
CHAPTER I

Lotus Hospital and Research Centre –

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CHAPTER I

Lotus Hospital and Research Centre – A Profile

1.1 Introduction

The Accounting and Financial Principles were evolved some time in the 16th century to suit the Trading, Manufacturing and Banking organizations. Subsequently in the wake of Industrial Development, other types of business entities such as Transport (Shipping, Rail, Road, Air etc.), Catering, Courier, Insurance, etc. emerged on large scales to meet the growing needs of the Society. Keeping in tune with continued scientific advancement, medical field also developed into a major economic activity, especially in manufacturing of medicines and medical equipments. With passage of time it achieved the status of an industry. As an obvious corollary, there was tremendous increase in medical professionals (Doctors and Specialists) in various faculties.

The medical profession from time immemorial is being considered as a noble profession with strict code of conduct and ethics. The treatment of patients is based on the skill of a Doctor. With the advancement in technology various gadgets and equipments were made available to the Doctors in the diagnosis and treatment. However, an

individual Doctor cannot afford to keep all types of advanced and costly equipment. This gave rise to the formation of panel of Doctors – ‘Clinics’ and in due course this lead to setting up of hospitals having large investments on the lines of manufacturing industry. Joint-stock companies are being set up to manage these Hospitals. Capital is raised from the public. Some of such hospitals are Jaslok, Bombay Hospital, Hinduja, etc. These have large establishments and have investments in hundreds of crores of rupees.

The accounting profession has kept pace with these developments, but the depth and lucidity that are possible in the analysis of financial statements of manufacturing and trading organizations may not be possible in hospital setup. The techniques like ratio analysis, inter-firm comparison, etc. are relatively new to hospital industries and the comparable norms and benchmarks are yet to be established.

The Present ‘Study’ is an attempt to apply financial techniques to a hospital, as a Limited Company, viz. Mahalaxmi Hospital Limited and its undertaking viz. Lotus Hospital and Research Centre.

Background (National Health Policy)

The Government of India adopted the National Health Policy (NHP) in 1983. Its main focus was the formulation of an integrated and comprehensive approach towards future development of health services,

appropriately supported by medical education and research, with special emphasis on Public Health Centers and related support services. The 8th Five Year Plan (1992-97) identified "human development" as its main focus, with health and population control listed as two of six priority objectives. It was emphasized that health facilities must reach the entire population by the end of the 8th plan. The plan also identified peoples' initiative and participation as a key element.

Recognizing the importance of sustainable development, linkages were drawn between poverty, population growth and the environment. The National Health Policy identified nutrition as a problem needing urgent attention and in 1993 a national nutrition policy was formulated with long and short-term strategies.

Despite the commitment to Health and Family Welfare Activities, enormous health problems still need to be addressed. While overall mortality has declined considerably, living standards are still among the poorest in the world. The major constraints facing the health sector are lack of resources, lack of an integrated multisectoral approach, poor involvement of Non Government Organisations, inadequate laboratory services, a manually operated health management information system (HMIS), poor disease surveillance and response systems, and the heavy investments needed in dealing with noncommunicable diseases.

1.2 Establishment Of Mahalaxmi Hospital

The Setting up of the Mahalaxmi Hospital Ltd., at Kolhapur is a step in the fulfillment of above national Policy. Kolhapur is one of the progressive and prosperous districts of Maharashtra. But for some unknown reasons the medical facilities available were not comparable to those available at Nasik, Solapur, Aurangabad, or to that matter even with those available at Miraj – a neighbouring district. The plight of public of Kolhapur was that of famine among plenty – in this aspect. The critical cases were required to be treated either at Pune or Mumbai. Such treatment apart from being costly was of no use in emergency cases.

The situation mentioned above prompted a group of Doctors sphere headed by Dr. Niranjana Shah and Dr. C R Shah, who conceived the idea of a large hospital having variety of medical facilities and advanced medical treatment under one roof. With these objectives in view the Mahalaxmi Hospital was registered as a Limited Company on 4th July 1996. The Registered Office of the Company is at Kolhapur.

