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AHME AFRICAN HEALTH MARKETS FOR EQUITY

# AHME: Assessing the 'Business Skills' Program across PS Kenya

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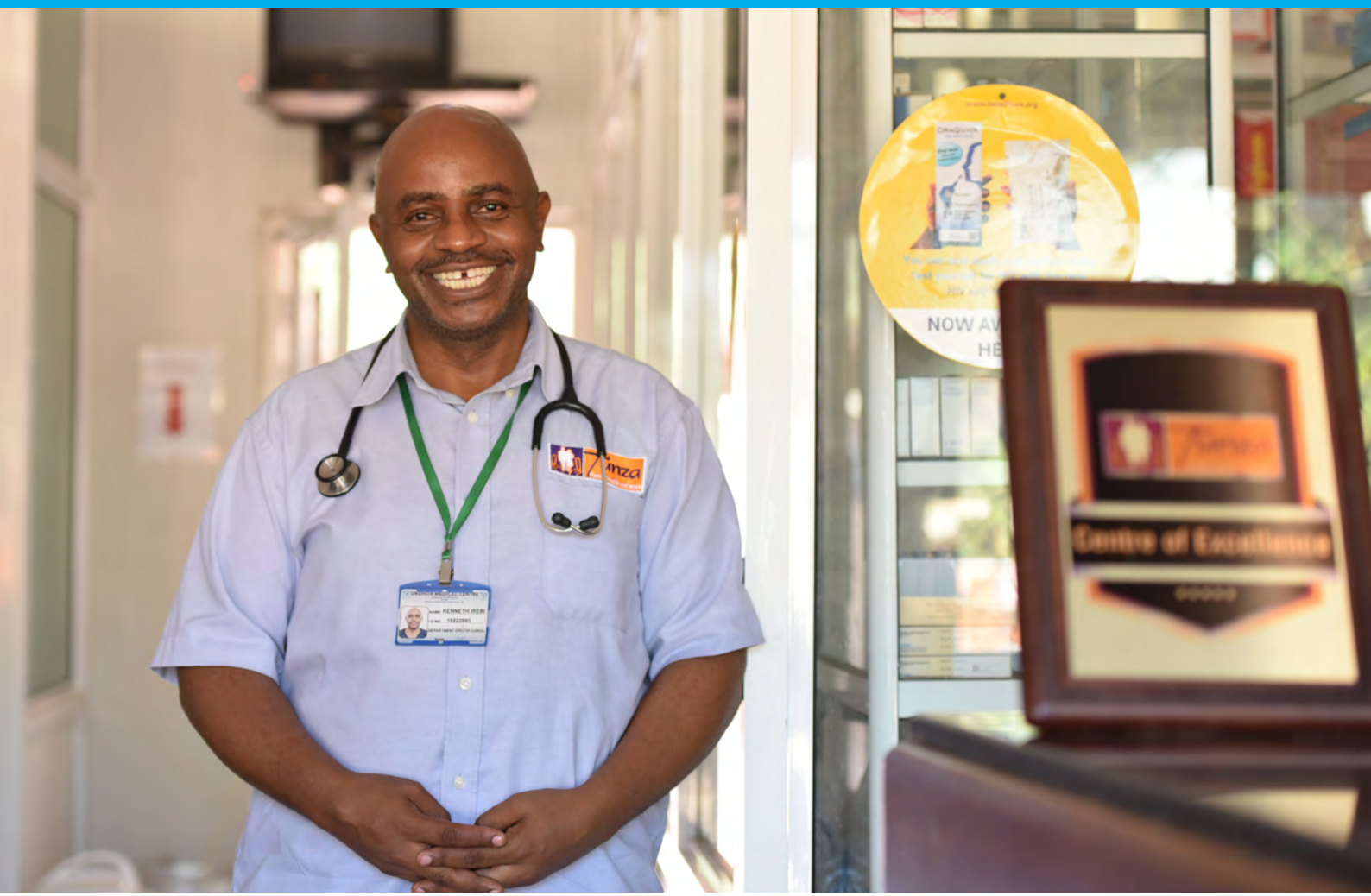

