



JOHNS HOPKINS
BLOOMBERG
SCHOOL *of* PUBLIC HEALTH

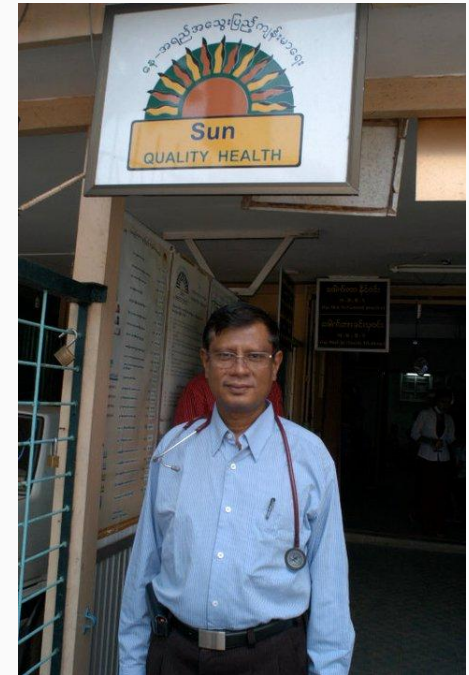
The cost of scaling up franchising in Myanmar

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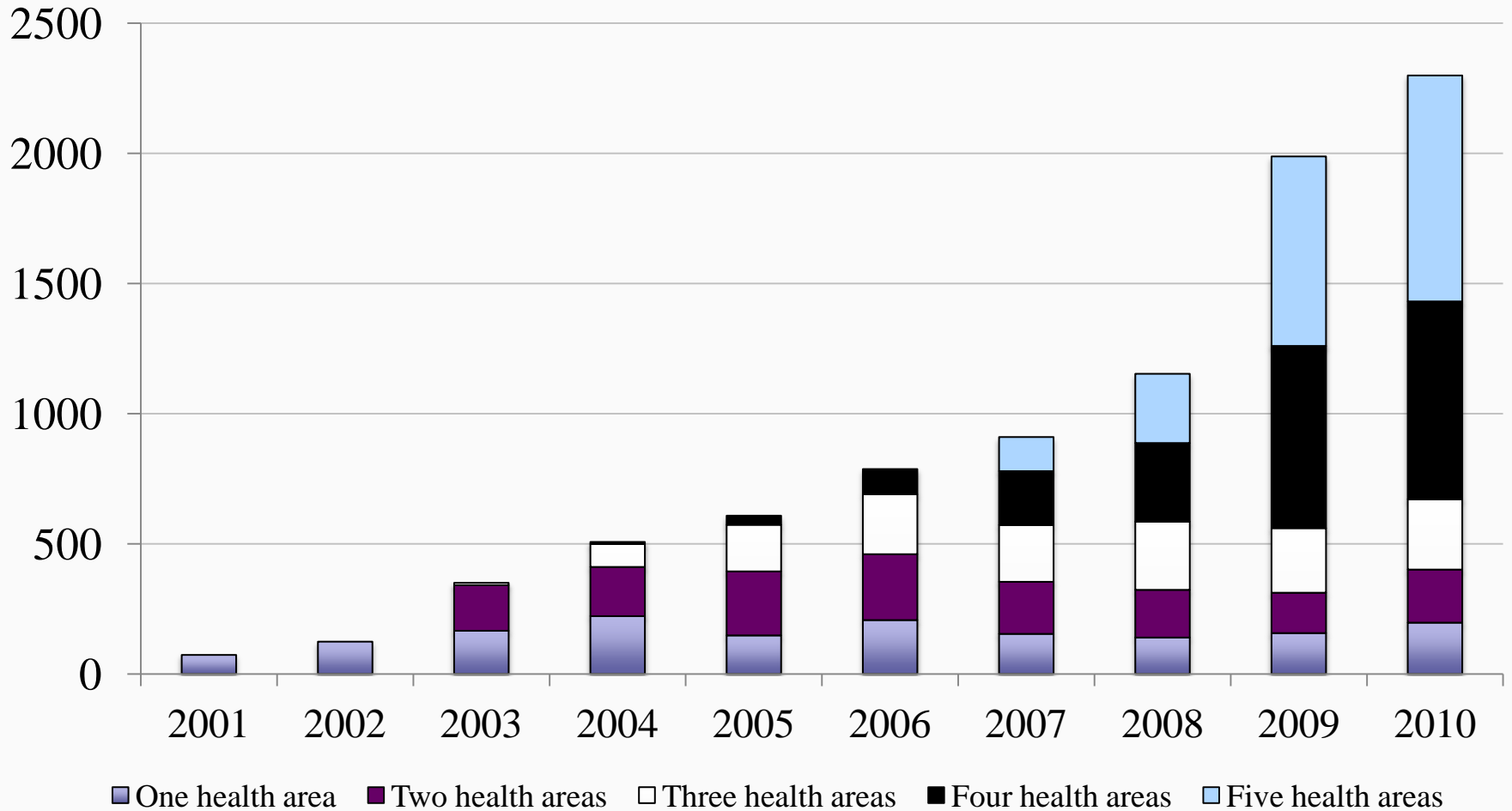
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Background