1.3 Objectives Of Hospital

The objects of the Hospital as detailed in the Memorandum of Association are:

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- a) To establish, provide, maintain, conduct or dispensaries, clinics, hospitals, family planning centers, maternity home, medical and health services.
 - b) To conduct and maintain intensive care unit and undertake related research activities.
 - c) To provide and establish departmental facilities of general surgery, ophthalmology, dental, outdoor patients, indoor patients, X-ray clinics, radiography, cardiac surgery etc.
 - d) To establish cancer research centers, Aids immunization clinical laboratories and providing a comprehensive and holistic medical related services.

1.4 Infrastructure of Lotus Hospital

The infrastructure of lotus hospital includes the following-

I) Buildings And Facilities

A four-storey building was taken on lease - for a period of 10 years - from Ganga Education Society. Considerable planning went into the alterations and construction to set up an ultra modern hospital with 70 beds capacity. Renowned interior designers and Civil Engineers prepared detailed drawings. The construction work was completed in a record time of 1 year. Total area is 27,500 sq.ft (5500 sq.ft. per floor) spread over in

four storeys and a basement. The full-fledged hospital started functioning from 16th May 1998.

As of date i.e. from 1998 to date the hospital has following facilities for patients of all walks of life:

Special Rooms, Semi –special rooms, Deluxe Rooms, ICU Beds, Beds male and female, Well equipped Operating Theaters, X-Ray room, Medical Store, Canteen facility and Lift.

II) Equipment

1. I C U with central oxygen, central monitoring d-fibrilator ventilator, respirator.

(It is only I C U in Kolhapur region headed by fully trained intensivist supervised by post graduate Doctors around the clock).

2. Nephrology Dept. – full fledged Dialysis Unit.

3. Endoscopy Dept. – Gastroscopy, ERCP, Colonoscopy.

4. Gastro Enterology Dept. – Lap cholecystectomy, Appendicectomy, LAP Gynaec surgery, Hysteroscopy TCER

5. Fully equipped high-tech anaesthesia with XL Boyles

6. ONCO Surgery

7. Neuro Surgery

8. Trauma and Orthopaedias

9. Plastic Surgery

10. Urology

11. Ophthalmology / ENT

12. Skin VD

13. Psychiatry

14. Paediatrics

15. General Surgery

Some notable Medical Equipments in the above departments are: Two fully equipped ICU, X-ray /CCTV/IITV, Dialysis, Endoscopic operation facilities, Cancer treatment & operation facilities and 3 fully equipped Ambulances.

III) Out Patient Department (OPD)

1. X-ray / 300 M A with image intensifier and C-Arm
2. Ultra Sonography – Colour Dopplar; Echo cardiography;
Toshibha core vision.
3. Inter ventional sonography & Radiology
4. Computerized Pathology with all tests
5. Routine OPD's along with Homeopathy and Ayurvedic
Sections
6. Fully equipped Ambulance service – with facilities like
Respirator, Defibrillator, ECG Machine, Oxygen Cylinder,
Monitoring facilities, splints, Emergency drugs and trained
Staff.
7. Lotus Medical Shop – 24 hour service,

IV Medical Services & Specialisations

1. Critical Care Unit – (In the name of Late Smt. Hiraben Ramchandra Shah).

One of best critical setup in Western Maharashtra. The first dedicated tertiary care centre in Kolhapur region. A 9-bedded critical care unit is equipped with all advanced machinery including latest third generation ventilators, central monitoring, blood gas analyzer, infusion pumps, temporary pacing, etc. It is only critical care unit after Pune to Bangalore, which has been supervised by an Intensivist, trained abroad.

2. Nephrology Department –

First in Kolhapur, it has two most advanced Dialysis machines. Along with Urology Department and availability of highly qualified Urologists, this department has started Kidney Transplant Operations on regular basis and has established a name for itself. Lotus Kidney Foundation – For Kidney patients Dialysis is the only treatment but it is costly. To give some relief Lotus has started a Lotus Kidney Foundation which is apart of Lotus Medical Foundation through which concession is given to Dialysis patients.

3. Kidney Transplant Unit –

Lotus has got permission to undertake Kidney Transplant operations. The operation is performed at a cost, which is cheapest in India.

4. Operation Theatre & Anesthesia Department –

Three well equipped operations theatres with all the state of the art anesthesia equipment to operate all major and supra major surgeries involving high risk operations of all medical faculties are undertaken.

