

## Handout 3: Background Information on the Business of Midwifery

### The Midwife Market and Competition

There are tens of thousands of midwives working in the Philippines, serving large segments of the population in rural and urban areas. It has been found in recent surveys that most women in the Philippines prefer going to a midwife for their reproductive health needs. Midwives can offer a valuable service to their communities.



The market for private midwife services and products is growing. The government of the Philippines is moving to encourage those who can afford private services and products to do so, conserving precious government funds to pay for the healthcare of those who are truly unable to pay. Midwives in private practice – either full or part-time, with and without clinics - are filling a growing gap between government services and expensive, higher-end private hospital and clinic facilities.

Clients of private sector midwives are typically the lower and lower-middle income segments of the Philippine population – those who can afford to pay for services and products, but may not be able to afford the price of a private hospital stay. In rural areas, midwives can be a welcome alternative to the local government hospital, as they may provide quality services that are delivered at a price that the majority can afford.

Competitors to midwives are rural health units (RHUs), other home-delivery based midwives, other midwife clinics, and private doctors. While rural health units and government hospitals offer free products and services, the competitive advantage of private practice midwives is *in the quality of their services and facilities* - at a price that is affordable. Patients often find midwife clinics to be more comfortable than the RHUs and feel safer in a midwife clinic than with a home delivery. Private practice midwives are also less likely to suffer from product shortages that government facilities may experience.

Marketing activities include buntis parties, community talks, and paying commissions for referrals to other health care providers and people in the community such as motorbike taxi drivers.

### The Midwife Clinic Business Model

Midwife clinics offer a range of services and products. Most income is derived from pre and postnatal care and deliveries, generally at least 50% of total revenues. The sale of family planning products and services contribute 10%, more or less, to gross income. Other health care services and products such as vaccines for babies, vitamins, blood pressure taking, and the sale of over the counter medicines, contribute at least another 10%.

A small number of midwife clinics have PhilHealth accreditation in addition to Department of Health "Birthing Home" accreditation. Midwife clinics that have PhilHealth accreditation have an expanded customer base as a result. See the section on PhilHealth, below.

In addition to private practice, many midwives also work in government facilities, where they get referrals for their private business, and where they can access top-notch training offered by the Department of Health on maternal and child health issues.

### **The Home-Delivery Midwife Practice**

Midwives who offer home deliveries as a service may also have a healthy business and income, although they do not have the actual facilities to offer for deliveries.

These midwives are not able to charge as much for delivery services as those midwives with facilities for their services. They tend to possess less assets. They may provide both services and products, however.

These midwives are also likely to have other jobs, which they work during regular hours, and perform home deliveries in their off-hours.

### **How Midwives and Midwife Clinics are Paid**

- Clinics have two main types of payments
  - Fee for service (including products and services)
  - PhilHealth
- Midwives may receive commissions on referrals to Ob/Gyne physicians, hospitals, and laboratories
- Fee for service clients typically pay at the time of sale and pay in cash
  - Some midwives provide services on credit
    - These midwives often have an incentive system in place that encourages the mothers to pay quickly after the delivery. This

may entail holding an asset until the balance is paid such as the cell phone, birth certificate, television, or radio. These methods tend to work well. Another tactic is to give the accounts receivable collection responsibility to their assistant or husband, in order to 'de-personalize' it a bit.

- Some of these midwives experience problems with accounts receivable if they do not keep track of the money due to them, or if they feel uncomfortable asking for the money after the delivery.
- Credit is usually a small percentage of total cost of service
  - This is mainly for deliveries which are the most expensive services offered by midwives
- In the long term, midwives may seek a mix of PhilHealth and fee for service clients in order to expand their markets and reduce risk to their cash flow.

## **PhilHealth**

PhilHealth is the Philippine Health Insurance Corporation (PHIC), also known as the national insurance program of the Philippines (NHIP.)

Potential midwife clients who may be covered by the NHIP include the following:

- Employed - all those employed in the government and private sector.
- Individually Paying Members - Self-employed, Overseas Filipino Workers, professionals in private practice (doctors, lawyers, dentists, etc.)
- Non Paying Members - the following are entitled to lifetime coverage:
  - Retirees and pensioners of the GSIS and SSS (including permanent total disability and survivorship pensioners of the SSS) prior to RA 7875 in March 4, 1995.
  - Members who have reached the age of retirement and have paid at least 120 monthly contributions. Optional Retirees are not yet entitled to lifetime coverage until they reach the age of retirement (60 years old).
- Indigent Members - under the indigent component of the NHIP (this is a small percentage of total members that are covered).



