

# GHS

**“A STRATEGY FOR INDIA TO BECOME  
THE WORLD LEADER IN HEALTH CARE”**

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technopak

1<sup>st</sup> | india  
health  
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# Purpose of Presentation

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1. Share some Global Experiences & Lessons
2. Alert you to some Latent Risks
3. Changes for Stakeholders - next 7-10 years
4. Stimulate some Innovative & Provocative Thinking
5. Identify Sector Opportunities
6. Suggest a 10 Point Strategic Plan



# Some Caveats

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1. Patient Care can **NEVER** be Compromised
2. Focus on Quality then Profit
3. Not an Expert on India Healthcare



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**Future HC Super Power**

## **To become a World Leader:**


- 1. The Lowest Cost Provider of Quality HC**
- 2. The Largest Trainer / Supplier of HC Resources**

**COST      QUALITY      OUTCOMES      RESOURCES**



# The Macro Economics

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- People who get Sick  Want to get Better
- Who will Provide?
- Who will Pay?
- New challenges of Longevity / Inflation / Technology / Pharma / Patients Rights
- The changing role of Government



# About Healthcare

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- HC is a combination of:
  - **POLITICS**
    - Votes / Constitutional Rights / Protection / Regulations
  - **ECONOMICS**
    - Demand / Supply / Budgets / Costs / Vested Interests / Perverse Incentives
  - **EMOTION + EMOTION + EMOTION**
    - Irrationality / Sensationalism / Adverse Press
- HC is given to PEOPLE by PEOPLE!
- This business is all about PEOPLE!



# Favourable Factors for India

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- Free Market Economy
- Nation of Empathy
- Cost Effective (Generic Usage)
- Relatively Unregulated
- Intellectual Prowess
- Abundance of Pathology
- Largest English Nation
- Service Ethic
- Unlimited Resources
- Burgeoning Middle Class
- Hard Working
- Advanced IT

- LOCAL DEMAND
- MEDICAL TOURISM
- RESOURCES (IP)
- SOLUTIONS FOR GOVT'S

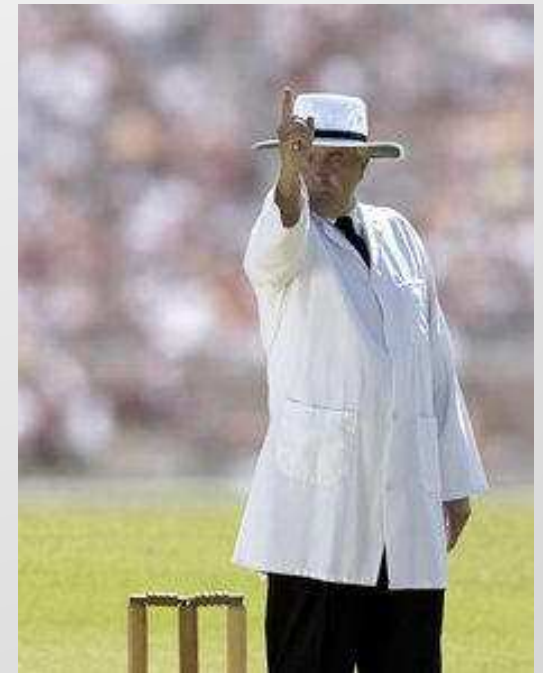
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**Risk Committee**

# Mitigating Risks for New Hospitals

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- **Rationale for the Project**
- **Capitalized Cost per bed Equipped**
- **Doctor Support**
- **Experienced Management**
- **Adequate Cash Flow**
- **Quality Care**



# Other Risks – Be Prepared

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- Greatest Fear ..... **SARS**
- Changes in Technology
- Epidemiology of Diseases
- Poor Public Perception / Understanding of Dynamics
- Not Planning for the Future



# What to avoid

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## Spiraling US system

- Litigation
- High Bad Debts
- Funder Omnipotence
- Vested Interests
- Managed Care Abuse (Independence)
- ↑ Administration



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**Healthcare evolution (7-10 years)**

