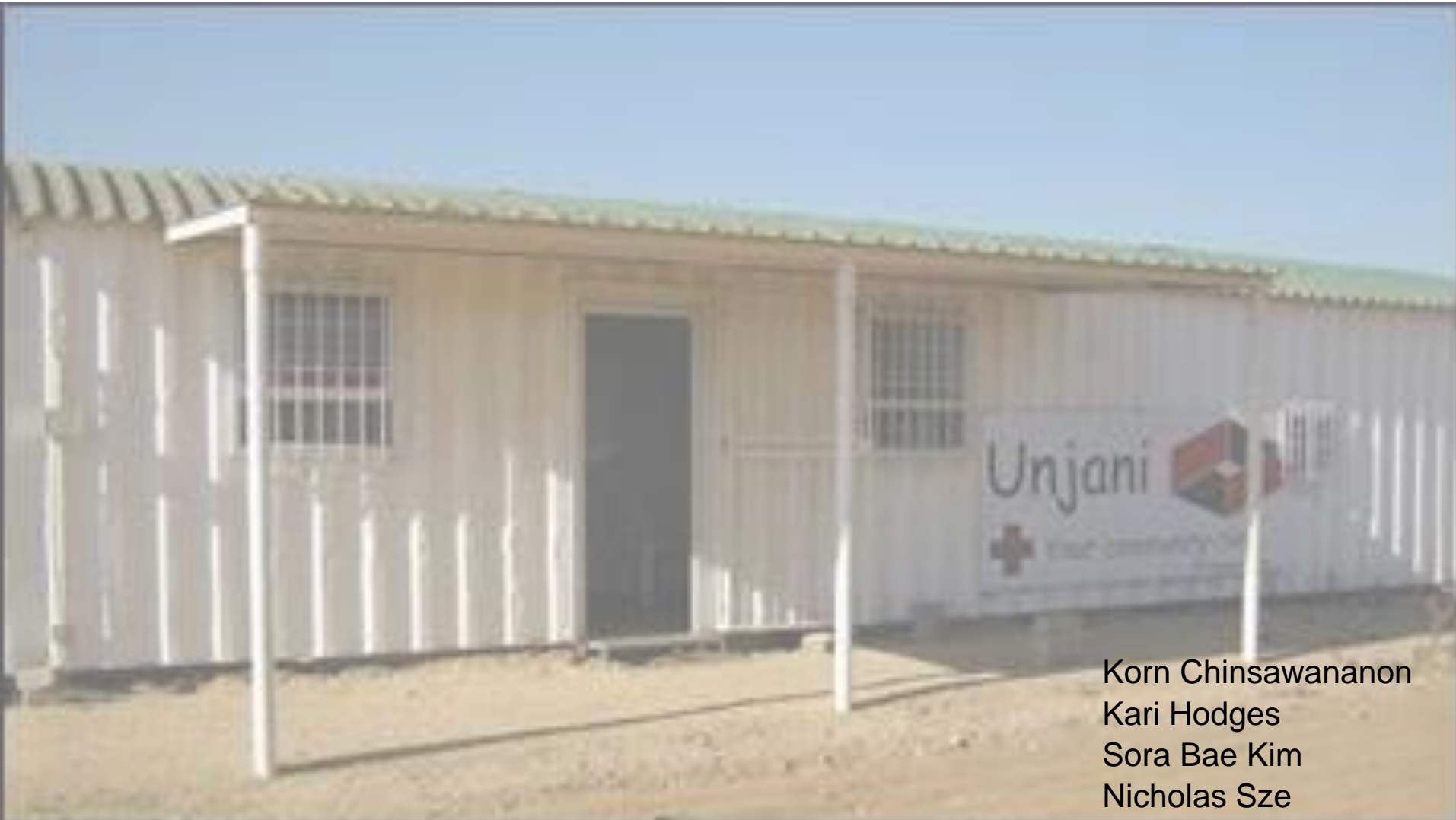


Unjani Clinics: Delivering Healthcare in South Africa

Monday March 18, 2013



Korn Chinsawanon
Kari Hodges
Sora Bae Kim
Nicholas Sze

Agenda

- I) **Team Introductions**
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing
 - I) Current and Recommended Pricing Strategy
 - II) Methodology
 - III) Data Analysis
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan

Team Introductions

Korn Chinsawananon

Sora Bae Kim

Kari Hodges

Nicholas Sze

Agenda

- I) Team Introductions
- II) Project Background**
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing
 - I) Current and Recommended Pricing Strategy
 - II) Methodology
 - III) Data Analysis
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan

Project Background

- Imperial Health Services (IHS), has recently purchased RTT Health Services for R500 million.
- In 2010, RTT launched a program to leverage its logistical expertise in the social enterprise sector by creating a clinic-in-a-box CSI initiative named Unjani to:
 - Tackle the primary healthcare shortage among low income population in the country
 - Promote entrepreneurship among the salaried nurses through franchising model
- Pilot phase which started in September 2010 in Etwatwa and Wattville, has now grown to 7 fully functioning clinics.
- Currently charging a price ranging from R100 to R150 (depending on the clinic location) for all treatments and medication provided.
- IHS's vision within the next 4 years is to build a sustainable network of 500 Unjani Clinics across the country, including in rural and semi-rural areas, where public health care facilities are often far away.

