



USAID
FROM THE AMERICAN PEOPLE



Private Provider Networks: Bringing Order to Chaos

Jeffrey Barnes, Principal Associate, Abt Associates



Abt

Abt Associates Inc. in partnership with:
Data Management Services Inc.
Dillon Allman and Partners, LLC
Family Health International
Forum One Communications
Global Microenterprise Initiatives
IntraHealth International
London School of Hygiene and Tropical Medicine
O'Hanlon Consulting
Population Services International
Tulane University School of Public Health and Tropical Medicine

The “Chaos” of the Private Sector

- Independent, isolated providers
- Minimal regulation or oversight
- Provider associations, which by scope of practice advocate and train, have no authority over members
- Difficult to distinguish unlicensed providers from licensed providers
- Less access to technical updates, subsidized inputs or training in prevention strategies
- BUT: serving large segments of the population at all income levels

Reasons for Creating Private Provider Networks

- **Improving quality** among private providers (training for skills, adding new services, improving business practices, etc.)
- **Diffusing innovations** (adding new products and services not widely used in private sector)
- **Increasing access** to specific products or services (expanding product or service delivery points)
- **Improving market efficiency** (shifting consumers to private sector, reducing unneeded subsidy, freeing public sector resources)
- Providing a new channel for **health communications**

“Creating” Networks

- Linking “spokes” to a “hub”
- Creating a network identity through a package of services
- Ensuring provider commitments
- Balancing the relationship
- Sustaining the “hub” function
 - Covering costs
 - Strengthening existing organizations
 - “BOOT” strategies

Adding Value to the Private Providers

- Hub functions:
 - Pooled procurement
 - Product supply
 - Brand creation and promotion
 - Training
 - Quality monitoring
 - Accreditation
 - Advocacy
 - Management support
 - Financing



Provider Contributions to the Network



- Provider commitments:
 - Paying fees for brand promotion, training, management
 - Adherence to quality standards
 - Reporting data
 - Adherence to branding and management standards
 - Offering preventive care services

Balancing the Provider Network Relationship

NETWORK BENEFITS

- reputation and brand
- market penetration
- discounted supplies
- training and technical assistance
- grant funds and subsidies
- access to credit
- information management system
- advocacy and fundraising

CONTROL MECHANISM

- Contract
- Ownership

MEMBER OBLIGATIONS

- adhere to quality standards
- offer fixed services and prices
- target a specific client group
- pay fees or royalties to parent
- participate in training
- meet reporting requirements
- participate in studies

NETWORK VIABILITY

- overall policy environment
- mission and vision
- institutional & business planning capacity
- sources of financing
- revenue and expenses
- quality assurance systems
- marketing strategies

Entry Points to the Private Sector

- Training programs
- Provider associations
- Insurance/ health finance affiliation
- Franchise schemes

Training Programs

- Focus on increasing knowledge and skills
- Branded or unbranded
- May involve provision of related products
- Obligations are minimal and loose
- Minimal commercial potential
- Short term period of engagement
- Lead organization typically a project or NGO
- Limited influence over providers

Provider Associations

- Easy to find
- Limited resources
- Focus on training, advocacy
- Usually under resourced and dependent on membership fees
- Limited to a single scope of practice
- Institutionally and financially more sustainable than an NGO training program

Insurance/Health Financing Schemes

- Quality monitoring/accreditation and fee payment mechanisms are built in
- Preventive care incentives may be built in
- Frequent contact between network “hub” and the spokes
- Limited opportunities given lack of health financing involving private providers

Franchises

- Influence over providers is stronger because of formal agreements
- Franchise consider management systems
- Typically social franchises require more subsidy, so reach may be more limited
- Franchise brands may have more perceived value for providers

Comparing the Network Models

