

PROJECT PROFILE

ON

MEDICAL TRANSCRIPTION

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MEDICAL TRANSCRIPTION

INTRODUCTION

Medical transcription is the process whereby one accurately and swiftly transcribes medical records dictated by doctors and other medical professionals. The material transcribed includes, amongst others, patient history and physical reports, clinic notes, operative reports, consultation notes, discharge summaries, letters, psychiatric evaluations, laboratory reports, x-ray reports and pathology reports and other similar kinds of medical records.

Medical transcription may be carried out for any medical professional operating out of a small clinic or a large hospital. These transcribed records are used for purposes of archives, reference or for serving as a legal proof of medical advice.

Most providers and institutions have formalised this documentation into the patients epidemic record through dictation and subsequent transcription. In addition to typing the report into the desired format, transcriptions also verify the dictation for both medical and English language accuracy that the final report is a clear, medically accurate representation of the encounter between patient and provider.

Need for patient care documentation

A medical report is a permanent legal document that formally records the findings of a medical investigation. A medical record sets down the medical information in writing to authenticate evidence of facts and events. The main purpose of medical record is to serve in support of an insurance claim, to facilitate communication among health care professionals, in health care aid, to provide data in medical research, and comply with laws etc.

Medical records must be completed promptly after the doctor examines the patient so that the chances of omission and commission are kept minimal. Documentation

has to be authentic, legible and accurate. Hospitals and doctors have been held liable because hand written notes in medical records are unclear and mostly illegible. Therefore, the need for maintaining quick, accurate, and legible computerized medical dictation has arisen.

The doctor has no time for typing out the records on computer, so he dictates the investigations directly to a computer through a 800-line where the voice gets converted to voice (*.wav) files. These files are stored in a server in the USA, having Windows NT interface.

At the MT Company's end (say in India) it should have at least one 12 GB server having Windows NT interface. These two computers in the USA and India are linked to each other through a VSAT/leased line. The support staff downloads the files at a convenient interval and routes them to assigned transcriptionists. They then listen and type out the records in MS-Word. These files are then checked for accuracy by the quality assurance staff and are then uploaded to the US server.

Looking at the Health & Medical Organisations (HMO) and their reach, an average HMO will require 15000-20000 transcriptionists (based on 24x7 operation) and the total potential thus works out to about one million jobs. Assuming that 30% of the work will be done off-shore, the job potential is over 300,000.

Hence this segment has the potential to create jobs for over 300,000 English speaking persons with no requirements of other skills. Further, they will all earn valuable foreign exchange.

Skills of a Medical Transcriptionist (MT) consist basically of listening and typing. As the pronunciation of Americans is generally at variance with that of Indians, it takes time to get adjusted to that. Also the dictation contains many medical terms, which the transcriptionist must be familiar with.

Broadly a transcriptionist must understand:

- a. Medical terminology, anatomy, physiology, clinical medicine, surgery, diagnostic test, radiology, pathology and pharmacology and various medical specialties;
- b. Excellent written and oral communication skills including English usage, grammar, punctuation and style;
- c. The ability to understand diverse accents, dialects and varying dictation styles;
- d. The ability to use designated reference material;
- e. The skills to operate designated word processing, dictation and transcription equipment.

MARKET POTENTIAL

The Market for Medical Transcription in India is growing. In the year 1998-99, the medical transcription industry in India generated exports revenue of about Rs.140 crores leading to employment generation to the tune of 3800 jobs. It is expected that by the year 2008, the medical transcription industry would earn annual revenues of Rs.11000 crores resulting in about 160,000 jobs.

TECHNICAL ASPECTS

INSTALLED CAPACITY

A MT unit with 50 Transcriptionists is proposed to be set up.

EQUIPMENT

The cost of equipment will be as under

	Nos.	[Rs. lakhs]
Computers	50	15.00
Furniture & Fittings	60	6.00
Telecom Equipment	LS	4.00
Router Server	1	2.00

VSAT	1	2.00
Others	LS	6.00
Total		35.00

Misc. fixed assets

A provision of Rs.3.00 lakhs for Air conditioners, Furniture & and other equipment has to be made.

LAND & BUILDING

The unit will require a built up area of 10000 sqft for setting up this project. This can be arranged on lease basis. The monthly rent assumed is Rs.2.00 lakhs. Advance of Rs. 20.00 lakhs is provided.

