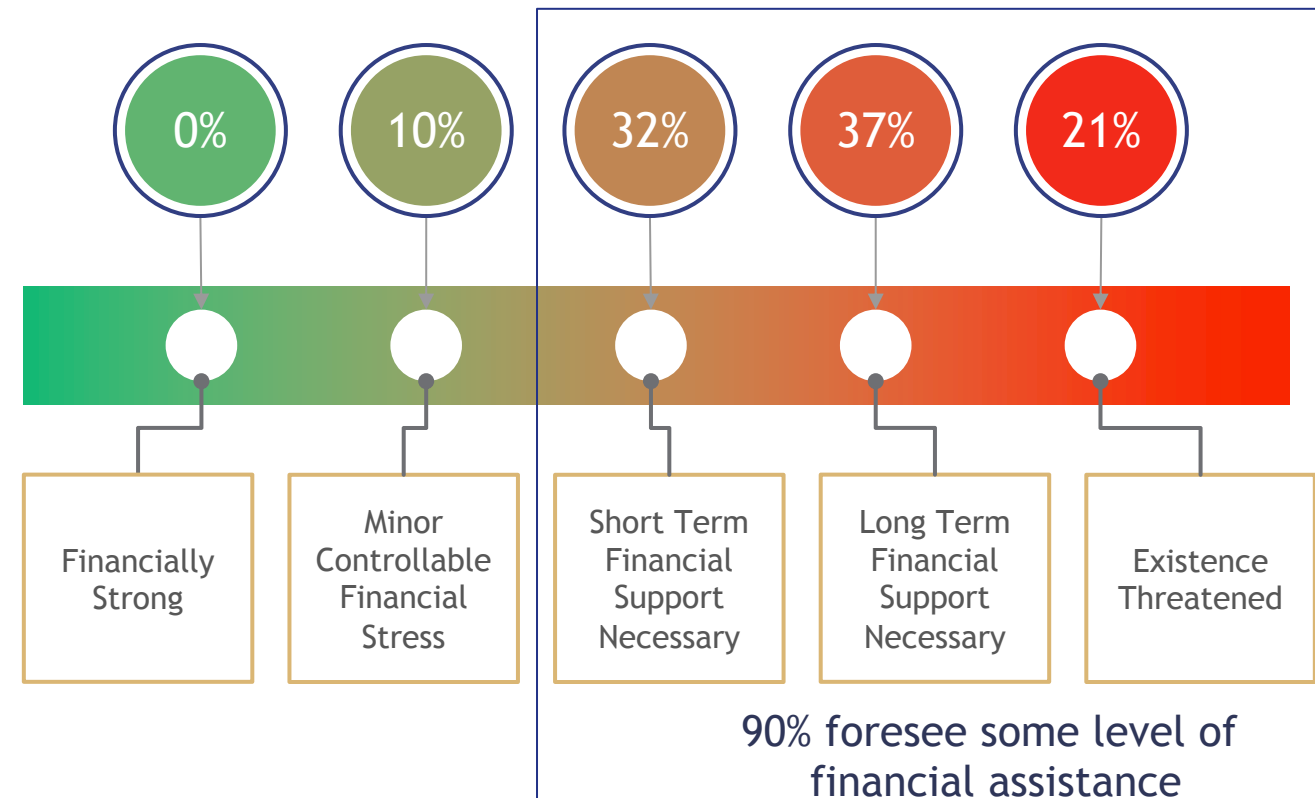
Source: Basis responses to question "What was your average occupancy level prior to and during Lockdown?"

Facilities have initiated cost saving measures but still indicate need for significant financial support going forward

Percentage of Participants adopting a particular measure to conserve liquidity¹



Perceived Financial Strength over next 6-9 months²



Source: 1. Basis responses to question "Which financial best practices are you adopting to conserve liquidity?"
2. Basis responses to question "How do you see your businesses' financial status evolve over the next 6-9 months?"

