

# Demand & Utilization of Health Services among Four Housing Estates in Lagos, Nigeria

## S u m m a r y o f F i n d i n g s

Private *Initiatives* for Primary Healthcare Project



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As populations increase and competition for shrinking public resources becomes more fierce, governments around the world are urgently seeking ways to maximize quality health care delivery while reducing costs. Ministries of Health in many developing countries are exploring how the private sector can meet the health needs of their growing populations. Though the private health sector operates in most developing countries, little is known about who it serves, its efficiency and effectiveness in service delivery and the quality of the services it provides. *Initiatives* was designed to examine how private providers can deliver quality basic health services to low-income urban residents and remain financially viable.

Working to strengthen the financial and institutional capabilities of local providers in Nigeria, *Initiatives* noted that marketing information crucial to the development of a viable business, was often missing from the business planning process. Market factors such as client perceptions of quality, service pricing, location of clinic sites, competitor information, etc., frequently received insufficient attention in the planning stages. This often led to an overestimation of demand which skewed financial projections. Prompted by this knowledge, *Initiatives* commissioned marketing studies for the provider groups supported by the project to acquire accurate market information to strengthen the group's business plans.

In 1994, *Initiatives* sub-contracted Research Marketing Services Ltd, a Nigerian market research firm based in Lagos, to conduct a marketing study for each of four local provider groups. These studies were designed to collect information on the health-seeking behavior of potential clients and their preferences for public or private care. Using this information, the groups could make informed decisions about services required at each facility, assess client willingness to pay for specific services, project clinic utilization rates, and identify potential obstacles to service delivery and the financial viability of each facility.

Health professionals and organizations intending to work in southwestern Nigeria will also find this information on the health-seeking behavior of men and women in this part of the country useful when planning appropriate health services to meet the needs and demands of this population. Accordingly, *Initiatives* is making this information available through a series of booklets summarizing the findings of each of the marketing studies it has sponsored. This summary of a study of the demand and utilization of health services among residents in four housing estates in Lagos, Nigeria, is the first booklet in that series. The summary was prepared by Renu Bery, MPH.

## EXECUTIVE SUMMARY

Refuge Medical Service (RMS), a health management organization based in Lagos, planned to expand its service area from one to four clinics with little knowledge of its potential market. To strengthen their business proposal, *Initiatives* funded a random household survey to help RMS understand the factors affecting health care decision-making among the populations it intended to serve.

The study characterized the health-seeking behaviors of residents in the four housing estates scheduled to receive a clinic operated by RMS. The data, analyzed using gender, socioeconomic status (SES), age, private or public clinic use and residence variables, answered questions such as: who patronizes private clinics and why? what services do potential clients use most often? how do patrons select a health provider? why do they change providers? how much do people expect to pay for particular treatments? and how do they pay for these services?

These findings helped to formulate a picture of the potential market for private health facilities. Private facilities seeking to establish health care services can use these survey results to strengthen their business plans and to tailor their clinics to meet the specific needs of residents in each estate. For example, private providers might choose to target men more heavily since survey results indicated that the male head of household chooses the family health provider. Or, knowing that basic health care visits accounted for the most health care visits in the preceding one year might compel the private facilities to limit their service provision to those frequently used services. Once the clinic has attracted a client base and is successfully operational, the need to increase the range of services can be re-evaluated.

A blueprint for successful clinics emerged from the data analysis. Although quality of service and distance to the clinic ranked highest among respondents in each sub-group sampled, differences surfaced elsewhere between genders, ages, income groups and private versus public users.



Thus, to optimize utilization, the clinics must offer a range of basic health care services of high quality, in convenient locations, ensure short waiting times and low-cost treatments

The information acquired from this study provides guidelines for developing facilities which offer appropriate services for the populations it intends to serve. Incorporating this information into facility business plans will ensure that Refuge Medical Services meets the needs and demands of their clients -- strengthening the viability and, ultimately, the sustainability of their proposed network of estate-based clinics

## INTRODUCTION

Refuge Medical Services (RMS), Lagos--a for-profit health management firm--currently operates one clinic in a middle income housing estate on mainland Lagos and plans to expand its operations. Starting with four new clinics, they proposed creating a network of twelve clinics situated in government housing estates around the city. But RMS' business proposal lacked a comprehensive analysis of the competition and other market forces. They needed to understand the health needs and health seeking behavior of potential clients as well as these client's willingness to pay for services before determining the mix of services to offer and an appropriate price schedule.

