

Cost of Hospitalization for the Patients in Corporate Hospitals in India: A Retrospective Analysis of Five Years of Data from 2012 to 2017

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ABSTRACT

This is a research article for the 'cost of hospitalization' for the in-patients in private hospitals in India. I restricted the review to the corporate hospitals and analyzed the cost of hospitalization for the patients throughout five years. The average 'cost of hospitalization' for in-patients over the years in these hospitals, shows surprisingly less increase and the inflation-adjusted rise of these costs is marginal. This is counter intuitive, and I am publishing this analysis so that there can be further studies dissecting these costs and if this data reflects the accurate picture. If so, it would be interesting to understand why this is so.

Keywords: Healthcare spending, Hospital costs, Trend analysis

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AIM

To calculate the average 'cost of hospitalization' for the in-patients in corporate hospitals.

OBJECTIVES

- To derive the cost of hospitalization from the validated and available data.
- To compare the costs over the years.

SCOPE

Two of the largest corporate hospitals in India by bed strength and by the number of inpatients treated.

METHODOLOGY

For five years of period of study from (2011–2012) to (2016–2017), the validated data regarding the average

length of stay (ALOS) and average revenue per occupied bed (ARPOB) were taken from the Annual reports of 'Fortis Healthcare limited' and 'Apollo Hospitals Enterprise limited' respectively, the two hospitals which were considered for this analysis. These numbers were in the published audited reports of these publicly listed companies, and no separate validation was done by me.

Average revenue per occupied bed (ARPOB)/day was calculated based on the available ARPOB/year and (ALOS)*(ARPOB/day) gave me the average cost of hospitalization per patient in that year.

Average revenue earned by the hospitals per patient = (ALOS)*(ARPOB/day)

The same would be the average cost of hospitalization for a patient in that particular year for the particular group of hospitals.

The average cost of hospitalization for the mentioned years was calculated as stated above and the final values are analyzed for year on year and 5-year changes.

Sources of Data

Annual reports of Apollo Hospitals Enterprise Limited from the years 2012 to 2017

Annual reports of Fortis Healthcare limited from the years 2012 to 2017

ANALYSIS AND RESULTS

Cost of Hospitalization for Apollo Hospitals Enterprise Limited

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ALOS ¹	4.78	4.65	4.54	4.43	4.17	4.04
ARPOB ¹	7466075	7929260	8644660	9264065	10901455	11508085
ARPOB/day	20455	21724	23684	25381	29867	31529
Average cost of hospitalization per in-patient	97774.9	101016.6	107525.4	112437.8	124545.4	127377.2
Yoy increase in costs	NA	0.033155	0.064433	0.045687	0.107682	0.022737

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Cost of Hospitalization for the Patients in Corporate Hospitals in India

Cont...	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
% Yoy increase	NA	3.315473	6.443258	4.568662	10.76823	2.273685
Increase from 12-17						30%
Inflation-adjusted gains ²	97775	107607	112695	118814	124510	126952
	NA	-6.12%	-4.59%	-5.37%	0.03%	0.33%

^All costs are in INR

Cost of Hospitalization for Fortis Healthcare Limited

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
ALOS ³	4	3.83	3.81	3.64	3.56	3.56
ARPOB ³	9300000	10400000	11200000	12600000	13700000	14500000
ARPOB/day	25479	28493	30685	34521	37534	39726
Average cost of hospitalization per in-patient	101917.81	109128.8	116909.6	125654.8	133621.9	141424.7
Yoy increase in costs	NA	0.070753	0.071299	0.074803	0.063405	0.058394
% Yoy increase	NA	7.075269	7.129946	7.480315	6.340485	5.839416

Cont...	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Increase from 2012-17						39%
Inflation-adjusted gains ²	101918	112166	117470	123848	129786	132331
	NA	-2.71%	-0.48%	1.46%	2.96%	6.87%

^All costs are in INR

SUMMARY

It is evident from the above that the average 'year on year' increase in the 'cost of hospitalization' for Apollo Hospitals is around 6% and for Fortis Hospitals, it is around 7% for the last five years considered. The exact increase can be noted from the data above.

And considering the average inflation for these years of 5.39% (based on CPI₂), the increase in the cost of hospitalization over these years does not seem to be much more than the average cost of inflation.

I expected the increase in 'cost of hospitalization' to be much more when I started the analysis and the results were somewhat surprising. It would be interesting to see why this is so if more data can be accessed from these hospitals to understand the same.

REFERENCES

1. Annual Reports of Fortis Healthcare limited from 2012-2017.
2. CPI based inflation rates for the country for all the years 2012.
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