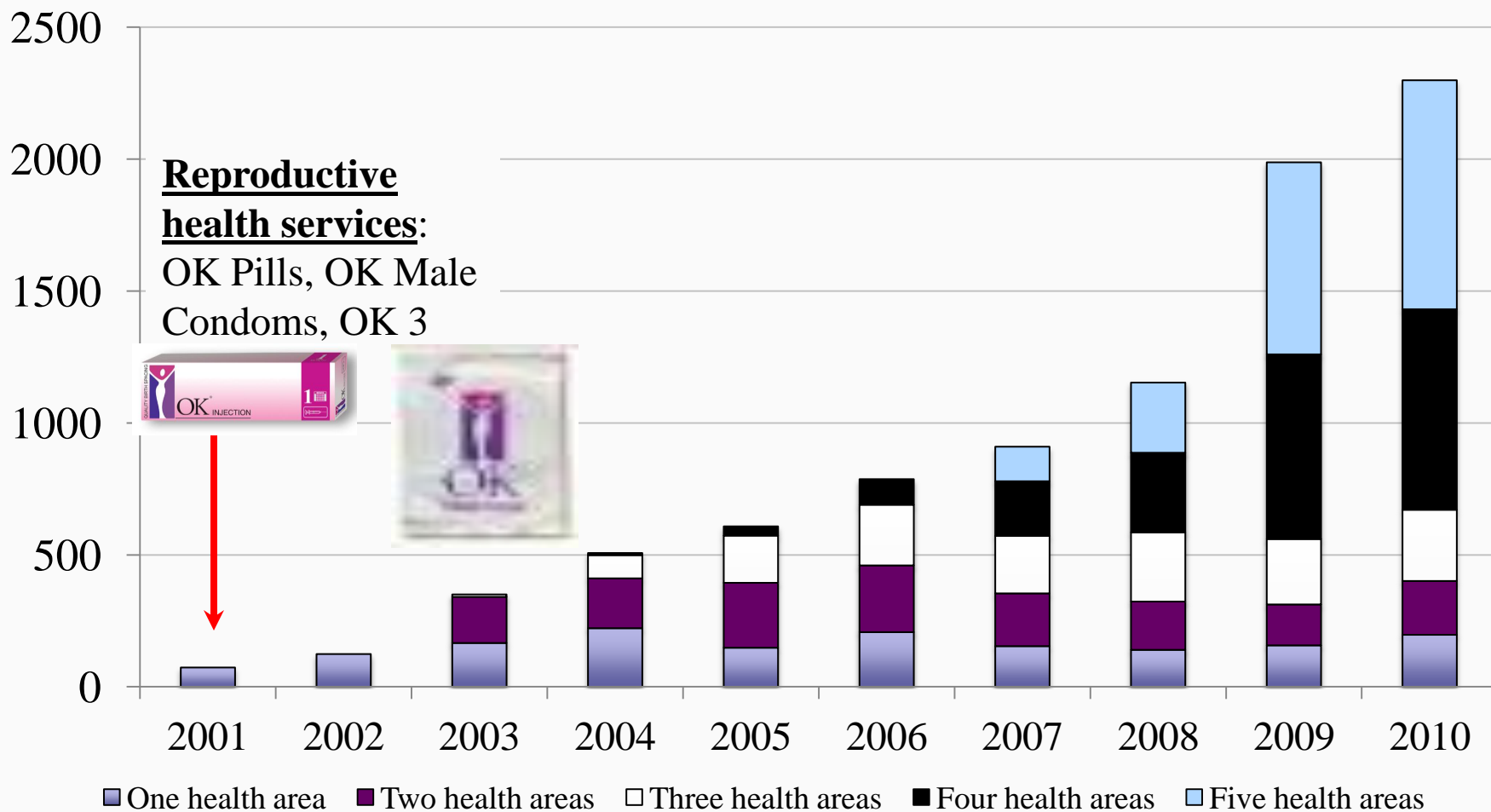
- In Myanmar, an estimated 80% of health care visits take place in the private sector
- Since 2001, Population Services International (PSI) has been operating two models of Social Franchising in Myanmar to enhance quality of private sector services
 1. **Sun Quality Health (SQH) (initiated in 2001)**
 - Uses “Franchising Officers” – young MBBS trained providers– to identify, recruit and engage private sector providers
 - Provide a wide array of products for reproductive health, tuberculosis, pneumonia, diarrhea, malaria and sexually transmitted infections, including HIV
 2. **Sun Primary Health (SPH)**: draws on rural village health workers to increase the franchise’s geographic coverage through increased rural penetration