To obtain this information, a random household survey in Abesan, Amuwo, Jakande-Isolo, and Ogudu housing estates was conducted in May, 1994. The survey assessed residents' current health-seeking behavior and appraised their interest in the range of services proposed by Refuge Medical Services. A summary of the methodology used is presented in a methodological note that follows the presentation of the survey findings.

## SUMMARY OF FINDINGS

### Current Health-Seeking Behavior

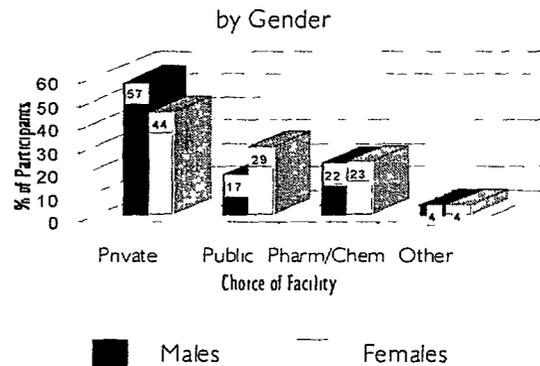
Refuge Medical Services, Lagos required accurate information about current trends in health seeking behaviors of housing estate residents to design their proposed health service network. The study findings illustrate the residents' preferences for private over public facilities. In addition, the findings highlight significant differences in health care decision making by gender, socioeconomic status (SES) and age.

### Facilities/Providers Used

In general, survey participants used three criteria to choose a health facility/provider: perceptions that specific services are more appropriately provided by one sector rather than another, quality of care received, and cost. For example, women preferred to use better equipped public facilities for delivery, immunizations and well-baby care, but the more convenient private clinics for routine and emergency services. Within the range of facilities available for such services, issues of quality and cost of care become important factors in facility selection.

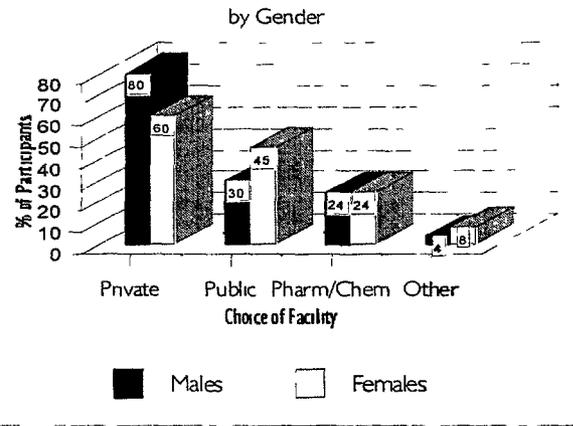
For the initial visit, respondents used services from both private (51%) and public (23%) health facilities or pharmacy/chemists (23%) depending on the type of illness presented and perception of the treatment they received. However, participants chose private services most frequently (64%)

Fig 1 Facility First Visited for Services



When these data were analyzed by gender, a majority of the 51% who first used a private clinic were men, while more women initially selected public hospitals when they needed care (Fig 1) During the year immediately preceding the survey, most respondents (70%), particularly men, visited private clinics most frequently (Fig 2) Although study participants from each socioeconomic range patronized private facilities, those from high SES groups (65%) were more likely to choose private services than those from low SES groups (58%)

Fig 2 Facility Patronized Most Often in Past Year



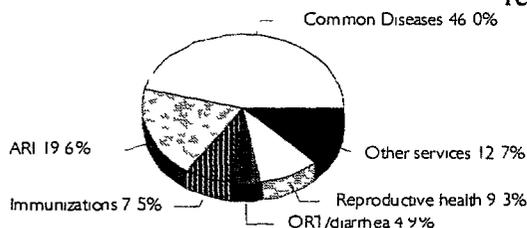
Each respondent averaged 6 visits to a health facility per year. The data show that participants visited a health facility 542 times for common diseases (including malaria) and 231 times for acute respiratory illness (46% and 19% respectively of 1179 total visits) (Fig 3). However, of the households surveyed, 86 percent reported at least one visit for common diseases and 42 percent reported one or more visits for acute respiratory illness (ARI). These two reasons coupled with ORT/diarrheal diseases and immunization account for almost 80% of all health facility visits in the year preceding the study.

