CRISIL’S GRADING FOR HEALTHCARE INSTITUTIONS

CRISIL’s Grading for Healthcare Institutions is an opinion on the relative quality of healthcare delivered by the institution to its patients. Healthcare institutions graded higher would have better facilities, superior quality levels, and greater consistency in service delivery compared to healthcare facilities in lower grades.

The grade assigned to a Healthcare institution is applicable for a specific healthcare facility (i.e. single hospital, generally in a single location) and is not applicable to the entire healthcare organisation.

The grade assigned to a Healthcare Institution should, however, not be construed to be:

* A comment on the probability of outcome of any particular treatment, procedure or surgery
* A comment on the suitability of a particular healthcare organisation for any specific ailment(s)
* A certification that the healthcare institution is complying with all applicable regulations of the State Government and Government of India.
* A recommendation to buy / sell or invest in the financial instruments issued by the healthcare institution.
* A recommendation to provide funds through grants, loans, or donations to the hospital.

GRADING SCALE AND DEFINITION:

The grading scale will have two components. The first will be the hospital classification such as:

* Nursing home
* General Secondary care
* Specialty secondary care
* Multi-specialty tertiary care
* Single-specialty tertiary care
The second component of the grading scale will be the hospital’s grading within that classification on a four-point scale. Thus, a typical grading could read - General Secondary care hospital assigned Grade C or Nursing Home assigned Grade B.

The hospital classification will be based on the number of specialties offered by the hospital. The definition for various grades, as envisaged currently, is given below:

**Grade A:**
Reflects **Very Good Quality** of delivered patient care. A healthcare institution graded in this category has facilities, equipment, manpower and service quality levels which are consistent with the **highest** standards in the Indian healthcare industry.

**Grade B:**
Reflects **Good Quality** of delivered patient care. A healthcare institution graded in this category has facilities, equipment, manpower and service quality levels which are consistent with **high** standards in the Indian healthcare industry, although these would be lower than healthcare quality levels in Grade A hospitals.

**Grade C:**
Reflects an **Average Quality** of delivered patient care. A healthcare institution graded in this category has facilities, equipment, manpower and service quality levels which are consistent with **adequate** standards in the Indian healthcare industry. Improvements in specific areas would be required for such hospitals to be eligible for a higher grade.

**Grade D:**
Reflects **Poor Quality** of delivered patient care. The healthcare institution graded in this category has facilities, equipment, manpower and service quality levels which are below the average standards in the Indian healthcare industry. The grading indicates that quality standards would need to be set up in the institution and substantial improvements in patient care would be needed to obtain a higher grade.

A typical definition would read as follows:

“**CRISIL has classified the XYZ Hospital as a ‘Specialty Secondary Care Hospital’ and assigned a ‘Grade B’. The grading reflects a Good Quality of delivered patient care. The healthcare institution graded in this category has facilities, equipment, manpower and service quality levels which are consistent with high standards in the Indian healthcare industry.**”

**GRADING PROCESS**

CRISIL employs a multi-layered decision making process in assigning a grading. This results in thoroughness and transparency in the grading process.

A team of at least two suitably qualified analysts is assigned to interact with the Healthcare institution’s management. CRISIL strongly believes that a direct dialogue with the management allows the incorporation of non-public information in a grading decision and enables the grading to be forward looking. The topics discussed during the management meeting are wide-ranging, including Mission and Policy, regulatory compliance, medical specialties, support services, management evaluation, patient rights, nursing care and financial performance.

The process from the initial management meeting to the final assignment of the grade normally takes around three to four weeks for
a multi-specialty tertiary care hospital and around one to two weeks for a nursing home.

**Confidentiality**

The grading process ensures complete confidentiality of information that is provided by the healthcare organisation. A substantial portion of the information provided to CRISIL is only for the purpose of arriving at gradings. Such information is kept strictly confidential and is not used for any other purpose, or by any third party.

**Grading Committee and Assignment of the Grading**

After meeting with the management, a report is prepared, analysing the medical facilities available, support services, procedures undertaken, clinical parameters, quality and adequacy of personnel, financial performance, functioning of various review committees etc. This report is then presented to the Grading Committee that comprises of eminent people drawn from the healthcare industry. Individual grades are assigned drawing on the knowledge, experience and expertise of the committee members. The grading is a composite assessment of all the factors concerning the healthcare organisation, with key issues getting greater attention.

The Grading Committee process ensures objectivity in grading, as the decision results from the collective thinking of a group. The process also ensures a consistent level of analytical quality, as reports and discussions are focused on critical grading factors that are relevant to a particular healthcare organisation. CRISIL’s grading philosophy is based on rigour of analysis, transparency of grading methodology, objectivity and impartiality.

**Publication**

Once a final grade is assigned and accepted, it is disseminated to CRISIL’s subscriber clientele, as well as to the news media. In addition, CRISIL publishes detailed analytical reports in its range of information products.

**Surveillance and Annual Review**

After a grade has been assigned, CRISIL monitors the ongoing performance of the organisation. Surveillance also enables analysts to stay abreast of current developments and discuss potential problem areas with the management. The primary analyst maintains periodic contact and ensures regular surveillance information is shared on a timely basis. All gradings are under continuous surveillance and even where there is no obvious reason to change the grade, CRISIL conducts a formal annual review, which involves a meeting with the company.

**GRADING METHODOLOGY FOR HEALTHCARE ORGANISATIONS**

CRISIL has developed the healthcare grading methodology based on eight broad parameters, after an in-depth analysis of various grading criteria adopted by several international agencies in USA, Australia and Canada. CRISIL has also taken extensive inputs from several healthcare industry experts, hospital administrators, consulting doctors from medical specialties, Hospital Design and Consultancy teams, State Nursing Home Associations, Research professors from Healthcare administration colleges, etc.