Map of South Africa removed due to copyright restrictions.

Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement**
- IV) Project Scope & Objectives
- V) Pricing
 - I) Current and Recommended Pricing Strategy
 - II) Methodology
 - III) Data Analysis
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan

Problem Statement

- While the pilot has been improving operational efficiency, the challenge is making the franchising model financially sustainable.
- The main problems are:
 - Uniform pricing does not take into account the different in costs of each treatment
 - Lack and volatility of patient volume
 - Performance monitoring complexity due to high level of manual documentation

Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives**
- V) Pricing
 - I) Current and Recommended Pricing Strategy
 - II) Methodology
 - III) Data Analysis
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan

Project Scope and Objectives

- In order to achieve sustainability, the main questions the team is exploring are:
 - How to define a pricing structure that would allow the model to be sustainable in the long run?
 - Drawing from the experience of other healthcare franchising models, how can we consistently drive more volume to the clinics?
 - What kind of training or efficiency monitoring metrics would improve overall knowledge of the nurses as well as improve the bottom line?
- The team will also explore other potential revenue streams (such as OTC selling) as well as other options for Unjani to be successful in its mission to improve healthcare of people at Bottom of the Pyramid.

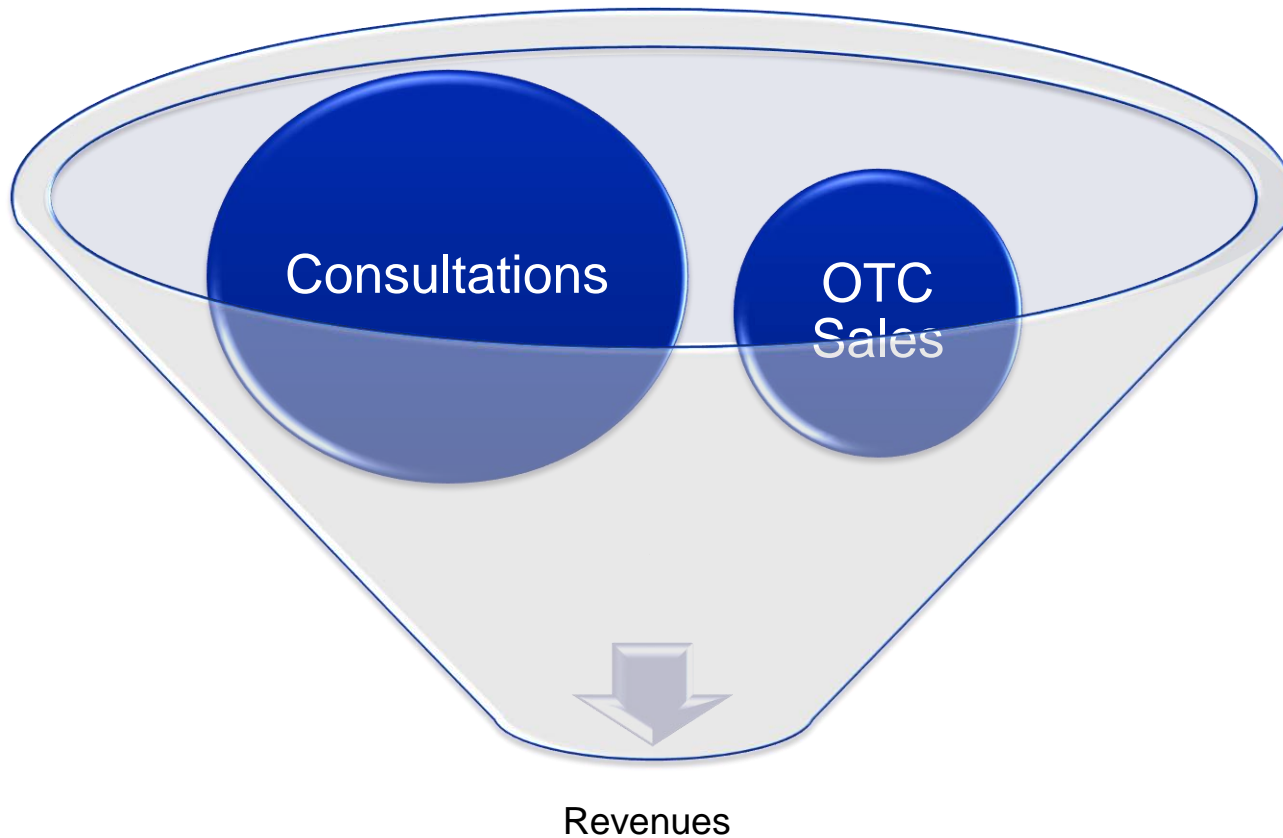


Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing**
 - I) Current and Recommended Pricing Strategy**
 - II) Methodology**
 - III) Data Analysis**
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan

