Willingness to Pay for Well-Family Midwife Services in the Philippines

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December 2001

This study was funded by the **US Agency for International Development** (USAID) under the terms of Cooperative Agreement Number HRN-A-00-98-00012-00 and Subproject Number 5801-13040-455. The opinions expressed herein are those of the authors and do not necessarily reflect the views of USAID.

SUMMARY

Well-Family Midwife Clinics (WFMCs) provide for-profit family planning and maternity services for low- and lower middle-income urban areas of the Philippines. Clinics are owned by midwives who provide a wide range of contraceptive methods, and maternal and child-health services. They strive to provide more convenient and higher quality services than the free-of-charge care provided in government facilities. With supplies, administrative and technical assistance subsidized by external funding, WFMCs also are able to offer their services at a lower price than other for-profit clinics. The Well-Family network is currently engaged in an effort to establish a clear public identity with a standard package of high-quality services in uniform settings at uniform prices.

Pricing is one of WFMCs most important challenges. Donors are reluctant to continue long-term financial support, and WFMCs must find ways to increase client revenues. To help WFMC increase revenues, this study estimates WFMC clients' willingness to pay for: (1) IUD check-ups; (2) IUD insertions; (3) pill visits; (4) pap smears; (5) pregnancy tests; (6) prenatal care and (7) maternity services. The study also estimates client's willingness to pay for amenities in midwife clinics including increased privacy, more comfortable waiting rooms, and air conditioning. The study also identifies opportunities for midwives to provide additional, profitable services to Well-Family clients.

The findings suggest that revenues from all services but maternity can be increased by raising prices. On the other hand, there is a need for JSI to strengthen its capability to successfully implement uniform pricing. The study found that midwives are extensively engaged in informal price discounting for some services and over-charging for other services, especially child delivery.

Well-Family Midwife Clinics must also increase client volume and the number of services provided per client if midwives are to substantially increase their revenues. The average volume of clients in the WFMC is 5 per day (range 1 - 25 clients). The findings reveal a strong potential for increasing service utilization in family planning, pre and post natal care and Pap testing. The study also shows that clients have closely related needs for maternal and reproductive health care, so that selling bundles of related services may have substantial profit potential. Clients are willing to pay for increased privacy through expansion of delivery/examining rooms. Midwives were found willing to finance this expansion.

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ACRONYMS

DOH	- Department of Health
IUD	- Intra Uterine Device
JSI	- John Snow Research and Training Institute Inc.
NGO	- Non-governmental Organization
NSO	- National Statistic Office
USAID	- United States Agency for International Development
WFMC	- Well-Family Midwife Clinic
WTP	- Willingness to Pay

1. INTRODUCTION

In the Philippines, public sector support for reproductive health (RH) services has remained at a low level for many years. Both the Philippine Government and USAID Manila are attempting to increase the participation of the for-profit sector to meet the growing demand for RH services. For example, USAID Manila supports the John Snow Research and Training Institute, Inc. (JSI) Tango II project which utilizes the private midwife to increase the share of the for-profit and NGO sectors in family planning and other reproductive health services markets. In partnership with eight Non-Governmental Organizations (NGOs), TANGO II established, in 1997, a national network of 190 midwife entrepreneurs who own and manage Well-Family Midwife Clinics (WFMCs) that provide family planning and basic maternal and child health (MCH) services in urban areas of the country. The typical WFMC clinic is located in a low to moderate-income area (often in the midwife's own home), is open day and night, and is generally attended by a single midwife. These midwives, who receive two years of post-secondary training, provide reversible contraception, pre- and postnatal care, childbirth services, well baby care and vaccination, and miscellaneous services such as circumcision and ear piercing. Most services are sold singly, but childbirth is also sold as a package including pre- and postnatal care.

To increase clinic profits, JSI identified the need for a willingness to pay (WTP) study to determine if clinic revenues could be increased by raising prices. The FRONTIERS operations research program provided JSI with technical assistance to help them conduct a WTP survey of WFMC clients. This study estimates the impact of price increases on revenues and utilization of WFMC services including: (1) IUD check-ups; (2) IUD insertions; (3) pill visits; (4) pap smears; (5) pregnancy tests; (6) prenatal care; and, (7) maternity services. The study also estimates client's willingness to pay for clinic amenities including increased privacy, more comfortable chairs, and air conditioning. A secondary objective of the study is to identify opportunities for providing additional services to Well-Family clients. The survey also includes questions on unmet client needs

for RH services. Finally, the WTP survey was supplemented by a brief study of provider and facility characteristics.