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## Acknowledgments

African Health Markets for Equity (AHME) is a six year programme funded by the Bill & Melinda Gates Foundation and UK Department for International Development. The six-year project aims to deliver high quality primary health care, particularly to the poor, through the private sector in Kenya and Ghana. The AHME partnership is led by Marie Stopes International in collaboration with Population Services International and PharmAccess Foundation. For more information on AHME, please contact ahme.management@mariestopes.org.

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Photo: Director of the Ukunda Medical Centre, a Tunza Center of Excellence.
Credit: PS Kenya

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## List of acronyms

| | |
|---|---|
| AHME | African Health Markets for Equity |
| MCF | Medical Credit Fund |
| NHIF | National Hospital Insurance Fund |
| OJT | On-the-job training |
| PAF | PharmAccess Foundation |
| PSI | Population Services International |
| PS Kenya | Population Services Kenya |

# Introduction

The African Health Markets for Equity (AHME) program, funded by the Bill & Melinda Gates Foundation and the UK Department for International Development (DFID), aims to deliver high quality primary healthcare through the private sector in Kenya and Ghana. The program seeks to improve the functioning of the health system in terms of quality, access, security of supply, sustainability and equity in ways that benefit the poor. The AHME partnership is led by Marie Stopes International (MSI), with Population Services International (PSI) and PharmAccess Foundation (PAF) as sub-contracting partners.

The AHME partnership identified five conditions that must be met for markets financed through national health insurance schemes to work for the poor. These five conditions underpin AHME's intervention strategies (Figure 1):

1. The poor are enrolled.
2. Key primary healthcare services are covered.
3. Accessible facilities are contracted.
4. Accessible providers offer quality services.
5. Providers run viable businesses.

The Business Skills program was supported by PSI to build franchisee business capacity and strength, and provide access to finance, in order to support the expansion and improvement of health services in supported facilities.

The purpose of this assessment is to outline the development and evolution of this program under AHME and to provide key recommendations for global learning. The scope of this evaluation will focus on Population Services Kenya's (PS Kenya) program providing business support and linkage to credit, and will make recommendations for other platforms seeking to operationalize similar approaches.

**Figure 1:** Five Market Conditions


# The Business Skills Program

The Business Skills program is structured under the overall Social Franchising program. The program existed prior to AHME, but was significantly shaped and embedded in to the Social Franchise strategy during the AHME program.

In 2012, PS Kenya introduced the Tunza Business Skills program to help augment providers' entrepreneurial skills through business training and mentorship - knowledge that is seldom included in the medical curricula. In addition to business support, the program aimed to link health providers to affordable financing, to help fund quality improvement as well as facility expansion. Over the years, there have been noted improvements at facilities that have been keen to adopt recommendations and institutionalize best in class business practices made to them by the Tunza Business Advisors. First, as result of increased financial prudency, facilities have increased their bankability and have been able to access affordable financing to make quality improvement, increase scope of services, or make structural changes at their facilities. Secondly, as benefit accruing to the health facility's improvement and expansion, providers have noted growth in client volumes and revenues. Lastly, as providers continue to appreciate the advantages of running their facilities with a business mindset, they have gone ahead to automate their facility operations which further enhances efficiency and productivity at the facility.

**Right:**
Clients receiving services at Tunza clinic, Mulango Health Centre.
Photo credit: PS Kenya.

## Structure of the program

As of 2018, the team consists of 6 business advisors who work on designated geographic areas. Each business advisor supports 40-50 facilities per person. All advisors have business acumen skills and largely originate from the financial services sector.