Unjani's Current Pricing Strategy

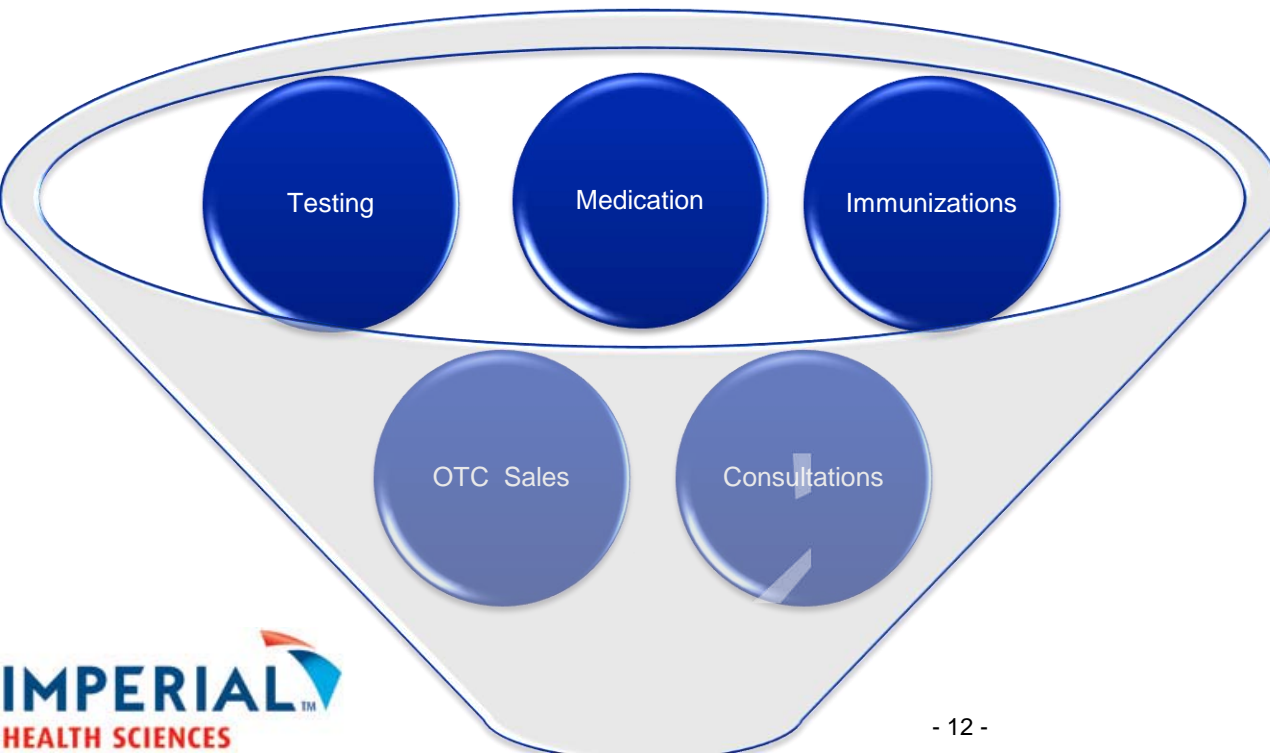
Unjani's current revenues are primarily generated from a standard consultation fee of 100R to 150R, depending on clinic location



Recommended Pricing Strategy

We have three main recommendations:

- 1) Implementing a stratified cost-plus pricing strategy that charges different fees based on the services rendered
- 2) Encouraging sales of Eyeglasses, OTC Sales and other products (i.e. soaps, condoms) in order to cross-subsidize lower volumes in medical consultations
- 3) Enable data-driven future pricing decisions by implementing better financial data management practices



This will enable:

