

LifeSpring Hospitals: Providing Affordable, Quality Health Care



“The opportunity to provide women a safe, dignified, and affordable birth is at the heart of LifeSpring Hospitals, which is revolutionizing maternal care by offering affordable and superior services to the increasing population of lower middle class Indians seeking quality maternal care.”

-Mr. Ayyappan,
Chairman, LifeSpring Hospitals



Initiative Description

In 2010, LifeSpring Hospitals responded to the Business Call to Action with its commitment to expand access to affordable, high-quality maternal and child health care to low-income families throughout India. The for-profit chain of small hospitals aims to reduce pregnancy-related deaths and complications among India's working class poor in urban areas.

LifeSpring's goals:

- Open 200 hospitals by 2015
- Expand geographic reach to additional states across India
- Provide 82,000 women with high-quality maternity and reproductive health services

Business Model

India has one of the highest rates of maternal mortality in the world. With 100,000 pregnancy-related deaths each year and an equal number of women suffering from moderate to severe complications due to childbirth, India's maternal mortality rate is 6 times worse than China's, 8 times worse than Cuba's, and 14 times worse than Chile's.¹ Most of these deaths and complications could be averted by providing an adequate level of pre- and post-natal care. Unfortunately, in much of India, public hospitals are often overburdened and space in delivery rooms limited, making it difficult to provide anything but basic level care to pregnant women. Private clinics offer good quality care, but high prices put it out of reach for most lower-income families. As a result, approximately 57 percent of births in India are unattended by a skilled health worker.²

In 2005, Anant Kumar, CEO of LifeSpring Hospitals, was working for Hindustan Latex Limited (now HLL Lifecare), one of the world's largest maker of condoms. In this capacity, Kumar traveled to hospitals around the country visiting with women who had just undergone childbirth to learn about family planning practices and contraceptive use. Over time, it became apparent that women were not satisfied with the level of care received at government hospitals and many felt like their experience would have been better at a private clinic. Based upon this feedback, Kumar approached the board members of HLL with a proposal to open a clinic providing high-quality, affordable maternal and child healthcare services to low-income families in Hyderabad's sprawling urban slums. The clinic would bridge the divide between the low-cost, but over stressed government hospitals and the high-quality, high-price private clinics.

With financial support from HLL, the first hospital opened later that year in Moula Ali, a suburb of Hyderabad. The concept was simple: provide women with high-quality care including pre- and post-natal services,

1 Paul Hunt (In capacity of UN Special Rapporteur on the Right to the Highest Attainable Standard of Health). Oral remarks made to the press in Delhi, India on December 3, 2007. Retrieved from: http://www.essex.ac.uk/human_rights_centre/research/rth/docs/Mission_Press_remarks_Delhi_03_Dec.doc.

2 LifeSpring Hospitals: CSR Report. <http://www.Lifespring.in/pdf/LifeSpring%20CSR%20Report.pdf>

deliveries, family planning services, medical termination of pregnancy, infant care (including immunizations), diagnostic services, and pharmacy services reasonably priced at 50 to 70 percent lower than private clinics. The hospital was small, with just 20 beds, but the community embraced the clinic. Within 18 months of opening its doors, the hospital broke even.

Three years after the launch of the first clinic, LifeSpring Hospitals began its rapid expansion to other neighborhoods surrounding Hyderabad. By 2009, the chain had grown to nine hospitals located in high-density, low-income areas.

How it Works:

LifeSpring is a joint venture between HLL and New York-based private social investor Acumen Fund. The healthcare chain's model of small hospitals, which accommodate between 20-25 beds each, operates on a cross-subsidy model of tiered pricing. Through this system, customers have the option to choose to give birth in a general ward, in a semi-private room, or private room. About 70 percent of each hospital is devoted to the general ward, where it costs 2,000 INR to 4,000 INR (\$42-\$85 USD) for delivery, a two-day stay, medicines, and a baby kit. Customers who prefer a private room pay 7,000 INR (\$150 USD), which is close to the market rates charged at similar-sized private hospitals.