# Who are your Stakeholders?

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- Identify all stakeholders
- Prioritise them – Government
- Know their needs
- Define key messages for each
- Have a strategy for each one
- What is their objective?
- Communicate consistently and regularly



# Stakeholder Influences

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- **Government**
  - Constitution
  - Patient Rights
  - Budgets
  - Tax Incentives
  
- **Politics**
  - Voting
  - Aging Population
  
- **Regulatory Bodies**
  - Competition / Anti Trust
  - Medical / Dental Council
  - Pharmacy



# Stakeholder Influences

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- **Hospital Association**
  - **Set Standards / Ethical Guidelines**
  - **CSA / Discipline**
  - **Lobby Govt.**
  - **Protect Public**
  
- **Pharma / Multinationals / Suppliers**
  - **Great Marketing & Profits**
  - **Patent Protection – TRIPS**
  
- **Funding Industry**
  - **Community Rating**
  - **Reserving**
  - **PMBs**
  - **MSA**



# Stakeholder Influences

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- **Governance**
  - **Finance / Tax Dept.**
  - **Perverse Incentives NOT Sustainable**
  - **Honesty, Integrity & Trust**



# Doctor Centric Model

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- Doctors pivotal to sustainable quality HC
- Unique leadership strategy –  
**Physician Partnerships (United Front)**
- Doctors want to earn more, be paid quickly, retain independence
- Allow Doctors to focus on their core competencies (poor administrators)
- Promote Outcomes Based Medicine
- Provide them with a Retirement Asset



# Indian HC Sector Scorecard



Hospitals [Ambulatory / Tertiary / Trauma]	Long Term Care / Rehabilitation	
Diagnostics [Radiology / Pathology]	Administration / HC Insurance	
Primary Care	Hospital Development	
Practice Management	Managed Care / HMO	
Medical Staffing / Training	Specialised Doctor Centres	
Retail Pharmacy	Healthcare IT	
Dialysis	Healthcare Education	
Oncology / Radiotherapy	R & D – Clinical Trials	
Centres Of Excellence	Telemedicine	
Genetics	Wellness Programmes	
Pharma Distribution	Home Care	
EMS [Call Centre / Road / Aeromedical]	Pharma Manufacturer	
Public Pvt. Partnerships	Medical Tech / Devices	
Speciality Pharma.	Occupational Health	
Specialised Dentistry	Optometry	
Advanced	Developing	Lagging

# 10 Point Strategic Plan

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1. Private Sector Forum – All Inclusive
2. National Hospital Body
3. Unified Provider Committee
4. Strong Government Lobby Group
5. Incentives – Tax, Import, Training, PPP, PFI
6. Clean Up the Industry – Governance
7. Self Regulation – High Fines
8. Practise Outcomes Based Medicine
9. Pro Active Approach – Prevention > Cure  
Pharma \$ + OEM + Experts + Independent Management
10. Promote Corporate Social Responsibilities - Health Levy



# GHIS

Passion

=

Success



=



*Thank You and Best Wishes*

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**Supplementary Information**

**Brief Introduction & Performance**



**1996 - 2006**

**South Africa**



**GHS**

**2007 ...**

**USA**

**JS / DY – Resigned from Netcare and emigrated to the USA in 2006**

# Background: Netcare



- **Grown from humble beginnings with R10 000 (+/- \$4 000) bank loan**
- **Listed on the JSE in December 1996 as a healthcare investment company with 6 hospitals (4 from Receivership)**
- **Grown organically and by the acquisition of 4 large groups, various independents and other investments**
- **Developed Integrated Healthcare Strategy around Core “Hospital” Business**