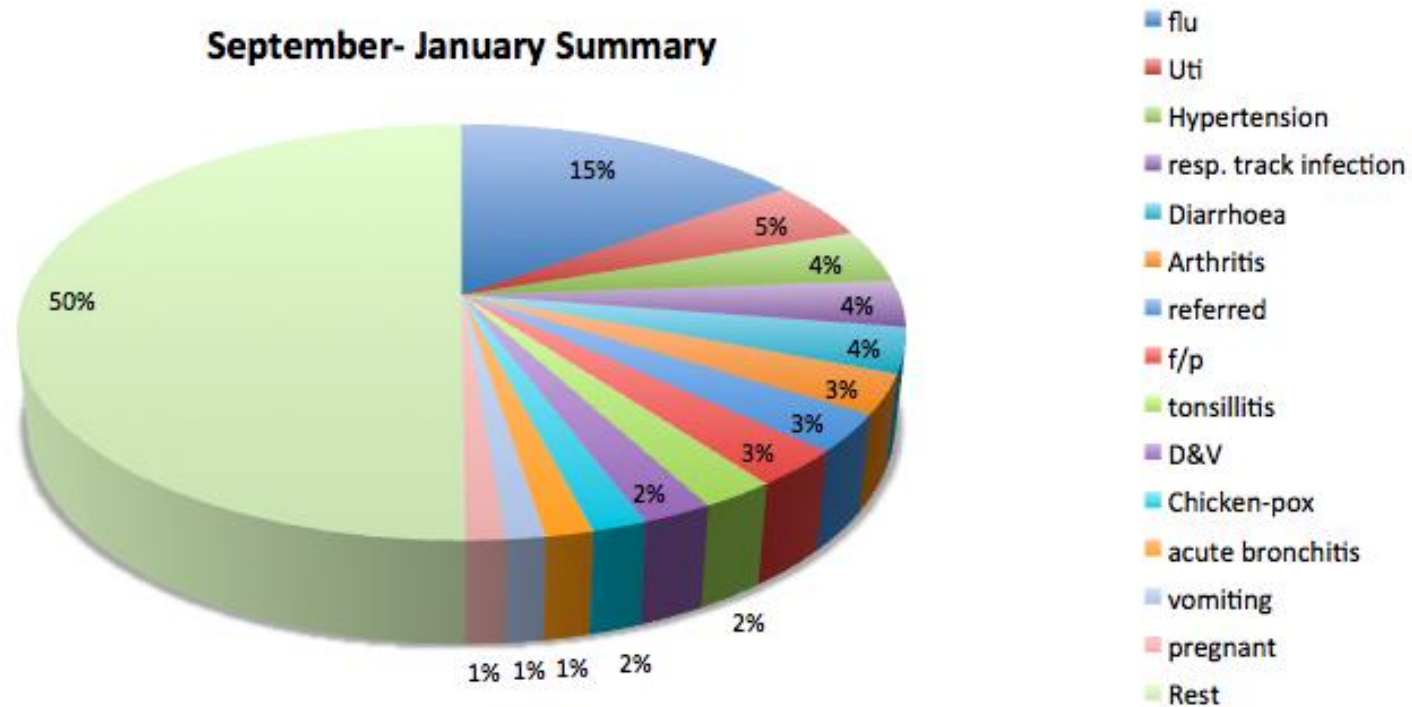
- 1) Higher volumes through increased market access
- 2) Price transparency to customers
- 3) Scalability for opening future clinics

Pricing Analysis Methodology

We have performed two main types of analysis:

- **Historical Patient Diagnosis Analysis:** Using historical 3-month patient diagnosis data from the clinics, data analysis was performed to analyze:
 - Trends in patient flow
 - Most common ailments and treatment patterns
 - Current clinic volumes and future prices could be set according to these volumes
- **Cost-based Pricing Analysis:** A cost-plus pricing analysis was performed to understand the current consultation costs and profit margins

