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Catch a Falling STAR: Sustainable Financing for a BoP Hospital

STAR hospitalⁱ is a mission hospitalⁱⁱ in Gujarat, India, that provides primarily maternal and child health care, as well as a broad array of other medical services, to a poor and rural population. Like many mission hospitals, STAR has a central goal of providing care to those in need, not of generating profit from medical treatment: No patient is turned away on the lack of ability to pay for services. As the founder and CEO of the hospital, Gautam Vora has been intimately involved in the vision, strategy, and daily operations of the hospital since its inception. He has been both a medical and business leader for the hospital, engineering relationships with donors and contracts with the state government to increase payment for medical services provided, as well as recruiting qualified physicians and nurses as staff.

While STAR has experienced impressive growth throughout its history, it is facing a critical impasse in April 2011. STAR relies heavily on charitable donations from domestic and foreign institutions and individuals. Although this funding has been adequate thus far, uncertainty in the world economic outlook threatens to significantly decrease STAR's revenue, and could jeopardize the financial solvency of the mission hospital. Given the uncertainty about future charitable donations, Vora must consider altering STAR's financing mechanism to become self-sustaining. He hopes to propose an alternative, self-sustaining financing strategy to the management board of the hospital the following week.

In formulating his proposal, Vora must consider a number of questions – How would it work? What services would the hospital provide? And how would this decision fit into the overarching mission and goals of the hospital? The management board, comprised primarily of the hospital's founding members, uses the mission dogma as a central pillar of governance and a driver of strategy. Therefore, Vora expects resistance from board members with regard to shifting the focus away from the mission of serving all patients and toward financial sustainability.

i STAR hospital is based on SEWA-Rural. While most of the description is accurate, some of the details and events have been fictionalized.

ii Mission hospitals are healthcare institutions (often faith-based) that offer medical services to all in need.

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