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Immediate need for fiscal intervention for COVID-19 impact: healthcare industry

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Healthcare industry have urged upon the government to come forward with fiscal intervention



Healthcare Industry jointly represented by FICCI, AHPI, ASSOCHAM, Indian Chamber of Commerce, PhD Chamber of Commerce, PHANA Karnataka and NATHEALTH has announced some key recommendations that emphasizes on the immediate need for Fiscal and Non-Fiscal Interventions from Government required for the Sector to deal with COVID-19 impact.

While greatly appreciating Government's efforts to contain the Covid-19 outbreak, the healthcare industry leaders cutting across entire industry spectrum have urged upon the government to come forward with fiscal intervention to arrest the adverse impact on the economy and thereby on human lives. The Industry leaders recommended both fiscal and non-fiscal interventions for several sectors which focus on the Service sector, especially Hospitals, Diagnostics, Pathology Labs, Med Tech, Insurance, Home Care and other healthcare service providers.

"The services sector, which accounts for about 55% of India's gross domestic product, is poised to be the worst hit due to actions such as mandatory and self-imposed curfew. The social distancing measures would lead to lower footfalls in the healthcare sector, the decline in elective procedure volume and sub-optimal operating efficiencies that will have a severe impact on the cash flows of companies in the capital-intensive sector. The industry is also suffering from reduced availability & elevated pricing observed for certain essential consumable items," the Representation to the government pointed out.

"Also, the global supply chains are in turmoil driving up shortages and a significant hike in input costs which cannot be passed on to consumers as healthcare services are exempt from GST and many of the critical items are capped in prices, resulting in a body blow to this sector which will now be pivotal for a turnaround in the fight against COVID-19. Apart from the healthcare facilities, medical devices, diagnostics and health insurance have also been affected due to the supply-chain and demand disruptions," it said.

Covid -19 needs all health workers to be motivated and secured as a united front. Health Services including Hospitals, Nursing Homes, Diagnostic Labs and Homecare, these segments need immediate fiscal intervention. Industry leaders strongly recommended the government to ensure working capital and that would the hospitals continue to operate at near-normal levels and patients - both void-19 and others can avail the services. The industry called for six to nine months' moratorium on all working capital, principal, interest payments on loans and overdrafts, bringing in liquidity and allowing for business continuity.

Dubbing it as a critical fiscal intervention, the healthcare industry sought short-term interest-free loans for augmenting capacity, and to ensure smooth hospital operations without supply-chain disruptions. The government also was requested to examine Grant or Subsidy to as an interim market support mechanism.

To maintain operational expenditure including payment of salaries to health professionals on time, the Industry suggested cash flow to the government should immediately release 100 per cent Central and State Government dues to the sector under various schemes such as CGHC, ECHS, State Schemes, GIPSA among other. The Representation also seeks urgent release of Income Tax refunds and to allow a quarter's postponement on compliances, payment of insurance without the policies getting lapsed.

The Healthcare leaders said that a waiver of GST on input costs and services for two quarters would help enormously.

"This would also ensure that hospitals are not forced to curtail the outsource services like House Keeping, Security and F&B (all of which have significant GST levies), in turn causing loss of jobs people employed in those sectors. Deferment of pre-payment of loan for 12 months should be allowed. Deferment of advance tax payments at the Central Government level would also be a significant fiscal intervention," they said in the unified representation.

For Medical Devices industry, the Representation calls for cut down custom duty across the board for life-saving medical equipment and set up a credit window facility that can help us augment infrastructure during this period of great turmoil. It also suggested withdrawal of Health Cess Ad Valorem from Medical Devices so that the Health Cess will apply only to Basic Customs Duty. For the Medical Device industry also the healthcare emphasised that Government should clear all outstanding and make timely payment for upcoming procurements from government Institutions in the current crisis, which will go a long way in supporting med-tech companies.

The industry leaders are of the view that along with fiscal incentives and support, non-fiscal interventions would be equally critical.

"Further to the Ministry of Health guidelines on home quarantine and telemedicine, the government should also issue standard guidelines for Home Healthcare Providers notifying them under ambit of Clinical Establishment act, as they can contribute by remote monitoring of cases by monitoring patients for symptoms in-home quarantine, patients in E-ICU beyond metros, cases

recovering from COVID-19 and preventing or managing relapse," the Representation paper said.

The Industry Representation also provided a comprehensive roadmap for incentives and promotional policies for Skill Development, Medical Education, Pharma and E-learning.

Other Key Recommendations

- GST waiver for online education and interest subsidies
- The impetus to online teaching & Support for setting up of skill labs and simulation centres at the medical college/ teaching hospital
- Increase the number of healthcare professionals across the gamut in our country by Tripling the intake of nursing students from current levels
- In medical colleges, some relaxations to be considered vide Standard Requirements Guidelines during this period
- The system should be in place to ensure there are no blockages in Manufacturing Essential Pharmaceutical products including Hand Sanitizers, Face Masks etc. Also PHARMA testing
- Laboratories should be rapidly expanded and made fully operational.

Other Critical Non-Fiscal Recommendations

- Create a nodal department on a war footing for MSMEs where all the queries related to essential supplies for Covid19 can be directed to for immediate action.
- Notification to be issued for procurement by the government on a direct basis, based on specifications and previous supply credentials, and not through HLL/tendering
- Allow a preferential clearance of medical devices/ spare parts/ raw materials in airports and seaports. A very large backlog is expected post international flight landing restrictions which will result in delaying customs clearance.
- Fast track regulatory approval for diagnostic kits and new drugs identified for COVID 19 (eq. hydroxy chloroquine is now approved by USFDA for COVID
- Explore other available testing technologies beyond RT PCR to enhance access in masses.
- Health Insurance: Government to provide relief for GST payable and reduce it to 5% so that more people would be able to afford to buy Health Insurance especially the senior citizens aged 60 and above.