Backup: Similar use of cash saving measures across city types and facility sizes

Percentage of Participants adopting a particular measure to conserve liquidity¹

By City Type

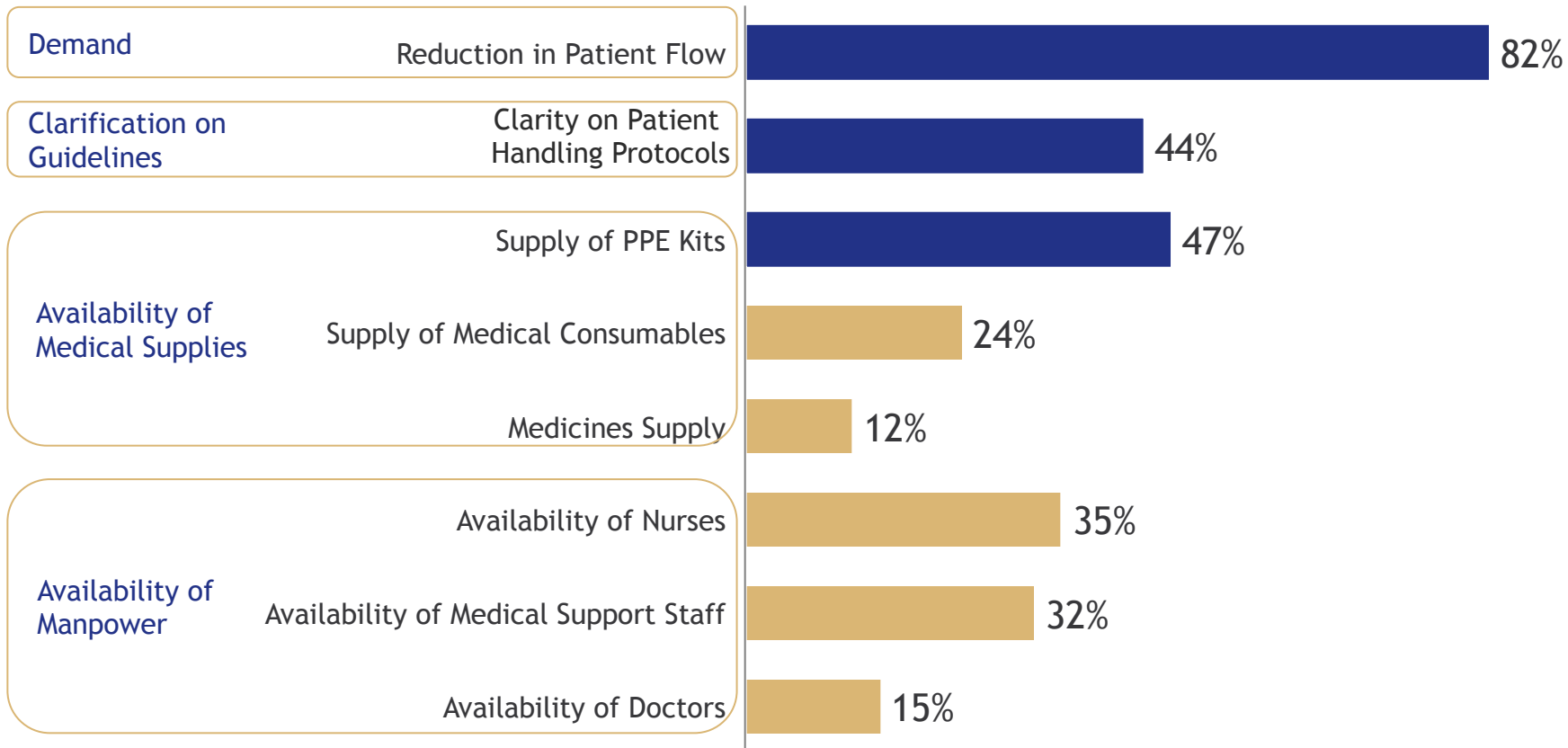
Measure	Metros & Tier 1 Cities	Tier 2 & below
Strict Control on Overheads	85%	85%
Cost Reduction in Consumables	61%	75%
Payment Deferrals	58%	39%
Salary Reduction	42%	26%
Layoffs	19%	17%