# Netcare Today

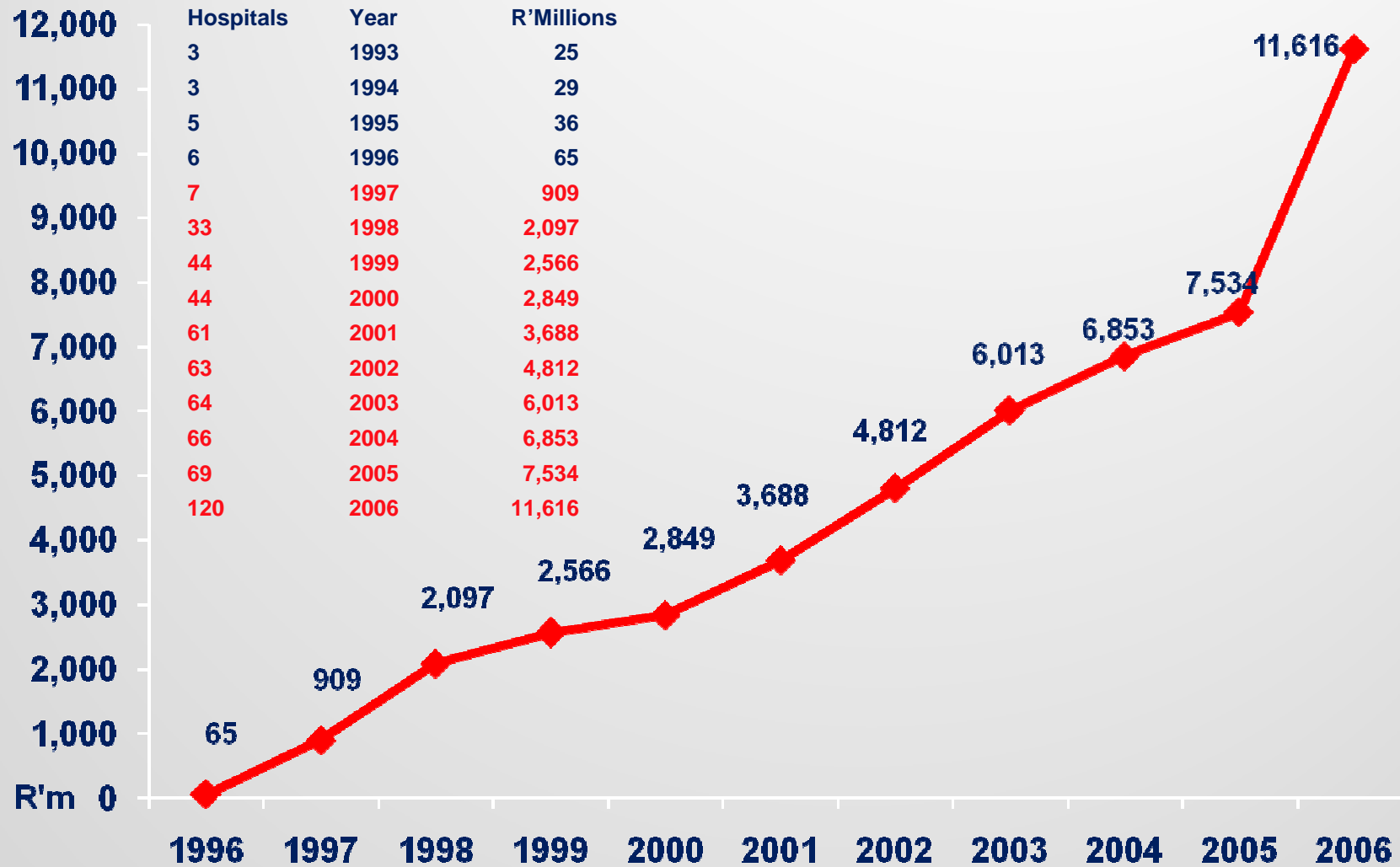


- **Market Capitalization > R 25 Billion (> US\$3.5 Billion)**
- **3rd. Largest Hospital Group in the World**
- **Most integrated healthcare company globally**
- **On major JSE indices including:**
  - **ALSI 40 (top 40 company)**
  - **SRI INDEX (Social Responsibility Index)**
  - **INDI 25 / FINDI 30**
- **Annualized system revenue > R14 Billion (+/- \$2 Billion)**
- **Employees > 24 000**
- **Voted one of best company's to work for in SA for 7 years**