LifeSpring's narrow specialization in maternal health care enables the chain to focus on lowering costs and increasing productivity at its nine existing locations. This is achieved by referring complicated cases to other hospitals early on, hiring less-expensive auxiliary nurse midwives in addition to general nurse midwives, and developing a strict standard of clinical protocols and other procedures to enable clarity of tasks and ensure that staff and resources are used efficiently.

Recognized by the International Organization for Standardization, LifeSpring adheres to a rigorous quality protocol system which ensures that each hospital provides the highest quality care to its customers. At each hospital, a doctor

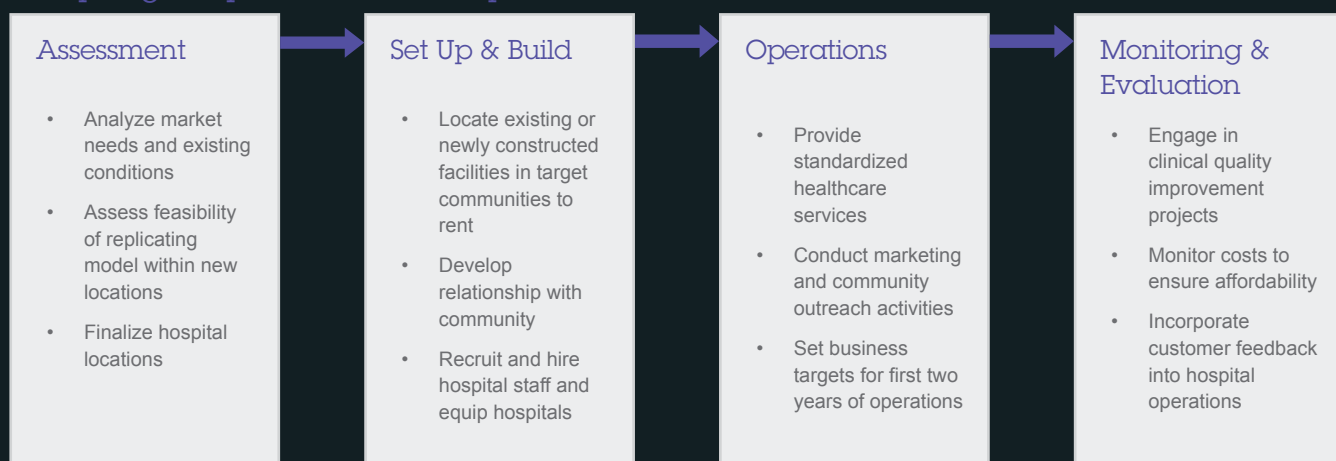
is put in charge of monitoring protocol adherence among staff. These doctors in turn report to the director of clinical quality at LifeSpring's headquarters with results on a monthly basis. Findings are then shared with international organizations such as the Institute for Healthcare Improvement, an independent not-for-profit organization helping to lead the improvement of healthcare throughout the world. Clinical protocols are developed in collaboration with international health organizations to meet international standards for care.

LifeSpring has also successfully optimized the utilization of its most expensive asset—its doctors. On average, each hospital employs two full-time and two on-call doctors. LifeSpring doctors each perform four to five deliveries per week, in comparison to the one to two deliveries a week per doctor at private clinics. Such high volume enables optimal utilization of a doctor's time. In addition, LifeSpring doctors are not expected to perform the administrative functions that most other hospitals require. By relieving doctors of this function, they are able to spend more time with customers, performing surgeries, and delivering babies.

Another way the no-frills hospital chain keeps costs down is by limiting capital expenditures. It achieves this by renting existing hospitals on multi-year leases rather than purchase new buildings; outsourcing pharmacy and laboratory services; and reducing the amount of machinery needed only to those necessary for a safe, normal delivery.

Through its process-driven model, LifeSpring Hospitals are easily replicated in other locations, ensuring scalability and supporting rapid expansion. The main challenge, however, remains in engaging with the community in which each hospital is located. To market LifeSpring's services, each hospital employs two outreach workers. These employees help to work with expectant families to explain the importance of pre-natal care, the risks associated with pregnancy and childbirth, and to provide information about LifeSpring.