2. METHODS

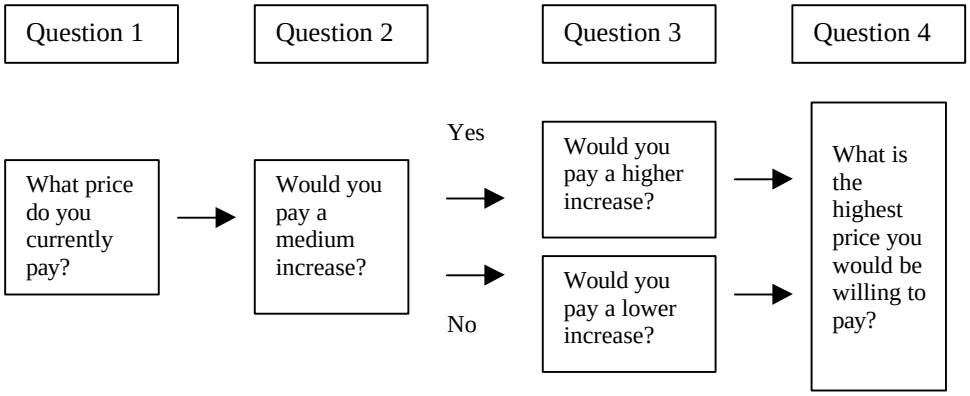
The focus is clients' willingness to pay increased prices for services that they are currently receiving from WFMCs. The WTP measure is the stated maximum price that the client would be willing to pay to obtain a service rather than go without or obtain it from a different source. Data was obtained from client exit interviews conducted in the clinics. WTP questions pertained to the service just received.

Instrument

Willingness to pay (WTP) surveys estimate the potential demand for a product or service by assessing its value to the consumer. The willingness to pay method rests on the assumption that the consumer's valuation of a commodity is indicated by the maximum amount of money that s/he will pay. WTP data can be collected in several ways but are best obtained through personal interviews and by using a combination of closed-ended and open-ended questions (Foreit, et al. 2000). The closed-ended question asks the respondent to accept or reject a suggested price for a good or service. The open-ended question asks the respondent to state directly the highest price the consumer would pay for the good or service.

In this study, the WTP survey design includes closed-ended questions on three pre-determined prices to be administered and a fourth open-ended question on the maximum price that clients are willing to pay for the service. The sequence and format of the questions is illustrated in Figure 1.

Figure 1. Sequence and Format of Willingness to Pay Questions



The series of questions starts by asking the client the price currently paid for the service. This is followed by a question on whether she would be willing to pay a medium price increase[1]. Then she is asked further if she would be willing to pay either a higher or a lower price increase, depending on the answer to the medium price increase. The last question asks the client to state the maximum price that she would be willing to pay for the service.

Each individual's WTP is aggregated to derive total willingness to pay. The aggregate demand curve shows how many clients would obtain the service from the WFMC at any specified price. It is transitive downwards such that clients willing to pay a given price for a product or service are also willing to pay for a lower price for that product or service. The demand curve is also intransitive upwards in that clients unwilling to pay a given price are also unwilling to pay any higher price.

Sampling

Data were collected in July and August 2000 from a nationwide sample of 60 Well-Family Midwife Clinics, or more than half (53%) of the 114 clinics in operation for at least a year at the time of the study. About 25 percent of the clinics are located in Metro

[1] The price increments are set amounts determined by the JSI. For IUD revisit, for example, the set price increments for low, medium and high levels were 5, 10 and 15 pesos, respectively. The corresponding price increments for the delivery service were PhP100, PhP200 and PhP300.

Manila and adjacent regions, 48 percent are located in other large cities such as Cebu and Davao, and the remaining 26 percent are in other, smaller, urban areas. The sample includes 16 clinics from Metro Manila and adjacent regions; 30 clinics from other cities and 14 clinics from other urban areas. Table 1 shows the sample by area.

Table 1. Clinic Sample by Area

Area	Number of clinics		% Sample
	Total	Sample	
Metro Manila and Adjacent Areas	29	16	55
Other Cities	55	30	55
Other Urban Areas	30	14	47
Total	**114**	**60**	**53**

The sample was drawn by first purposively selecting the 27 clinics that performed about 83 percent of IUD insertions (the least common service of interest). From the remaining 89 clinics, a sample of 33 clinics was selected by stratified systematic sampling on the basis of client load and geographic area. Two types of survey instruments were administered: a service provider questionnaire and a client questionnaire. For the client survey, an interviewer was assigned to a clinic to conduct 10-minute exit interviews of clients for a period of two weeks. The interviews were administered in an area that provides maximum privacy for the respondent. The team supervisor, who was assigned to 4-5 interviewers, administered the service provider questionnaire.