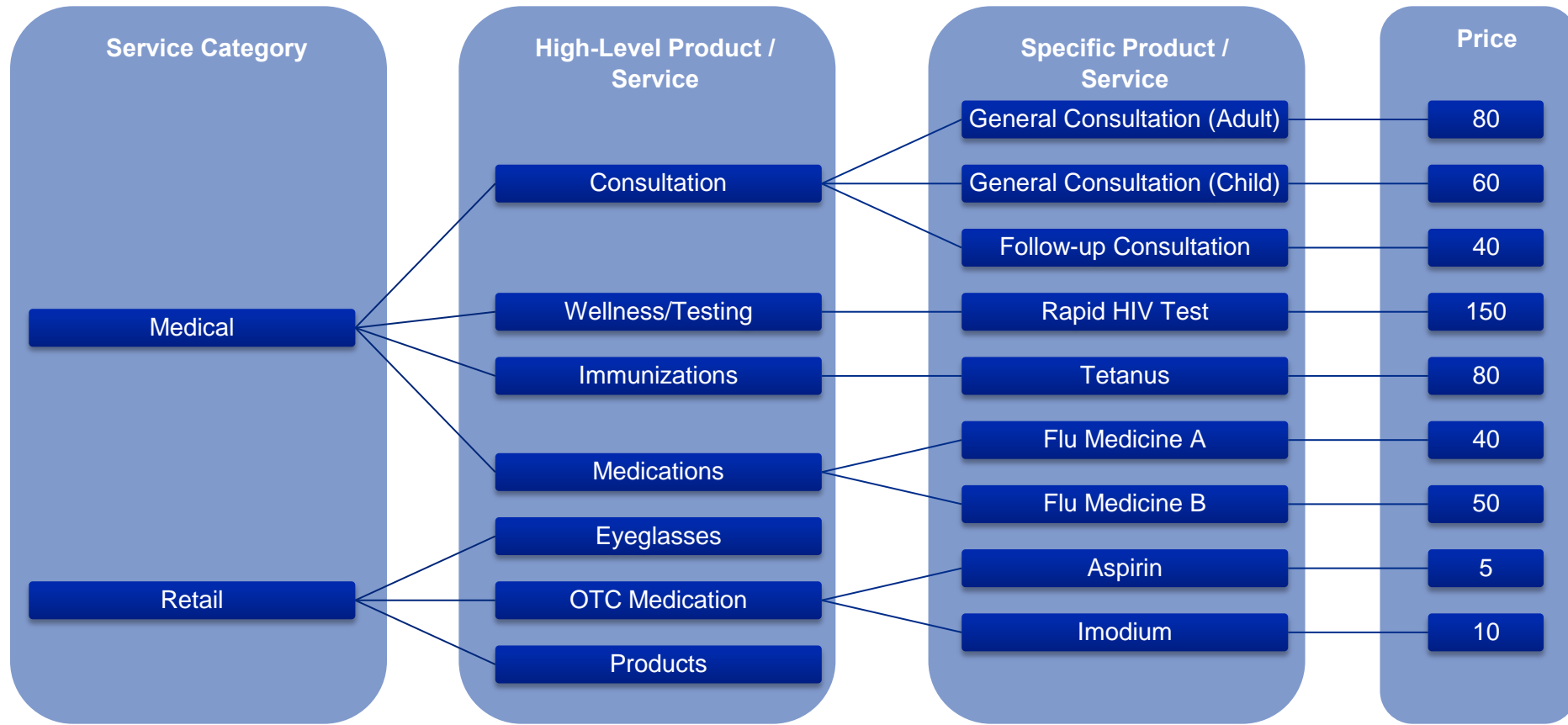
Etwatwa Patient Diagnosis Data Summary



- From these statistics, it can be observed that the top 12 diagnosis take up 50% of the total consultations
- Flu is the leading diagnosis due to the season when the data was collected
- Procedures, family planning, and referrals only make up ~6%

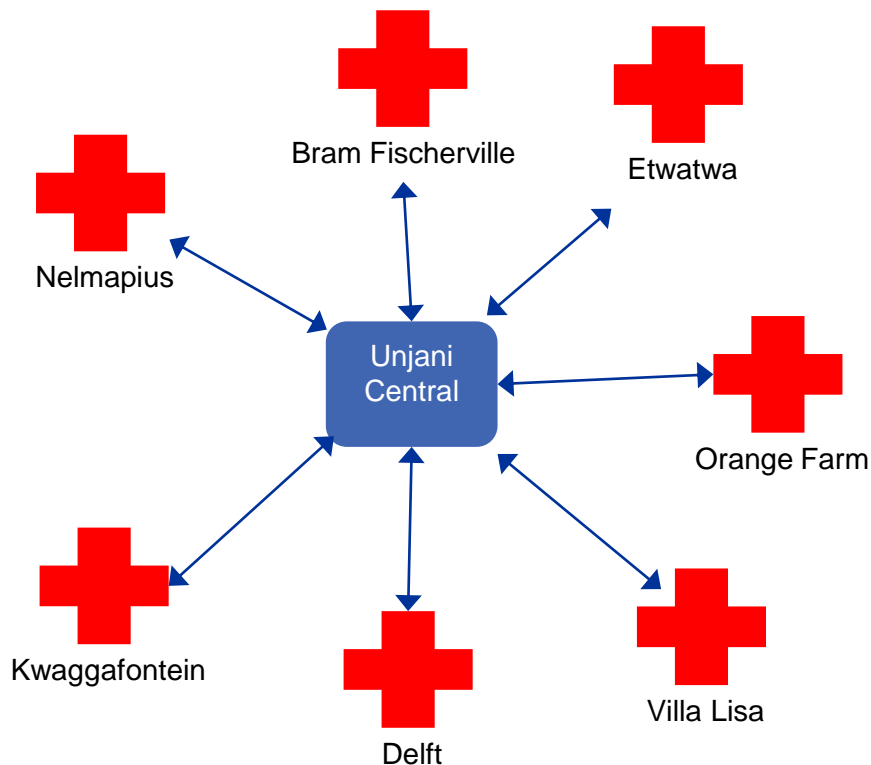
Cost-Plus Pricing Model

We recommend a cost-plus pricing model that charges different prices based on the services rendered or products that are purchased. Furthermore, we propose classifying the services offered into a simple “menu”



Centralized Financial Management Practices

One key to success in our cost-plus pricing model will be the ability to adjust prices accordingly based on performance. We recommend enhancing Unjani's financial data management practices through implementing uniform financial tracking templates across clinic locations, and training staff in the proper usage.



