



Unified Representation on behalf of Healthcare Sector represented by FICCI, AHPI, ASSOCHAM, INDIAN CHAMBER OF COMMERCE, PHANA-Karnataka and NATHEALTH

Coronavirus health emergency is a systemic risk to India. As far as COVID-19 is concerned, pre-emptive managing of the disease spread is critical – nipping the epidemic in the bud through proactive containment and aggressive social isolation steps. We appreciate the immediate actions taken by the government of India to arrest the further spread of this virus and to control community transfer of the disease as far as possible.

The services sector, which accounts for about 55% of India's gross domestic product, is poised to be the worst hit due to actions such as mandatory and self-imposed curfew for a day and employees working from home for a longer period of time. The social distancing measures would lead to lower footfalls in healthcare sector, decline in business volume and sub-optimal operating efficiencies that will have a severe impact on the cash flows of companies in the sector. The industry is also suffering from reduced availability & elevated pricing observed for certain essential consumable items. In addition, the global supply chains are in turmoil driving up shortages and a significant hike in input costs which cannot be passed on to consumers as healthcare services are exempt from GST and many of the critical items are capped in prices, resulting in a body blow to this sector which will now be pivotal for turnaround in the fight against COVID-19. Apart from the healthcare facilities, medical devices and health insurance have also been affected due to the supply-chain and demand disruptions

As our Honorable Prime Minister has recognized the valiant efforts of our health professions during the 5 minutes at 5 pm clarion call, we stand committed to protecting this valuable national asset. We make the following recommendations to your august office to keep the sector from crashing under the twin challenges of lower productivity due to systemic shock to earnings and major cashflow challenges at a time when

COVID-19 needs all health workers to be motivated and secured as a united front.

Health Services including Hospitals, Nursing Homes, Diagnostic Labs & Homecare

Fiscal Intervention

1. Working capital being paramount to ensure continued operations of all providers (hospital groups as well as stand-alone / local facilities and nursing homes) that would ensure that the hospitals continue to operate at near normal levels and patients - both COVID-19 and others have the ability to avail the services.

- Six to nine months' moratorium on all working capital, principal, interest payments on loans and overdrafts, bringing in liquidity and allowing for business continuity
- Short-term interest-free loans for rebuilding business, and to ensure smooth hospital operations without supply-chain disruptions
- Government grant or Subsidy for loss of business.

2. Given the large component of overheads in hospital operations, and the need to ensure that doctors / staff and suppliers are paid on time to ensure service continuity, some help would be required to reduce the strain on cashflows. These could include the following :

- Immediate release of 100% Central and State Government dues to the sector under various schemes such as CGHC, ECHS, State Schemes, GIPSA etc. INCOME TAX REFUNDS should also be given to healthcare providers urgently
- Allow a quarter's postponement on compliances, payment of insurance without the policies getting lapsed.
- Receipts on Healthcare services provided to Insurance /PSU / Government referred patients be made TDS exempt, which will help save release significant cash flows

- A waiver of GST on input costs and services for 2 quarters. This would also ensure that hospitals are not forced to curtail the outsource services like House Keeping, Security and F&B (all of which have significant GST levies), in turn causing loss of jobs people employed in those sectors.
 - **Deferment of pre-payment of loan** for 12 months, should be allowed.
 - **At least 50% rebate on the current Commercial Rates of Power** currently being paid by hospitals, to ensure sustenance of business
 - **Deferment of advance tax payments** at the Central Government level
7. Delay in discharging social security liabilities and remittance of TDS may be condoned without any penal action for the next 6 months
 4. Relaxation in timelines with respect to audit and other statutory compliances
 5. Subsidy @ 25% of salary for healthcare staff for the next 3 months
 6. Reimbursement of employer's contributions towards ESIC & PF
 7. **Extension of time for a period of 3 years needs to be provided under the EPCG scheme** for fulfilment of existing export obligations for the healthcare sector given that international patient traffic flow has completely stopped and it would take a considerable period of time for the same to return to the pre-COVID-19 incidence levels

Non-Fiscal Intervention

1. Provision of compensation to the healthcare workers for diseases contracted during patient care on the lines of soldiers in war
2. Bring all healthcare employees- both in public and private sector for at least 1 year under a suitable benefit package that provides comprehensive unlimited medical coverage, accidental death coverage and pension (similar to ESIS benefits)
3. There is need for more **stringent adherence of handling of Bio Medical Waste** across cities, in the country
4. Further to the Ministry of Health guidelines on home quarantine, government should also issue **standard guidelines for Home Healthcare Providers**, as they can contribute by remote monitoring of cases by monitoring patients for

symptoms in home quarantine, patients in E-ICU beyond metros, cases recovering from COVID-19 and preventing or managing relapse

5. Requesting Central and State Govts. to strictly implement the price controls put in place on essential drugs and disposables.
6. **Private sector should be included in all consultations** before recommendation of any tariffs for testing or treatment.
7. In order to continue to render services to in the hospitals, government to declare the call center services as ESSENTIAL SERVICES so that any shutting down would not be applicable to the aforesaid departments / partners.
8. A central coordination agency to be notified to ensure critical staff are able to reach out when faced with roadblocks in carrying out the work and critical supplies are not blocked at the borders.

