PIONEERING HEALTHCARE IN WEST AFRICA

EVOLUTION OR REVOLUTION?

IFC GLOBAL HEALTHCARE CONFERENCE

FOLA LAOYE
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EVOLUTION OF HEALTH INDICATORS IN NIGERIA
Nigeria’s Health Indicators

- Life Expectancy:
  - 36 years (1963)
  - 53 years (1991)
  - 46 Years (2003)

1. If L.E continued to increase at the rate it did between 1963 and 1991, it could reach 70 by 2020

2. But it dropped to 46 by 2003!

3. If it stops dropping and starts to increase at the previous rate, it will not reach 60 by 2020
# Under 5 Mortality Rate of Nigeria Compared to her Neighbours

<table>
<thead>
<tr>
<th>Country</th>
<th>U5MR 1960</th>
<th>U5MR 2003/4</th>
<th>Percentage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>310</td>
<td>152</td>
<td>51</td>
</tr>
<tr>
<td>Cameroun</td>
<td>264</td>
<td>137</td>
<td>48</td>
</tr>
<tr>
<td>Ghana</td>
<td>216</td>
<td>112</td>
<td>48</td>
</tr>
<tr>
<td>Niger</td>
<td>320</td>
<td>259</td>
<td>19</td>
</tr>
<tr>
<td>Nigeria</td>
<td>204</td>
<td>197</td>
<td>3</td>
</tr>
<tr>
<td>Togo</td>
<td>264</td>
<td>140</td>
<td>47</td>
</tr>
</tbody>
</table>
## Health Manpower of Nigeria Compared to her Neighbours

### Number of personnel per 100,000 population

<table>
<thead>
<tr>
<th></th>
<th>Physicians</th>
<th>Nurses</th>
<th>Dentists</th>
<th>Pharmacists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>4</td>
<td>84</td>
<td>0.15</td>
<td>0.14</td>
</tr>
<tr>
<td>Cameroun</td>
<td>19</td>
<td>160</td>
<td>1.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Ghana</td>
<td>15</td>
<td>92</td>
<td>2.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Niger</td>
<td>3</td>
<td>22</td>
<td>0.12</td>
<td>0.16</td>
</tr>
<tr>
<td>Nigeria</td>
<td>28</td>
<td>170</td>
<td>2.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Togo</td>
<td>4</td>
<td>43</td>
<td>0.34</td>
<td>3.0</td>
</tr>
</tbody>
</table>
## Government Expenditure on Health 2003

<table>
<thead>
<tr>
<th>Country</th>
<th>General Govt. Expenditure On Health as % of Total Govt Expenditure</th>
<th>General Govt. Expenditure On Health as a % of Total Expenditure on Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>10.3</td>
<td>45.3</td>
</tr>
<tr>
<td>Canada</td>
<td>16.7</td>
<td>69.9</td>
</tr>
<tr>
<td>Egypt</td>
<td>8.2</td>
<td>42.6</td>
</tr>
<tr>
<td>Nigeria</td>
<td>3.2</td>
<td>25.5</td>
</tr>
<tr>
<td>South Africa</td>
<td>10.2</td>
<td>38.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15.8</td>
<td>85.7</td>
</tr>
<tr>
<td>United States of America</td>
<td>18.5</td>
<td>44.6</td>
</tr>
</tbody>
</table>

Source: WHO Statistical Information System 2003
## Private Expenditure on Health

<table>
<thead>
<tr>
<th>Country</th>
<th>Private Expenditure on Health as % of Total Expenditure on Health</th>
<th>Out-of-pocket Expenditure as % of private Expenditure on Health</th>
<th>Private prepaid Plans as % of Private Expenditure on Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>54.7</td>
<td>64.2</td>
<td>35.8</td>
</tr>
<tr>
<td>Canada</td>
<td>30.1</td>
<td>49.6</td>
<td>42.3</td>
</tr>
<tr>
<td>Egypt</td>
<td>57.4</td>
<td>93.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>74.5</td>
<td>91.2</td>
<td>6.7</td>
</tr>
<tr>
<td>South Africa</td>
<td>61.4</td>
<td>17.1</td>
<td>77.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>14.3</td>
<td>76.7</td>
<td>23.3</td>
</tr>
<tr>
<td>United States of America</td>
<td>55.4</td>
<td>24.3</td>
<td>65.9</td>
</tr>
</tbody>
</table>

Source: WHO Statistical Information System 2003
Current Situation of Nigerian Health Sector

• Inadequacy of government finance
• Inequitable and inefficient mode of private finance (heavily out of pocket)
• Shortage of health manpower
• Poor general infrastructure (power, water)
• General non-inclusion of private sector in driving health policy
EVOLUTION OF HYGEIA
How We Started