All Tunza facilities are serviced as part of the Tunza Social Franchise program, but only a smaller number of them are invited to join the Business Skills program. Recommendations to join this program are provided by other Tunza-PS Kenya support staff (Quality Assurance Officers etc), who regularly visit all the Tunza facilities. The provider's desire and willingness to grow their health practice is the main criterion for Business Skills program eligibility. Upon admission into the program, baseline assessments on their current capacity are taken.

The start of the program was originally a five-day workshop for facility owners, with a two-day follow-on business training provided each quarter. However, PS Kenya soon identified flaws in this approach: the health business owners were not necessarily the only ones whose business skills needed improvement in order to improve the performance of the facility, and having these skills didn't always translate effectively into day-to-day activities. Realizing that facilities have unique needs, we shifted our focus to on-the-job training (OJT) and now provide tailored in-person support to each facility. This approach allows for group training where applicable on areas such as customer service. There is still a 'kick-off' streamlined two-and-a-half-day classroom training for new facilities, but the objective is to introduce the program and obtain a common understanding of what the program entails.

## Development of tools

Under this program, PS Kenya has developed a number of tools and techniques to standardize the program across all the facilities. They are themed across four areas:

1. General Business Operations
2. Financial Management
3. Stock Management
4. Marketing and Demand Creation

## Measuring results

In terms of assessing results, there is a standard set of questions that are practical in nature and are measured according to yes or no responses. Each business advisor is trained on how to measure facility improvements. For example, one measurement question is: "there is a risk management strategy in place". The business advisor verifies whether there is a hard copy of the strategy and scores yes/no accordingly. Each area is weighted according to how critical the area is to the performance of the business. The most critical areas are scored as "most severe". The dual weighting across questions and areas enables the business advisors to objectively identify where to focus their efforts.

**Right:**
A client at Mulango Health Centre, a Tunza clinic.
Photo credit: PS Kenya.


## Prior to AHME

The objective of the business program prior to the start of AHME was to implement the Medical Credit Fund (MCF) and SafeCare stepwise quality improvement program (https://www.safe-care.org/), working with PharmAccess Foundation (PAF). The two programs were complimentary to each other, with SafeCare taking a lead role to help identify quality gaps at the facility, and MCF financing identified quality and scope expansion gaps. The overall assumption was that owners of health facilities did not have access to financing because they lacked the necessary financial and banking skills to be able to access credit in the marketplace, and that they did not have the collateral needed to offer adequate security to lenders. Therefore, the objective at this time became to increase the ability of the facilities to improve record keeping, in order to access commercial loans.

Through implementing this program, PS Kenya began to realize that health business owners did have access to small scale credit via circle groups (cooperative lending schemes), personal unsecured bank loans and family/friends. Although they did not have access to commercial loans at that point (prior to MCF/AHME), they were able to source funding when needed to buy new equipment or make small improvements to their business. Importantly, over time, PS Kenya also learned that providers were increasingly interested in the business support they could receive from PS Kenya. The specialized support and trainings on areas such as stock management and financial record keeping was unique in the health marketplace and thus valued by the Tunza franchisees.

## During AHME

Learning from their previous iteration, the objectives for the Business Skills program under AHME were three-fold:

1. Improved business support through training and mentorship
2. Improved access to credit (from MCF)
3. Scope expansion (increased number of facility services).

As outlined above, the original premise at the start of AHME was that business skills support were needed and highly valued by franchisees. Improved basic business skills (financial management, patient record keeping, stock management, human resource management) had the potential to significantly improve how providers run their practices and potentially help them increase their profits. Increased ease of access to credit was assumed to help catalyze improvements and increase the scope of services. PS Kenya therefore focused on providing support on several areas and increasing the amount of time they could spend at each facility: inventory management, pharmacy, financial management, risk management and community-based marketing to help create demand for the facility. PS Kenya provided each facility with a facility work plan (Business Improvement Plan), which was tailored to their specific needs. This formed the basis of any follow-on support and enabled business advisors to objectively track improvements made.