### Selecting a Health Facility/Provider

**Who decides where to go for health care?** A majority of respondents (69%) reported that the male head of household chooses the health care providers or facilities for the family. Yet over half making this claim were men themselves. Twenty-two percent reported making the decision jointly and nine percent said the female head of household chose the provider. Only one percent mentioned that it was usually an elder's decision. Age was a factor: all respondents age 20-30 said men made the decision, while of the respondents aged 31-40 and 41-50 years only 61 percent and 71 percent, respectively, answered similarly. There were no significant differences among the income groups.

**Fig 3 Health Center Visits in Past Year**

by Service Rendered



Not to scale

**What factors are important in making health care provider choices?**

Quality of service was, by far the number one reason (55%) for choosing a health facility followed by distance to clinic (17%), waiting time (8%) and cost of services (7%)

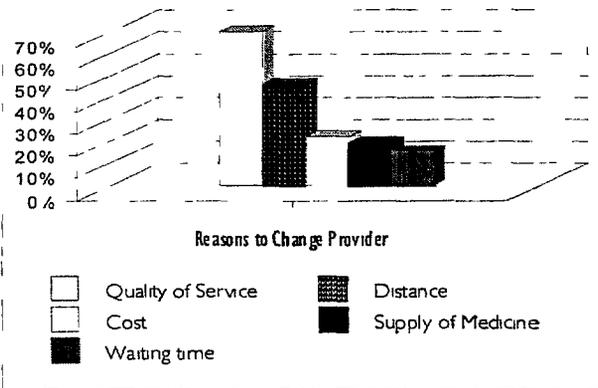
Patrons of private clinics were most concerned about quality, distance and waiting time whereas patrons of public facilities considered cost over distance and never cited waiting as an issue. Men were more concerned than women about waiting when asked about the facility they patronize most frequently. Women, however, were interested in the facilities and range of equipment available. Finally, few respondents (7%) considered the provider's gender when making health care choices.

Comparing the advantages of the private and public sectors was impossible since the advantages mentioned for each sector were almost mutually exclusive as seen below

Private	Public
Limited waiting time (71%)	Cost (71%)
Quality of service (64%)	Equipment (64%)
Staff behavior (28%)	Facilities (59%)
Hours of service (22%)	Medicine supply (17%)
Medicine supply (19%)	Quality of service (13%)

**Why do participants change health care providers?** Respondents mentioned the same reasons for changing providers as they did in making the original health care decisions (Fig 4) quality of service (70%), distance to clinic (46%) and cost of service (22%) The higher income group ranked distance well above cost, the lower income group considered cost as well as distance Older respondents (31-50) and lower income respondents listed waiting time as a factor for changing health care providers

**Fig 4 Top 5 Reasons to Change Provider**



Nonetheless, survey respondents were overwhelmingly satisfied with their current health care facility/provider 75 percent were ‘very satisfied’ and 23 percent ‘somewhat satisfied’ This finding was consistent across gender, income groups and public/private users

**How do participants travel to their health facility?** Most people took buses to their usual provider (41%) as well as their farthest provider (65%), but alternate means of transportation included driving (in a taxi or private car) and walking Most participants in higher SES groups either drove to the clinic or took a bus

Participants traveled an average of 19 minutes (one way) to their usual health facility however, a few (22%) claimed they traveled over 30 minutes (one way) Participants using multiple health providers averaged 23 minutes to reach the facility farthest from their home or workplace

**Where do participants obtain information about health?** Respondents gather health information from a variety of sources Although study participants preferred personal contact with a medical professional

(60%), mass media particularly television were also listed as health information sources. Men were more likely to report radio and print media as alternative sources. About half the women and lower SES groups do not read newspapers.

### **Financing Health Care**

The data on treatment costs were difficult to interpret since the average prices recorded may reflect a single treatment, several services per visit or total annual payments. In some instances, participants received free services which further skewed the average treatment cost.

