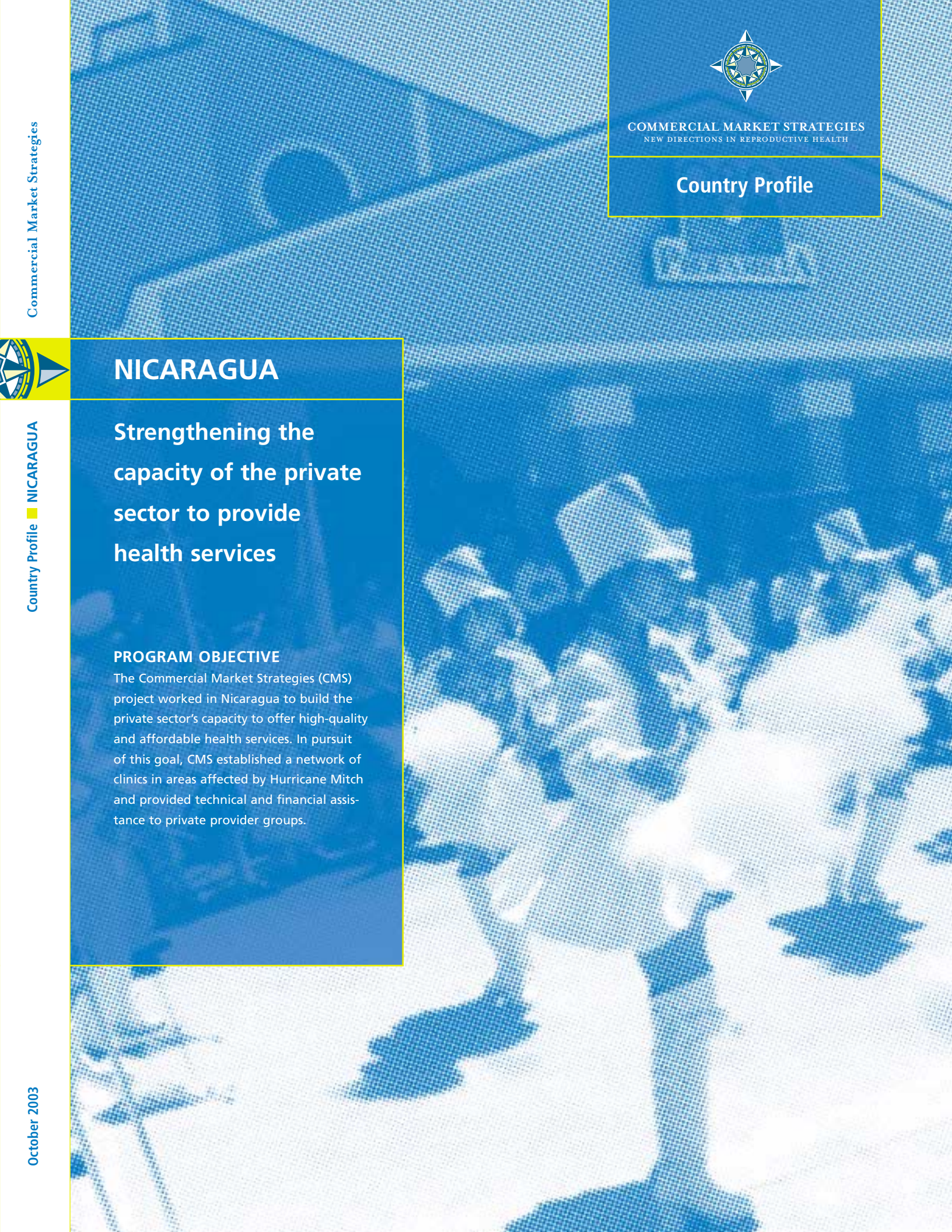


COMMERCIAL MARKET STRATEGIES
NEW DIRECTIONS IN REPRODUCTIVE HEALTH

Country Profile

NICARAGUA

Strengthening the capacity of the private sector to provide health services

PROGRAM OBJECTIVE

The Commercial Market Strategies (CMS) project worked in Nicaragua to build the private sector's capacity to offer high-quality and affordable health services. In pursuit of this goal, CMS established a network of clinics in areas affected by Hurricane Mitch and provided technical and financial assistance to private provider groups.