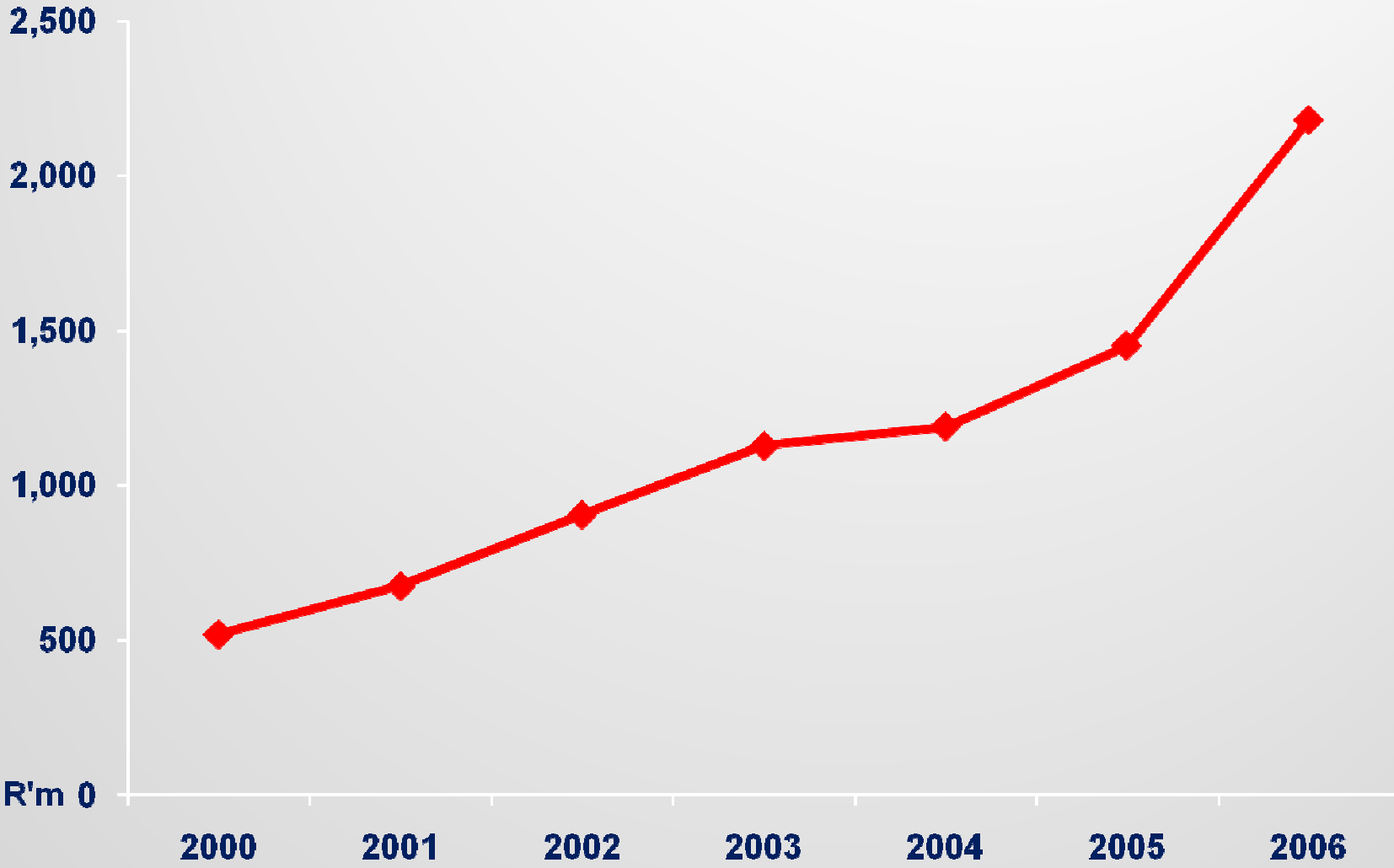
# Delivering Growth - Revenue

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# Cash Generated from Operations

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# A track record of delivery

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	Listed 1996	2006
Hospitals	6	120
Acute care Beds	650	11 761
Staff	1 185	24 874
<b>Market capitalization</b>		
-Rands	286m	>25bn
- US\$	40m	>3.5bn
Share price (cents)	100	>1400
Profit from Hospitals	99%	<75%