Data obtained from the providers includes physical characteristics of the clinics, length of time in operation, information on the types of clinic improvements that the midwives would be willing to finance and on the availability of selected family planning supplies. At the client level, the survey collected information on socioeconomic and demographic characteristics of the client, willingness to pay for selected services, amenities and information on family planning use.

3. RESULTS

Response rate

Of the 2,277 clients who obtained health care from the study clinics from July to August 2001, 96 percent were successfully interviewed (Table 2). Clinics in Metro Manila and adjacent regions have a slightly higher refusal rate (7%) percent than clinics in other locations (2%). Clients cited lack of time as the main reason for refusing an interview. All midwives were successfully interviewed.

Table 2. Number of Clients, Successful Interviews and Response Rates by Area

Area	Number Of Clients	Number of Successful Interviews	Response Rate (%)
Metro Manila and Adjacent Areas	758	704	93
Other Cities	1115	1091	98
Other Urban Areas	404	398	98
Total	**2277**	**2193**	**96**

Provider Profile

Midwives in the study have been in business for an average of two years. A majority (58%) rent their clinic space (Table 3). About 66 percent of midwives work out of their own homes. Most (77%) of the midwives are on call 24 hours a day, and the rest are available for an average of nine hours daily. Clinics outside of Metro Manila are more likely than others to be rented and less likely to have service available 24 hours a day. WFMCs draw 53 percent of their clients from the same neighborhood as the clinic and serve an average of 5 clients (1-25 clients) per day. Clinics in large cities have more clients and also are more likely to serve clients in the same neighborhood or *barangay* as the clinic.

Table 3. Percentage Distribution of Clinics by Selected Characteristics

Indicator	Manila and Adjacent Areas	Other Cities	Other Urban Areas	Total
N of cases	**16**	**30**	**14**	**60**
% Midwife available for 24 hrs a day	81	70	86	77
% Clinics rented	44	70	50	58
% Midwife lives in same bldg as clinic	75	53	71	66
% Clients in same town as clinic	61	52	40	53
Number of clients per day				
Mean	6	5	4	5
Minimum	0	2	0	1
Maximum	17	25	7	25

Client Income

WFMCs serve mainly low-income clients. About 56 percent of clients do not, themselves, earn an income. For the 44 percent who do, earnings are very low, averaging less than PhP5,000 (US$106) a month. In terms of total household (respondent plus all others contributing money to the household) monthly income, two-thirds of all women reported an income of PhP7,500 (US$160) or less. Only 11 percent reported household income of more than PhP15,000 (US$319) a month. An additional 20 percent of clients report incomes between $160 - $319 per month.

Table 4. Percentage Distribution of clients by Monthly Earnings and Total Household Income

Indicator	Manila and Adjacent Areas (%)	Other Cities (%)	Other Urban Areas (%)	Total (%)
Monthly Earnings (Client only)				
Nothing	61	55	46	56
PhP5,000 or less	27	37	39	34
More than PhP5,000	12	8	15	10
N of cases	704	1091	398	2193
Monthly Household Income				
PhP7,500 or less	57	76	65	67
Between PhP7,501-PhP15,000	31	16	24	22
More than PhP15,000	12	7	11	11
N of Cases	688	1082	396	2166

* US$1= PhP 47

Services Obtained by WFMC clients

One-third of clients came for family planning services, with most making IUD and pill visits (Table 5). About 26 percent of clients obtained pre-natal and maternity services and 9 percent obtained a Pap or pregnancy test. About 31 percent of clients came for other services such as a gynecological examination, immunization, and blood pressure tests. Clinics in Metro Manila have a relatively higher caseload in maternity services. Clients in other urban clinics mostly use family planning services.

Table 5. Distribution Of Clients By Location And Type Of Service Obtained

Type of service	Manila and Adjacent Areas (%)	Other Cities (%)	Other Urban Areas (%)	Total (%)
Family Planning Service	**24**	**35**	**45**	**33**
IUD visit	8	16	25	14
Pill visit	11	16	16	15
Injectable contraceptive	3	1	2	2
Other Methods	2	2	2	2
Maternity Service	**37**	**22**	**17**	**26**
Prenatal visit	30	17	12	20
Delivery	7	5	5	6
Reproductive-Related Service	**8**	**9**	**13**	**9**
Pap smear test	4	7	8	6
Pregnancy test	4	2	5	3
Other Services*	**31**	**34**	**25**	**31**
N of cases	704	1091	398	2193

*Includes, among others, breast and pelvic examination, physical examination and child immunization.