October 2003

USAID AND HURRICANE MITCH

Following Hurricane Mitch's devastation of large parts of Nicaragua in 1998, Congress allocated special funds through USAID to help the country recover. The Hurricane Mitch Reconstruction Program included $30.6 million for rebuilding and expanding health care in affected areas. As part of the Reconstruction Program, CMS received funds to build a network of private clinics in areas affected by the hurricane.

CMS PARTNER: PROFAMILIA

PROFAMILIA is Nicaragua's International Planned Parenthood Federation affiliate, founded more than 32 years ago by a group of doctors who wanted to bring quality health care to low-income people. For many years, PROFAMILIA had only one small clinic in a poor neighborhood of Managua. Today it has a network of 16 clinics and provides family planning and other services to more than 400,000 people a year, making it the largest non-governmental provider of reproductive health services in the country.

PROGRAM CONTEXT

Nicaragua is one of the poorest countries in the Western Hemisphere. With a population of more than 5 million, half live below the poverty level, and one-quarter are unemployed. Nearly a third of the population is undernourished. Many of the country's health and social indicators are below the regional average — for example, in 2001, infant mortality was 36 per 1,000 births, compared to the Latin American average of 28. Among married women, 66 percent use modern contraceptives, and the total fertility rate is 3.2.

PROGRAM COMPONENTS

In 2001, CMS established a network of six clinics in areas affected by Hurricane Mitch. CMS transferred clinic management to PROFAMILIA, the country's largest non-governmental provider of reproductive health services, in January of 2002.

CMS also worked in partnership with the Summa Foundation to expand the role of private providers by giving financial and technical assistance to provider groups. (For more information on this component, please see page six.)

PROFAMILIA CLINIC NETWORK

In October of 1998, Hurricane Mitch hit Central America, causing massive flooding and mudslides that left 10,000 dead and hundreds of thousands homeless. In Nicaragua alone the storm caused an estimated $1.5 billion in damage to crops, homes, and infrastructure, including the public health system. As part of the recovery effort, CMS received funds from USAID to create a network of private health clinics to provide basic health services to affected communities. The funding came with several conditions: the project had to confine itself to areas affected by the hurricane; the clinics had to provide integrated health services (as opposed to family planning only); the project had to be complete in two years; and the clinics would have to be financially sustainable.

One of the goals of the clinic network project was to strengthen private-sector delivery of essential health services. The project used a self-sustaining model that was developed by PROSALUD, a Bolivian non-governmental organization (NGO), with a private clinic network that provides affordable primary care services to a large population while maintaining high levels of sustainability and patient satisfaction. CMS selected PROFAMILIA to implement the network because it is one of the largest non-profit providers in Nicaragua and has a reputation for high-quality services.

CMS built clinics in the towns of Tipitapa, Sebaco, Esteli, Jalapa, Somoto, and Rio Blanco. All of the clinics provide free preventive care, including immunizations, for both adults and children. Curative and reproductive services are provided at locally affordable fees. Of the six clinics, three (in the more populous municipalities of Tipitapa, Esteli, and Sebaco) are "expanded," with a larger floor plan and a wider range of services than the basic clinics. The expanded clinics offer such services as specialized pediatric and obstetric/gynecological (OB/GYN) care, plus basic surgical procedures. They also act as referral centers for certain diagnostic and laboratory procedures.

The development of the private clinic network involved five elements:

- **Clinic construction** — to locate and purchase the appropriate sites, develop the architectural plans, and oversee construction
- **Management** — to recruit and train clinic staff, develop management protocols, and install a management information system
- **Quality of care** — to define goals and develop quality control systems in such areas as supervision, monitoring, evaluation, medical auditing, and inpatient satisfaction assessment
- **Marketing** — to increase consumer awareness of the clinics and their services

- **Sustainability** — to design a network with strong quality control systems, balanced pricing, and a plan to transfer operations to PROFAMILIA

Clinic construction. In addition to managing the construction process, CMS also obtained the medical and office equipment for the finished buildings. All of the clinics share a standard design that is both appealing and efficient.