# Compound Annual Growth Rates

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<b>Revenue</b>	<b>30.3%</b>
<b>E.B.I.T.D.A.</b>	<b>34.8%</b>
<b>Headline Earnings</b>	<b>61.4%</b>
<b>Fully diluted HEPS</b>	<b>32.7%</b>
<b>Cash generated from op. activities</b>	<b>33.6%</b>



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Philosophies

**THE SINGLE MOST  
IMPORTANT FACTOR  
FOR GROWTH IS...**

***INNOVATION!***



# Philosophies

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## **GOVERNANCE**

- **Best Interests Of The Company - Always!**
- **Win with Honesty, Integrity & Trust**
- **Always retain the moral high ground**
- **Want a Strong Market Share**

## **PRODUCT**

- **Patient Care is Our Product**
- **Very Service Orientated**
- **Practise Outcomes Based Medicine**
- **Quality Assurance Programs**
- **“Hi Touch, Hi Care, Hi Tech”**



# Philosophies

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## **PARTNERSHIPS**

- **Partnership vs. Ownership**
- **Doctors are Key to Success**
- **Work with successful and reputable entrepreneurs**

## **PEOPLE**

- **Attract & Select Best Resources**
- **Be the Employer/Partner of Choice**
- **Build, Recognize & Reward Staff**
- **Devolution of Responsibility & Accountability to lowest levels**
- **Incentive Driven with Deliverables**



# Philosophies

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## OPERATIONAL EFFICIENCY

- Benchmark Best of Breed
- Best Operating Practices
- Fanatical Attention to Detail
- Deliver or Die
- We Can Always Do Better

## INNOVATION

- Not scared to touch the future – World Firsts
- Differentiate through flexibility and creativity
- Solution orientated Leader