Current prices

Table 6 presents price data by type of service. It shows that the maternity service is offered at an average of PhP2,500, making it potentially the primary source of revenue in WFMCs. For family planning services, WFMCs charged the highest prices for IUD insertion. Laboratory tests such as Pap smears and pregnancy tests are also offered at relatively high prices. The modal price is PhP150 each for IUD insertion, Pap and pregnancy tests. The lowest priced services include pill visits, IUD check-ups and prenatal consultations.

The summary data on prices reveal several interesting features of pricing behavior of Well-Family Midwife Clinics. First, WFMCs charge a wide range of prices for the same service. For an IUD insertion, for example, there are 11 different prices ranging

Table 6. Number And Range Of Current Prices Paid, By Type Of Service

Type of service	No. Of clinics	No. Of prices	Range of current price paid* (PhP)	Median	Mode	JSI Price Range Policy (PhP)
IUD revisit	37	13	10 - 150	40	50	50-100
IUD insertion	37	11	100 - 350	180	150	150-300
Pill visit	52	26	2.5 - 150	33	10	20-80
Injectable	25	10	20 - 250	138	100	150-200
Pap smear	41	14	50 - 300	160	150	60-200
Pregnancy test	31	18	30 - 275	150	150	60-150
Prenatal visit	56	29	10 - 150	50	50	15-75
Delivery	41	39	450 - 3,800	2,500	2,500	1,000-2,500

* US$1= PhP 47; Outliers or miscoded cases (consisting 4 percent of the sample) were removed from the analysis.

from PhP100-PhP350. For an IUD revisit, the study found that the 37 clinics that offered the service charged 13 different prices ranging from PhP10 to PhP150. Actual WFMC prices deviate from recommended prices. For example, the median price of PhP138 actually charged for the injectable contraceptive is below the minimum price of PhP150 recommended by JSI for the service. Table 7 compares prices actually paid with the suggested JSI price range.

While midwives engage in price discounting for some services, they overcharge for others. For delivery services, 40 percent of clients paid a price higher than the recommended upper limit. For Pap smears and pregnancy tests, more than one-fifth of clients paid a price higher than the recommended maximum. Only in IUD insertion and prenatal consultation do WFMCs exercise a degree of price discipline, with more than four-fifths of the clients paying a price within the JSI recommended price range.

Table 7. Percent Distribution Of Clients By Price Paid and Type Of Service

Type of service	JSI Price Range (%)			N of cases
	Below	Within	Above	
IUD revisit	56	42	2	201
IUD insertion	6	89	5	83
Pill visit	22	64	14	314
Injectable	50	39	11	46
Pap smear	2	77	21	133
Pregnancy test	4	72	24	68
Prenatal visit	0	85	15	363
Delivery	2	58	40	166

That midwives extensively price discriminate is revealed in Table 8, which provides information on whether the midwife charged a single price or several prices for the same service. Charging different prices for the same service to different clients is also widely practiced for delivery, injectable contraceptives, Pap smears, and prenatal visits.

Table 8. Percent Distribution Of Clinics* By Number Of Prices And Type Of Service

Type of service	Type of pricing (%)	
	Single	Multiple
IUD check-up	61	39
IUD insertion	57	43
Injectable	50	50
Pap smear	50	50
Pregnancy test	70	30
Prenatal visit	33	67
Delivery	11	89

*Only clinics with more than one client for the service are considered.

Willingness to Pay Higher Prices

Willingness to pay higher prices is assessed for: (1) IUD revisits; (2) IUD insertions; (3) pill visits; (4) Pap smears; (5) pregnancy tests; (6) prenatal care; and, (7) maternity services. The study results indicate that price increases will increase clinic revenues for all services, except for delivery. Of the 182 delivery clients, only about 84 percent said that they were willing to pay a higher price. This means that if a clinic has 10 clients currently paying 2,000 pesos for birthing services (generating a clinic revenue of 20,000 pesos), an increase in price by 100 pesos from 2,000 to 2,100 pesos would reduce the number of clients to about 8, leading to a revenue loss of about 10 percent.

For other services, analysis is limited by the large number of prices and the small number of cases for each price. To enhance reliability, analysis of the effect of price increases on revenue and utilization is assessed only for current prices with a minimum of 20 cases. WTP analysis for injectable contraceptives (Depo-Provera) was not done because of a small sample size. For simplicity, Tables 9a through 9c model the effect of price increases on revenues and utilization on a base of 100 clients.

