



# The Role of Private Provider Networks in Expanding the Supply of RH/FP Services

## Networks Exchange

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# Network Basics

## Definition

A network is an affiliation of health service providers (members) who are grouped together under an umbrella structure or organization (the parent).

- Involves 2 or more service delivery points
- Common feature: a system by which members are grouped, with a balance of benefits, obligations and control mechanisms

# Why Private Sector?

- Growing population means increased health care needs
- Insufficient government and external donor funding
- Health sector reform (role of public sector shifting from service delivery to financing of health care)
- Underutilized private health providers

# Why Private Provider Networks?

- Achieve economies of scale through operating efficiencies
- Allow for rapid expansion or scale-up
- Ensure quality
- Expand access through affordable prices

# Review of Networks

## Focus of our Analysis

- Benefits, Obligations and Control Mechanisms
- Network Viability
- Potential for Scale-up

## Methodology

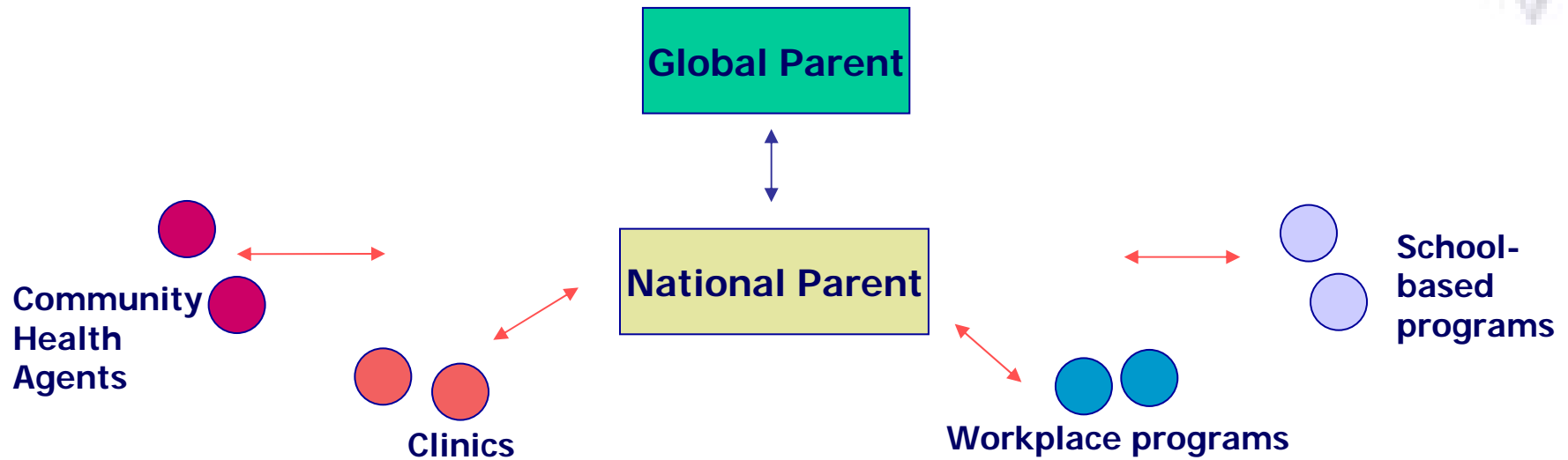
Desk top review and interviews with select networks:

- Non-profit Organizations (global, hybrid and local)
- Social Franchises
- Commercial Networks

# Preliminary Overall Findings

- Networks have the potential to serve mixed client groups with a range of services and prices
- Market analysis is fundamental to identify opportunities, achieve viability and reach scale
- Viability is a prerequisite for scale-up
- There is no one-size-fits-all approach to expanding supply; all networks have the potential to deliver a range of RH/FP services.

# Non-profit Affiliate Model



## Parent

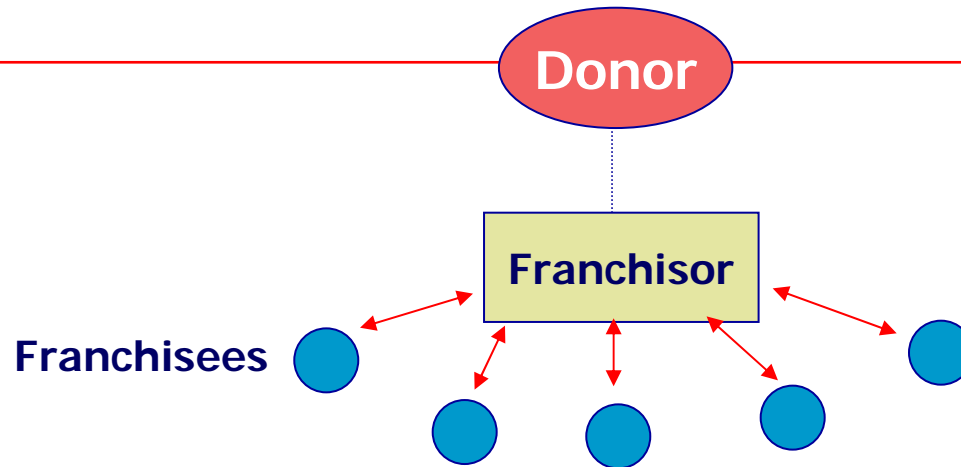
- Training and TA
- IEC development
- Fundraising
- Management/ information systems
- M&E



