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Moving Towards Patient Centricity: Need of the Hour for Healthcare Industry

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White-Space is a business consultancy that is enabling healthcare companies to transform the way they function. Dr. Vikram A Munshi, Founder, WhiteSpace Consulting and Capability Building shares his views on healthcare industry



The hospital industry which comes among top priorities to treat ailing people itself is not in the pink of health. This is something surprising in a country like India which has just seven beds per 10,000 patients against a global average of 27 beds per 10,000 patients.

There has also been an increase in the number of private Indian hospitals which have gone on sale or looking for foreign buyers.

The underlying reason is the reduced profitability after 2017.

Hospitals despite being capital intensive thanks to the high cost of land acquisition, medical equipment and also skilled human capital namely doctors relied on the higher margins of consumables and medical devices such as stents for earnings before interest, tax, depreciation, and amortization (EBITDA) of more than 18 %. This EBITDA ensured investment in infrastructure and healthcare delivery.

The price control introduced by the Government on medical devices put enormous pressures on the EBITDA. A leading business journal reported that the hospital sector showed a 7% drop in Q2 FY 2019 of EBITDA. Some industry sources have gone on record to say that most of the hospitals' EBITDA has shrunk to single digits. This is even lower when compared to the very capital intensive industries like automobiles, capital goods, and oil & gas.

The situation is not improving. While the margins are reducing, the trust deficit between the patients and hospitals also seem to be increasing. In such a scenario of tightening regulations and demanding patients, profitability and patient satisfaction seems to be a paradox.

Is it possible for a hospital to work on both fronts? The answer is YES. Probably it lies in increasing patient centricity.

There is enough evidence which shows how a good patient experience directly impacts profitability. A leading extensive published research done in US hospitals showed, that the hospitals with a high patient-reported experience enjoyed a net margin more than double than those hospitals with the lowest scores.

Hospitals need to actually undergo a total mindset change in embracing patient centricity. Just the way a passenger doesn't choose to fly a particular airline based on who the pilot is, but rather on the airline image, a patient should be choosing a hospital mainly because of the overall patient experience and not on the doctor treating the patient.

There are three critical ingredients to establishing a patient-centric culture in a hospital:

First, is the leadership. What importance does the leadership give to patient centricity in the hospital especially in terms of discussion, mission statement, recognizing employees for excellent patient service, reviewing patient experiences are some of the visible ways hospital employees can be made to feel that the senior leadership values patient centricity.

Secondly, processes & KPIs. Quite a few hospitals have patient satisfaction questionnaires to be filled out by the patient or the caregiver at various stages of the patient's journey. But the gathering of the data and subsequent analysis to find out recurrent patterns and the root cause of deviations get missed out. There have to be a few key processes with specific KPIs which need to be constantly monitored. A patient with poor experience can vent out on any social platforms. Thus, constant monitoring of key social media platforms is critical not only to see the experience but also to resolve the issue which the patient has faced.

Lastly, people. Hospitals are a part of the service industry and like any other service industry, the customer experience to a large extent is determined by the employee facing the customer during his / her engagement. Speciality Tertiary Care hospitals invest heavily in the infrastructure to make a hospital look less like a hospital and more like a hotel but the similarity ends there. The hospital staff is not trained in hospitality the way they are trained in a plush hotel. Be it the telephone operator, the receptionist, the paramedic, the nurse, the cleaning staff, the pharmacist, the dietician; are all essential in providing a good patient experience. The hospital should invest time in building these skills in all its employees. Proper recognition programs should be in place to recognize employees who have contributed to the excellent patient experience.

The journey towards patient centricity is a slow but rewarding one. After all, isn't a delighted patient the best salesperson for any hospital?