IUD Revisits. Current prices of 30 (24 cases), 40 (54 cases) and 50 pesos (71 cases) were examined. For clients currently paying 30 pesos, 100 percent were willing to pay 10 pesos more for the service. The percentage of clients willing to accept a 10-peso increase is 96 percent for those currently paying 40 pesos and 92 percent for those currently paying 50 pesos. This would generate a revenue gain of between 10-33 percent depending on the current price level (see table below). A further increase in prices to 20 pesos would result to either a lower revenue gain or a revenue loss. Thus a conservative minimum price would be 40 pesos. For clinics already charging 40 or 50 pesos for IUD check-ups, a 10-peso increase in prices is recommended. About 73 percent of all IUD revisit clients would be affected by the price increases.

Table 9a. IUD Revisits: Revenue and Utilization Estimates for Different Price Increases

Current Price in Pesos	Current Revenue per 100 Users	% Users WTP 10 pesos more	Revenue at a new price of 10 pesos more	% Revenue Over Current	% Users WTP 20 pesos more	Revenue at a new price of 20 pesos more	% Revenue Over Current
30	3000	100	4000	33	79	3958	32
40	4000	96	4815	20	56	3333	-17
50	5000	92	5493	10	52	3648	-27

n=100 clients in each condition

IUD insertions. The two prices with the highest frequencies are 150 (30 cases) and 200 (22 cases) pesos. About 87 percent of clients currently paying 150 pesos for IUD insertion were willing to pay an additional 25 pesos more. The corresponding figure for those currently paying 200 pesos is 90 percent. In both cases a revenue increase of 2 percent would result from the price increase. Increasing prices by 35 pesos would result in a loss of revenue. For clients paying 150 pesos prices could be increased to 175 pesos and for those currently paying 200, an increase to 225 is recommended. Approximately 62% of all women receiving IUD insertions from WFMC clinics would be affected by the price increases.

Table 9b. IUD Insertions: Revenue and Utilization Estimates for Different Price Increases

Current Price in Pesos	Current Revenue per 100 Users	% Users WTP 25 pesos more	Revenue at a new price of 25 pesos more	% Revenue Over Current	% Users WTP 35 pesos more	Revenue at a new price of 35 pesos more	% Revenue Over Current
150	15000	87	15242	2	74	13726	-8
200	20000	90	20357	2	67	15667	-22

n=100 clients in each condition

Pill visits. The modal price for pills is 10 pesos (57 cases). Most pill clients use Logentrol, a pill available free in government facilities. A substantial number of clients also use Trust pills sold by WFMCs for a price of 20 pesos (56 cases). A minimum price of 20 pesos for Logentrol would result in an increase in revenue of 66 percent. On the other hand, the price of Trust pills can be increased from 20 pesos to at least 30 pesos

resulting in a revenue gain of 35 percent and a client loss of about 10 percent. Recommended price increases for contraceptive pills will affect about 45 percent of all current pill users.

Table 9c. Oral Contraceptives: Revenue and Utilization Estimates for Different Price Increases

Current Price in Pesos	Current Revenue per 100 Users	% Users WTP 10 pesos more	Revenue at a new price of 10 pesos more	% Revenue Over Current	% Users WTP 15 pesos more	Revenue at a new price of 15 pesos more	% Revenue Over Current
10	1000	83	1662	66	66	1655	65
20	2000	90	2700	35	75	2625	31

* n=100 clients in each condition

Pap smear. The modal price for a Pap test is 150 pesos (42 cases). Clinics currently charging 150 pesos for a pap test could increase their prices by 15 pesos to 165 and increase their revenues by 2 percent with a client loss of less than 10 percent. Price increases beyond 15 pesos do not appear worthwhile. About 31 percent of women receiving Pap smears would be affected by the new price.

Pregnancy tests. Most WFMC clients pay 150 pesos for a pregnancy test (35 cases). Price increases of 10 and 15 pesos are assessed. Estimates show that a 10-peso increase would result in a revenue gain but not higher than this. About 97 percent of clients currently paying 150 pesos for a pregnancy test were willing to pay an additional 10 pesos, leading to a revenue gain of 4 percent. It is therefore recommended that prices for pregnancy tests are increased from 150 pesos to 160 pesos. About half of all women requesting pregnancy tests would be affected by the price increase.

Prenatal visits. The modal price for a prenatal visit is 50 pesos. Among 132 women currently paying 50 pesos for prenatal consultations, 95 percent were willing to pay 10 pesos more, generating a revenue gain of about 15 percent. The price for prenatal visits could be increased to 60 pesos. It does not appear that price increases beyond this point would be worthwhile in terms of additional revenues. Current and recommended

prices are summarized in Table 10. About 97 percent of women using prenatal services would be affected by the increase. The impact of the recommended prices on utilization and revenue is summarized in Table 11.