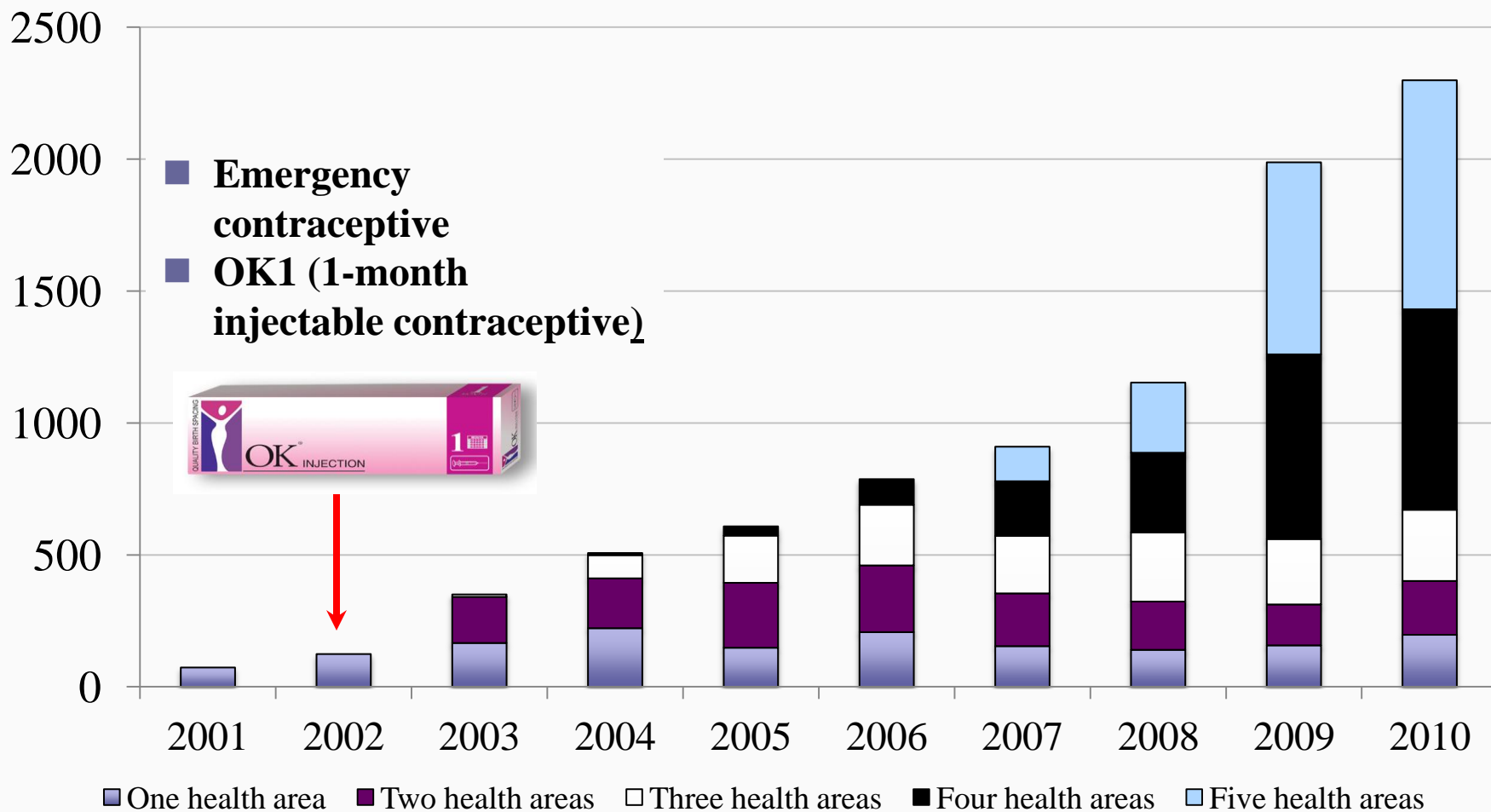
Provider & Product Expansion



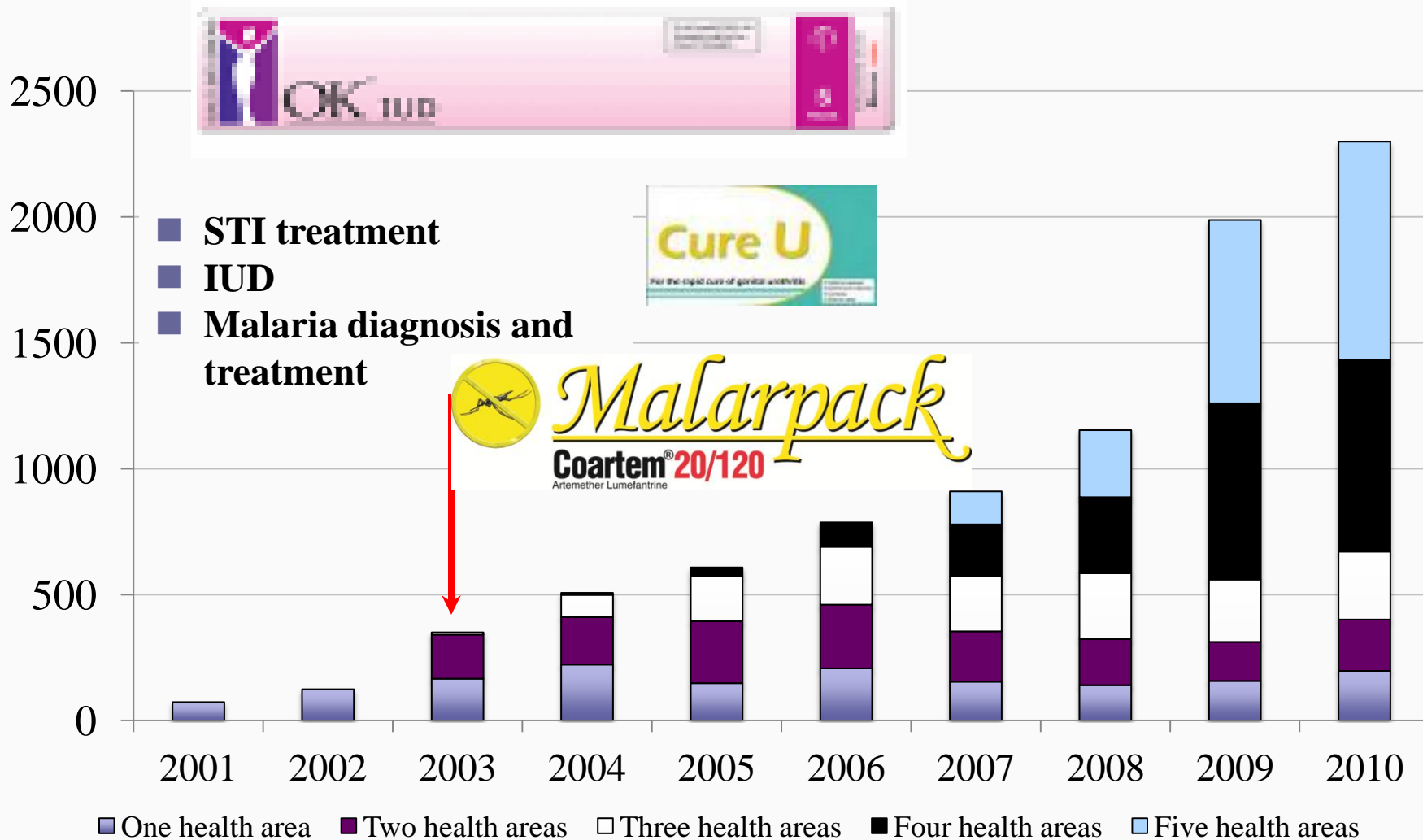
Provider & Product Expansion