## Provider

- High quality service provision
- Affordable fees
- Referrals between service providers
- Cross-subsidization

# Social Franchise



## Franchisor

- Training
- Operating systems and procedures
- Branded products and services
- Marketing
- Access to capital

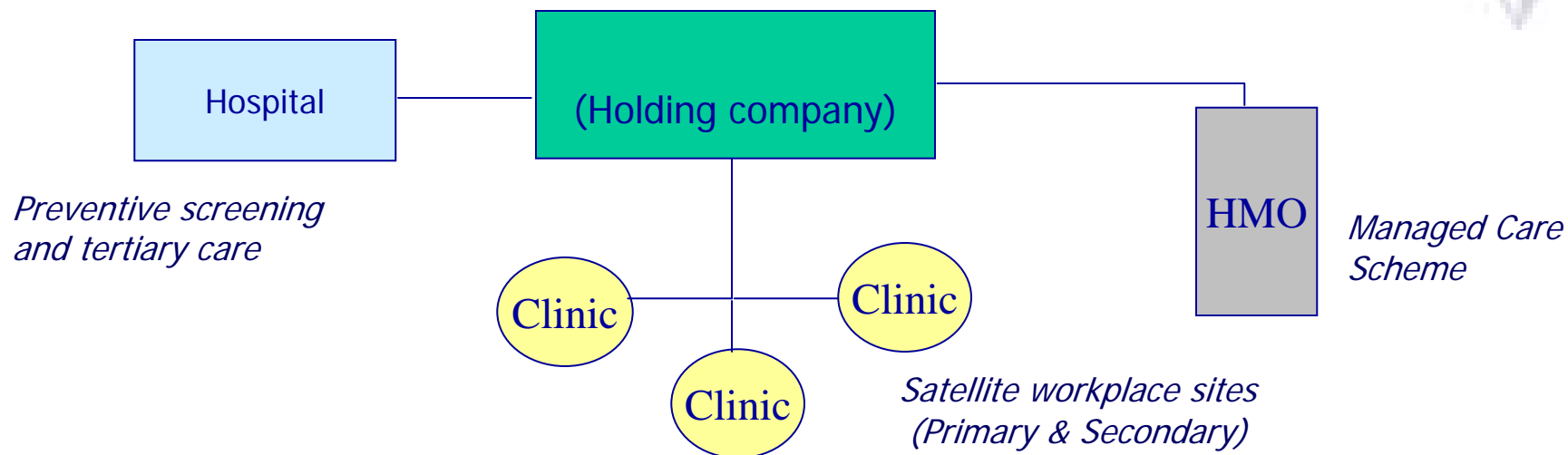
## Franchisees

- Deliver uniform set of services (for set prices)
- Pay fee to franchisor
- Provide data on services utilization and/or sales
- Comply with terms of franchise agreement





# Commercial Network



## Holding Company

- Major shareholders include primary owners and three insurance companies



## Service Delivery Points

- Fixed-cost services for corporate clients at Satellite clinics
- Fee-for-service & managed care at Lagoon Hospital

# Preliminary Findings: Non Profit Networks

- 1) Necessary to diversify funding sources
  - Institutional revenue (donor and public subsidies)
  - Community revenue (user fees, employer contributions, pre-payment schemes, etc)
- 2) Global Affiliates have strong core-competency in RH/FP
  - Strong, centralized institutional capacity
  - Efficient and streamlined transfer of know-how and capacity
  - Ease of replication

# Preliminary Finding: Non Profits

## 3) Non-profit organizations are able to innovate

- Cross subsidize through services (preventive and curative)
- Cross subsidize through markets (urban/rural, middle/low-income)
- Offer specialized products (e.g youth friendly)
- Build partnerships with the public sector and local institutions
- Focus on quality not quantity

# Preliminary Findings: Social Franchises

- 1) Appropriate mix of services and products is key
  - Trend toward integrated health services
  - Mix preventive with curative care
- 2) Franchise must balance obligations and benefits
  - Understanding provider incentives to join franchise is critical
  - Franchise fees must not exceed benefits of membership

# Preliminary Findings: Social Franchises

## 3) Quality assurance comes at a price

- Monitoring quality of services and products at outlets critical to protecting brand
- However — labor intensive, expensive and difficult to enforce

## 4) Mixed experience with financial sustainability

- Majority of *franchisees* able to generate profits
- *Franchisors* at varying degrees of cost recovery

# Preliminary Findings: Commercial Networks

- A commercial network may call itself something else, unless it is a HMO network – group of providers, network of facilities, a business model.
- Commercial networks have high sensitivity to local market conditions and readiness for continuous adaptation.
- Growing quality and standards mechanisms – HMO contracting and other centers of influence.

# Preliminary Findings: Commercial Networks

- Serve large numbers.
- Health impact real but not measured.
- Providing RH/FP offers cost savings to providers in HMO networks.
- Real demand for RH/FP - training essential.
- Scale up – grafting – add services and skills.

# Looking Forward

## Center of Influence

*Professional  
Trade  
Accreditation  
Educational  
Advocacy  
HMO*

### Parent Association

Training  
Standards of Practice  
Access to Credit  
Certificates  
Publications  
Discounts

### Members

Dues/fees  
Comply with quality & other standards





# Our Next Steps

- Identify networks for technical assistance and scale-up
- Invite applications for technical assistance
- Welcome information about other networks
- Continue to build the Network Exchange forum
- We hope you join us for the next one!