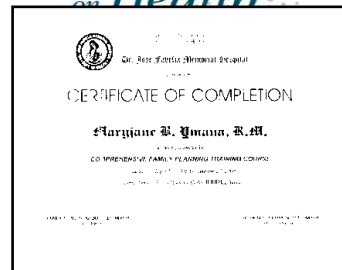
As of February 2005, PhilHealth covers the cost of prenatal visits, delivery, and one post-natal/well-child visit. PhilHealth pays midwives a total of P4,500 per delivery “package” which includes all of the above. Typically, midwives wait 3-6 months after each delivery for payment from PhilHealth.

PhilHealth covers other preventative and outpatient care. More information on what is covered by PhilHealth contact PhilHealth at City State Centre, 709 Shaw Boulevard, Pasig City, Healthline telephone: 637-9999, [www.philhealth.gov.ph](http://www.philhealth.gov.ph).

## Midwife Requirements<sup>1</sup>

Midwives must have at least a two-year degree in midwifery from a Department of Health accredited school of midwifery.

The Professional Certification Board (PCB) certifies midwives. They must renew their certification every three years.



Trainings certified by the Department of Health carry with them the right for the midwife to offer certain products and services such as: prescription and distribution of family planning products; IUD insertion and removal; and others related to procedures and the use of certain medicines.

Certified midwives may assist spontaneous, normal deliveries (no twins, no high-risk mothers, and no-caesarians without a doctor.) Midwives are not licensed to perform bi-lateral tubal ligation or vasectomies. Some midwives offer these services on a referral basis using a doctor who performs the service at a hospital or some other Department of Health certified location.

## Clinic Requirements<sup>2</sup>

Note that there is a separate Department of Health (DOH) certification for the **space** where a midwife delivers and performs her other services. This is called a “Birthing Home” certification under current DOH regulations (August 2005.) Having this certification allows the midwife to perform certain revenue-generating procedures such as IUD insertion and pap smears at her clinic. This certification also allows the midwife to apply for PhilHealth accreditation and accept patients covered under PhilHealth.



In February 2005, PhilHealth paid P4,500 per delivery including all necessary pre-natal visits and one post-natal visit. It usually takes PhilHealth 3-4 months to pay a midwife after a delivery. While PhilHealth accreditation expands the midwife’s market substantially, it can be a burden on cash flow. Another benefit of DoH certification is that other midwives may use the clinic-owner’s accredited space, and provide her a commission for the use.

Midwives with a lying-in clinic that is not certified by Department of Health are not necessarily operating outside of the law. They may deliver babies in their clinics

<sup>1</sup> See Attachments 1a and 1b: Requirements of Midwives and Midwife Facilities in the Philippines.

<sup>2</sup> See Attachment 1a and 1b : Requirements of Midwives and Midwife Facilities in the Philippines.

and perform certain exams, provide family planning counseling and products, sell over-the-counter drugs, and administer vaccines. They cannot perform pap smears or IUD insertion and removal without the Birthing Home certification.

Fire Department and Department of Sanitation certifications are also required, as is business registration with the local barangay.

### **Site visit guidelines for lenders<sup>3</sup>**

#### ***Lying-in Clinic***

Lying-in clinics are those clinics that allow a woman to give birth and then recover for some time.

Usually there is a birthing table with special equipment attached such as metal stirrups for the mother's feet. Also, there should be a separate bed for the mother to lie in while recovering. Often, the midwife requires that the mother bring her own clean sheets for the recovery bed.

There should be a clean water source for the deliver process. Check for certificates of the midwife: midwifery school and other trainings and her PCB number.<sup>4</sup>

A larger clinic may have a separate waiting room, exam room, birthing room and recovery room. There may be a variety of products on display in a cabinet for sale, and clients coming in for visits when you arrive. A midwife who is doing particularly well in her business may have a full or part-time assistant to help her with the workload. Larger businesses tend to have 25-75 client visits per month.

Smaller clinics, or those just starting out, tend to have less rooms. It is possible that there is only one room, with a curtain that may be pulled back for women in recovery. Smaller businesses or part-time businesses have less than 25 client visits per month.

Clean floors and a water source are important for a sanitary environment for all midwife businesses.

#### ***Clinic without Lying-in:***

These clinics may have an exam table, desk, and a small supply of family planning products and over-the-counter medicines. Private practice midwives who assist deliveries at the mothers' home may have a clinic without lying-in for check-ups, family planning counseling and product sales.

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<sup>3</sup> See Attachment 2: Site Visit Checklist for Account Officers

<sup>4</sup> See Attachments 1a and 1 b: Requirements of Midwives and Midwife Facilities in the Philippines.