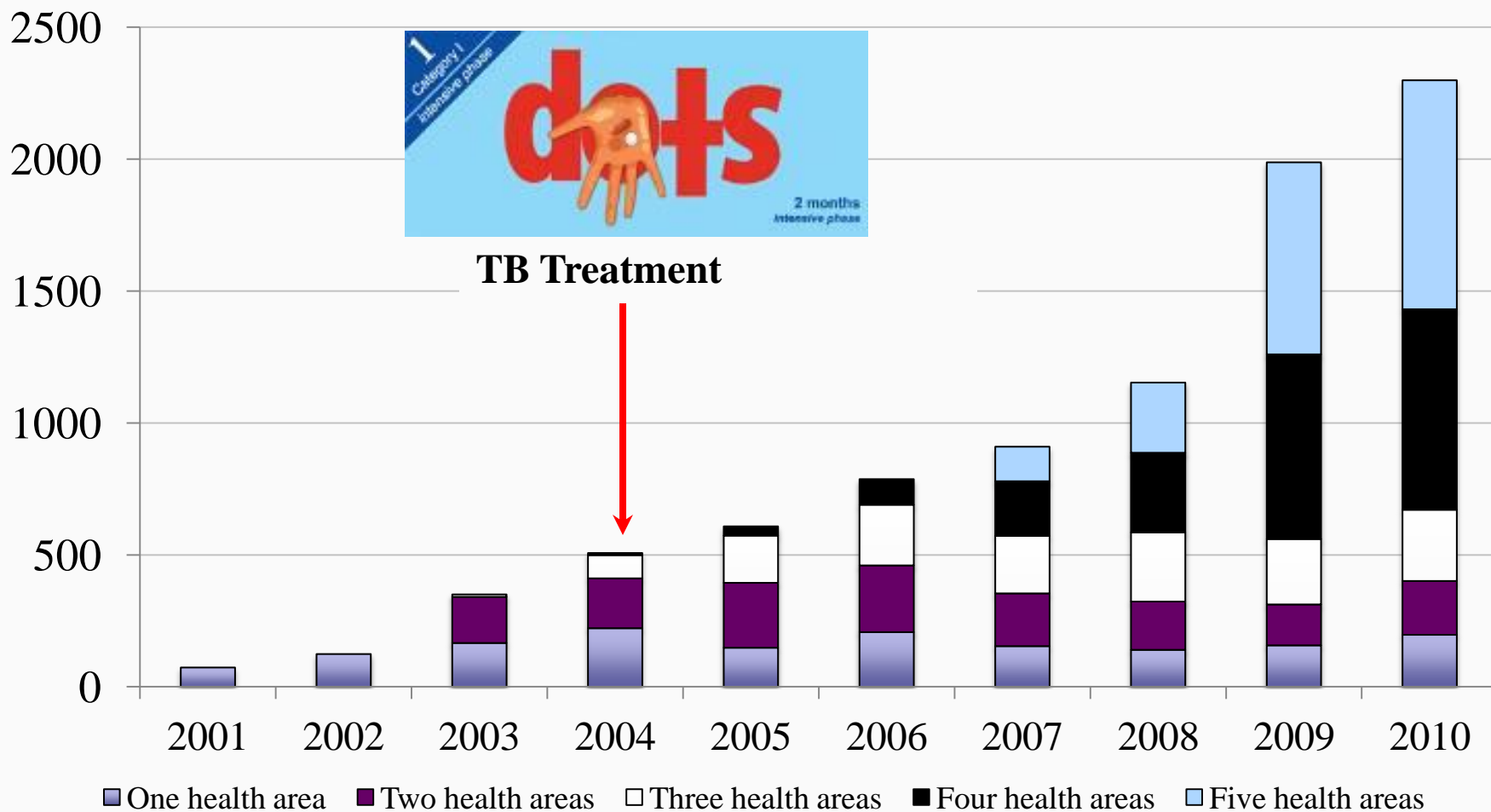
Provider & Product Expansion



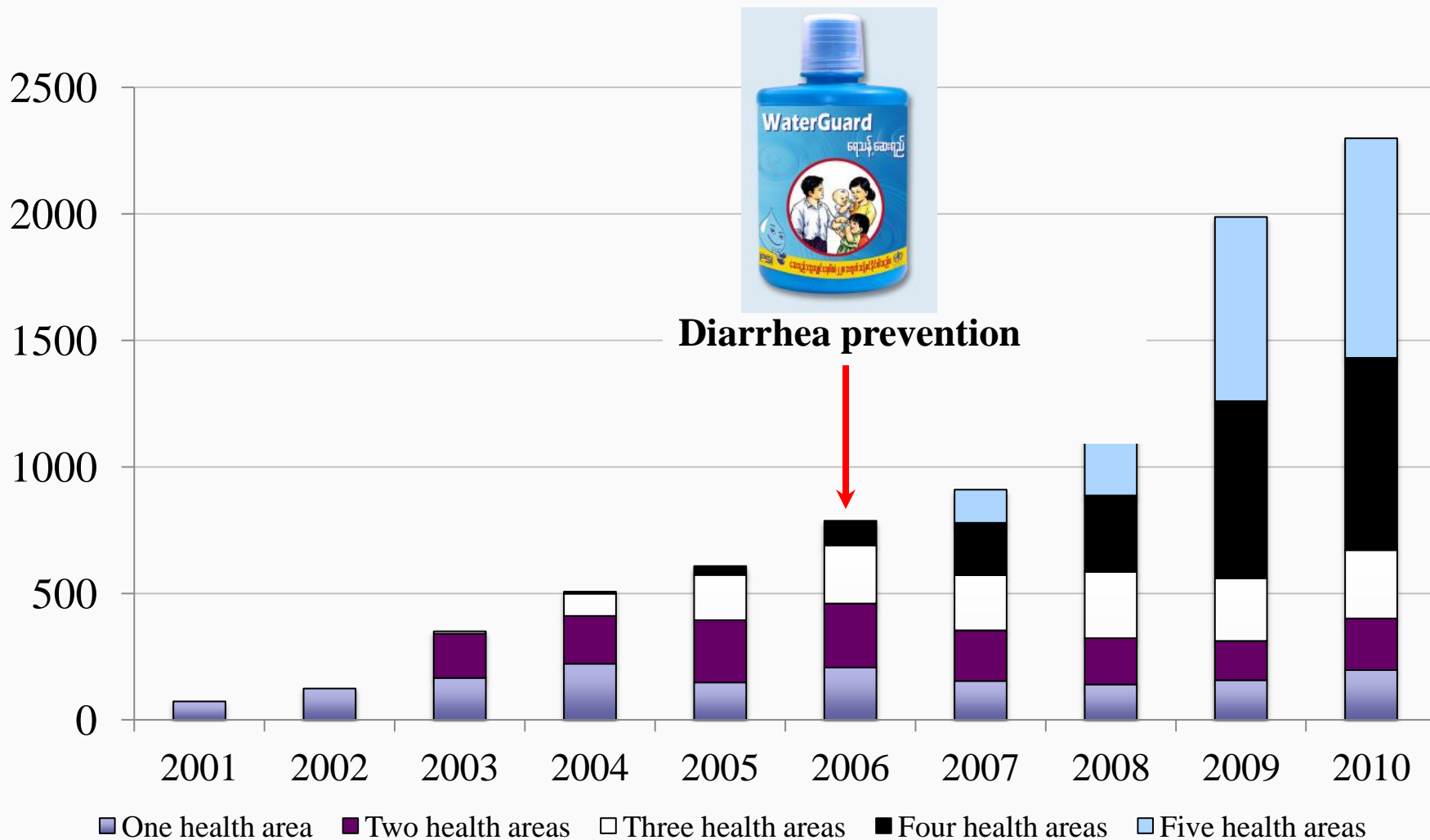