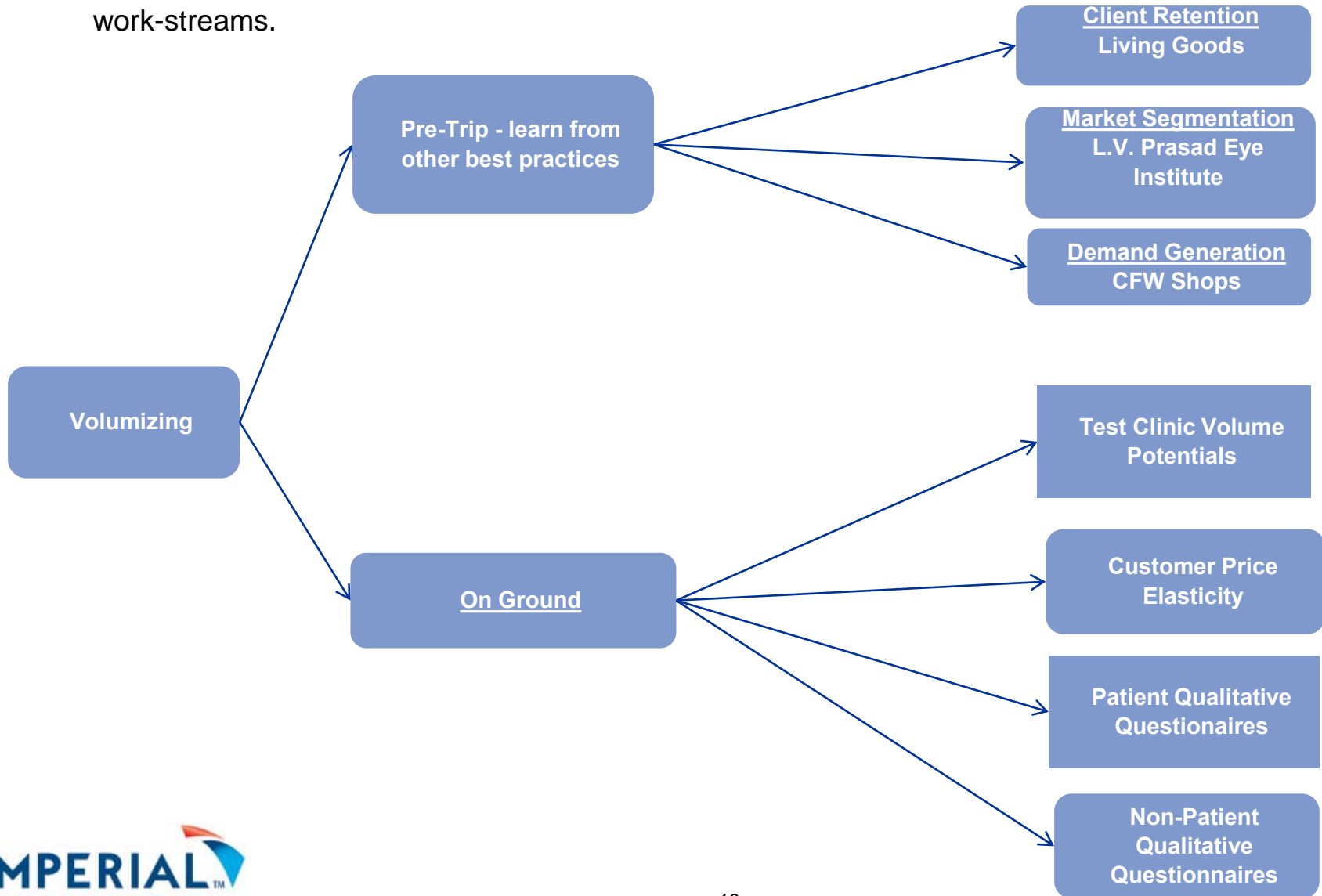
- There should be a centralized financial monitoring tool to track revenues, costs and profitability by clinic
- Financial tracking templates will be distributed to clinics and completed monthly
- In the nurse training program, nurses will learn how to complete the financial spreadsheets and the importance of accurate reporting

Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing
 - I) Hypotheses
 - II) Data Analysis & Assumptions
 - III) On-site Work
 - IV) Deliverables and Impact
- VI) Volumizing & Coaching**
- VII) Other Potential Options
- VIII) Interim Conclusion and Overall Recommendation

Volumizing & Coaching


In order to explore how to drive higher volume to clinics, the team has divided the work into two work-streams.



Case Study: Living Goods - Minimal Overhead and Market Access/ Retention Model

Living Goods Mission	Method
<p><i>Started in Uganda in 2007, Living Goods trained Community Health Promoters to dispense medicine for highly prevalent treatable diseases via a door-to-door sales method.</i></p>	<ul style="list-style-type: none">• Partnered with BRAC microfinance programs to recruit CHPs and secure loans for woman to purchase medicine. Serve as storage and distribution centers for supplies.• Mobile sales model; diversified revenue sources through product and medicine sales.• Specialization in highly treatable low cost diseases.• Incorporated consumable goods in their product mix with medicines to cross subsidize health delivery costs.

Case Study: L.V. Prasad Eye Institute-- Segmentation

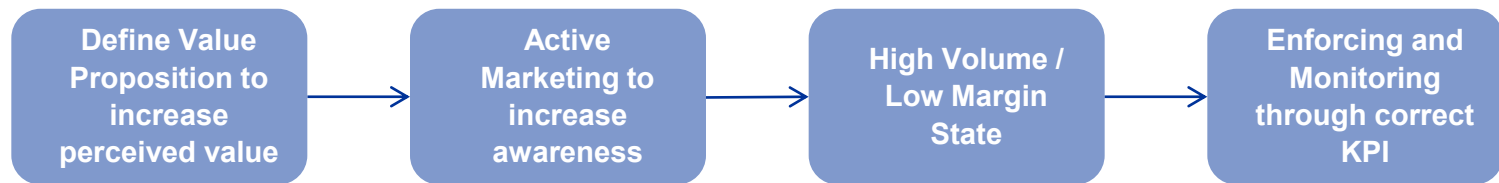
LV Prasad Eye Institute Mission	Method
<p>L.V. Prasad is the not-for-profit comprehensive eye health facility with its main campus located in Hyderabad, India. The mission is to provide equitable and efficient eye care to all sections of society. The LVPEI network includes a Centre of Excellence in Hyderabad, 3 tertiary centers in Bhubaneswar, Visakhapatnam and Vijayawada, 10 secondary and 92 primary care centers that cover the remotest rural areas in the state of Andhra Pradesh, India, as well as several City Centers. The Institute's innovative and comprehensive approach to community eye health, the LVPEI Eye Health Pyramid, has been adopted as a model by the government of India and by other developing countries.</p>	<ul style="list-style-type: none"> • Cross Subsidization between paying and non-paying patients • Center of Excellence Model – being the expert in eye care • Successfully implementing tiered system 