LifeSpring Hospitals' Business Operations Model



Results Achieved

LifeSpring Hospitals, through its Business Call to Action initiative, plans to provide 82,000 low-income women with good quality, affordable care by 2015.

Business Impact

LifeSpring Hospitals fills a void in the Indian healthcare landscape: it provides quality services at reasonable, transparent prices for working class poor families that earn between \$2 and \$5 USD per day in urban areas. With more than 20 percent of all global births taking place in India, the hospital chain's narrow focus on a high incidence occurrence such as childbirth is good for business.

The chain has expanded to nine hospitals in just a few short years. Based on the experience of the first LifeSpring Hospital, each new hospital has been designed to achieve the operational break-even point 18 to 20 months after opening its doors. The core business is focused on normal and caesarean deliveries, which are also the principal generator of revenues. To achieve financial sustainability, a 20-bed hospital should average three deliveries per day, which is just over 50 percent capacity.

At the original location, in Moula Ali, an average of 110 to 140 deliveries take place each month (an average of 4.6 per day), compared to around 25 delivered in private hospitals each month.

In addition to revenues generated from deliveries, additional income is attributed to family planning services, outpatient doctor consultation fees, and the rent received from the outsourced laboratory and pharmacy.

Development Impact

LifeSpring's business goal is to achieve Millennium Development Goals 4 and 5 to reduce maternal and child mortality while achieving financial sustainability.

As of June 2010, LifeSpring Hospitals has delivered more than 7,000 babies, and its doctors have treated over 100,000 outpatient cases at the hospital chain's nine clinics. The vast majority of LifeSpring's customers fall between the cracks of the healthcare system in India. They are either too poor to benefit from private clinic care or they may not have access to any other kind of care. Therefore, LifeSpring fills an important gap by providing affordable, high-quality maternal health care to lower income women.

By reducing the burden of maternal healthcare on low-income families, LifeSpring is helping to ensure that more babies are born with qualified physicians rather than at home in high-risk situations. Thereby this model contributes to the reduction of child and maternal mortality rates by increasing institutional deliveries.

In addition, communities are invited to attend monthly health camps held at the hospitals to educate women and their families about proper maternal care. Pregnant women are given free medical consultations and vitamins and children receive free pediatric consultations and vaccinations.



LifeSpring Hospitals strives to be the leading health care provider delivering high quality, affordable core maternal health care to low-income mothers across India.



Key Success Factors

Maximized Utilization of Resources

What sets LifeSpring Hospitals apart from similar types of healthcare chains is its focus on providing a limited set of services at fair and transparent prices to an underserved population. By specializing on maternal and infant care, the hospitals are able to use doctors, nurses, equipment, and space more efficiently than other hospitals that provide a wider-range of services.

Process Driven Approach

LifeSpring's hospitals adhere to a finely-tuned, standardized methodology for delivering high-quality services. Through this system of standardization, the chain has been able to scale up quickly and efficiently. Each step from identifying a location for a new hospital to launch and onto training staff has been systemized in order to reduce costs and maximize efficiencies. Health care services have also been standardized in order to ensure each and every patient receives consistent, high-quality care.

Rigorous Monitoring and Evaluation

Rigorous attention to metrics, monitoring and evaluation ensures that this hospital chain meets the highest standards of care. LifeSpring uses indicators such as post-operation infections, mortality, and morbidity rates as a means of quality control.

Strong Business Case

According to the World Health Organization, 20 percent of all births worldwide occur in India. With the public healthcare system overburdened and private care out of reach for most families, LifeSpring Hospitals meets the maternal and child health care needs of thousands of low-income families across India.

Next Steps and Spin Off Effects

LifeSpring Hospitals is still a relatively new venture. In 2010, the health care provider focused on further developing its business. Over the next five years, LifeSpring plans to:

Open New Hospitals

The LifeSpring chain is on target to expand to 200 hospitals by 2015, to provide 82,000 women with low-cost maternal healthcare.

Expand Geographically

LifeSpring has plans to expand its geographic presence from Hyderabad to other states across India.

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