The grading criteria has been fine tuned to Indian healthcare industry standards based on the initial grading of a few select Indian
tertiary care hospitals, secondary care hospitals and nursing homes. CRISIL will also work toward continuous improvement in the grading criteria both through in-house expertise and technology inputs from the healthcare industry.

The eight broad parameters, assessed for grading a healthcare institution are:

**Medical Specialties:**

The medical and diagnostic specialties are evaluated based on essential and desirable equipment available, qualification and adequacy of medical and other personnel, availability of requisite support services, number and nature of procedures or surgeries performed by the concerned departments, process efficiency and clinical parameters.

**Quality of Support Services:**

The hospital support services are evaluated based on the quality of service and degree of support provided to the medical specialties. These include:

* Billing
* Hospital Information System
* Central Sterile Supplies Department (CSSD)
* Front Office
* House Keeping
* Medical Records
* Out-Patient Department (OPD)
* Biomedical Engineering
* Maintenance
* Pharmacy

**Regulatory Compliance:**

CRISIL assesses the degree of compliance with various regulations stipulated by the Government of India, respective state governments and other independent bodies while grading a healthcare institution. Some of the key regulations include:

* Bio Medical Waste Management & Handling Rules, 1998
* Transplantation of Human Organs Act
* Nursing Home Regulation Act (wherever applicable)
* Drugs & Cosmetics Act
* BARC standards for Radiology

**Financial Performance:**

The financial performance of the hospital is evaluated based on the financial benchmarks developed by CRISIL for credit rating of hospitals and also based on CRISIL’s international technology partner, Standard & Poor’s experience in rating both corporate sector and not-for-profit healthcare organisations. The financial benchmarks developed by S&P for Healthcare organizations have been fine-tuned to suit the Indian healthcare sector.

The financial performance is only evaluated to check whether the hospital is generating sufficient cash flows from operations to upgrade the essential equipment and retain qualified professionals. In case of not-for-profit organisations, the evaluation is also based on the adequacy of grants and donations to the hospitals for maintaining the existing quality of patient care.

**Management Evaluation:**

The management philosophies and strategies are evaluated and CRISIL compares the hospital business strategies and financial plans to provide insight into the management's ability with respect to forecasting and implementing plans. Specific areas reviewed include goals and strategies of the management, track record of the management in planning and control systems,
ability to retain key consultants, depth of managerial talent, succession plans and quality improvement plans.

**Hospital Mission & Policy:**

All healthcare facilities must have clearly defined mission and policy for providing quality healthcare to the patients. The implementation of the mission throughout the hospital, in policies and procedure is a prerequisite. The established quality improvement process throughout the organisation and diligent functioning of various review committees in the hospital are carefully assessed in the grading process.

**Patient Rights:**

The patient rights followed by the hospital are evaluated based on the patient feedback and the basic rights followed by the hospital. This parameter reflects an evaluation of the planning and providing of care, treatment and rehabilitation. It also considers how the organization sets care goals for each patient, and selects qualified personnel to provide and evaluate the care. However, CRISIL does not directly evaluate the nature of care provided to any individual patient. Rather, the assessment process is based on the willingness of the organization to monitor the results of care processes. The feedback of patients during the course of treatment and after discharge is observed to assess this parameter. Policies and procedures of the hospital and the individual departments will also be assessed in this module.

**Nursing Care:**

Nursing care provided to the patients in critical care, emergency care, private and general wards, etc., is evaluated based on the nurses to bed ratio, experience and ability of the nurses, training programs for nurses, etc. The documented and practiced nursing procedures in the hospital for admitting and nursing the patients in emergency care, operation theater, Intensive Care units, labour wards, in-patient wards, etc., are also evaluated. The ability of the hospital management to retain qualified and experienced nurses is assessed.

Based on the evaluation of the parameters mentioned above, CRISIL arrives at the final grade for the healthcare institution. Broadly, the degree of importance of these parameters will be in the order mentioned above. However, the relative importance of these parameters in any particular grade may vary depending on the facts of the case.

**Benefits of CRISIL’s GVC Ratings**

Grading of Healthcare institutions would be a useful tool for inter-institution comparison for all constituents associated with the healthcare industry, viz., hospitals, patients, healthcare insurance companies, government and third party administrators. The specific benefits to each of these constituents is outlined below:

**Hospitals:**

* Improved credibility which enhances the potential business revenues through increased patient flow from insurance companies / Third party administrators.

* Improved visibility for the graded healthcare facilities as the rationale is disseminated by CRISIL in its publication.

* Unbiased assessment by an external agency and can provide valuable inputs
to the management on relative benchmarks vis-à-vis other hospitals.

Patients:

* Ability to choose healthcare institutions on the basis of unbiased assessment of an independent agency instead of word of mouth.

* Improved access to in-depth information on the healthcare institution.

Healthcare Insurance Companies:

* Useless input for developing sophisticated products linking level of premium with the grades assigned to the healthcare institutions, thereby providing a host of choice to prospective clients.

* Facilitates introduction of pre-approved treatment mechanism as opposed to 'post-payment claims', which eliminates the risk of false claims.

Government:

* Improved transparency on healthcare institutions

* Useful input for policy decision and improvement of healthcare delivery standards.

Third Party Administrators (TPA):

* Provides objective criteria to selection of hospitals to be included in their network.

* Can help curtail fraudulent claims and achieve optimum claims to premium ratio from the insured population.