# Effectiveness

It was believed that improved business skills would lead to an increased take-up of commercially-sized loans if provided by MCF, as commercial loans were still out of reach for most facilities. This in turn was thought to help improve the scope of services for clients. After a couple of years, PS Kenya concluded that the causal relationship between these three areas was not as straight-forwards as they had assumed. After the trainings and tailored support, the clinics were indeed more "loan ready" than they had been, but they did not always choose to access credit from MCF. Through discussions with the facilities, PS Kenya realized that they were in fact taking out loans, but from elsewhere. There was a number of reasons to explain this:

- Facility owners were now opting to take personal loans. Facility owners had longstanding relationships with their own personal banks and thus personal loans were favored. In addition, some were also accessing cooperative loans (circle groups) from within their communities.
- Around this time, the Government of Kenya had regulated and capped the interest rates of commercial loans, which resulted in a lower commercial interest rate in the market place than MCF could offer. This made MCF less attractive to facilities, but increased the theoretical viability of health facilities taking out commercial loans. The interest capping however had some detrimental effects on lending to SMEs as banks perceived them as risky resulting to less focus on this segment.
- The facilities supported under the program had not always been able to access financing via MCF, due to the direct link between SafeCare and MCF. SafeCare was a pre-requisite for any MCF loans. However, the more deliberate, slower nature of the SafeCare program was at direct odds with the more immediate financial needs of the facilities.

In year 3 of AHME, SafeCare and MCF were decoupled. MCF was still offered as an option to facilities, but it was not the only option offered when implementing SafeCare. From this point on, facilities could freely access loans of their preference from the marketplace, while still receiving support via the Business Skills program and SafeCare.

To date, PS Kenya has documented that 25% of supported facilities have taken out loans, with a cumulative value of USD 520,000. PS Kenya has also seen evidence of business revenue growth through the expansion of services or infrastructure. To illustrate scope expansion further, in 2015, only 23 facilities offered imaging services compared to 32 facilities in 2018. In addition, the number of facilities offering maternity and immunization services grew from 104 and 173 in 2015 to 114 and 183 respectively in 2018. 16 facilities at the top most business level (level 4) increased their average monthly client volume from 2,475 in 2016 to 6,842 in 2018. There was notable change in client volumes for the lower business level (level 1-3) facilities.

**Below:**
A client receives imaging services from her Tunza provider.
Photo credit: PS Kenya.

# Efficiency

The Business Skills program and its numerous components evolved over the period of AHME implementation to further streamline the program. These learnings provide a useful starting point for other healthcare networks implementing similar programs:

- **Business advisor support:** the structure of the support provided by business advisors has evolved over time to become more cost-efficient. When AHME began, each business advisor was supporting around 25-30 facilities each, visiting each of them every 1-2 months as standard. Over time, PS Kenya realized that they could streamline the technical support offered by having team-led 'focal areas' every month. They could effectively streamline their preparatory work and almost double their facility load.
- **Frequency of visits:** PS Kenya changed their visitation approach as they realized that some facilities could implement the changes needed with less in-person support. One or two visits per month was standard across the program at the beginning. Now, instead of visiting every facility every month, they see some only once per quarter and focus their attention on those that need more hands-on support. If critical improvements are identified within the facility work plan, the team focuses on those facilities first of all, as not implementing them could lead to the eventual closure of the facility.
- **Provider led support:** the OJT is the focus of the business advisors' work and the content of this is almost entirely provider led. For example, if a facility requests customer support training, this is what is provided. To improve the efficiency of this type of support, PS Kenya themes activities by month. For example, one month the focus is on new recruitment, another month could be on training. This helps streamline the preparatory work that is needed by individual business advisors.
- **Group workshops:** the classroom training undertaken has also evolved over time. The original five-day training has been streamlined to 2.5 days. Instead of being focused entirely on skills building, the objective is now to build a common understanding of the program among newly recruited facilities. PS Kenya's experience has been that skills building is best suited to on-the-job/mentoring support. Given the geographic diversity of the program, PS Kenya also clusters trainings by region.