In siting the clinics, CMS assessed 14 geographic areas for competition, consumer demand, and residents' ability to pay for services. Within the selected locations, consumers expressed a need for high-quality, low-cost health care, which they said they were not receiving from the overstrained public sector or the expensive private sector. In addition, people indicated that they did not believe that their current health care providers treated them with respect. The overwhelming majority of potential clients also said that they were looking for "one-stop shopping" in health care.

In the selected sites, the local municipalities agreed to donate the necessary land. In certain cases, however, the municipalities failed to follow through. In others, the plots offered were inappropriate for a clinic; for example, they were in areas lacking electricity or running water. Ultimately, CMS had to buy the land for each of the sites — a process complicated by the fact that some of the titles were encumbered with unanticipated conditions or liens.

In constructing the clinics, CMS worked with an architectural firm and assigned an engineer to oversee construction. CMS also developed business plans and financial projections for each of the clinics.

Management. A month prior to each clinic's opening, CMS began recruiting and training staff. Candidates were invited to a workshop in which CMS personnel could assess their communication, team building, conflict resolution, and leadership skills.

CMS then trained the new managers in general administrative skills, supervision, quality of care, and how to care for HIV/AIDS patients. CMS codified these skills in management manuals and installed a management system that tracks service utilization and costs.

Quality of care. High standards and superior quality were of central importance to the clinic network project. CMS's goal was to provide effective and efficient integrated health services, based on rigorous norms and procedures. At the inception of the project, CMS developed a manual that highlighted components of quality of care: staff recruitment and selection, training, service delivery, customer service, policies and procedures, and monitoring tools and systems. CMS's operating plan for each clinic includes quality of care indicators that are monitored by supervisors who visit each clinic monthly, gather data, and make recommendations as necessary.

CMS trained administrative and medical staff in service delivery, patient care, supervision, human relations, and sales. A "Quality Team" was created in each clinic, and each staff member was responsible for monitoring a particular aspect of the quality control plan and reporting results on a monthly basis. To assess patient satisfaction, CMS conducted exit interviews and informal household surveys. Each clinic also had a suggestion box. Because clinic norms were developed in accordance with Ministry of Health (MOH) guidelines, by the time CMS ended its involvement, all six clinics had been accredited.

Marketing. CMS helped build awareness of the new clinics through several interlinked marketing strategies, including a media campaign, interpersonal communications, clinic-based marketing, and promotions. CMS positioned the clinics as a one-stop shop for low-cost, quality health care services for the whole family. Associating the PROFAMILA name and logo with the clinics was also a significant element of the marketing strategy.

The PROFAMILIA staff of the Tipitapa clinic were selected through rigorous interviews and assessments to ensure high-quality service.

A large crowd gathers for the opening of the Tipitapa clinic in March 2001. Clinic openings were festive events that featured local and national health authorities.

A sign promotes the Tipitapa clinic near a roadside.

A PROFAMILIA poster indicates the types of services available.

INNOVATIVE PHYSICIAN PAYMENT SYSTEMS

The network clinics use an innovative, business-oriented payment system. Physicians are paid on a per-patient basis, rather than at a fixed salary. This is an evolution of a payment system developed by PROSALUD in which doctors are paid a percentage of each patient's fee. CMS introduced the approach in order to cut costs and encourage an entrepreneurial approach.

CMS research indicated that radio campaigns, flyers, loudspeakers, and street announcements were the most effective means of increasing popular awareness of the new clinics. Radio advertisements aired one week prior to each clinic opening. The openings themselves were key promotional activities, designed to be festive events that included national and local health authorities. To announce the events, banners were hung over the towns' main streets; information was broadcast from a loudspeaker car; and flyers were distributed door to door.

Each clinic has at least one *promotora*, or health promoter, who travels door to door to inform the community of clinic locations, hours, and services. The *promotoras* also provide basic preventive health education and ensure that current patients comply with treatment regimens.

In addition, special promotions were designed to draw customers to the clinics. These included

- **Checkbook for referrals** — *Promotoras* referred clients to the clinics using a special checkbook that entitles them to certain free services.
- ***My Baby Was Born at a PROFAMILIA Clinic* program** — The mother of every baby born at a PROFAMILIA clinic received a diaper bag and a certificate of distinction. The family's name also was entered in a *Book of Honor* at the clinic.
- **"Combo" promotions** — These included a "Healthy Woman Package" (gynecological exam, pap smear, breast exam, and lab tests) and a "Happy Mother Package" (prenatal visits, ultrasound, lab tests, vitamin supplements, delivery, and postnatal visits).