By Facility Size

Measure	Large	Medium & Small
Strict Control on Overheads	88%	84%
Cost Reduction in Consumables	64%	71%
Payment Deferrals	61%	42%
Salary Reduction	49%	27%
Layoffs	17%	17%

3 key challenges identified: Reduced patient flow, lack of clarity on patient handling protocols and shortage of PPE

Key Challenges faced by Hospitals *(What challenges are you facing today?)*




- "No clear policy guidelines on elective surgery"
- "Cost of all consumables has increased"
- "Supply chain problems related to lockdown"
- "No policy with regards starting of cold surgeries"
- "Elective surgeries have been postponed"

Backup: Reduced patient flow, clarity on clinical protocols and supply of PPE remain major challenges across cities and facility sizes


Categories	Challenges	Basis City Type		Basis Facility Size	
		Metros & Tier 1 Cities	Tier 2 & below	Large	Medium & Small
Demand	Reduction in Patient Flow	88%	77%	80%	83%
Clarification on Guidelines	Clarity on Protocols	38%	49%	36%	47%
Availability of Medical Supplies	Supply of PPE	41%	52%	51%	56%
	Supply of Medical Consumables	26%	23%	28%	23%
	Medicines Supply	12%	12%	16%	9%
Availability of Manpower	Availability of Nurses	35%	36%	32%	37%
	Availability of Support Staff	28%	35%	28%	34%
	Availability of Doctors	21%	10%	19%	13%

Source: Basis responses to question "What challenges are you facing today?"


Accordingly, hospitals request for government support in 3 areas

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Financial Support

 - Short term loans with reduced interest
 - Subsidized electricity and water supplies
 - Income tax subsidy or exemption
 - Interest waiver on existing loans
 - Coverage for small hospitals in all Govt schemes
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Clarity on Medical Protocols

 - Guidelines for elective surgeries
 - COVID testing protocols for OPD patients
 - COVID testing protocol for hospital staff
 - Ease of COVID testing for private hospitals
 - Uniform guidelines for hospital operations
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Supply of PPEs

 - Price regulation of PPEs and disinfectants
 - Cheaper PPE supply directly by Govt.
 - Availability of PPE as per demand

In addition, we have also captured views from some healthcare manufacturing MSMEs on areas of support from government

Soft Loan for Working Capital:

- Most companies have developed large working capital (inventory and receivables) as giving credit is a standard industry norm
- Government can support these MSMEs through soft loans for working capital needs based on credit profile; Can evaluate soft loan for 3-5 years @ nominal interest of 2-3% for value up-to 25% of avg revenue of last two years

Support on outstanding dues:

- Government outstanding represent the largest category of receivables
- Given current stresses faced, states should have clear outer limit (e.g. 90 days) beyond which outstanding is transferred by default

100% Advance in all Government Purchase:

- Currently, Government is the primary customer for med-tech companies; should evaluate procurement through advance payments to support liquidity for small companies

Revision in existing Government Rate Contracts:

- Due to several economic factors (INR depreciation, health cess, surge in global demand) input costs have increased
- Rate contracts prior to Feb 2020 are now economically unviable
- Evaluate increasing value of such contracts by 20-25% to ensure they are honoured and re-tendering is not needed

Earnest & Security Deposit Refund:

- All old EMD / security deposits given with tenders, should be returned on fast-track basis after tender is decided

Income Tax and Sales Tax

- Time bound closures of pending VAT regime refunds and cases should be pushed



Acknowledgements

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THANK YOU !