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ASIA

Heart Surgeon Brings High-Tech Health Care to the World's Poor

Dr. Devi Shetty, founder of Narayana Health, has created a new model for health care in the developing world.

By Eva Tam And Lukas Messmer

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Indian philanthropist and cardiac surgeon Dr. Devi Prasad Shetty is the Chairman of Narayana Health in Bangalore. Born in a small village, Shetty went to school in Bangalore before studying in the UK. After returning to India in 1989, Mother Teresa had a heart attack, and Dr. Shetty was called to operate on her. From then on, he served as her personal physician.

Shetty founded Narayana Health in 2000. He is often called the “Henry Ford” of heart surgery in India. 12 percent of heart surgeries in India are performed by Narayana doctors. Narayana Health is a network of 32 hospitals in 20 locations throughout India. The company provides affordable health care to India’s poorest citizens. Shetty plans to expand Narayana Health internationally to Africa, Asia and Latin America. His first hospital outside of India is in the Cayman Islands.

What does Narayana Health do?

The reason why the hospitals are known here is because we’re very affordable to the common man of this country. We work with economies of scale. As you do more operations your results get better and costs go down. This building where I’m sitting now [Bangalore] is a hospital which has the infrastructure to perform 60 major heart surgeries in a day. We attract patients from 76 countries. Right now we do 37 surgeries every day.

What is your business model?

First of all, we have invested a huge amount of money in the infrastructure of the hospitals. If the same amount of infrastructure is provided in hospitals in the U.S. and Europe, it hardly gets used for eight to nine hours a day. We use our infrastructure for 14 to 15 hours a day. Secondly, we perform one of the largest number of heart surgeries in the world. Through working with us, companies capture 12% of the Indian market for cardiac health care. This brings our input costs down. Third, we're also an academic institution training heart surgeons, cardiologists, perfusionists and nurses. We conduct 79 training programs on campus, so half of the workforce here is not paid by us. They are students undergoing a training program.

One of the methods your company uses to save money is to replace American products with Indian ones. Can you give an example of how that helps you cut costs?

Five years ago, we decided to use disposable gowns and drapes during heart operations; 99% of the hospitals in India still use linen gowns and drapes. It's very hard to clean blood-drenched linen. We talked to two multinational companies and asked them to provide us with disposable gowns for each operation, but they wanted us to pay 5,000 rupees (\$75). We were willing to pay them 2,500 rupees (\$37), but they refused. Then we contacted a factory, and asked them to produce these disposable gowns. In four years, that company became the largest surgical disposable company in India. Now they can export their product all over the world, and we buy their product for 900 rupees (\$13).

Tell us about Narayana Health's partnerships with insurance companies.

We charge only \$1,200 to \$1,400 for heart operations; 80% of the country's population cannot even afford that to save their lives. How do you make it affordable to them? Eleven years ago, we launched a new microhealth-insurance scheme called Yeshasvini Microhealth Insurance. We had 1.7 million farmers paying 11 cents each month for insurance. The insurance scheme links 400 hospitals, and the farmers can go to any of these hospitals and get any operation free of cost. All they have to pay is 11 cents a month.

What were some of the challenges you encountered when you started the company?

At the beginning, we had a problem with some suppliers taking us for a ride, and a few other problems that any company would run into. We were naive; we didn't know how the real world runs. We made mistakes, and we learned. I was blessed in having good people at that time to sort out the mess.

What was it like being Mother Teresa's personal physician?

One thing I loved about Mother Teresa is her simplicity. She had simple solutions to complex problems. Like how do you describe the work of a cardiac surgeon? She described it the best. One day, she was in the hospital, and she used to accompany me when I was doing rounds in the



Dr. Devi Shetty at the Narayana Health Hospital in Bangalore, India PHOTO: KARAN SINGH

cardiac ICU. She was looking at a little baby. She said, “Doctor, I know why you are here.” I said, “Why am I here?” “When God created these children with heart problems, he realized he made a mistake so he sent you here to fix it.” That’s the best definition of a heart surgeon.

making an impact in India?

Our direct contribution may not be as great. Operating on 30 patients a day doesn’t change the world, but we are proving that affordable health care can be a business model. When we started our journey, people discouraged us. They said there is no such thing as low-cost health care. Health care is expensive and will always be expensive, but people will eventually become wealthy and then they can afford it. When I grew up, I looked at some of the richest countries in the world, struggling to offer health care to its citizens. I realized that even if India becomes a rich country, it will not be able to guarantee health care to everyone. We have to change the way we’re doing things.

What are your plans for expansion?

We started a hospital in the Cayman Islands which are close to Florida. We want to show our model of affordable, low-cost, quality health care to the Western hemisphere. We also have a major interest in Africa. Essentially we want to democratize health care across the world.