Respondents spent an average of N 1,100 per family on health care in the year preceding the study with only 14% unable to give a cost estimate. The data illustrated distinct spending patterns between various groups:

- men reported higher annual costs (N1326) than women (N947)
- the higher SES groups paid more (N1296) than the lower SES groups (N751)
- private sector users spent more (N1551) than public sector users (N875)

The male head of household paid for health care according to 64 percent of the respondents, 25 percent claimed they shared costs with their employer. The majority of both SES groups used fee-for-service as the payment method for health care expenditures, however the higher income groups were twice as likely to share costs with their employers.

### **Willingness to Pay for Services**

Unprompted, respondents were often unable to determine a price they would pay for a particular service, those that did answer usually quoted prices below the proposed private clinic pricing structure. Nonethe-

less, when asked whether they would pay the proposed price, the majority responded positively for most services. The following table illustrates the respondents' willingness to pay private clinic prices for the services they used most often during the year preceding the study.

<i>Services Used Most Often</i>	<i>% Willing To Pay Private Clinic Price</i>
Common diseases	81%
Acute Respiratory Illness (ARI)	50%
Immunization	83%
ORT/Diarrhea	60%
Reproductive Health	82%

About half of the sample would not patronize the proposed private clinic for ARI, severe chest infections, chronic diseases and minor injuries based on the pricing questions. Another half did not plan to use private services for STD/AIDS treatment, however, 93 percent said the proposed private clinic price for these services was acceptable. Finally, only 3 percent (all women public facility users) did not anticipate visiting the proposed private clinic for any health service. Some participants suggested that the private clinic include optical and lab/diagnostic services as well.

Most respondents did not specify preferred clinic hours. Among the 25 percent that did state a preference, late morning was mentioned equally by men and women, but more men than women suggested weekends and afternoons between four and six o'clock.

## DISCUSSION

Private services captured the market share of health care facilities used among residents of Abesan, Amuwo, Jakande-Isolo and Ogudu government housing estates. The comparative advantages of private vs public facilities were mutually exclusive which suggests that participants base their preferences for private or public facilities on the specific services needed. When identifying the advantages of the private sector, limited waiting time and quality of service topped the list. Cost and availability of equipment were the top two advantages reported for public facilities. Thus, when time or quality of service is critical, respondents are more likely to seek private care. When services are free or health needs are more complex, participants are more likely to choose public facilities.

As seen in the findings, men were concerned by long waiting times, indicating that the opportunity costs of waiting for services are high. For these men, time is money--especially if they run their own businesses. This also holds true for people in lower SES groups who would benefit economically by paying for private services rather than lose income by waiting for services in a public facility. Women, on the other hand, considered cost and availability of equipment when selecting a facility which suggests that women might be more inclined to visit a public facility for free immunizations or to meet their more complex reproductive health care needs.<sup>1,2</sup> Moreover, the social benefits of communicating with other women while waiting to see a health care provider as well as exposure to free health education information from the public facility might also be perceived as minimizing a woman's cost of waiting for services.

When assessing the most patronized services to determine which services would render the highest utilization rates, basic health care services accounted for almost 90 percent of all visits during the year preceding the study. These services included basic curative care (common illnesses including malaria, acute respiratory illness, ORT/diarrheal diseases), preventive services (immunizations), and reproductive health

care (family planning, ante-/post-natal care, normal deliveries) Interestingly, pharmacy visits accounted for 23 percent of initial visits but dropped to 8 percent when examining frequency of visits. These results indicate that participants first visited pharmacies when confronting a common illness and then switched to a private clinic if the illness persisted or became more severe.

The reason for choosing a health provider cited most often by participants was quality of service. This supports the finding that respondents patronize private clinics more often, especially as quality ranked high among the perceived advantages of private care. Indeed, for women and men across age and income groups, quality was the reason cited most often for switching providers. Yet, other issues do factor into the health care provider choice. Participants placed distance to the clinic second in importance to quality, but men and women ranked other reasons differently. Women valued cost and availability of equipment and facilities while men valued convenience to the clinic and short waiting times. These findings suggest that women may manage the family finances or, in fact, pay for their own health care from potentially limited income. In addition, their health needs are more complex, requiring a range of equipment and facilities, and their work schedule may be flexible, so time may be less of an issue. Men, whose work schedules may be more rigid, seek options that minimize the time they spend traveling to a clinic and waiting for services. Men's stated preference for evening and weekend clinic hours corroborates this assumption.