5. Cancer Surgery Department –

Prior to Lotus this operation was prerogative of Tata Memorial Hospital, Mumbai. With availability of well-equipped Operation Theatre Complex, with back up of Critical Care Unit and a team of fully trained team of cancer surgery staff all types of cancer surgeries, cancer operations and treatment is undertaken at Lotus. The department exclusively specializes in the management of Cancer of Esophagus & Chemotherapy for solid tumors. Recently a successful laparoscopic surgery of cancer of esophagus was done for the first time in India. The next goal is a dedicated Cancer Research Centre.

6. Endoscopy and Laparoscopic Surgery Department –

It is equipped with a complete range of diagnostic as well as therapeutic endoscopes of Olympus, Japan. With this all types of therapeutic Endoscopic procedures and diagnostic are routinely done at

Lotus. With availability of this equipment, well known Endoscopic Surgeons and Gastroenterologists are visiting Lotus Hospital regularly. Laparoscopic Dept. has all the state of the art equipment; with this the major Laparoscopic and Gynaec Laparoscopic surgeries are regularly done at Lotus. The dept. specializes in Laparoscopic Gall Bladder Surgery. Even patients from Pune come to Lotus for this purpose.

7. Orthopedic & Trauma Centre –

With the availability of all types and equipment and trained Orthopedic Surgeon and Neuro surgeon all types of emergencies and trauma cases are tackled.

8. Smile Train Program –

Kolhapur is the third city in Maharashtra after Pune and Mumbai to implement this programme. Smile Train society of America has recognized Lotus Medical foundation and Lotus Hospital and Research Centre for official tie up. Under this programme operation of clef lip and clef palate surgeries totally free for all patients.

9. Medical Emergency on Site –

Lotus Medical Foundation is providing a unique service in and around Kolhapur. Number of well-equipped ambulances with required expert team of doctors and nursing staff has been provided. Any medical emergency is attended on site and if required the patient is shifted to the hospital of his/her choice.

1.5 Finance

To finance these activities the Company raised share capital from public. The initial authorized capital was Rs.50 lakhs and it was subsequently raised to Rs.150 lakhs and then to Rs.200 lakhs as was felt necessary from time to time.

The Entrepreneurs approached the friends and well-wishers for subscription to the share capital of the company to mobilize the required amount. The Company has plans to move to its own premises in the near future.

The structure of funds for the years i.e. 2000-01 to 2004-05 is as follows:

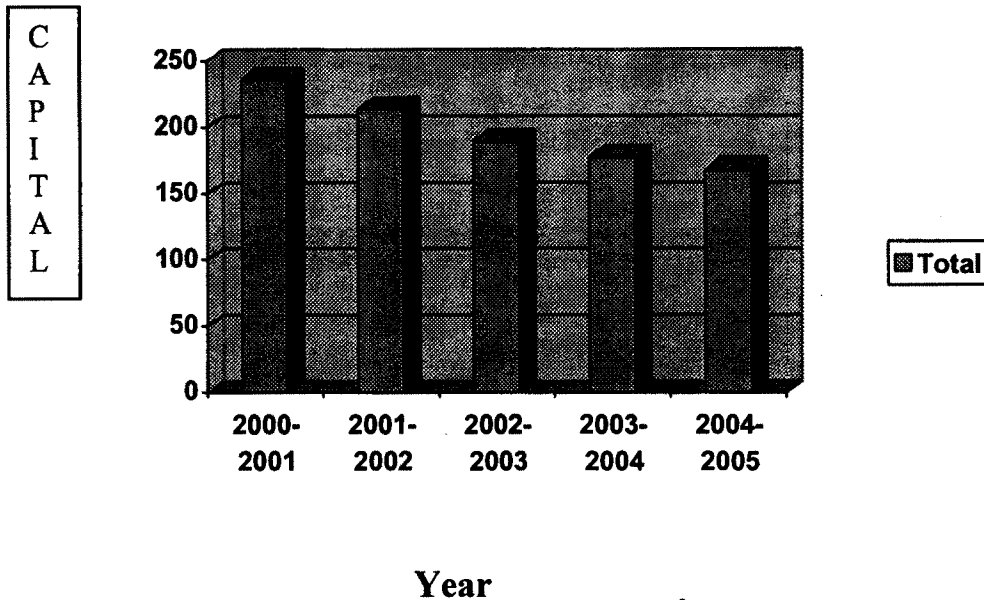
TABLE NO. 1.1

Table Showing Capital Structure of Lotus Hospital

<u>PARTICULARS</u>	<u>00-01</u>	<u>01-02</u>	<u>02-03</u>	<u>03-04</u>	<u>04-05</u>
			<u>Rs. in Lakhs</u>		
AUTHORISED SHARE CAPITAL	<u>150.00</u>	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>
Subscribed Share Capital	108.56	117.72	124.03	127.56	128.54
Loans and Advances: Secured loans	97.00	61.27	35.50	17.48	11.79
Un-Secured Loans	25.15	31.41	27.94	29.94	27.65
Creditors for Capital Goods	5.42	3.12	2.85	3.28	0.50
Total Capital Employed	236.13	213.52	190.32	178.26	168.48

Source:- Financial Statements of Lotus Hospital

Chart showing the above Capital structure - a graphical presentation.



1.6 Organisational Set Up

The activities of Mahalaxmi Hospital Ltd. (MHL) have been primarily concentrated in Lotus Hospital and Research Centre. The Management of the Hospital can be classified in two broad categories viz.: *The Policy making Bodies and Operational Staff

1) Board of Directors

There are 4 Directors - Consisting of judicious mix of Medical & Non- Medical top class Professionals and Executives to guide the affairs of the company and that of Lotus Hospital.

2) Advisory Board

There are 36 Members on this Board, represented by prominent citizens, Executives and important Personalities in the public life of Kolhapur.

3) Medical Advisory Board

There are 24 Members on this Board consisting experts from medical fraternity specialists and super specialists.

* Operational Staff

To attend to the patients the Hospital has 84 regular staff and 12 medical trainees – broadly categorised as 10 Resident Doctors, 15 Female Nurses, 7 Male nurses, 12 Technicians, Administration accountants, Watch & Ward, Cleaning staff & Attendants in all 40. The Hospital has about 50 Specialist Doctors on its panel, who visit regularly on variety of medical problems. Sufficient to say that no patient is allowed to suffer for want of proper medical care, be it that of a specialist or a super specialist of any faculty.

It would be appropriate here to give the names of Doctors and their qualifications just to give an idea of breadth and depth of the skills available for the medical treatment under ‘one roof’ as was visualized by the Entrepreneurs. Some of the doctors are Dr. Ajit Joshi - General Physician, Dr.Niranjan Shah - Gynaecologist, Dr. Anand Dhawale - Ophthalmologist, Dr.S.Kaddu - Plastic surgeon, Dr. S.Prabhu - Neuro Surgeon, et., to name a few specialists.

1.7 Achievements In Surgery And Other Medical Fields

I) Some of the exemplary surgeries and complicated operations are as follows:

- a. Three filed esophagectomy surgery for cancer of esophagus.
- b. Hepatic Resection – surgery for cancer of liver. This surgery is not even Performed in Pune.
- c. Near Total Laryngectomy – surgery for cancer of larynx.
- d. Pylorus preserving pancreatic – Duodenectomy.
- e. Bilateral ileal ureter – Construction of ureter from ileal.
- f. Radical cystectomy with urinary diversion.
- g. Bilateral PCNL for bilateral large stag Horn stones.
- h. Brachial artery transplant – for saving the hand from amputation.
- i. D.I.C., A.R.F., Septicemia.
- j. Paraquet poisoning with charcoal haemofiltration.
- k. Many routine surgery having high-risk medical conditions to operate.
- l. Laproscopic Esophagectomy.
- m. Kidney transplant surgery.
- n. Poly trauma.
- o. Joint replacement.
- p. Cardio Thoracic surgery.

II) Notable Achievements in Surgery – some examples

Surgery for Respiratory paralysis due to G.B. Syndrome on 23 year old patient and also on 4 year old child. A lady patient was operated to save her eyes. A tumour, weighing more than 10 Kg in abdomen was removed from a lady patient. A 31-year-old teacher was operated successfully for kidney Transplant. This is first kidney transplant in Kolhapur. A 50-year-old male with Ca Esophagus was operated. The Laparoscopic three field esophagectomy was done for the first time in India, by a team of Lotus Doctors. A 25 year old male with severe Road Accident was treated for Poly Trauma (Multiple Fracture).