Table 10. Current and Recommended Prices for Selected WFMC Services

Service	Current Price (Pesos)	Recommended Price (Pesos)
IUD check-ups	30	40
	40	50
	50	60
IUD insertion	150	175
	200	225
Pill visit		
Logentrol	10	20
Trust	20	30
Pap smear	150	165
Pregnancy test	150	160
Prenatal visit	50	60

Table 11. Estimated Increase In Revenue at New Prices per 100 Visits

Service	**Current Price**	**Revenue**	**New Price**	**% Accepting the new price level**	**Absolute Increase in Revenue**	**Percentage Increase in Revenue**
IUD insertion	200	20000	225	100	2500	13
IUD revisit	50	5000	60	93	580	12
Pill visit	10	1000	20	83	660	66
Pap smear	150	15000	165	97	1005	7
Pregnancy test	150	15000	160	98	680	5
Prenatal	50	5000	60	95	700	14

The potential impact of price increases on a given clinic would depend on the service mix. Maternity care is the most expensive service and generates the most revenue for clinics, but family planning generates the largest number of visits. This section models the effect of the new pricing policy based on different mixes of family planning and maternity services. A Well-Family Midwife clinic has an average of 35 family planning and 5 delivery clients per month. Client load in a service is considered low (high) if it falls below (above) the average. Estimates for three types of clinics are modeled: (a) A high case load in family planning, but low maternity caseload; (b) A low family planning, but high maternity caseload; and (c) A clinic with low client load for all services. The model is based on service statistics from actual clinics that typify each case.

A price increase in family planning services will generate the largest revenue gain (21%) in clinics with a low number of maternity services (Table 12a). For clinics with an overall low client load, the percentage revenue increase will be 6 percent (Table 12c). The effect of price increases in family planning will be minimal in clinics where client load for maternity services is high (Table 12b).

Table 12a: Revenue at Recommended Prices (Case 1: Clinic With High Family Planning And Low Maternity Case Load)

Service	N of visits*	Current Price	Revenue	New Price	% Accepting new price	Absolute Revenue Increase	Percent Revenue Increase
IUD insertion	20	200	4000	225	100	500	13
IUD revisit	62	50	3100	60	93	360	12
Pill visit	299	10	2990	20	83	1973	66
Pap smear	31	150	4650	165	97	312	7
Pregnancy test	2	150	300	160	98	14	5
Delivery	0	2500	0	2500	100	0	0
Prenatal	10	50	500	60	95	70	14
Total	**424**		**15540**			**3229**	**21**

Table 12b: Revenue at Recommended Prices (Case 2: Clinic with High Maternity and Low Family Planning Caseload)

Service	N of visits*	Current Price	Revenue	New Price	% Accepting new price	Absolute Revenue Increase	Percent Revenue Increase
IUD insertion	1	200	200	225	100	25	13
IUD revisit	1	50	50	60	93	6	12
Pill visit	11	10	110	20	83	73	66
Pap smear	1	150	150	165	97	10	7
Pregnancy test	2	150	300	160	98	14	5
Delivery	34	2500	85000	2500	100	0	0
Prenatal	111	50	5550	60	95	777	14
Total	**161**		**91360**			**905**	**1**

Table 12c: Revenue at Recommended Prices (Case 3: Clinic with Low Caseloads for Both Family Planning and Maternity)

Service	N of visits*	Current Price	Revenue	New Price	% Accepting new price	Absolute Revenue Increase	Percent Revenue Increase
IUD Insertion	1	200	200	225	100	25	13
IUD revisit	6	50	300	60	93	35	12
Pill visit	9	10	90	20	83	59	66
Pap smear	13	150	1950	165	97	131	7
Pregnancy test	1	150	150	160	98	7	5
Delivery	1	2500	2500	2500	100	0	0
Prenatal	19	50	950	60	95	133	14
Total	**50**		**6140**			**390**	**6**

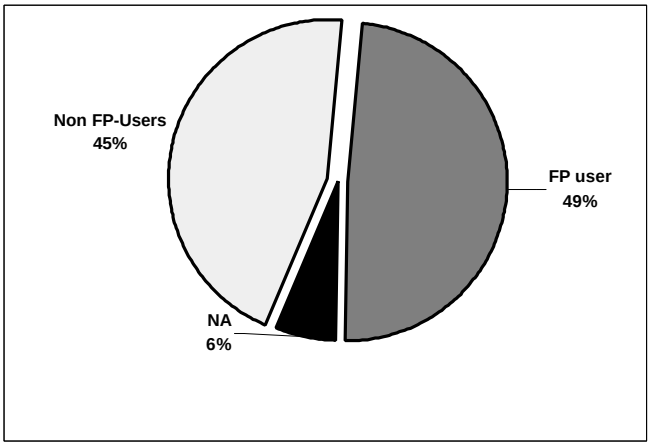
Opportunities for Selling Additional Services to Current Clients

Although increasing prices will increase sustainability, increasing the number of services sold to existing clients can generate even higher revenues. Opportunities exist for increasing the sale of family planning, pre-and postnatal care and Pap smears.