Skill Development, Medical Education, Pharma and e-learning

1. Waiver of MCI / NCI norms for the next few months until the situation stabilizes to make final year students / outside India qualifications eligible for working in hospitals.
2. GST waiver for online education and interest subsidies
3. Impetus to online teaching & Support for setting up of skill labs and simulation centers at the medical college/ teaching hospital
4. Increase the number of healthcare **professionals** across the gamut in our country by:

Tripling the intake of nursing students from current levels- Government to consider Institutions having parent hospital beds as per INC norms (patient” student ratio of 1:5) for being eligible for enhancement of seats from 100 to 300 per annum. This will help eligible institutions to cater to the need of developing professional nurses which will bring down the demand supply gap.

6. In medical colleges some relaxations to be considered vide Standard Requirements Guidelines during this period.
7. **PHARMA Industry issues** (1) Raw Material & Packing Material (2) labour & Staff cannot reach Manufacturing Plants. Also Vendors supplying the Raw

Material & Packing Material facing their same issues. System should be in place to ensure there are no blockages in Manufacturing Essential Pharmaceutical products including Hand Sanitizers , Face Masks etc. Also PHARMA testing Laboratories should be fully operational .

Medical Devices

Fiscal Intervention

1. Cut customs duty across the board for life saving medical equipment and set up a credit window facility that can help us augment infrastructure during this period of great turmoil
2. Withdraw Health Cess Ad Valorem from Medical Devices - Though it is called Health Cess, the levy is imposed not on the custom duty but the value of goods imported, and therefore, by withdrawing the term “Ad Valorem” from Health Cess, the Health Cess will be applicable only to Basic Customs Duty.
3. Remove the duty hikes on equipment and diagnostics reagents. Facilitate international and domestic freight and speedy customs clearance for healthcare industry.
4. Mid-term reduction of GST for two quarters on all medical devices, which are either 5 percent or 12 percent to nil, to support the fight against COVID 19.
5. Defer payment of advance tax without payment of any interest till June 2020 and payment of TDS by 3 months period.
6. As essential commodities, exemption from payment of Customs Duty for Medical & Diagnostic reagents for 3 months.
7. Payment of EMI to be deferred by 3 months to improve liquidity, and reduction in interest rate by 3% - 4 % as in the current level.
8. Government should clear all outstanding and make timely payment for upcoming procurements from government Institutions in the current crisis, which will go a long way in supporting med-tech companies.
9. Request to clarify on continuation of exemption of payment of Basic Customs
10. Duty on import of Joint Replacements / Spine Implants falling under heading No. 90.21 of the First Schedule.

11. Clear all Income Tax arrears and due receivables- payment arrears.

Non-Fiscal Interventions:

1. Create a nodal department on war footing for MSMEs where all the queries related to essential supplies for Covid19 can be directed to for immediate action. Invest India could to play the necessary role in this crisis with their connectivity with the Ministries and States.
2. Notification to be issued for procurement by government on direct basis, based on specifications and previous supply credentials, and not through HLL/tendering.
3. Enlist all the critical care medical equipment local manufacturers operating in India (Ventilators, CT, Ultra-Sound, Bed side Patient monitors, and Personal Protective Equipment) and provide emergency funding to facilitate manufacturing to address urgent demand.
4. Allow preferential clearance of medical devices/ spare parts/ raw materials in airports and seaports. Huge back log is expected post international flight landing restrictions which will result in delaying customs clearance.
5. Allow inland/air cargo transportation of essential goods like drugs and devices across the state border, as logistics companies are currently facing difficulty in crossing the borders, which are delaying supplies.
6. Allow manufacturing sites/ distribution CFA of medical device/ Pharmaceuticals/ diagnostic companies as well as distributors' offices to be open in all location.
7. Fast track regulatory approval for diagnostic kits and new drugs identified for COVID 19 (eg. hydroxy chloroquine is now approved by USFDA for COVID).
8. Explore other available testing technologies beyond RT PCR to enhance access in masses.
9. Due to announced lockdown and disruption in supply government to allow one-month extension for order fulfilment and avoid levying any penalties on suppliers especially for public tender procurements.

Health Insurance

Fiscal Relief:

1. Government to provide relief for GST payable and reduce it to 5% so that more people would be able to afford buying Health Insurance especially the senior citizens aged 60 and above
2. Extension of 3-6 months needs to be given to companies for filing income tax returns, GST and investment related returns to SEBI.
3. Ease of Bank loans to improve liquidity and provide extended loan repayments, interest free for 4 or 6 months.

Non-Fiscal Interventions:

4. In order to continue to render services to the claimants, government to declare the call center services, the TPA services and the claims handling departments if outsourced of Insurance Companies as ESSENTIAL SERVICES so that any shutting down would not be applicable to the aforesaid departments / partners.
5. All Insurance Companies are required to submit various returns to IRDAI on Monthly/Quarterly/Annual basis and have strict timelines. In view of the thin attendance in offices and the shutdowns being declared, the return filing timelines may please be extended by 60 Days.
6. Government is requested to allow companies NOT to follow diminution and impairment guidelines on investments in view of the extraordinary circumstances prevailing in the financial markets. _

We would like to assure you that as an industry we stand united behind the Government in India's response to COVID-19 to protect its citizens. We are thankful for your consideration to our suggestions.

Sincerely,

On behalf of Presidents of Representing Federations