

Indian Healthcare BPO Market to touch \$188.9 billion by 2018

August 29, 2018 | News

India is regarded as one of the lead destinations for outsourcing due to factors such as large english speaking population, low cost base, and large talent pool of graduates and post-graduates in various technical and non-technical fields and maturity of the industry with more than 500 firms engaged in providing BPO services.



The global health care BPO market is expected to grow at a compound annual growth rate (CAGR) of about 10.7% from US\$113.2 billion in 2013 to US\$188.9 billion by 2018, noted a recent ASSOCHAM-EY joint study.

The pharmaceutical outsourcing segment has the largest share and accounted for close to 80% (US\$ 90.6 billion) of the health care BPO market in 2013, according to the study titled, 'Medical Process Outsourcing in India,' jointly conducted by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Ernst & Young (EY).

The outsourcing in the health care industry is on the rise especially in a country such as the US where the cost of the health care is high, the availability of man power is low and health care reforms are introduced by Patient Protection and Affordable Care Act (PPACA) to provide affordable medical insurance to low-to-middle income Americans.

US health care accounted for the largest share (73.8%) of the worldwide health care BPO market at US\$83.5 billion in 2013. It is expected to grow at a CAGR of 11.2% to reach US\$ 141.7 billion in 2018, pointed out the joint study.

The US health care payer, provider, and pharmaceutical outsourcing markets are valued at US\$11.1 billion, US\$6.8 billion, and US\$65.6 billion, respectively, in 2013.

The most preferred destination for payer and provider outsourcing in India is due to the various advantages such as high number of health care professionals available at affordable cost, a large patient pool and reduced time and costs for recruitment. Furthermore, the Philippines-based health care BPO players are also looking to compete with Indian players.

With capabilities of Indian BPO vendors growing day by day, they now offer specialized services across different verticals, thereby enabling growth in targeted BPO services. The global sourcing (includes IT and business process sourcing) market is estimated to be in the range of US\$148–154 billion in 2014.

India's market share in global sourcing is estimated to be ~55% (US\$81.4–84.2 billion) in 2014. However, there are other emerging BPO destinations in Eastern Europe, Asia and Latin America. Out of all the delivery centers opened in 2014, an estimated 27% (41 delivery centers) were in India, closely followed by Eastern Europe, Rest of Asia and Latin America, noted the study.

Outsourcing in health care has been late to the party globally. However, outsourcing in this industry is picking up well and India too stands to gain from the same. Primary and secondary sources estimate the overall size of health care outsourcing in India to be in the range of US\$3.3–4.2 billion. Of this, around US\$700–900 million would be the payer outsourcing market, US\$100–200 million would be the provider market and US\$2.5–3.1 billion will be the overall size of the pharmaceutical outsourcing market, noted the study.

India's mature pharmaceutical and medical education system is a key driver of growth, since more than 1,500 institutions in the country offer various medical and pharmaceutical courses. The quality of education, medical infrastructure and facilities are also regarded as good, said ASSOCHAM Secretary General Mr. D S Rawat.

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The overall market is estimated to be worth US\$700–900 million in India with top BPO and IT vendors having presence in this segment. Claims processing and management continue to be the largest chunk of services provided but slowly other niche services such as case management, utilization management, disease management etc., are moving to India as vendors start developing capabilities in these areas.

The health care provider outsourcing market in India is a relatively small segment with an estimated size of US\$100–200 million. This is primarily due to the fact that the provider market itself is fragmented and very few players have the scale to derive considerable benefits from outsourcing.