# Impact

Over the course of the last 6 years, 229 facilities have been involved in the Business Skills program across 35 counties in Kenya. This is around 55% of the total social franchising network at any one time.

The program has produced and influenced a number of changes at facility level:

- **Revenue increase.** By December 2018, 72 facilities had automated processes compared to 12 facilities in January 2015. This has not only resulted in streamlined and efficient services for clients but also to increased revenue for providers. Health providers reported immediate rise in revenue after automation as the system was able to seal revenue leaks that previously existed.
- **NHIF empanelment.** An increasing number of facilities have become empaneled and accredited into insurance schemes, which enables clients who have access to these schemes to reduce their overall out of pocket payments. PS Kenya has lobbied for NHIF empanelment of middle and small level private health facilities to enable them to offer services to NHIF members and thus deepen access to quality health services for the poor. Currently 208/415 Tunza facilities are NHIF accredited. For Tunza providers, NHIF empanelment has offered growth opportunities for their clinics through a new revenue stream. By December 2018, 489,092 NHIF members were capitated for outpatient services within the Tunza network resulting to a total cash inflow of $5,408,578.
- **Increased range of services.** Increased investment into facilities has brought about a higher level of availability of services (both number of services and increased number of health staff) for clients. In some clinics, they have focused on developing in- and out-patient services, others have developed more specialized services like dentistry. For example, the number of Tunza facilities expanding to offer in patient service had grown from 92 in 2015 to 148 in 2018. More so, average client volumes in business supported clinics grew from 1,443 to 2,792 in 2016 and 2018 respectively.
- **Improved quality of care.** PS Kenya has identified a link between those facilities included in the Business Skills programs and an improvement in quality of care. 30 facilities in the Business Skills program improved their quality of care by one level in their Safecare assessment in 2017-2018. They collectively demonstrated a 15% improvement on the four standards that review improvement on business: management and leadership, HR management, facility management and support services.
- **Increased business acumen.** There has also been the increase in business prudency among some of those clinics involved in the program. Clinics have been reinvesting their increased net profits into their business. Stephen Ng'ang'a runs Medipoint Clinic and Laboratory in Mwiki, an area on the outskirts of Nairobi. He says working with PS Kenya has "enlightened us on the need to take ourselves seriously as a business." When Medipoint joined the Business Skills program, the clinic's financial bookkeeping was inaccurate and out-of-date; monthly receipts at the clinic were double what Stephen thought they were. Once Stephen had an accurate picture of the financial flows at his clinic, he had the realization that "I can do things with that money, like save and invest in my business." In 2015, the Medipoint clinic moved next door into a newer, larger building financed by retained earnings, representing a significant upgrade for the facility.
- **Little uptake of commercial loans.** The original objective of stimulating commercial loans has been more difficult to achieve, for the reasons outlined above. Health facilities are still reluctant to take out commercial (larger) loans and tend to prefer to take personal loans from their banks or cooperative loans. This risk aversion has been difficult to shift.
- **Beyond the Business Skills program.** Some facilities develop their skills and capabilities much quicker than others. This has meant that they eventually outgrow the program. PS Kenya views these facilities as the basis of their new Tunza Platinum model and continues to support them where needed. For example, when called on for advice when facilities are making important investment decisions, PS Kenya facilitates a discussion with independent financial professionals. They have also begun using these facilities as Centers of Excellence to provide peer support to others in the network.

# Sustainability

Under the AHME program, PS Kenya has developed a number of tools and resources needed to operate an effective business support program. However, the cost to operate this program remains donor-funded. After the end of AHME, the team will focus its efforts on supporting their new social franchising model, Tunza Platinum. The team will remain focused on increasing the financial revenue to sustain the social enterprise.

