Seven Hills Hospital: An expense for taxpayers at the cost of public health

By Tanika Godbole

The Seven Hills Hospital, a public-private partnership (PPP) facility, was built on BMC-owned land near Mumbai's international airport and inaugurated with much fanfare. The 1500 bed-facility, designed to be Asia's largest multi-specialty hospital was inaugurated by former President Pratibha Patil, and had Amitabh Bacchan as its brand ambassador.

Almost 7 years later, the hospital is down to just 306 beds, facing a doctors' strike due to non-payment of salaries, has had to shut down the OPD, and has a massive debt of $200 million. The Rs. 10 billion public-private partnership between the BMC and Seven Hills Healthcare filed for insolvency in November 2017, and is now being auctioned by its investors. With mismanagement of funds and resources at many levels, the Seven Hills hospital has become a microcosm for flaws with PPPs in the healthcare industry.

The public sector has been directly engaging with private enterprises for a long time. However, the PPP model came to light as a formal strategy only in recent years. Public expenditure on healthcare has been gradually rising, but government facilities fall short when it comes to catering to the medical needs of a vast and diverse population. PPPs are seen as a means for the government to facilitate provision of quality healthcare by aiding the private sector's process of service delivery. As the government is welfare-driven and private enterprises are profit-driven, it becomes pertinent to define the objectives and guidelines for such a joint venture. Since its inauguration, the hospital management and BMC had been at loggerheads about the MoU. Out of the 1500 beds at Seven Hills, 300 were to be reserved for patients sent by the BMC. Another 300 were to be highly subsidized. With the hospital currently running at about 20% of its bed capacity, this part of the agreement is unfulfilled. Provision of free medicines to poor patients was another point of contention between the two parties. An entire floor of the hospital was to be reserved for patients who qualified for RGJAY, Maharashtra state's universal health coverage scheme which promises free quality healthcare to the financially underprivileged. This never materialized.

An inspection had found the hospital to be denying treatment or overcharging RGJAY patients. Seven Hills had received a warning in 2012 from the Bombay High Court for ill-treatment of patients referred by public hospitals. An affidavit found that the hospital was forcing poor patients to take discharge if they failed to make payments, and in some cases, denied them food.

On the other hand, hospital management had failed to fulfill their payments to various parties and contractors. Suppliers of medical devices and equipment complained of non-payment of their dues, and doctors' salaries were delayed and/or denied. Many senior medical professionals went on strike to protest this, agreeing to work only on emergency cases. This resulted in the OPD department of the hospital being shut altogether, since doctors refused to work without pay.

Seven Hills received the 17-acres land free of cost from the BMC, which is considering issuing a show-cause notice to the hospital management for violating lease agreement conditions. This is not the only time the BMC has faced problems with private hospitals flouting norms. The municipal corporation had previously served show-cause notices to other major hospitals due to allegations that facilities reserved for women and child care were being turned into multi-specialty centres. The BMC is considering leasing out land to private hospitals at market rates now, whilst maintaining the clause that 25% of beds be reserved for treatment of the poor.

Seven Hills' insistence on paying customers does not seem to have translated monetarily, as the hospital has been plagued with financial problems since the beginning, resulting in bankruptcy.

Built on taxpayers' land, the Seven Hills hospital has failed to fulfill its obligation to provide quality healthcare to the public. It has become a huge liability to the BMC as well as its investors, as it failed to be financially viable. Without the presence of checks and balances, there is little scope for PPPs to be truly successful and result in improving the quality of public healthcare. The health industry has an innate altruistic quality. This becomes difficult to enforce when private ventures are allowed to function without accountability. With feeble regulations by the government and a disregard for delivering healthcare to the poor by the private sector, the Seven Hills healthcare facility is a case study that represents a much larger problem. Centre for Enquiry into Health and Allied Themes (CEHAT's) research shows that awareness among those who qualify for free healthcare is low. While private medical facilities have a larger outreach, the benefits are underutilized as people living in poverty still have to spend out of their pockets on primary and secondary care, medicines, etc. Private hospitals disregarding their obligations as providers of public healthcare have become too common all over the country, as demonstrated by the Delhi government cancelling Max Hospital's license. It becomes the responsibility of the government to ensure that resources are utilised for welfare purposes, and do not merely end up becoming another business and marketing opportunity for the private sector.