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Diabetes-Damaged Kidneys Spur India Dialysis Sales for Fresenius  
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By Adi Narayan

Dec. 28 (Bloomberg) -- India's diabetes epidemic has triggered surging demand for dialysis as the disease destroys many sufferers' kidneys, leaving them with only months to live without treatment.

Fresenius Medical Care AG, the world's biggest provider of kidney dialysis, said sales of blood-filtering products in India have grown more than 30 percent annually since 2006. Apollo Hospitals Enterprise Ltd. and Fortis Healthcare India Ltd., the country's biggest private-hospital operators, are opening dialysis centers nationwide as the number of Indians with diabetes is predicted to reach 101 million by 2030.

Rising wealth in Asia's second-fastest-growing major economy means more kidney patients are seeking private care as the government lacks the resources to provide subsidized treatment for all. The Indian market for kidney-care products and services may grow to \$152 million next year from \$97 million in 2007, researcher Global Markets Direct forecast in 2008.

"New machines are coming up in every nook and corner of the country," Jayant Singh, head of the medical technologies practice at Frost & Sullivan's India unit, said in an interview.

"Every major health-care provider wants a share of this market."

The number of people lining up at hospitals to get dialysis, a procedure in which waste is removed from the blood, is increasing almost 30 percent each year, Singh said. About 52,000 Indians receive long-term dialysis in the country, said Georgi Abraham, professor of medicine at the Pondicherry Institute of Medical Sciences in southern India.

#### Baxter, Gambro

The global dialysis market was valued at \$69 billion in 2010, Fresenius Medical said in its latest annual report.

Dialysis equipment and solutions total \$11.7 billion. The products include dialyzers, dialysis machines, concentrates and dialysis solutions.

"The Indian market in Asia looks increasingly promising in the medium term," Fresenius Medical said in the report, released in June. The Bad Homburg, Germany-based company had the largest share of the overall dialysis products market in 2010, at about 33 percent, followed by Baxter International Inc., of Deerfield, Illinois, and Gambro AB, of Stockholm.

"We expect the growing importance of the Chinese and Indian markets to accelerate our growth over the next few years," the company said in the report. A spokesman didn't immediately respond to a request for comment.

#### Diabetes Epidemic

New Delhi-based Fortis plans to open 50 dialysis clinics, mostly in residential neighborhoods in cities and towns, over the next two years, said Varun Sethi, chief executive officer of the company's Renkare dialysis unit. The first opened in New Delhi's Greater Kailash neighborhood this month with seven booths, including a private suite.

Patients can watch television while tubes connected to their arm circulate blood through a dialysis machine. The service costs about 30,000 rupees (\$570) a month for 12 visits, Sethi said.

Diabetes and high blood pressure are the main reasons for kidney failure. Excess blood-sugar causes the porous blood- filtering capillaries in the kidneys to clog and malfunction. End-stage renal disease is progressive and can't be reversed, meaning patients must receive routine dialysis or a new organ.

#### 'Huge Demand'

A majority of diabetes patients develop some form of kidney malfunction, said Anoop Mishra, head of diabetes and metabolic diseases at Fortis Hospitals in New Delhi.

More than 90 percent of the 230,000 people who develop chronic kidney failure each year in India die within months because of a lack of treatment, doctors from the All India Institute of Medical Sciences and the health ministry in New Delhi said in a 2009 study.

"There's a huge demand for dialysis centers, but only those who can afford it get it," said Abraham at the Pondicherry Institute.

Raju Cherian is among the minority of patients getting treatment. The 57-year-old Mumbai retiree said he's lucky to get his blood filtered overnight without having to spend the 700,000 rupees a year that it costs.

Cherian, whose kidneys stopped working in January, got a machine that cleans his blood as he sleeps at home thanks to his government-sponsored health insurance. The device, made by Baxter International Inc., enables him to avoid three weekly trips to a private clinic.

#### 'Really Lucky'

Cherian's wife works for India's textile ministry, and they have to meet with a doctor at a public hospital each month to ensure the treatment continues to be covered by her government-sponsored health plan. Without that, Cherian said there's no way he could afford the machine, which at 350,000 rupees is out of reach for all except the wealthiest Indians.