Sustainability. CMS emphasized the clinics' sustainability from the start. Strategies included

- market assessments to set prices and identify needed services
- business plans with monthly targets for each clinic
- cost recovery as an integral part of clinic culture
- use of mass media to raise awareness of the clinics
- high-quality services to maintain client loyalty
- health care packages to attract new clients

CMS set prices at a level that balanced cost recovery and affordability. In order to make PROFAMILIA's services attractive and ensure adequate client flow, the fees were set lower than at other private providers — yet higher than at public facilities, to ensure cost recovery. Similarly, CMS developed a service mix that took into account the broad spectrum of health needs. Because the original PROFAMILIA clinics focused on reproductive health, they primarily attracted and served women. CMS developed services that would also draw men and children to the new clinics, thereby increasing the type and number of clients.

PROGRAM RESULTS

To monitor and evaluate the new clinic network, CMS used service statistics, financial records, and other data, as well as an impact evaluation.

Cost recovery was achieved quickly. The clinics achieved an average operational cost-recovery rate of 85 percent after less than two years of operation (see Figure 1). The enhanced clinics had an advantage over the basic clinics in terms of sustainability, primarily because they are located in more heavily populated and accessible areas and offer a broader array of services.

CMS successfully adapted the PROSALUD-Bolivia clinic network model to the Nicaraguan context, building six new clinics that provide access to high-quality, affordable health care to nearly 250,000 people affected by Hurricane Mitch. As of early 2003, 25 percent of women in the clinic treatment areas reported that they or a family member had used one of the CMS/PROFAMILIA clinics in the previous six months[1] — which is especially noteworthy since by that point, the clinics had only been operational for 14 to 24 months. Many clients reported coming to the clinics for curative care (66 percent). They also reported receiving reproductive health services (32 percent) and lab tests (24 percent).[2] Ten percent were men.

CMS/PROFAMILIA clinics succeeded in attracting clients who previously used the public sector. CMS surveys showed that 51 percent of network clients previously had received health services from the public sector. Of those clients, 87 percent reported that the quality of services in the PROFAMILIA clinics was superior to that of the public sector.

Clients expressed high levels of satisfaction with services and costs. Three-quarters of clients reported that the quality of care they received was good or excellent, and more than 90 percent said they plan to return to a PROFAMILIA clinic in the future. Nearly three-quarters of clients reported that the fees were reasonable or inexpensive. Almost 90 percent said the care they received was well worth they money they spent.

Incomes of clients fell between those of other private-sector clients and those of public-sector clients, suggesting that the PROFAMILIA clinics fill a niche between the public and private sectors — one of the goals of the network initiative.

LESSONS LEARNED

Provider networks can be an effective strategy for increasing access to, quality of, and use of services. The new PROFAMILIA clinics provide access to health care for nearly 250,000 people. The strict quality standards across the network have resulted in high levels of client satisfaction.

Over the course of a CMS study, women who had received treatment in the clinics were significantly more likely to report improved health in comparison with a control group. Although a relatively crude measure of improved health, the responses suggest that the new clinics may have contributed to an overall improvement in public health.

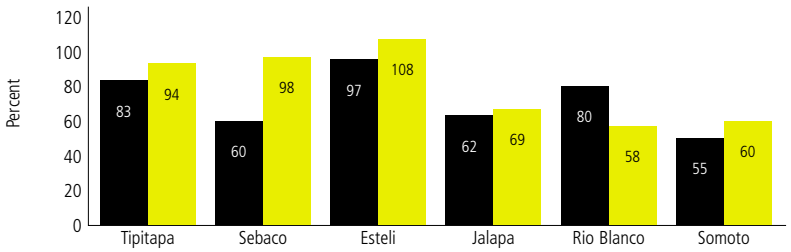
Offering affordable, high-quality services can succeed in shifting clients who can afford to pay from the public sector to the private. CMS research demonstrates that health care clients who have the ability to pay can be shifted from the public sector to the private sector, thereby decreasing the burden on government. Quality seems to play a major role in both attracting and retaining clients. In terms of affordability, PROFAMILIA clinics fill a niche between public health care facilities and other private ones.