Provider & Product Expansion



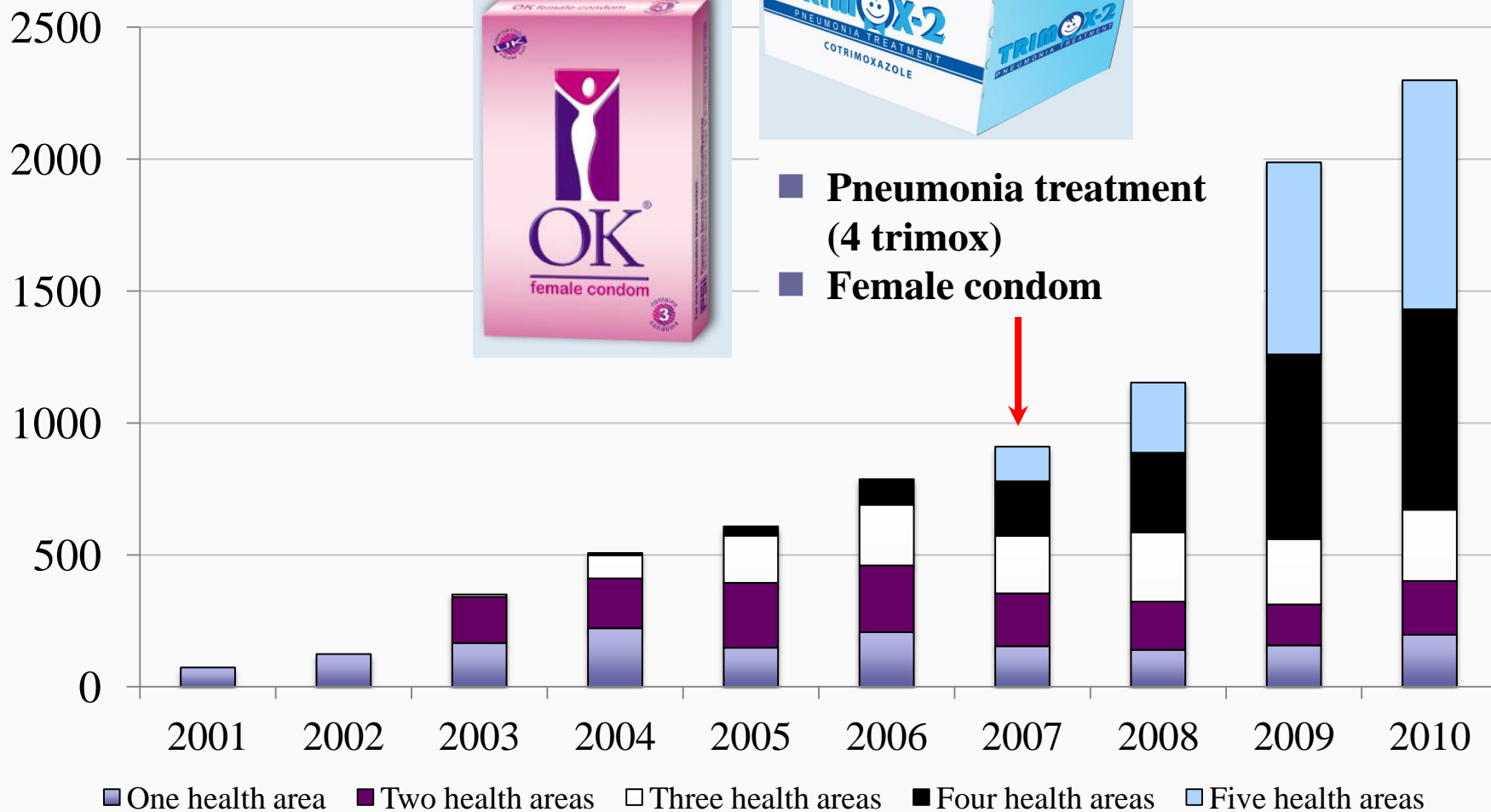
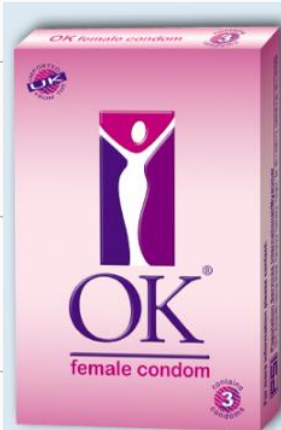
Provider & Product Expansion