Family planning services

About 45 percent of WFMC clients of reproductive age (15-45), who are not pregnant or seeking pregnancy, are not using family planning. To assess the demand for family planning among non-users, we asked if they would be interested in using a method in the future and if so, where would they go to obtain the service. The market for family planning is large among all clients not pregnant or seeking pregnancy with the exception of Pap smear clients, of whom 72 percent are already current users.

Figure 2. Distribution of Clients by Current FP Use



In addition, more than 80 percent of delivery and prenatal clients are interested in using family planning in the future. Among pregnancy test clients, 67 percent were not currently using family planning but 44 percent would like to use a method.

Clients who want to use a family planning method indicate a strong preference for obtaining the service in the WFMC (Table 13). Almost 7 out of 10 clients who intend to use family planning in the future want to get the service from the WFMC and another 2 out of 10 are not decided on what method they would use or where they would obtain the service. The remaining clients (15%) intended to get a family planning method from other service providers, with most preferring government facilities. This pattern holds true for users of other WFMC services as well.

Table 13. WFMC Clients: Intended Source of Family Planning

Type of Service	Number wanting to use FP	% Wanting to use FP		% Do not know method or provider
		From WFMC	From other provider	
Delivery	108	76	8	17
Prenatal Care	370	63	15	22
Pap smear	12	67	33	0
Pregnancy test	29	66	14	21
Other services (e.g. gynecological exam, immunization)	183	68	17	14
Total	**702**	**67**	**15**	**19**

If all non-users who intend to use family planning are served by the WFMC, family planning clientele would expand by 78 percent. If Well-Family midwives actually served all clients who desire to obtain a method from the WFMC, the number of family planning clients would increase by 52 percent. If method mix remains unchanged, the revenues for family planning would also increase by 52 percent. Despite the size of the potential market, no WFMC service packages include family planning.

Post- and prenatal care.

More than 90 percent of Filipino mothers make at least one prenatal care visit (NSO, DOH and Macro International Inc., 1999). While most Filipino mothers received prenatal care, only about 60 percent of mothers obtained postnatal care. WFMC delivery clients were asked whether they received prenatal care from the clinic and whether they wanted to get postpartum care from the clinic. About 58 percent of delivery clients

obtained their prenatal care from the WFMC. Given the high level of prenatal care among Filipino women, this suggests a substantial number of walk-in clients for delivery service in the WFMC. However, 83 percent of clients for delivery intend to get their postpartum care from the WFMC. Yet only 28 percent who want to get postnatal care paid for a delivery package that includes this service.

Pap smear

Clients who came for an IUD visit, pill visit, an injectable contraceptive or for a pregnancy test were asked whether they ever had a pap test and when they had their last test (Philippine guidelines recommend annual testing). The proportion of clients who never had a Pap test or those overdue for one is 92 percent for clients who came in for a pregnancy test, more than 70 percent for clients of injectable contraceptives and pills, and 65 percent for IUD revisit clients. If all were given a Pap test the number of clients for Pap clients and revenues would more than double.

Table 14. Percentage Distribution Of Clients By Unmet Need For Pap smear

Type of Service	% Who never had a pap smear test	% Who had pap smear test more than a year ago	Total unmet need for a pap smear test (%)	N of cases
IUD visit	48	17	65	291
Pregnancy test	71	21	92	68
Injectable	60	18	78	45
Pill visit	57	17	74	317

Clinic Amenities

Another way of increasing revenues is to induce demand through quality changes that appeal to clients. This study assessed consumer desire for amenities in the clinic including more privacy by adding space, more comfortable chairs, air-conditioning, and a television in the waiting room. Service providers were also asked to rank the same

amenities in order of importance. Both clients and midwives agreed in giving the highest importance to expanding clinic space to allow more privacy for the clients; 80 percent of the midwives and 68 percent of clients ranked expansion as the most important amenity.