On average, the residents in the higher income housing estates spent more on health care, indicating that a private clinic might be more likely to succeed in that environment. Not surprisingly, the higher income groups valued time over cost. Still, the findings indicate that patrons are willing to travel 20-30 minutes one way to find quality care. Lower income groups considered distance only slightly above cost although these variables might be linked as bus or taxi fares add to the total cost of health care. As public transportation fares continue to rise, having a health facility within walking distance of home or place of work might become even more attractive. It seems likely, then, that if the quality of service is equivalent, people would choose to patronize the nearest pri-



vate clinic. However, respondents were overwhelmingly satisfied with their current health care facility, so persuading them to switch providers might prove challenging.

While the majority reported that men chose the provider, almost one-third of the women were solely or jointly responsible for this decision. It is likely that women make more decisions about family preventive care and their own reproductive health. Curiously, all participants age 20-30 responded that men chose the provider. This finding contradicts current sentiments that young women are more assertive and vocal in household decision-making. The reason for this might be that women in this age group are recently married, and, until they gain more power in the family structure or more personal income, they defer to their husbands' decisions.

Given the data, the trends in health care expenditures were predictable: men patronized private facilities and spent more on health care than women who frequented public facilities more regularly, higher SES groups, more concerned about convenience than cost, preferred private over public services, usually drove to their facility and spent more for health care than lower SES groups, private clinic users spent almost twice as much as public facility users. While most respondents paid out-of-pocket for these expenditures, almost 25% shared these costs with their employers. This information suggests the potential for private facilities to expand their pool of clients by targeting local businesses that provide health care as an employee benefit.

Potential acceptance for the proposed private services was lower than 50 percent for services the consumer did not consider cost-effective. Private facilities seeking to establish health services will need to examine price elasticity, analyze volume requirements and explore innovative payment schemes in order to set prices accurately and to maximize clinic utilization.

Respondents prefer to receive health information through personal contact with a medical professional, but, quite a few also rely on mass media channels for reports of health news and problems. Although at

least 80 percent of the participants were literate, women and lower SES groups were much less likely to read newspapers. Their overwhelming preference for television and to a lesser extent radio, strongly indicates the need for multiple channels to disseminate information about health services and health education.

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## Notes

<sup>1</sup> This claim is supported by another *Initiatives*-sponsored study of midwives in Ghana. This study found that women preferred to deliver their babies at a hospital rather than a midwives' facility because the hospital had the equipment available in case of an emergency or unforeseen complications during delivery.

A study of health-seeking behavior among trade associations members and their wives in the Lawanson area of Lagos, Nigeria revealed similar results. Women preferred to use public hospitals for diagnostic, maternity and surgical services because of the availability of more sophisticated technology in these facilities.

## CONCLUSION

Private clinics such as those proposed by Refuge Medical Services can improve the odds for succeeding in a competitive health care market by examining data gathered on health-seeking behaviors of target populations, the potential market for proposed services and strategies for attracting clients. Cost findings, though interesting, were not conclusive and require further analysis before establishing a pricing schedule. In addition, data demonstrated that clients patronize a particular facility for a specific health need, however, more specific information is needed to understand why and when this happens.

Attracting business from a clientele already satisfied with their current health care provider may prove challenging. The study illustrates the value of separately targeting both men and women of all ages and income groups because they all use private health services at some time but have different health care needs. The data also indicate ways in which services can be designed to optimize clinic utilization and how marketing materials can be tailored to specific groups and genders.

Mass media sources are not used or locally specific enough to draw enough clients to justify the expense--television is too costly and a newspaper ad might only reach a small proportion of the potential clientele. However, the educated population suggests that written materials would permeate the market. Clinic personnel could distribute written materials about the clinic throughout the housing estates. This personal contact with potential clients might also attract people who cannot read as well as those who prefer receiving information from health professionals. In addition, these health professionals could provide free health education activities--a strategy that promotes the clinic, benefits the community and potentially reaches the non-literate estate population. Other distribution methods should be explored such as marketing at bus stops, since most participants use public transportation.