Sustainability requires a comprehensive set of approaches. To ensure the clinics' sustainability, CMS selected accessible locations and used market assessments to ensure ability and willingness to pay. CMS maintained high quality of care and customer satisfaction through ongoing monitoring and evaluation. At the same time, the program recovered costs through market-based prices and a cost-sharing agreement with doctors. Sustainability also was boosted by offering integrated health services, especially in the expanded clinics.

It is difficult to recruit doctors to serve clinics in remote areas and to find doctors who are willing to be paid on the basis of patient load. CMS had difficulty recruiting and retaining doctors in the remote areas of Jalapa and Rio Blanco. Lack of qualified personnel and high turnover rates have affected client satisfaction and sustainability rates at these clinics.

Some doctors expressed dissatisfaction with the CMS payment system, which is based on the number of patients they see. However, CMS believed strongly that the new system is essential to clinic sustainability and therefore replaced dissatisfied doctors with others who were willing to accept the new approach.

Figure 1 ■ Cost-recovery comparison by clinic



■ January–March 2002 ■ January–March 2003
Note: Cost-recovery rate equals revenue as a percentage of operational expenses.
Source: Clinic financial records.

The first three clinics in the chart above (the expanded clinics) show exceptionally high rates of cost recovery. The expanded clinics have been open for roughly six months longer than the basic clinics.

1 The baseline survey of more than 3,000 households in four of the six clinic regions was conducted in mid-2001; the end line, in the spring of 2003. These were matched against an equal number of households in four control municipalities.

2 Sum exceeds 100 percent because some clients received more than one service.

A newborn gets her first checkup; the Sanangel clinic specializes in pediatric care.

Sanangel clinic managers discuss improving operations.

Expanding the Role of Private Providers in Reproductive Health

In collaboration with the Summa Foundation, CMS undertook a number of initiatives to increase reproductive health care delivery through private-sector providers. These included

- **A public-private partnership** — to expand the family planning services of two private providers that are under contract to the Nicaraguan Social Security Institute (INSS)
- **Private provider support** — to provide financing for expansion of services and sustainability

PUBLIC-PRIVATE PARTNERSHIP

In 2001, CMS and Summa entered into a partnership with the INSS, which has been contracting out service delivery to private providers under a broad program of decentralization and health care reform. In 1994, the INSS also introduced a new health care financing and service delivery model. Under this model, the INSS collects contributions from employers and employees and makes monthly per-capita payments to public- and private-sector providers for a basic package of health services. The contracted providers, known as Empresas Medicas Previsionales (EMPs), include for-profit firms, MOH facilities, and NGOs. By 2002, the INSS model covered about 13 percent of the population, with 214,000 enrollees and about 466,000 spouses and children.

The INSS package covers a wide range of preventive and curative services, including reproductive health care; maternal and child health care; prenatal care; family planning counseling; and temporary, long-term, and permanent methods of contraception. The model is ideal for private delivery of reproductive health and family planning services and for shifting users from public-sector to private-sector sources.

To help the INSS improve the quality of and capacity for reproductive and maternal health services, CMS and the Summa Foundation also partnered directly with Salud Integral and SuMedico, two of the leading private-sector EMPs working with the INSS. To determine the two EMPs' needs for technical assistance, CMS and Summa surveyed more than 1,000 female clients of reproductive age to measure reproductive health services delivery patterns, utilization, and client satisfaction, as well as unmet demand for services.

The assessment determined that both Salud Integral and SuMedico were delivering low levels of family planning services, even though family planning is part of the INSS benefits package, and beneficiaries are using the EMPs for prenatal, maternity, and postpartum care. Respondents' rates of contraceptive use ranged from 55 to 62 percent, and more than half said they had been using contraceptives for more than a year. However, about two-thirds of the contraceptive users said they obtained their contraceptives from sources other than their EMP. Of those, half reported paying out-of-pocket at private outlets — usually pharmacies — and half said they received free contraceptives through the public sector. In fact, more than 60 percent said they were not aware that family planning services were included in the INSS package, even though most of the women said they would prefer to use their EMP to receive such services.