**... and have FUN!!**



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Strategy

# Unique Integrated Strategy

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**PHYSICIAN PARTNERSHIPS**

**BEST & SAFEST PRODUCT**

**OPERATIONAL EFFICIENCY**

**GROWING WITH PASSIONATE PEOPLE**

**CUSTOMER**

**PRODUCT**

**DOCTORS (NET PARTNER)**

**CARE (GOLDCARE)**

**PATIENT**

**GP'S**

**SPECIALISTS**

## VALUE CHAIN

**HOSPITAL NETWORK**

PATHOLOGY

RADIOLOGY

RETAIL PHARMACY

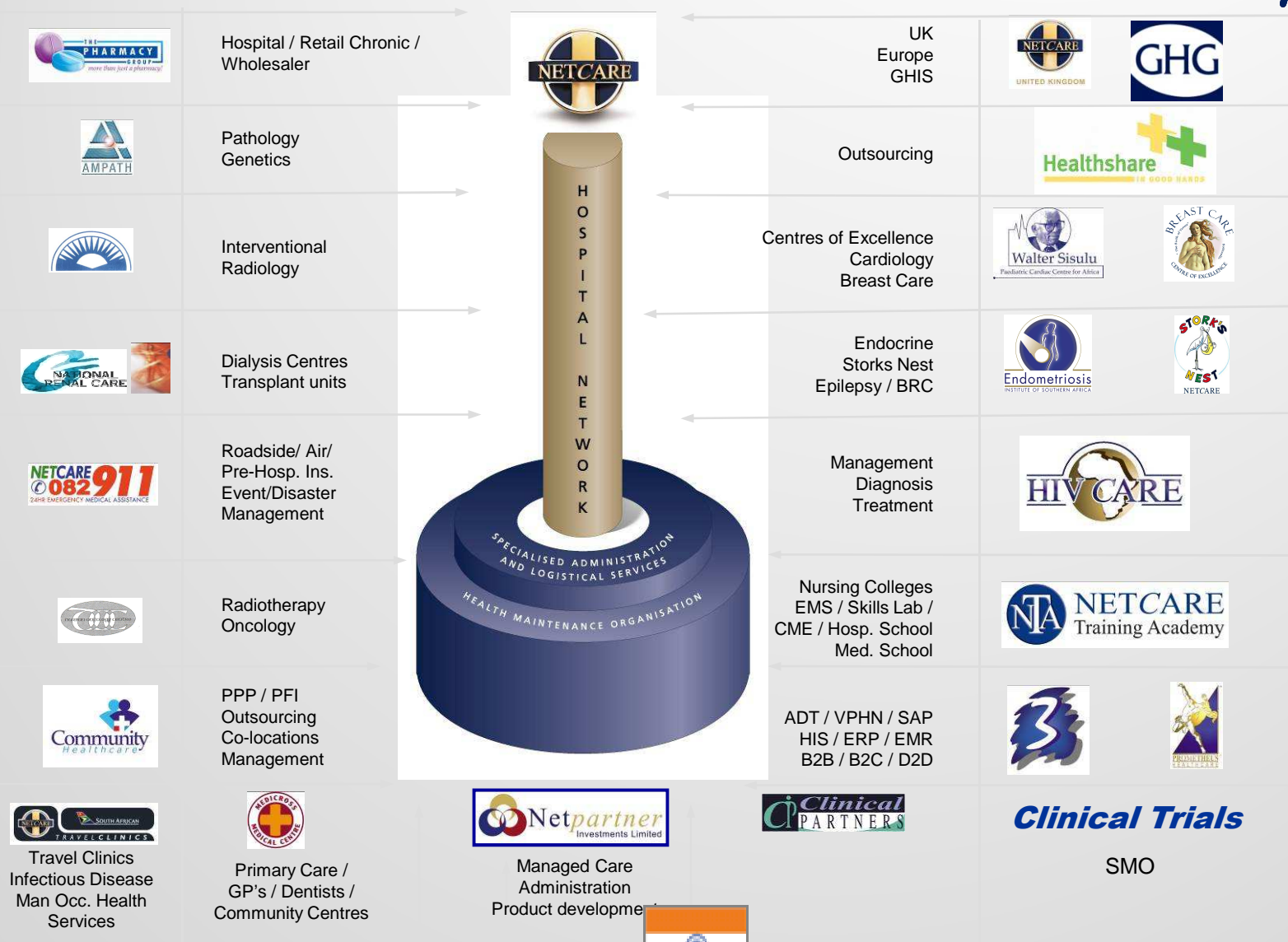
## SUPPLY CHAIN

### PRIMARY CARE NETWORKS

EMS NETCARE 911	DIALYSIS NRC	TRANSPLANT UNIT	FOREIGN REFERRALS	SPECIALISED CENTRES	INFECTIOUS DISEASES OCC. HEALTH	MATERNITY 3D STORKS NEST	NICHE CLINICS	PPP	MINING HOUSES
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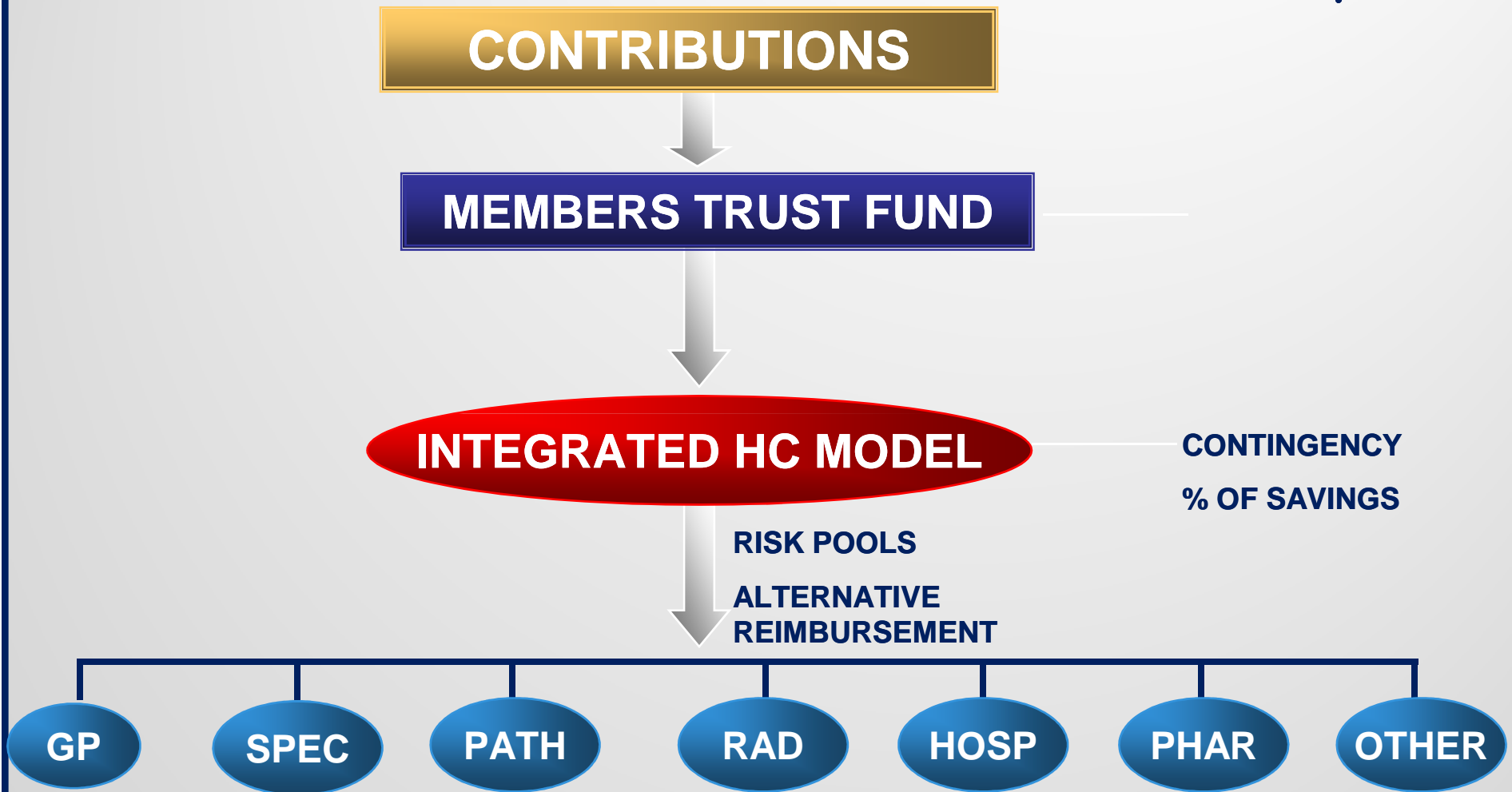
# Developed platform for sustainable growth

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# Integrated Funding Model

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**Value Disciplines**

# Key Leadership Strategies

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- **Physician Partnerships**
- **Operational Excellence**
- **Best and Safest Product**
- **Growing with Passionate People**



# It's all about People

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- **Recognise effort, build self-esteem & motivate**
- **Make people feel great about themselves**
- **Create an atmosphere of excitement & celebration**
- **Give everyone a shot at winning**
- **Rich rewards for superior effort & loyalty**
- **A Caring Family**
- **Always retain the moral high ground & be fair**
- **You earn your good name**



# No one ever becomes poor from giving

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- **CSI encouraged (>R80m p.a.)**
  - **Nurses graduation**
  - **Transplant Anniversaries**
  - **Rehabilitation Sports Days**
  - **Cleft Palate / Sight for Life**
  - **Rwanda**
  - **Tsunami**
  - **Oupa**



# Public Private Partnership Interfaces



## South Africa

- Largest healthcare PPP (Universitas / Pelonomi (+/- 260 beds))
- Co-location concept with Medical School
- 16 year contract endorsed by State Treasury Dept.
- Academic Status in selected tertiary facilities
- Bronkhorstspuit (Outsource of beds for State patients)
- Emergency Services (Various contracts)
- Nurses training colleges in 6 centres
- Renal Care (Outsourced dialysis)