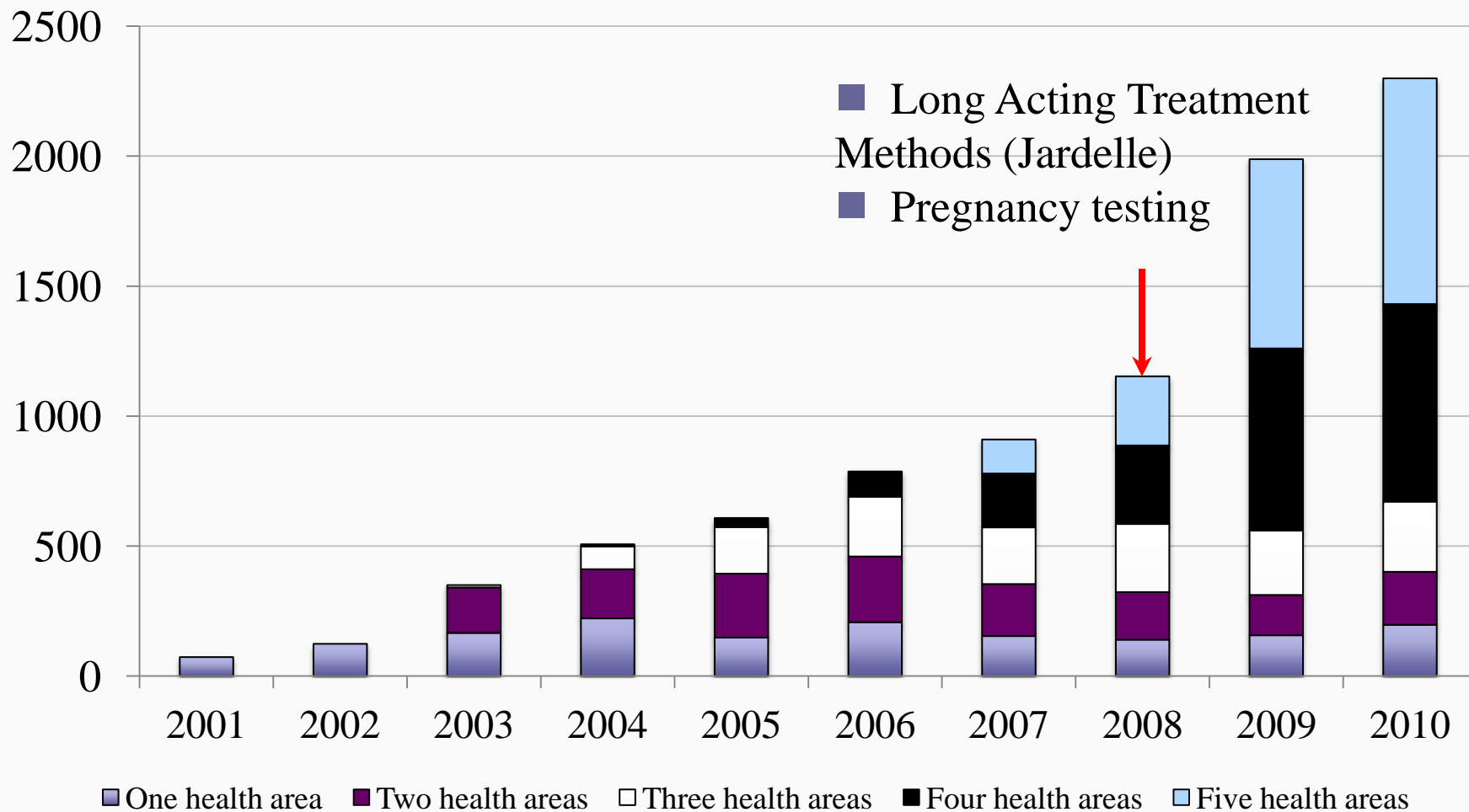
Provider & Product Expansion



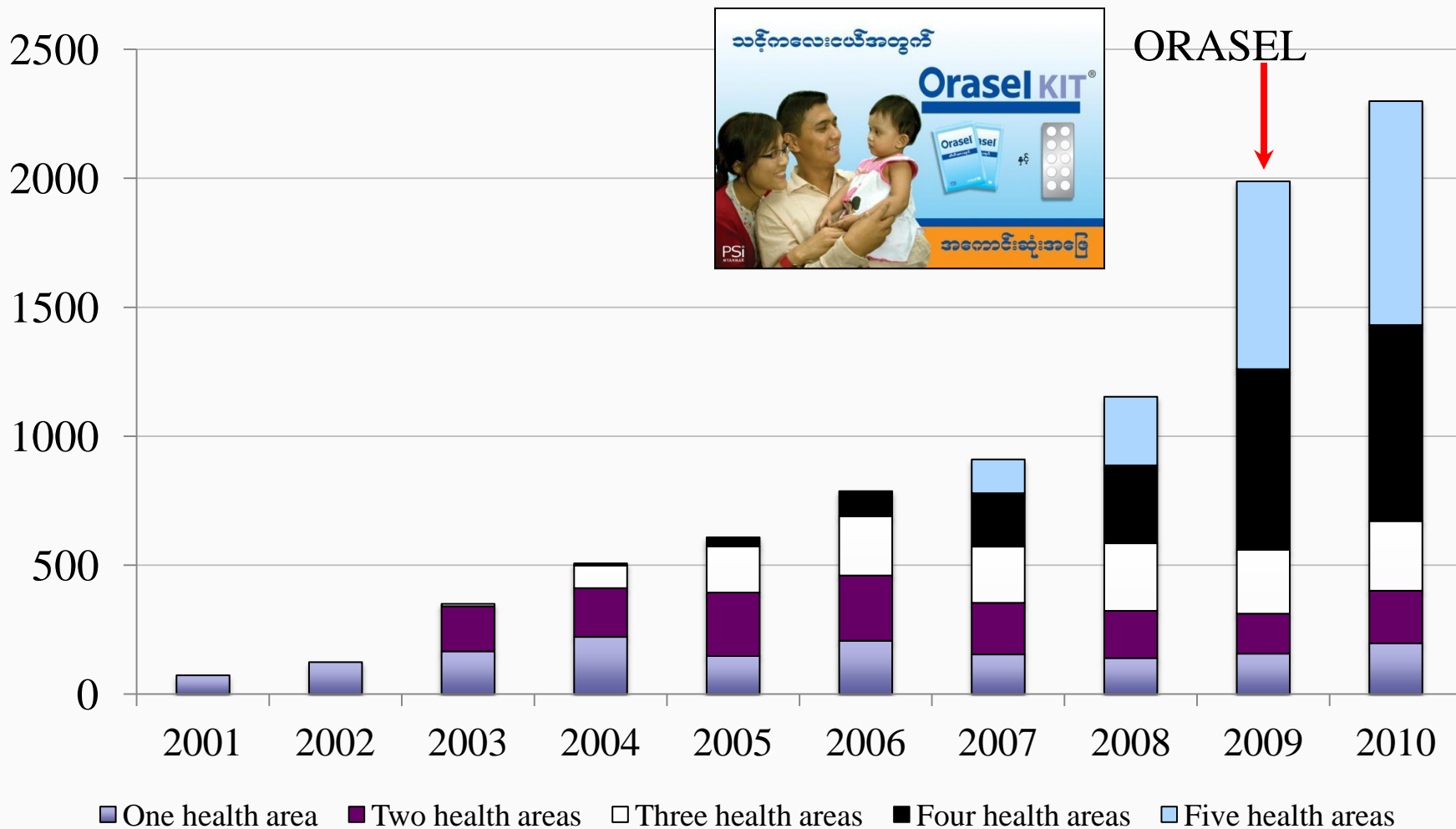
Provider & Product Expansion



Provider & Product Expansion



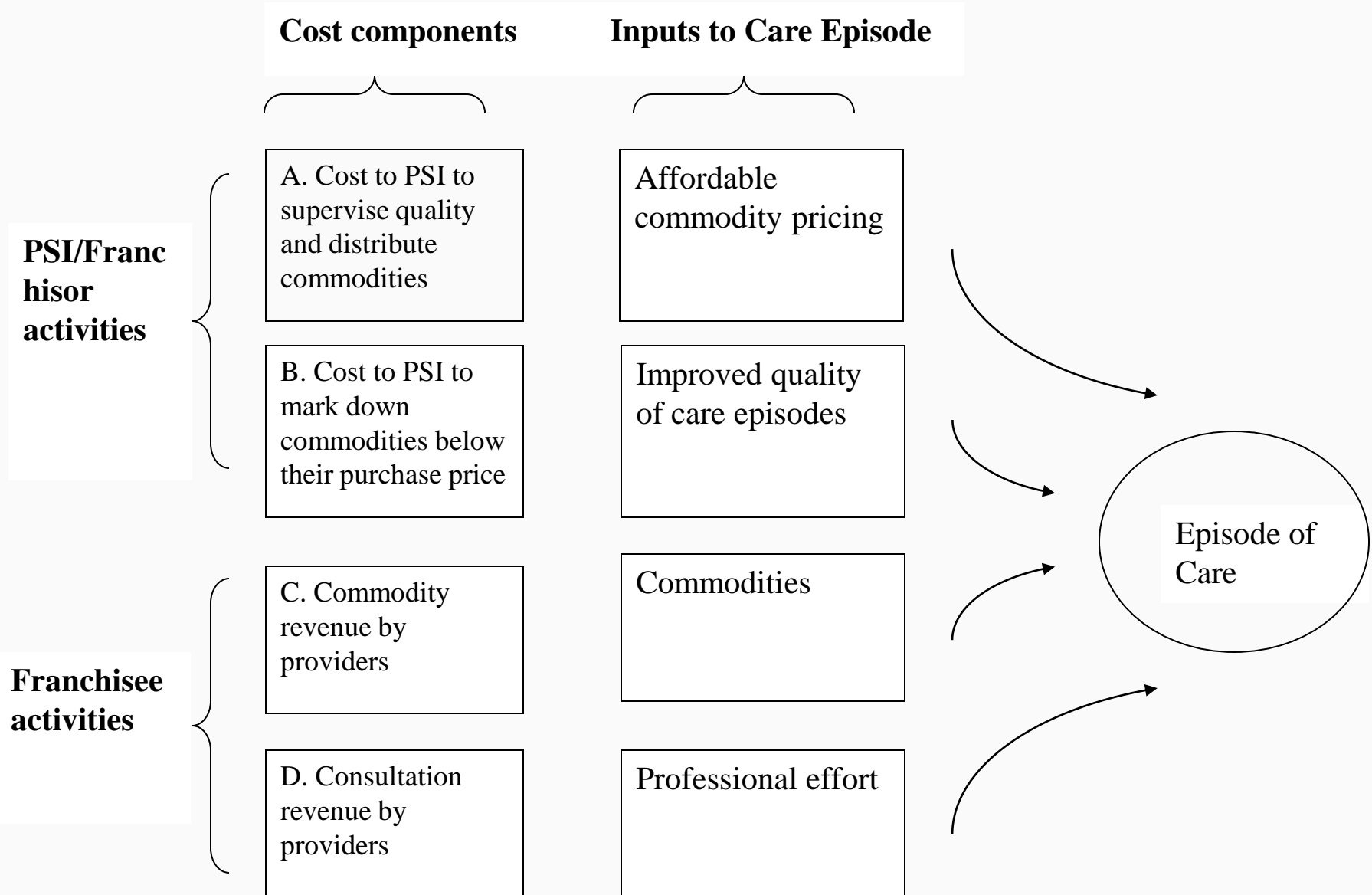
Provider & Product Expansion



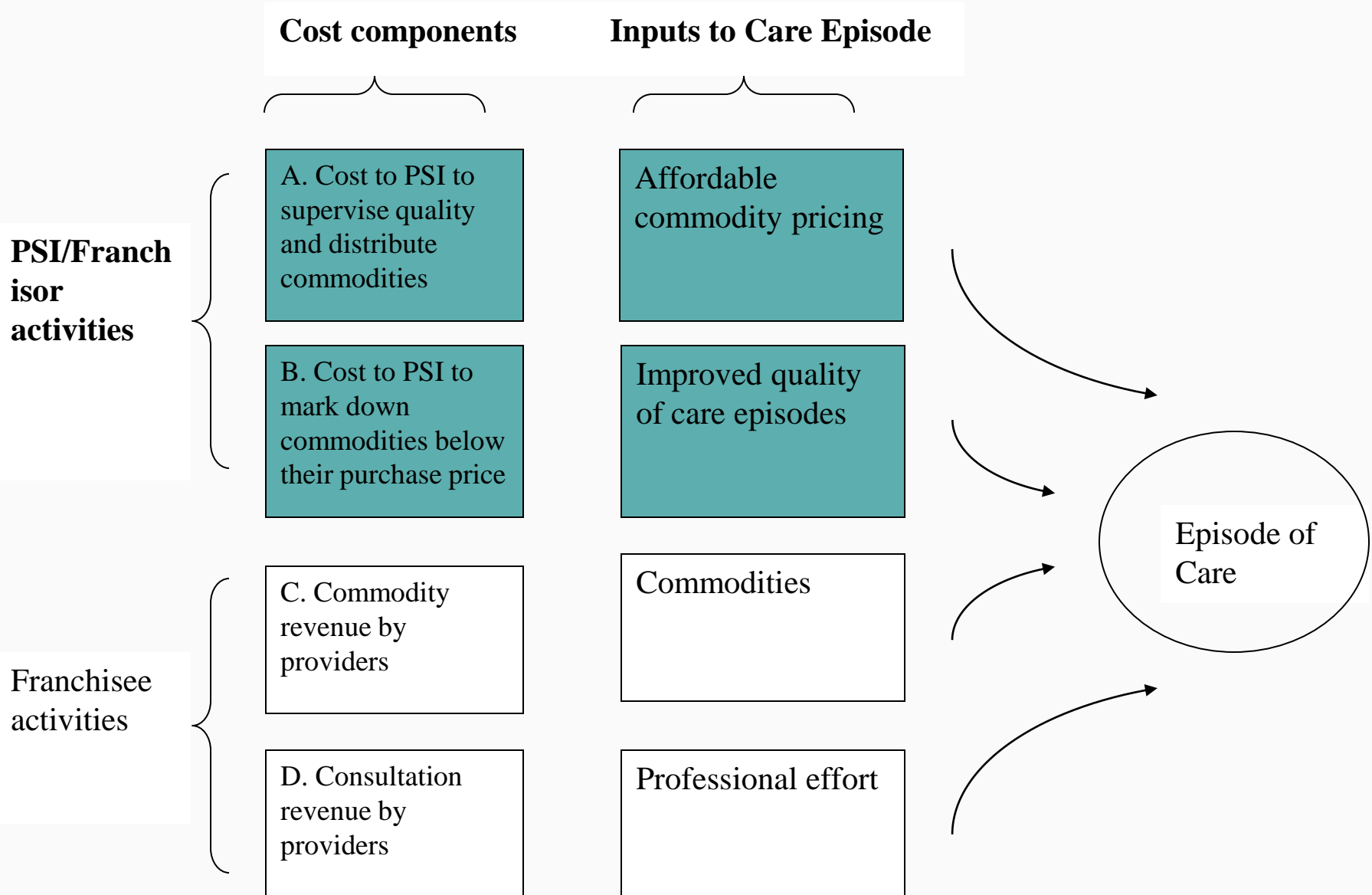
What does it cost to scale up franchising?

- **Goal:** Determine the economic costs of providing services through private sector SQH/SPH franchising in Myanmar
 - Aim 1) Compute average cost ratios of dollars spent per service unit
 - Aim 2) Compute the private costs that households expend to solve to acquire medical services.
- **Methods**
 - **Analytic time horizon:** 2009
 - **Societal perspective:**
 - ▶ Program perspective/ implementing agency
 - ▶ Incremental provider costs (i.e. cost incurred by provider to purchase subsidized product from PSI)
 - ▶ Household costs for consultation/ careseeking
 - **Data collection**
 - ▶ **Costs incurred from 2007-2009** obtained from a retrospective review of financial records maintained by PSI Myanmar