The assessment also determined that over the course of a year, 10 to 13 percent of the EMPs' clients of reproductive age were at risk of unintended pregnancy. Since the EMPs are required to provide maternity care, it is cost-effective to promote family planning. However, neither EMP was staffed or set up to promote or deliver family planning services systematically.

Based on the findings of the assessment, CMS developed a detailed technical assistance program to help the EMPs increase the quality and use of family planning services. First, CMS trained the clinical staff of the two EMPs in contraceptive technology and family planning counseling, with an emphasis on promoting informed choice. Second, CMS developed a campaign (including videos, brochures, posters, and murals) to educate EMP clients about the availability and benefits of family planning services. Third, Summa provided financing to the EMPs to expand and upgrade their facilities and reproductive health services.

PRIVATE PROVIDER SUPPORT

In 2000, Summa was approached by the Clinica Materno Infantil Sanangel, a commercial health care provider that operates a small pediatric clinic in Managua, for advice on improving its operations. Summa suggested that the clinic integrate maternal health care, family planning, and reproductive health care into its pediatric practice to reach the large number of women who come in each day with their children.

Summa provided the financing, which enabled the clinic not only to expand its basic facilities, but also to add a maternal health consultation room; a pharmacy; a laboratory; and additional equipment, including an ultrasound machine. Summa also assisted with strategic planning and business analysis to help the Sanangel management integrate maternal health services. Summa helped develop a management information system for tracking service utilization, prescriptions, pharmacy sales, inventory, and financial and patient records.

Summa also provided financing to Instituto CentroAmericano de la Salud (ICAS) to purchase the office that it had been renting. The objective of the intervention was to improve ICAS's sustainability so that it could continue its innovative health programs. ICAS is a non-profit organization pioneering the use of vouchers to expand access to reproductive health services for vulnerable groups. ICAS seeks to prevent the spread of HIV/AIDS in high-risk groups, improve adolescent reproductive health, and reduce the rates of cervical cancer.

PROGRAM RESULTS

CMS and Summa's assistance to the INSS providers has improved beneficiaries' access to reproductive health services in the private sector. As a result of the technical assistance and access to financing, SuMedico and Salud Integral expanded their efforts to promote the benefits of family planning and saw an increase in the use of these services during the first five months of the program (May–September 2003). During that period, SuMedico had 283 referrals for new family planning users. Of these, 181 accepted a new method.

Salud Integral had 1,792 referrals, of whom 1,685 accepted a new method. A follow-up survey in October 2003 showed that while contraceptive prevalence had not increased, there had been a marked shift in contraceptive sourcing patterns: The percentage of current family planning users who obtain family planning services from the EMP jumped from 27 to 48 percent. This change may be due to the fact that Salud Integral determined it would be more cost-effective to promote family planning than to incur unintended pregnancies, and therefore expanded family planning benefits to include spouses, who were not previously covered under its plan.

Sanangel has successfully integrated reproductive health services into its operations. The Sanangel clinic has hired four gynecologists and dedicated a consultation room to women's health care. As a result of Summa's intervention, the clinic now offers five new services: family planning, general OB/GYN care, a pharmacy, diagnostic imaging, and laboratory work. By March 31, 2003, OB/GYN and family planning services represented 15 percent of total visits.

ICAS has been able to continue serving high-risk clients. Summa's financial assistance to ICAS has allowed it to purchase its Nicaragua office, enhancing institutional sustainability. Within a year of the financing, ICAS quadrupled the size of its voucher program (to 14,923 vouchers) for HIV/AIDS prevention.

LESSONS LEARNED

Private providers are willing to invest resources to promote and deliver quality reproductive health care. The CMS experience in Nicaragua has shown that private providers realize the importance and value of promoting and delivering reproductive health care, particularly in a managed-care model where unintended pregnancy and maternity impact cost recovery and, in turn, sustainability. Both SuMedico and Salud Integral have made capital improvements and enhanced their staffs' knowledge of and ability to deliver quality reproductive health care. As a result, USAID and the INSS have indicated a strong interest in replicating this technical assistance model for other INSS providers.

ADDITIONAL RESOURCES

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Commercial Market Strategies (CMS) is a USAID-funded project that aims to increase access to and demand for reproductive health and family planning products and services in developing countries through the private sector.