UTILITIES

Power:

A three phase connection is sufficient for the operation

Man Power:

[Rs.lakhs]

Category	Nos.	Monthly	Total
Manager	4	15000	7.20
Hardware staff	4	9000	4.32
Medical Transcriptionists	100	7000	84.00
Other Staffs	10	7000	8.40
Total Salary p.a.			103.92

IMPLEMENTATION SCHEDULE

The machines are available from local supplier within two weeks period. The project can be implemented within one month period.

ASSUMPTIONS

- Installed capacity is 65000 lines per day, per annum its works out to 195 lakhs of line.
- During first year of operation the capacity utilisation is assumed at 40% and this will be increased to 50% and 60% on subsequent years.
- Charge per line is assumed at US \$ 0.065, i.e Rs.3.05per line, this works out to Rs.594.75 lakhs p.a. at 100% utilisation.
- Rent for building is provided at Rs.24.00 lakhs per annum Rs.2.00 lakhs per month
- Electricity charge is assumed at the rate of Rs.12.00 lakhs for the first year of operation at 40% capacity utilization.
- Telephone charges is assumed at Rs.2.40 lakhs per annum Rs. 20000 per month
- Wages & Salaries is estimated at Rs.103.92 lakhs per annum as per breakup given above with annual increase of 5%.
- Maintenance charge is estimated at Rs.1.00 lakh per annum Rs. 8333 per month with annual increase of 5%.
- Depreciation is calculated on WDV method at 15% on Equipment.
- General & Adm. Expenses is Rs.12.00 lakhs per annum Rs. 1.00 lakhs per month with annual increase of 5%.
- Interest on Term loan is calculated at 12% p.a.

– Income tax is provided at 33.22% on taxable income.

FINANCIAL ASPECTS

1. COST OF PROJECT

	[Rs.lakhs]
Building (Advance)	20.00
Plant & Machinery	35.00
Other Misc. assets	3.00
Pre-Operative expenses	5.00
Margin for WC	10.00
	<u>73.00</u>

2. MEANS OF FINANCE

Capital	47.00
Term Loan	26.00
	<u>73.00</u>

3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
Installed Capacity (No. of lines in lakhs)	195	195	195
Utilisation	40%	50%	60%
Production (No. of lines in lakhs)	78	98	117
Rate per line	Rs.3.05		
Income p.a (Rs. lakhs)	<u>237.90</u>	<u>297.38</u>	<u>356.85</u>
Power	12.00	15.00	18.00
Rent	24.00	25.20	26.46
Wages & Salaries	103.92	109.12	114.58
Telephone charges	2.40	2.64	2.90
Maintenance	1.00	1.10	1.21
Depreciation	10.24	7.74	5.84
Cost of Production	<u>153.56</u>	<u>160.80</u>	<u>168.99</u>
Admin. & General expenses	12.00	12.60	13.23
Selling expenses	0.00	0.00	0.00
Interest on Term Loan	3.12	2.73	1.95

Interest on Working Capital	0.00	0.00	0.00
Total	168.68	176.13	184.17
Profit Before Tax	69.22	121.25	172.68
Provision for tax	22.99	40.28	57.36
Profit After Tax	46.23	80.97	115.32
Add: Depreciation	10.24	7.74	5.84
Cash Accruals	56.47	88.71	121.16

4. WORKING CAPITAL:

	Months	Values	%	Margin	Bank
	Consumptions			Amount	Finance
Raw Materials	0.00		25%	0.00	0.00
Consumables	0.00		25%	0.00	0.00
Finished goods	0.00		25%	0.00	0.00
Debtors	0.00		10%	0.00	0.00
Expenses	1.00	10.00	100%	10.00	0.00
		10.00		10.00	0.00

5. PROFITABILITY RATIOS BASED ON 80% UTILISATION

<u>Profit after Tax</u>	<u>115.32</u>	32%
Sales	356.85	
<u>Profit before Interest and Tax</u>	<u>174.63</u>	239%
Total Investment	73.00	
<u>Profit after Tax</u>	<u>115.32</u>	245%
Promoters Capital	47.00	

6. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs.lakhs]
Wages & Salaries	114.58
Rent	26.46
Repairs & Maintenance	1.21
Depreciation	5.84
Admin. & General expenses	13.23
Interest on TL	1.95

163.27

Profit Before Tax (P)

172.68

$$\text{BEL} = \frac{\text{FC} \times 100}{\text{FC} + \text{P}} = \frac{163.27}{335.95} \times \frac{60}{100} \times 100$$

29% of installed capacity