**Lessons learned:**

- The Business Skills program offers skills and access to resources that are unique to the private health market place. As such, it is possible to recoup some costs from facilities, if this is undertaken from the beginning.
- Streamlining business skills support (e.g. by having monthly focal areas) from business advisors from the beginning makes the program more cost-efficient as they can increase the number of facilities supported.
- Decrease the emphasis on group training workshops, which tend to be costly to operate and have limited impact. Tailored support via OJT increases the take-up of new skills and builds loyalty to the network.
- In-person support through OJT enables the facility staff (not just the owner) to request the support that they need. This increases the opportunity for facility-wide improvements to be made that may be more likely to have a positive impact on the client.


**Above:**
Mr Harrison Fondo, owner of the New Kilifi Wananchi Maternity Home, a Tunza Center of Excellence.
Photo credit: PS Kenya.

**Case study: Centers of Excellence**
The Road to Excellence is Paved with 27 Years.

Harrison Fondo first became interested in the medical field when his future father-in-law cured him of a persistent ailment. It was a defining moment for the young man thinking about his future in the mid 1970s. Fondo went on to pursue his certification as a Clinical officer. From there he went on to practice in his home town Kilifi serving in the public health system for several years before branching out on his own in 1997. The decision was an unusual one given the security of tenure one finds in the Public Service, but Fondo yearned for something different.

He recalls starting off with a one roomed consultation practice opposite a physiotherapist who would provide auxiliary services to his patients. After a short while though he found himself alone, his colleague having thrown in the towel, frustrated at the lack of income and the long hours of private practice. Fondo was undeterred even though he faced the same challenges. In 2013 he engaged with the Tunza Family Health Network team for the first time and a chord was struck. He was keen to grow his facility – New Kilifi Wananchi Maternity Home but his clinical background had not adequately prepared him for the intricacies of business growth. In fact, his first foray into providing radiology services was a costly mistake with the power cuts that plagued the coastal town ruining his expensive investment.

As a recipient of continuous medical training that was coupled with business skills, Fondo was finally in the position that he had yearned for many years before – growing the skills of his staff to provide excellent care, and being able to invest prudently in a growth plan that was financially viable and suited to his environment. From humble beginnings New Kilifi Home has grown its staff complement substantially, has three inpatient wards, an operating theatre, fully staffed pharmacy and lab and to top it all – coveted status as a Tunza Centre of Excellence.

Fondo is clear about the future. He has built a thriving family business where two of his adult children work, with the aim of building a foundation of affordable quality health services in Kilifi, but leaving a family legacy that can continue to be stewarded beyond him. The road may have been long, but the path to sustainability is never simple.

# Recommendations

As part of the learnings outlined above, a number of additional recommendations are provided for other networks operating similar programs:

- **Fee-for service:** always implement a fee-for service approach to trainings from the beginning. In-person trainings can operate on a cost-sharing basis and this payment increases loyalty to the program objectives.
- **Graduating facilities:** those that outperform expectations can remain part of the network as centers of excellence or to provide peer support to others. It is unrealistic to develop the program further to meet their advanced needs. To meet their requests, source external professionals to provide specialized services. For example, the NGO may hire an accountant on a retainer fee, negotiating the price to provide facilities with reduced-rate specialized services. By lowering the NGO subsidy provided to facilities over time, facilities have an opportunity to eventually take up 100% of the cost after a number of years, while still benefiting from reduced network rates.
- **Provide access to credit:** increase cohesion by operating an organizational revolving fund alongside the Business Skills program. If facilities have access to small business loans, they remain part of the program and are able to implement changes more quickly. Offering flexible, easy term loans also builds network loyalty.
- **Access to commercial credit:** know your market well and understand the behavioral barriers to accessing commercial loans.
- **Workshops versus OJT:** offering a standard workshop approach to training health facilities does not work as well as OJT because all facilities have unique needs and abilities. Offering OJT that is tailored and provider-led is more appropriate and effective. Challenges to implementation within the facility can be addressed immediately.

**Right:**
A provider at the New Kilifi Wananchi Maternity Home, Tunza Center of Excellence.
Photo credit: PS Kenya.

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