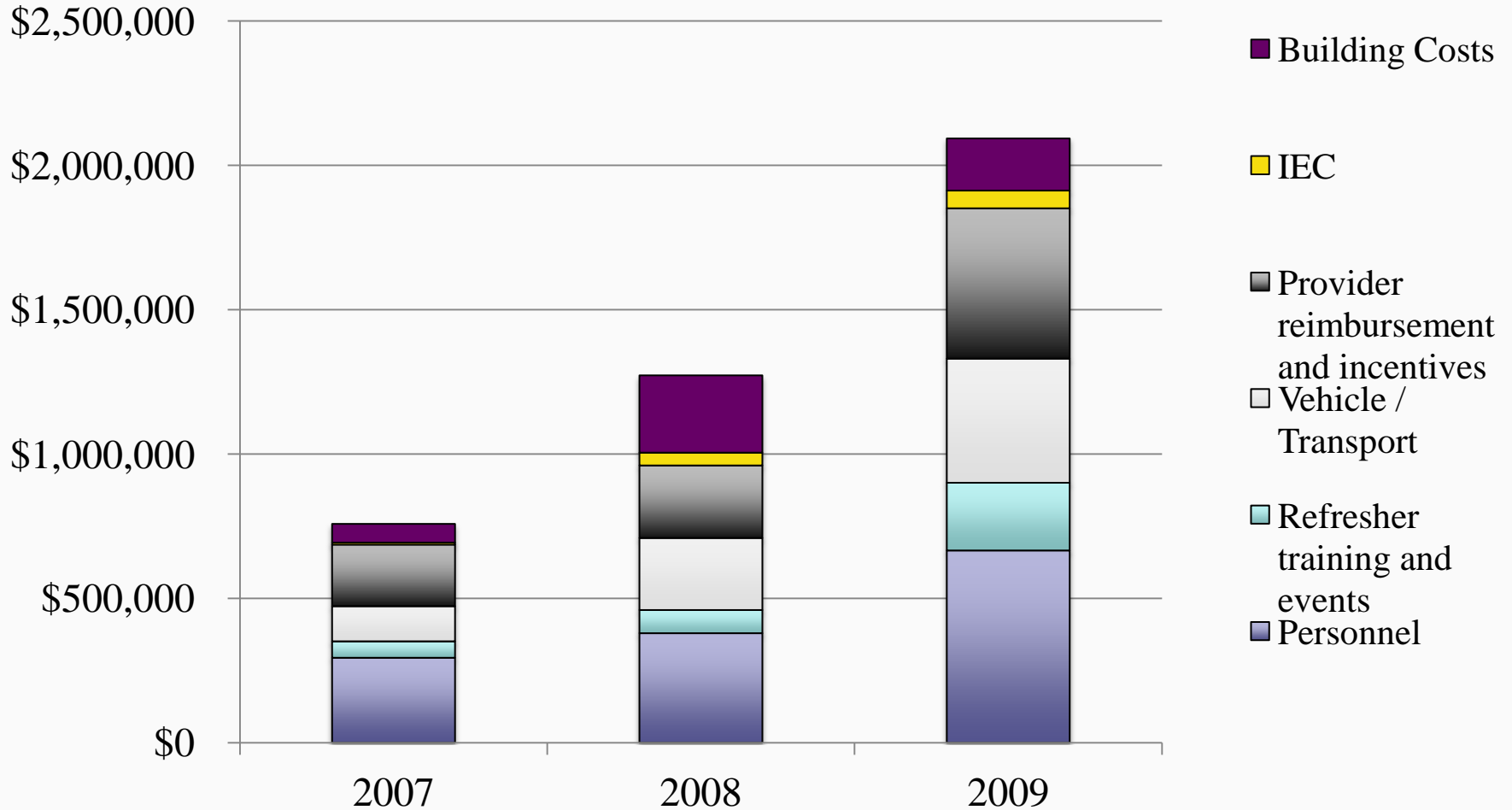
Conceptual Framework



Conceptual Framework

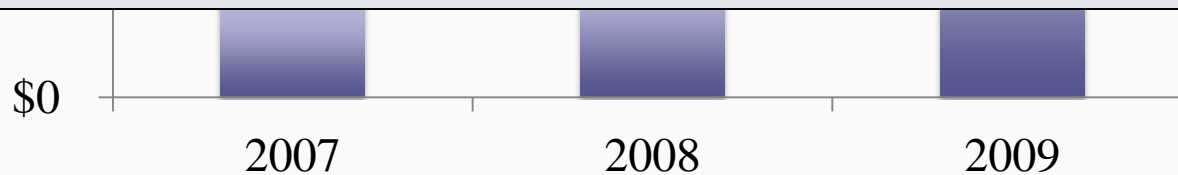


Cost to PSI to supervise quality and distribute commodities



Cost to PSI to supervise quality and distribute commodities

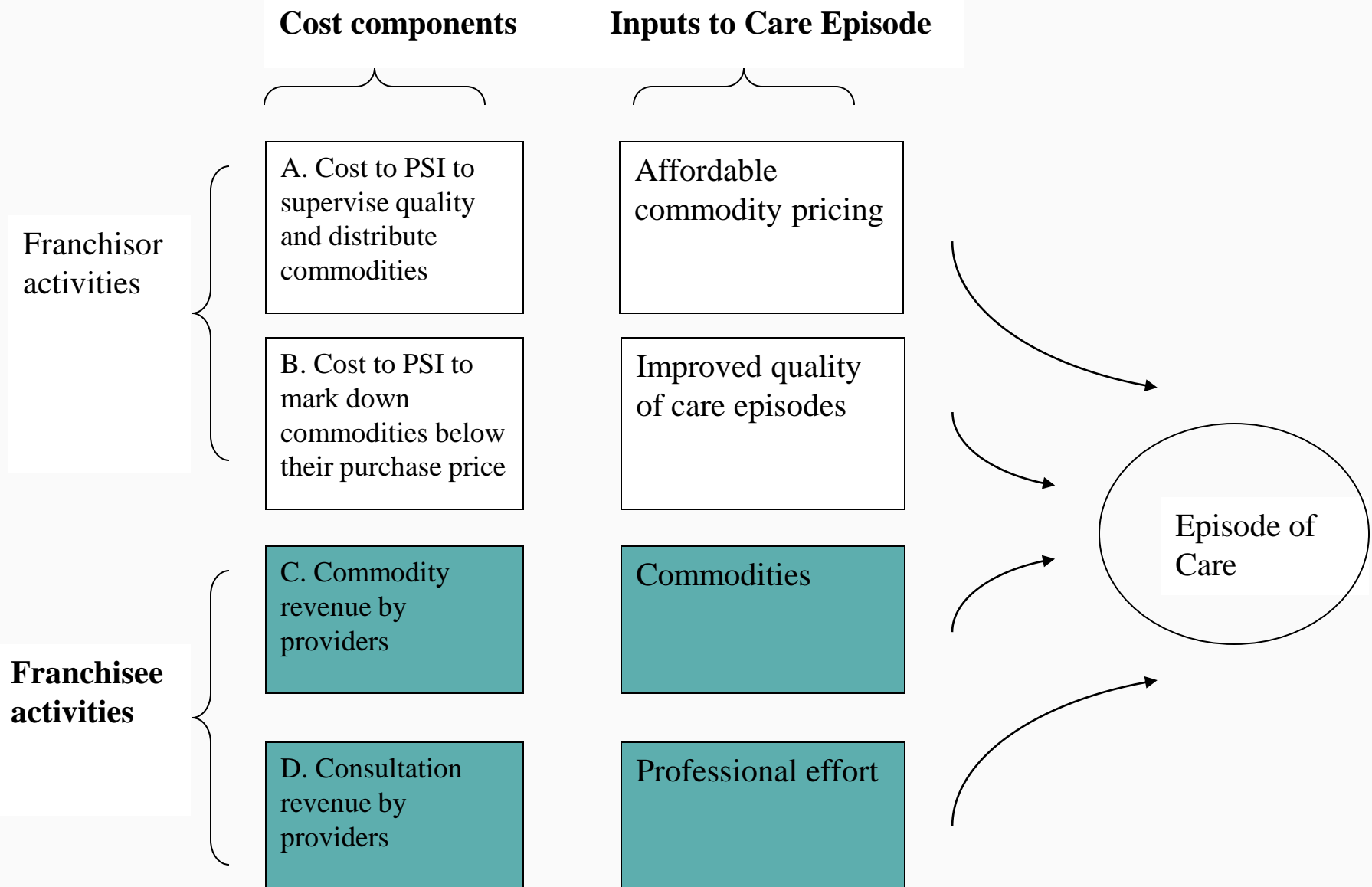
- Linear increase in costs to **\$2,148,835** corresponding with Network growth and increasing product demand
 - 26 Product lines by 2009
 - >1500 providers
- Personnel and provider incentives constitute >50% of total costs



Costs incurred by PSI to mark down commodities

	Total Procurement Cost for PSI Myanmar Headquarters	Total Revenue From Members to Headquarters	Total subsidy provided by PSI	Percent subsidy provided by PSI
Total 2007-2009	\$4,734,778	\$619,106	\$4,115,672	87%
Reproductive Health	\$878,377	\$156,463	\$721,913	82%
Malaria	\$608,424	\$27,689	\$580,734	95%
Diarrhea	\$35,028	\$10,830	\$24,198	69%
STI	\$20,815	\$11,462	\$9,354	45%
Pneumonia	\$42,554	\$3,745	\$38,809	91%

Conceptual Framework



Costs incurred by PSI to mark down commodities

	Total Revenue to Retailer	Total Subsidy for Commodity given to Patient	Percent Subsidy Received by Patient
Total 2007-2009	\$1,601,641	\$2,514,030	53%
Reproductive Health	\$347,589	\$374,325	43%
Malaria	\$79,041	\$501,693	77%
Diarrhea	\$60,151	\$(35,954)	-103%
STI	\$64,304	\$(54,951)	-264%
Pneumonia	\$4,229	\$34,580	34%

Estimated Provider Revenue 2007-2009

- Cumulatively, 1.5 million medical episodes occurring in the private sector with a total cost to patients of \$647,000 in 2009

- Variations in revenue by product line, however, revenue driven by frequency of episode/ product need
 - RH \$0.36
 - Pneumonia \$0.61
 - Malaria \$0.74
 - STI \$1.46

Summary of findings

Franchiser

- In 2009, PSI's outlay of resources was \$4.1 million to achieve lower commodity prices and to supervise quality, package and distribute the commodities
- PSI Myanmar is spending \$2.7 per private sector medical episode in its efforts to increase quality, affordability, accessibility, and usage in its network

Franchisee (Provider & Patient)

- Providers retained 1/3 of the subsidy as revenue and passed along the other 2/3 to their patients in the course of offering subsidized care for 1.5 million health episodes.
- Patients spending \$1 for a medical episode at a PSI franchised facility are having their dollar matched by \$6.32 in spending by PSI and its sponsors in an effort to achieve policy goals.

Conclusions

- For donors interested in expanding services geographically or into new disease areas, an existing social franchise network presents an attractive platform for contracting out that should be considered as an alternative to attempts to build vertical free standing programs.
- Unlike other NGO's, health services in social franchises like PSI are not all free to the patients, nor are the discounts uniformly applied.
- Some services are free, but patients also pay fees for other lines of service.
- Cumulatively patients spending \$1 for a medical episode at a PSI franchised facility are having their dollar matched by \$6.32 in spending by PSI and its sponsors in an effort to achieve policy goals.