"I feel really lucky to get dialysis without paying the enormous amount of money," Cherian said.

There are two ways to clean blood. Hemodialysis, the most common one, involves circulating blood through an artificial filter to remove impurities. In peritoneal dialysis, a fluid- filled cavity in the abdomen relies on osmosis to extract impurities and excess water from the blood.

A patient on peritoneal dialysis needs at least 6 liters to 8 liters of the fluid for a day's treatment. A 2-liter pack from Baxter costs 189 rupees, according to Vijay Kumar, whose 18- year-old son Piyush has been on dialysis since 2004.

#### 'Very Expensive'

"It is very expensive, but the only advantage is that he can do it here at home," said Kumar, who runs a logistics business in Banaras in north India. Monthly expenses for the treatment, including drugs needed to prevent anemia, come to more than 24,000 rupees, he said.

Cherian uses a machine that does automated peritoneal dialysis, which takes 10 hours to finish. Patients who aren't insured can buy the machine outright, pay in installments, or rent it from the company, said Frost & Sullivan's Singh.

Sales of dialysis machines and consumables made by Fresenius, Gambro and Baxter in India are growing 13 to 15 percent a year, compared with 20 percent in China, where government initiatives have boosted treatment, Singh said.

Entry-level hemodialysis machines made by Gambro sell for \$8,000 to \$12,000 a unit, and the company is developing cheaper units, said Stuart Paul, the Swedish company's president for the Americas and the Asia-Pacific region. Gambro is India's second- biggest seller of hemodialysis machines, he said.

“Increases in the wealth of the patients is making these machines more affordable, but cost is still a big challenge in India,” Paul said in a phone interview.

### ‘Death Sentence’

A year of dialysis and medication for a patient with chronic kidney disease in India can range from 60,000 rupees at a subsidized provider to more than 700,000 rupees for the home-based treatment, said Abraham at the Pondicherry Institute.

While that’s less than the cost of more than \$30,000 in the U.S., the price is still a barrier for most patients in India, where a majority of people live on less than \$2 a day.

“This is a very expensive disease, and we feel really helpless for patients from rural towns and villages,” said Priya Patil, a physician at state-run Sir JJ Hospital in Mumbai. Kidney diseases are a “death sentence” for the poor, she said.

Kidney transplants aren’t an option for most people, either. Only 3,500 kidneys are transferred each year and the surgery costs from about 200,000 rupees in government hospitals to more than 600,000 rupees at large private hospitals.

### Wealth Advantage

“Only the rich can afford to get kidney transplants,” said Prasad, a kidney specialist at the government-run Sanjay Gandhi Post Graduate Institute of Medical Sciences in Lucknow.

“For the poor, the only option is to stay on dialysis for the rest of their lives.”

Cherian said he wants a transplant, but doesn’t have the money.

“We are asking our relatives to pitch in so we can have enough, but there’s a long way to go,” he said in the living room of the home he shares with his wife in Mumbai’s Mulund neighborhood.

Patil’s Sir JJ Hospital, one of the busiest in Mumbai with 2,500 patients a day, has only six dialysis machines. The units mainly handle emergency cases and patients with post-operative complications, who need dialysis temporarily, she said.

The government must use its bargaining power to bring costs down, and then provide free dialysis to the poor, said Abraham, who founded the nonprofit Tamilnad Kidney Research Foundation in Chennai, which provides subsidized dialysis to the poor.

“Often I find that patients just disappear,” he said.

“They get one or two sessions when they have some money and then stop. Within a week or two of stopping dialysis they may just collapse and die.”

Cherian hopes to avoid that with his suitcase-sized Baxter HomeChoice machine that sits on his bedside table, he said. He sleeps tethered to the unit with a tube that pumps fluid in and out of his abdomen.

“Thankfully my wife has a government job and we were able to get this without going broke,” he said. “I can’t imagine what I would have done if I had to pay myself.”

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