Case Study: CFW Shops - Prescription Drug Franchise Model

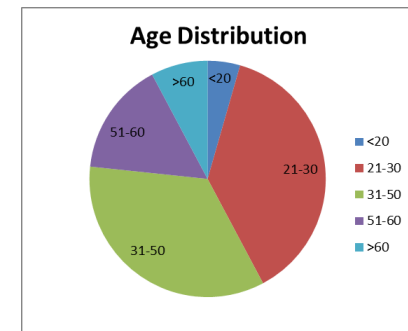
CFW Shops Mission	Method
<p>CFW is a mix of drug stores owned by CHW and nurse owned clinics. Malaria testing and treatment, They provide TB referrals, oral contraceptives, male condoms, injectables, water purification, vitamins, LLINs, net re-treatment and HIV testing.</p> <p>Their goal is to reduce under age 5 mortality rates thus encouraging family planning and lower population growth rates by: treating childhood infectious diseases in the communities where children live; reducing congestion in the healthcare system so that scarce resources can be applied to others not so easily treated; and improving community health through educational and prevention activities.</p>	<ul style="list-style-type: none">• Small strategically located drug shops and clinics that provide pharmaceutical treatment only and target prevalent easy to treat afflictions such as TB.• Renting existing space in underserved needy communities• Provide low cost high-quality pharmaceuticals.• Franchise operators must comply with protocols to gain purchase and distribution approvals

Volumizing – Interim Conclusion

- From our research, there is currently no successful standalone primary healthcare franchising organization anywhere in the world.
- The team has identified some of the themes of volumization that could be applied to Unjani.



- Currently, the team has reviewed patient surveys which yielded insights on demographic served and perceived quality.
 - Total participants of 133 patients from all three clinics.
 - Current Patient Demographic is 75% women and 25% men
 - 66% wait under 15 minutes for the treatment
 - 91% service satisfaction with rating from Good to Excellence
- Further work on the ground will aim to understand non-patient characteristics to confirm whether the root-cause is a lack of awareness or lack of perceived value.



Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing
 - I) Hypotheses
 - II) Data Analysis & Assumptions
 - III) On-site Work
 - IV) Deliverables and Impact
- VI) Volumizing & Coaching
- VII) Other Potential Options**
- VIII) On-Site Workplan

Achieving the Social Impact Goal Through Other Options

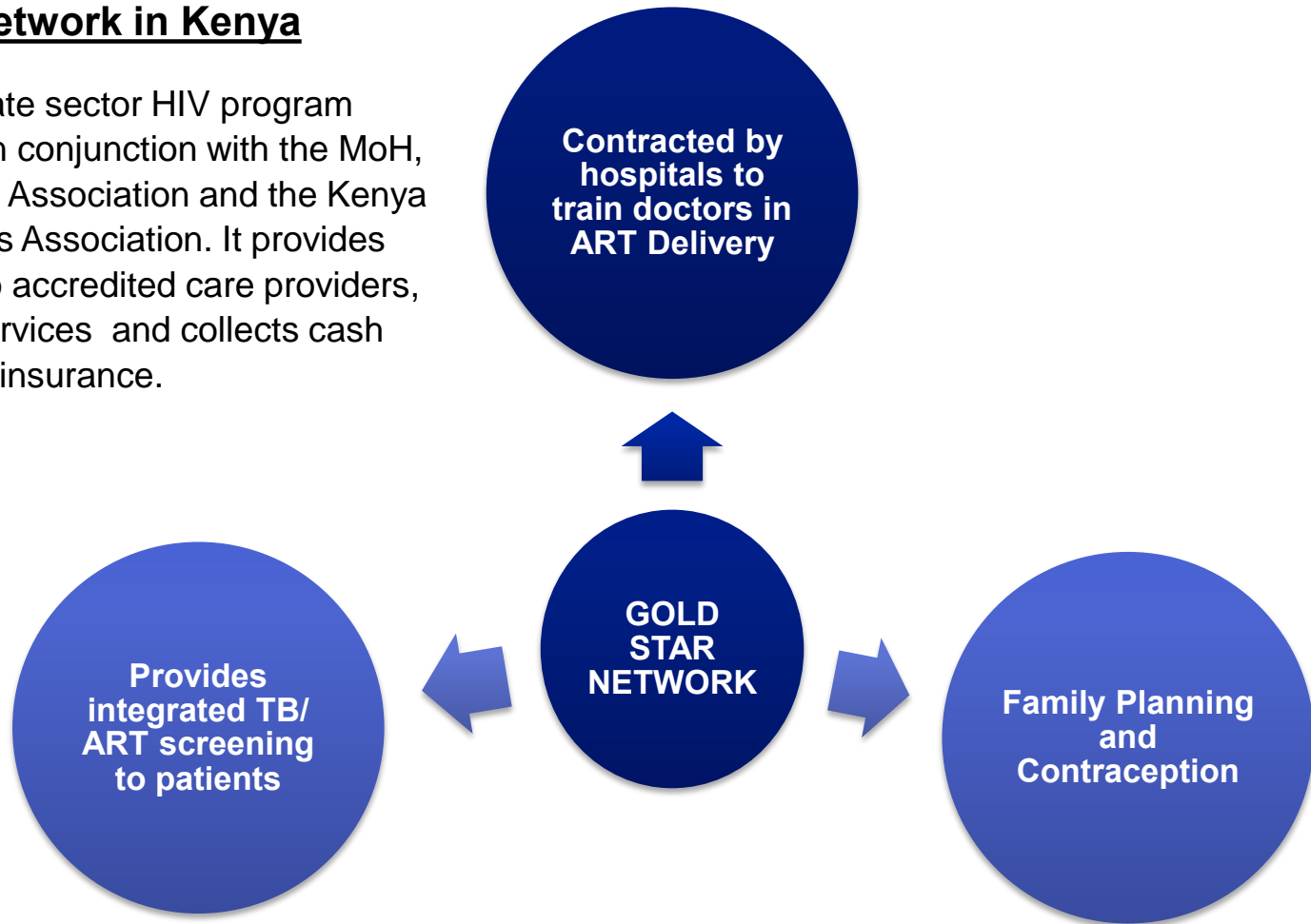
The other best practices the team have identified are some common key attributes performed by other organizations that could be applied to Unjani.