The above were some of the notable surgeries done by Lotus Hospital.

III) Lotus Kidney Foundation

For Kidney patients Dialysis is the only treatment but it is costly. To give some relief Lotus has started a Lotus Kidney Foundation, which is a part of Lotus Medical Foundation through which concession is given to Dialysis patients.

The above are live cases and some of them have been quoted as illustrative examples. These examples highlight the surgical skills and also the philanthropic attitude of the hospital towards socially backward and financially poor. Social Responsibility of the Lotus is amply demonstrated.

IV) Other Activities

The Lotus is engaged in continuing education, medical awareness and social activities in and around Kolhapur. It publishes Lotus News Bulletin, free health checkup camps, package checkup programs, and vaccination programs. Awards and Recognitions are given to encourage research and voluntary services. During these camps, investigation and treatment packages are offered at discount rates – on a continuous basis.

V) Various Medical Camps:

There were various medical camps organized for patients suffering from various diseases like Cardiac ailments, BP, ECG checkups Diabetes, Tonsillitis, Spinal Diseases, Free Blood Group detection, Pediatrics, Gynecology, Urology, ENT, Dermatology, Paleontology & Asthma, General checkups, Maha Arogya Melava, 14 Cycle Rally on the occasion of world No Tobacco day, Lectures on stress management and life after death in association with ISKON.

Exclusive Surgical Camps: During 2001-02 two exclusive camps of IOL Surgery and Tonsil Surgery were organized. In IOL surgery 125 cases were operated for just Rs1500/- per case. In Tonsil operation 76 cases were operated for just Rs.1200/- per case.

VI) Educational Activities

1. Continuing Medical Education (CME).

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2. Gastropeep 2001 – live demonstration of Endoscopic procedure and Laproscopic Surgery.
 3. Heart beat 2002 – Live demonstration of open Heart Surgeries and International Cardiac Procedures in association with CVT centre CPR Kolhapur.
 4. About 30 CME on various subjects were organized to upgrade the Knowledge of Doctors from various disciplines.
 5. In Coffee Club (every Sunday meet) the consultants of Lotus Hospital Deliver lectures on various topics to the Doctors in and around Kolhapur.
 6. Internship Programme with Ganga Ayurvedic Medical College.
 7. Paramedical courses in association with Lotus Medical foundation are:
 - a. Nursing, b. Dialysis, c. Operation Theatre Assistance, d. I C U Technician, etc.
 8. Practical Training Programme in ICU for Doctors.

VII) Academic Courses:

a. LOTUS SCHOOL OF NURSING

(Recognized by State of Maharashtra Nursing)

A N M Nursing Course; Shivaji Vidyapeeth, Kolhapur

(Conducted by Adult and Continuing Education and Extension Work Department)

b. LOTUS PARAMEDICAL COURSE

(ONE-YEAR COURSE IN THE FOLLOWING)

- a. Nursing; b. Dialysis; c. Operation Theatre Assistance;
d. I C U Technician; e. Medical Receptionist and Accountant

Note: This is one and only one such course in Shivaji

Vidyapeeth.

VIII) Activities For Members

For the Member-Shareholders of Mahalaxmi Hospital Ltd. many benefits are given in appreciation of their financial contribution. About 20-% discount is given in many cases to members and to their families.

Executive check-up; Cardiac camp; Asthma camp Spinal Disease Camp; ECG & Blood Sugar Test, etc, are some of the benefits extended. In addition to the above the members can avail the benefit of lectures. They are also eligible for 20-% discount on treatment of self and their family members.