# Public Private Partnership Interfaces



## United Kingdom - NHS

- **Piloted waiting list initiatives**
  - 2002 - Cataract surgery (Morecombe Bay)
  - 2003 - ENT procedures (London Choice)
  - 2003 – HIP arthroplasty (Portsmouth)
- **Awarded 2 Independent Sector Treatment Centre Contracts (2003/4)**
  - 5 years each (Total value > £125m)
  - >90 000 procedures (Mobile and Hospital Solution)
  - Cataracts / General Surgery / Orthopaedics
  - Awarded 2 Independent Sector Treatment Centre Contracts (2003/4)
- **Numerous other contracts awarded (Netcare UK / Amicus)**
  - Imaging Services / General Surgery / Use of Private facilities

# Public Private Partnership Interfaces



## Other

- Member of SA Ministerial Task Team (1997–2001)
- Numerous Committees for SADEC Countries
- Investigated opportunities in Thailand / North Africa / Middle East / Australia / Portugal
- Consulted to Govt.'s in E.Europe
  - Hungary / Romania / Bulgaria
- Speaker at numerous international healthcare conferences
- Member of Steering Committee for Bill Gates Foundation & World Bank Initiative (Current)

# World Firsts



- **Heart Transplants - Best 30 Day & 12 Month Survival Rate**
- **First Extracorporeal VAD (Mechanical Heart)/ Berlin Heart**
- **Busiest Air Ambulance Service - 1696 Airlifts**
- **ACS Accredited Trauma Units**
- **Trauma Actuality TV Programmes**
- **Renal Conversions per month**

# Leading Innovation



## **Blood conservation**

- Offers patients a safer and appropriate alternative and conserves a diminishing resource

## **Molecular Medical Institute**

- Xenografts (Islet cell transplants)
- Cytogenetics (Cartilage)
- Pharmagenomics

## **Genecare**

- Genetic testing & screening
- Diagnostics & contract research
- Pre travel screening

## **Counseling / Nutrigenomics clinics**

## **Bariatric Centres**

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**GHIS - Adding Value**

# Fundamentals – Better Care to more People



- **Innovative tailored solutions for particular healthcare related challenges and projects**
- **Flexible integrated healthcare model successfully devised, implemented and proven in relevant markets**
- **Regimen of best practices, protocols, formularies, clinical pathways and outcomes**
- **Ensure service excellence**
- **Act as a repository of knowledge, data and information**
- **Delivery of cost effective quality healthcare services**
- **Be the lowest cost provider of quality healthcare**

# GHS – Comprehensive Offering



## **FINANCIAL**

- **Injection of Capital & Financial Expertise**
- **Improve Margins, Profits & Cash Flow**
- **Focus on Shareholder Wealth Creation**

## **SUPPORT**

- **Experience across various HC Sectors**
- **Investor / Doctor / Patient / Financier confidence**
- **Advisory Board of Global Healthcare Experts**

## **PERFORMANCE**

- **Track Record of delivery and sustained growth**
- **Work with incentive driven Management teams**
- **Accelerate Growth +++**

# GHIS – Comprehensive Offering



## **INNOVATION**

- **Cost effective planning & design**
- **Unique Doctor Centric Integrated Model**
- **Proven Behavior Modification Programmes**
- **Successful Leadership Strategies**
- **Integrated Funding Model to improve Affordability & Access**
- **Implemented & Proven PPP models**

## **CREATING REAL VALUE (1996 – 2006)**

- **Compound Annual Growth Rates > 30%**
- **Market Capitalization \$40 Million → \$3.5 Billion**

# Developing sustainable models



## New Revenues & Growth

**STRATEGY &  
INNOVATIONS**

**OPERATIONAL  
EFFICIENCIES**

**Competitiveness**

**PASSIONATE  
PEOPLE**

**Ownership, Rewards,  
Delivering Best Care**

**ACCOUNTABILITY  
HIT  
FAD  
DOD**

**FULL SERVICE  
PROVIDER  
NETWORKS**

**Alignment of interests**

**CUSTOMER  
RELATIONSHIPS**

**Sustained Growth  
& Profit**

**IRREPLACEABLE  
INFRASTRUCTURE**

**Barrier to entry**

*GHIS*

*Working together to bring  
better care to more people*