Designing innovative payment schemes might also attract clients. Since some businesses share their employees' health costs, it might be useful to explore ways to negotiate volume discounts or retainer contracts with local employers. This might expand the client pool by attracting customers from outside the housing estates. Another scheme the clinic could investigate is a 'savings plan' in which estate residents could participate by paying a monthly fee to use the clinic. This would obviate the need for cash resources each time a client seeks health care. Moreover, this savings plan scheme would guarantee the clinic's monthly revenue and steady business from the health plan members.

The range of services proposed should be evaluated further--offering a wide range of services is alluring, however, these findings indicate that basic health services are used most often. Additional services such as lab/diagnostic and eye care should be added only as need warrants and resources permit.

### Methodology

A random sample of 200 households was chosen from four government housing estates in Lagos. The estates selected were Amuwo and Jakande-Isolo (low-middle income), Abesan (middle income) and Ogudu (middle-high income). Inhabited apartments in each estate were assigned a number and a sample of 50 apartments was randomly drawn from each estate. Six trained interviewers (3 female/3 male) conducted face-to-face interviews alternating between the female and male head of household. The structured questionnaire, designed in English and translated into Yoruba, was pre-coded to ensure ease of operation, uniformity and administration. Most respondents spoke English, however, Yoruba and/or Pidgin English were used when necessary.

Research and Marketing Services Ltd, Lagos, sub-contracted by *Initiatives*, designed and conducted the survey using an instrument developed by *Initiatives*. Executives, field managers, supervisors and senior interviewers attended a one-day intensive training prior to the start of the survey where they determined an appropriate methodology, data collection procedures and data processing. The interviewers then field tested the questionnaire and the team leader edited them as necessary, before the study began. A team leader supervised the interviewers and a skilled research executive managed the project with a consultant who served as project leader.

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### *Characteristics of Sample*

Gender	
Female	50%
Male	50%
Age	
20 - 30	12%
31 - 40	60%
41 - 50	28%
Socioeconomic Status	
Middle-High	78%
Low	22%
Education	
Little or None	4%
Finish Elementary school	8%
Finish Secondary school	36%
Higher Education	48%

The sample was divided equally between males and females. Over half the respondents were 31-40 years old, almost all were married, and over 80 percent had secondary school education (almost half had some higher education and only 4% had not finished elementary school). Almost 80% fell into the upper SES levels. 80 percent were Christian, 20 percent Muslim.

## BIBLIOGRAPHY

1 **Initiatives** *Perceptions of Care Provided by Private Midwives in Ghana Summary of Focus Group Findings* Arlington, VA JSI Research & Training Institute (forthcoming)

2 **Initiatives** *Acceptability of a Pre-paid Healthcare Plan among Informal Sector Workers in Lawanson Lagos Nigeria Summary of Focus Group Findings* Arlington, VA JSI Research & Training Institute, 1996

## ABOUT *INITIATIVES*

Private Initiatives for Primary Healthcare (*Initiatives*) is a project funded by the U S Agency for International Development (USAID) and managed through a cooperative agreement with JSI Research & Training Institute. The project promotes access to quality basic health services in developing countries by strengthening local private groups' abilities to provide basic health services. The project specifically targets low-income residents of urban and peri-urban areas.

Working in Ecuador, Guatemala, Nigeria and Ghana, *Initiatives* strengthens the financial and institutional capabilities of local provider groups. In these countries, the local groups encompass a range of service models including independent physicians and nurses, networks of providers and traditional and non-traditional insurance schemes. *Initiatives* provides technical assistance through business development workshops and individual consulting in the areas of strategic, business and financial planning, marketing assistance and capital acquisition.

## OTHER TITLES IN THIS SERIES

Acceptability of a Pre-paid Healthcare Plan among Informal Sector Workers in Lawanson, Lagos, Nigeria *Summary of Focus Group Findings*

Demand & Utilization of Health Services in Central Ibadan Nigeria *Summary of Findings*

Demand & Utilization of Health Services among Low-Income Residents of Osogbo, Nigeria *Summary of Focus Group Findings*