IX) Charges For Various Services, Schemes & Packages

Hospital has displayed the charges for majority of its services as follows:

Table no.1.2 showing Charges of Lotus Hospital

OPERATION CHARGES	GENERAL WARD Rs	SPECIALROOM Rs
Hernia (Umbilical)	3500	4500
Hernia/Appendicitis	5000	7500
Endoscopic Retrograde Cholangio	11000	15000
Pancreatography(ERCP)	6000	9000
Hysterectomy D & C	1000	1500
Cataract - Indian lens	2500	3500
Cataract - Imported lens	5000	6500
Tonsillectomy	2200	3000
S M R / Septoplasty	3000	5000
Mastoidectomy	5000	7500
Child Circumcision	1200	1500
Religious Circumcision	700	-
Child – Hydrocoele	3500	5000
TramUrethral Resection of Prostrate (T U R P)	8000	12000
Urethral Retrograde Studies (U R S)	10000	14000
Cutaneous Nephro Lithotomy (PCNL)PER	16000	20000
Cancer of Breast	12000	18000
Wertheims Hystectomy	12000	18000
Close Reduction (Broken Bone in the arm	1500	2500

& Dislocated Joint Fixing)		
Patella Fracture (Knee cap fracture)	5000	7500
Colis K wire fixation (Fore arm fracture fixation)	3000	4500
Tibia Nailing	10000	15000
Femur Nailing/Close interlocking	12000	18000

Source: - Pamphlets published by Lotus Hospital

It is the claim of the Lotus that these are competitive rates and compare favorably with similar facilities available in places like Pune, Mumbai, etc. The Lotus also claims that keeping its philanthropic objective, in many cases it charges discounted rates to economically backward patients. In many such cases, it does not charge operation fees and even meets medicine cost. It also gives discounts to its shareholders and their families. Hospital's objective was to work on philanthropic basis and to give latest and best medical facilities at competitive rates. To manage the affairs on commercial basis so that the hospital does not become a charitable institute. It is hoped that the analysis in the following chapters will prove this point.

Apart from the above, the Lotus offers “ Special “ rates to the Companies, Banks, etc., for their employees under the scheme of ‘Executive Checkup’. The rates can be negotiated with the Hospital authorities. Such a Scheme generally covers the following type of checkups and tests:

Table no.1.3 Package scheme of Lotus Hospital

	Rs.
Chest X-ray	130
Ultrasound Abdomen & Pelvis (with film)	500
C.B.C.	60
Blood Group	40
Blood Sugar Fasting/p.p.	60
Lipid Profile	300
Urine Routine	30
Blood Urea	50
E C G	125
Eye Check-up	50
Gynaec check-up (for Females)	50
Physician check-up	75
Sub – Total (Rs.)	1470
2 D Echocardiography with colour Doppler	700
One-Day stay in Deluxe Room	750
Sub Total (Rs.)	2050
Grand Total (Rs.)	3520

Source :- Pamphlets published by Lotus Hospital

(For employees of any particular organization the above total package can be Offered at Rs.2750/-. This package is also offered by excluding TM, 2D Echocardiography and stay in Deluxe Room at a package rate of Rs.1150/-)

X) Research and Development activities of Lotus Hospital-

All the research done is mostly applied research in nature, originating from the treatment given to patients. In a hospital every major operation, treatment of diseases etc can form the basis for applied research. Research Paper from such cases and conclusions are presented before the medical fraternity for discussion and comments. Thereafter, the Research paper is published in the professionally accepted journal for everybody's benefit. Thus it contributes to the development of medical knowledge. The expenditure on research and development is not shown separately in annual accounts. Some of the notable research activities carried out by Lotus Hospitals are as follows-

- Dr. Suraj Pawar – M.S.(Onco) – Director, Department of Onco-Surgery-

a) Three field Esophagectomy of Esophageal Cancer:

- Dr. Madhavi Kamat M.D. – Consultant Department of General Medicines.

* Mortality rate of paraquet poisoning- Paper and Poster presented at National Conference of API, Chennai 2002.

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- Dr. Deepak Patil – M.S.- director, Department of Gastroenterology
Paper Presentation Laparoscopic cholecystectomy presented as : Best Paper Award , KMA conference 2002. Experience of 1250 cases in last 10 months Presented at International College of surgeons – conference at Hyderabad –2001.
 - Dr. Chandrakant Patil M.D.D.N.B (Card.) Consultant , Department of Cardiology
 - Research Papers presented- Indian Hyperhomocysteinemia scenario in young coronary patients, Data of 220 patients –in British journal (BMS) AT medicine 1998, Sept. :A3.

Due to above achievements/activities Lotus has a good image in the minds of people in and around Kolhapur. It has become one of the leading hospitals and hence the hospital is selected for present study.