Clients from Metro Manila and adjacent areas and those who came for delivery value privacy more than other clients. About 78 percent of delivery clients and 73 percent of clients in Metro Manila and adjacent areas placed "more privacy by adding space" at the top of clinic amenities. Among clients who ranked more privacy as their most important clinic amenity, 95 percent said that they would be willing to pay an additional 6 pesos for this improvement. About 74 percent are willing to pay 12 pesos more if the clinic added this improvement. A 6-peso increase in the price of services, if this amenity were provided, would generate an increase in revenue of 4 percent. A 12-peso price rise would increase revenues by 6 percent. Midwives are willing to pay an average of P45,000 for this improvement. If expanding the clinic would result to two additional deliveries per month, the midwife would be able to recoup her investment in 10 months on average.

4. DISCUSSION

The study confirmed that most WFMCs are quite small and mainly serve clients from their own neighborhoods. A substantial proportion of midwives live in the same building that contains their clinic. Maternity services are by far the most important source of clinic income. Clients are mostly low-income women, suggesting that WFMCs compete for clients with the public sector, as they are intended to do. USAID subsidizes the clinics as a way of increasing family planning services. Relatively speaking, family planning is one of the most frequent services provided. A third of all clients come to the clinics for family planning, with the greatest number of services provided outside of Metro Manila.

The findings make a strong case for raising revenues by increasing prices for six services: IUD insertions, IUD revisits, pill visits, pap and pregnancy tests, and prenatal consultations. It was found that increasing the price of maternity services would not

increase revenues unless clinic amenities were improved. If the price increases for these services were fully realized, the potential increase in revenues would be highest in clinics with a low client load in delivery. Because WTP is a conservative estimation technique, we recommend that the price increases suggested for the six services should be recommended as new minimum prices.

The critical issue is the capability of JSI to actually get the Well-Family midwives to successfully implement and sustain the new pricing policy. Although officially a "network," midwives set their own prices, and JSI lacks authority to enforce uniform prices. The existence of a wide range of different prices for the same services underscores a lack of price discipline in WFMCs. Well-Family midwives clearly engaged in informal price discounting for some services and over-charging for other services, particularly delivery services. JSI must find a way to effectively market the new pricing scheme. An information campaign should be launched in order to bring awareness among the midwives about the precariousness of their financial status and the urgency of raising revenues to sustain the clinics.

Finally, pricing policy reform would be more successfully implemented if it were supplemented by viable financing schemes. For example, WFMCs might consider providing the package of interrelated services that can be paid by installment basis in 2-3 payments. This would be a useful financing strategy because it does not require that poor clients pay the full costs of the package at one time. Another way is to encourage insurance schemes (whether community-based or otherwise) to also cover family planning and birthing, and include WFMCs in their coverage.

At least as important as raising prices is selling more services to existing clients ("inreach"). Many WFMC clients have an unmet need for family planning, pap smears and postnatal care. This suggests the need for a more intensive information and education program on family planning, postnatal care and the Pap test in the clinics. A strong health education and family planning program is likely to be translated into higher utilization of family planning, postnatal care and Pap smear tests because these are services for which

demand is not likely to be directly expressed. Rather, they are usually purchased when a provider recommends them.

The study also shows that WFMC clients have different but closely related needs for maternal and reproductive health care, so that bundling related services has a strong market potential. Expanding the bundle of services that the client can choose from can lead to lower unmet need among clients and greater revenues for clinics.

5. DISSEMINATION

Study results were disseminated on two occasions. Representatives attended the first presentation in December 2000 from JSI, eight local NGOs of the Well-Family Midwife program, Friendly Care Foundation, Inc., Management Sciences for Health, and USAID. On the basis of the findings, JSI and its NGOs have revised the pricing of services offered by midwives. Study results were also incorporated in a paper on "Sustainability in Reproductive Health Services" presented by JSI at the Asia Pacific Conference on Reproductive Health in February 2001.

The Population Council and JSI facilitated a meeting with the eight NGOs of the Well-Family Midwife program on March 11, 2001 to discuss and finalize the mechanism for the implementation of the price increase in the 60 sampled clinics. JSI, with technical assistance from Population Council, is conducting a qualitative study looking at revenue and utilization effects of the price increase in the sampled clinics.

6. UTILIZATION OF FINDINGS

At meetings with midwives and NGOs, it was agreed to implement the suggested price increases as new minimum prices (e.g. the minimum price for pills will increase from 10 to 20 pesos). An attempt was also made to persuade midwives to reduce the amount of downward price discrimination (under-charging). It was also agreed to test the

new prices for three months prior to making recommendations to all WFMCs. A total of 53 of the 60 midwives who participated in this study agreed to participate in the price test. Price increases were to be implemented in April 2001. An in-depth qualitative evaluation of the price-test was scheduled for June 2001. The evaluation will focus on midwife adherence to the new price guidelines and on client responses to price changes.

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