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AyurVAID Hospitals Receives Investment from Acumen Fund, To Provide Nation-wide Affordable Medicare for Chronic Illnesses

Developing a Viable Business Model for Affordable Healthcare

Kochi, India – AyurVAID Hospitals, promoted by Kochi-based Kerala First Health Services Pvt. Ltd, announced today equity investment of Rs. 4.5 Crores by Acumen Fund, a nonprofit venture philanthropy fund that invests in social enterprises addressing poverty in South Asia and Africa.

Over the last two years, AyurVAID has successfully employed a unique medical services model that appropriately integrates classical Kerala Ayurveda medical practice with contemporary medical science to deliver healthcare to patients suffering from chronic ailments, ranging from diabetes to arthritis. The first 15-bed AyurVAID hospital in Kochi is now 2 years old and the second 60-bed one has been functioning at Aluva near Kochi since April 2007. The full range of Ayurveda out-patient and in-patient medical services is available at both hospitals.

AyurVAID plans to leverage Acumen investments to expand its footprint and pioneer the development of a low-cost health care delivery system that focuses on preventive and curative care, as an alternative to the highly capital intensive and curative system presently used to treat chronic ailments.

Acumen's initial equity investment will support AyurVAID's plan to open six more hospitals across the country in the next 12 months, including two 'AyurVAID Seva' (AV-Seva) hospitals that would exclusively focus on low income group (BoP) patients. AyurVAID has set itself the goal of 60% of its bed capacity for patients from the middle and lower socio-economic classes.

"AyurVAID's healthcare delivery model for chronic illnesses can be positioned across the value spectrum ranging from BoP patients to high-end patients from India and abroad, permitting a viable and profitable business model," said Rajiv Vasudevan, Founder & CEO of AyurVAID.

In India, 12 million deaths a year are associated with chronic diseases. Low income families are heavily and disproportionately affected, owing to the lack of affordable options for frequent and consistent treatment and preventive care. A vicious cycle exists where treating chronic disease increasingly drains away resources, while also affecting the ability to earn a livelihood. This creates a downward spiral of worsening disease and poverty.

The Ayurveda system of traditional medicine is the first choice for a significant section of India's population for meeting healthcare needs. Ayurveda physicians undergo rigorous 5-year education programs that include detailed study of the classical Ayurveda medical science, as well as the essentials of modern medicine, surgery, and pharmacology. Despite demand for their services, however, the country's large reserve of qualified and government accredited Ayurveda physicians goes underutilized, due to the shortage of health infrastructure and the absence of an organized, professional support system.

To help solve this problem, AyurVAID has adopted a rigorous, standardized and documentation-driven approach, coupled with aggressive scale-up plans. Over the next 4 years, AyurVAID intends to set up a minimum of 40 hospitals with in-patient facilities, of which 10 shall be AV-Seva. These will be supplemented by outpatient treatment points and consultation points in a hub & spoke model to enable country-wide access to medical care for chronic illnesses.

AyurVAID Hospitals is also accredited by 12 of India's leading medical insurance service providers facilitating cashless Ayurveda medical management, subject to the terms of the underlying insurance policy: a pioneering and unique achievement in the Ayurveda industry.

“In tying up with leading insurance players, and standardizing a low-cost and cross-subsidy model, AyurVAID is pioneering a way to bring affordable services to low income communities, increasing both the quality and the accessibility of treatment available” said Acumen Fund Country Director Varun Sahni.

About AyurVAID Hospitals

AyurVAID Hospitals is a new generation hospital chain pioneering rigorous, process and documentation driven, classical Kerala Ayurveda medical services that is appropriately & effectively integrated with modern medicine. It seeks to make accessible across India quality Kerala-Ayurveda medical care, particularly for chronic illnesses. Further, AyurVAID is focused on offering affordable healthcare services to low income communities, enhancing both the quality and the accessibility of medicare available through its 'AyurVAID Seva' program. AyurVAID Hospitals' is empanelled by most leading Third Party Administrators (TPAs) and Insurance Companies as a Network Hospital, enabling cashless care for Medical Insurance policy holders-a pioneering achievement in the Ayurveda sector, representative of the breakthroughs AyurVAID seeks to bring to the Ayurveda industry. For more information, visit www.ayurved.com.

About Acumen Fund:

Acumen Fund is a non-profit venture fund that invests in market-oriented approaches for delivering critical, affordable goods and services to the world's poor. Acumen Fund's efforts focus on the convergence of philanthropic capital and business expertise to produce sustainable, scalable enterprises that reach underserved markets and open access to the opportunities of the global economy. For more information on Acumen Fund's activities and investments, visit www.acumenfund.org.