Chapter 8
Strategic Healthcare Service Management

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ABSTRACT

Healthcare is a service industry and it consists of health organizations (hospitals, clinics etc.), people (patients, doctors and nurses) and health technologies. Healthcare organizations are complex in nature and need to improve quality while maintaining optimum cost. Patient is final consumer of health services and he is the customer hence healthcare service quality is nothing but perceived satisfaction by patient. Prevalent trends in healthcare industry such as emerging healthcare technology, increasing demand, changing disease patterns and growing government support are contributing to a need to achieve efficiency and set benchmarks by overcoming challenges in healthcare service sector being underserved and under-consumed. There is a scope to improve quality and efficiency using various strategies like adopting advanced technologies and positioning in order to achieve delight in delivery of healthcare services. Major healthcare players are adopting unique strategies irrespective of their diverse geographical presence and range of services from single specialty, super-specialty or multispecialty to deliver healthcare services efficiently.

INTRODUCTION

Health care is primarily a service industry, which constitutes major part in Indian economy. The structure of health care broadly includes the facilities such as clinics and hospitals, people i.e. skilled doctors and nurses, and technologies that potentially influence the quality of health care.

The health care industry comprises of various sectors based on market they serve. Hospitals constitute major part of the health care providing in-patient and out-patient services by contributing to around 70% of industry revenue, followed by pharmaceutical sector contributing 20% of the revenue producing and marketing drugs essential for medication. Remaining sectors like medical insurance, medical equipment and supplies.

## HEALTHCARE AS A SERVICE INDUSTRY

The process of delivery of health care service is interactions between health care providers and patients over a certain period until desired result is obtained. Sequence of services is provided over time in relation to a specific patient complaint or diagnosis or various kinds of services are provided for specific health problems patient.

Hospitals: Major Part of Health Care

Hospital is complex and highly fragmented segment of health care; It is the organization that offers services (treatment) which satisfies customers (Patients). Hospital segment covers major share in health care industry followed by pharmaceuticals and others.

Hospitals can be broadly classified as public hospitals and private hospitals. The public health care system consists of health care facilities run by the central and state government, which provide services free of cost or at subsidized rates to low income group. For example Government hospitals in urban areas and Primary health centers, Ayush etc. in rural area. However, private hospitals are established and operated by doctors, trusts and corporate hospitals chains Example: Apollo Hospital, Fortis Health care operate as a chain of corporate hospitals spread across the country.

Figure 1. Healthcare market breakup
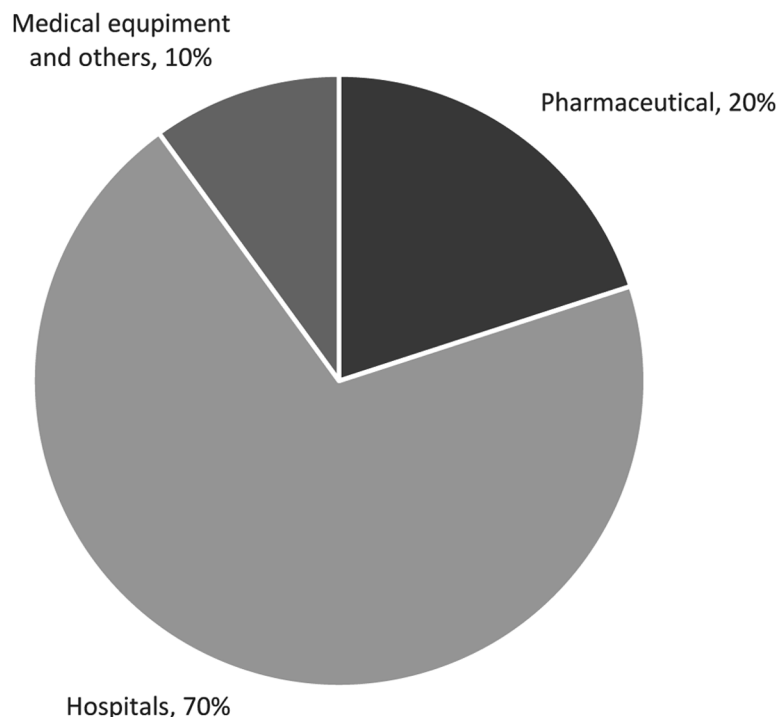
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