Options	Benefit
Partnership	Increases PR and potential funding. The team is curious to explore the following potential partnerships, <ol style="list-style-type: none"> 1. Healthcare Organization - (Public Hospital/Ministry of Health) 2. Non-Healthcare Organization - (Microfinance/School/Other Businesses)
Other Funding	Extra revenue from donation to help alleviate the financial pressure and allow Unjani to achieve its mission of providing more services at a more affordable price.
Cross Subsidization	Generate more revenue from selling different products to subsidize for the lossmaking clinical treatments
Center of Excellence	Focus on the core competency, potentially exploring the options of being a distributor of essential medicine
Insurance Initiative	Guarantee constant revenue

Supply Side Partnerships, Government and Industry: Multiple Revenue Streams

Gold Star Network in Kenya

GSN is a private sector HIV program implemented in conjunction with the MoH, Kenya Medical Association and the Kenya Clinical Officers Association. It provides ART training to accredited care providers, patient care services and collects cash payments and insurance.



Channel Partnerships: Suppliers and Referrals

World Health Partners SkyHealth Rural Centers

WHP cuts costs and generates revenue from a diversified set of sources. It creates partnerships with suppliers to get low cost goods. It earns income through sponsorship, referrals and government subsidies. go house to house to identify potential clients.



Non Health Organization Partnerships: Access to the Masses

Microfinance Institutions

“Improving the health of the poor requires reducing poverty and facilitating health access simultaneously. Scientific evidence demonstrates that microfinance organizations can implement health programs that increase knowledge, change health-related behaviors and improve access to health services. Microfinance institutions can provide a global infrastructure platform for integrating poverty alleviation and health improvement programs.”

- Over 3500 microfinance institutions provide microcredit and financial services to more than 155 million households worldwide.
- Conservative estimates indicate 34 million of these households are very poor Worldwide.
- current public health programs and health systems do not have the reach to meet these needs.
- The microfinance sector offers an underutilized opportunity health delivery to hard-to-reach populations. *

- “Integrating microfinance and health strategies: examining the evidence to inform policy and practice.”

Agenda

- I) Team Introductions
- II) Project Background
- III) Problem Statement
- IV) Project Scope & Objectives
- V) Pricing
 - I) Hypotheses
 - II) Data Analysis & Assumptions
 - III) On-site Work
 - IV) Deliverables and Impact
- VI) Volumizing & Coaching
- VII) Other Potential Options
- VIII) On-Site Workplan**

On-Site Plan

To experiment if the proposed price plan would be feasible, on-site the team will:

1. Do a comparison of prices with the local alternative primary health care delivery clinics and OTC prices at the spazas
2. Conduct a questionnaire with current patients and patients from other local alternative primary health delivery clinics

On-Site Proposed Calendar

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
						1 6 MIT Team Arrives
1 7 Internal Team prep work	1 8 Intro Meetings, Initial Presentation, and TB Q&A	1 9 Marketing Training	2 0 Etwatwa and Villa Lisa Site Visits	2 1 Public Holiday Cape Town	2 2 Cape Town – Delft Site Visit	2 3 Cape Town, back to Jo'burg in PM
2 4 Anjali arrives and internal Team prep work	2 5 Anjali Meeting and Nelmapius Site Visit	2 6 Kwaggafontein Site Visit	2 7 Orange Farm Site Visit	2 8 Bram Fischerville Site Visit, Final Presentation	2 9 Public Holiday	3 0 MIT Team Departs in PM

References

Please see our annotated bibliography and the notes for references.

MIT OpenCourseWare
<http://ocw.mit.edu>

15.S07 GlobalHealth Lab
Spring 2013

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.