- Established in 1984 as FOR PROFIT

- Founders Prof & Prof (Mrs) Elebute had combined experience of more than 50 years in healthcare in UK and Nigeria

- Initial equity capital was raised from institutional shareholders such as Insurance Companies & Securities Houses as well as about 20 individual shareholders while debt capital was provided by a local investment bank

- Founders’ vision was for a high quality multi-specialist hospital which would focus on both curative and preventive care, while incubating the concept of healthcare financing through health insurance or other means AND a strong commitment to capacity building for the health sector
Our Growth Story

EVOLUTION OF HYGEIA
from
LAGOON HOSPITAL (1986)
to
HEALTHCARE SERVICES GROUP (2007)

- LAGOON HOSPITALS
- HYGEIA HMO
- HYGEIA FOUNDATION
- HYGEIA COMMUNITY HEALTH PLAN
Capacity Building (I)
Our Organization Structure

OWNER/CEO (1986)

to

GROUP STRUCTURE (2003)

- LAGOON HOSPITALS
- HYGEIA HMO
- HYGEIA COMMUNITY HEALTH PLAN
- HYGEIA FOUNDATION
Even a family-managed company, Hygeia adopted a corporate governance culture from inception, with a board of directors made up of representatives of institutional investors.

This has been further strengthened by succession of board members over the years.

Board Members contribute wealth of experience from diverse backgrounds (Law, Financial Services, Banking, Insurance) as well as their experience from serving on other Boards.
Capacity Building (III)

Our Technical Partnerships

- **HealthPartners of Minnesota USA (1999-2001)**
  This relationship was instrumental for laying the foundation for Hygeia HMO functional structures of marketing & enrolment; provider management, members services, claims processing & underwriting.

- **Apollo Hospitals India (2003 to date)**
  This relationship has propelled our Hospital Strategy & Operations forward into the 21st century, using Apollo’s approach of achieving 1st world medical care in our 3rd world setting.

- **Pharmaccess International Netherlands (2004 to date)**
  This relationship has contributed immensely to the development of our work in HIV/AIDS treatment and capacity building and has now culminated in the launch of the Dutch Health Insurance Fund for subsidizing community health insurance schemes.
HYGEIA TODAY: A REVOLUTION OF IDEAS!
OUR CORPORATE VISION

To be the 1st Choice for Healthcare Solutions of International Standards in Nigeria
OUR CULTURE OF SHARED VALUES

I  INTEGRITY  Trustworthy; Reliable; Strong
C  COMPASSION  Caring; Gentle; Kind
A  ATTENTIVENESS  Details; On Time; Listening
R  RESPECT  Men, Women & Children, Company
E  EXCELLENCE  Quality; 1st Choice

I CARE
OUR BUSINESS MODEL

HYGEIA
HMO

INTEGRATED
HEALTHCARE
DELIVERY

Preventive
Health
Programmes

HIV/ AIDS
Management

Hygeia
Foundation

M.C.Q.G’s
+ HMO Quality

Hospital
Accreditation
JCI

Healthcare
Quality
Programmes

LAGOON
HOSPITALS &
CLINIC
APAPA, IKEJA, V/I
E.R + Critical Care

Lagoon Friends
Community
Enlightenment

28 Worksite Clinics
+ 200 Provider
Networks

NHIS Services +
1200 Provider
Network

Hygeia
Community
Health Plan

Healthcare
Management
& Consulting
Our Key Successes

• **LAGOON HOSPITALS**
  - 3 LOCATIONS; 65 BEDS UNDER MANAGEMENT; 360 STAFF
  - CENTRES OF EXCELLENCE
    - RADIOLOGY: MRI, CT, FLOUROSCOPIC XRAY
    - CRITICAL CARE & TRAUMA: ER, ICU, HDU& STROKE CENTER
  - OTHER SPECIALTIES INCLUDING ORTHOPAEDICS, NEUROSURGERY, CARDIOLOGY, UROLOGY, OBGYN, PAEDIATRICS

• **HYGEIA HMO**
  - HMO MODEL OF HEALTH INSURANCE
  - 6 REGIONAL OFFICES; 165 STAFF
  - RATED AS NO. 1 HMO BY AGUSTO & CO © STUDY FOR NHIS
  - 170,000 ENROLLEES
  - 1200 CONTRACTED PROVIDERS (NATIONWIDE)
  - 24 WORKSITE CLINICS
  - RETAIL PLAN THROUGH GTBANK BRANCHES NATIONWIDE

• **HYGEIA FOUNDATION**
  - 1ST PRIVATE SECTOR HEALTH ORGANIZATION BE GLOBAL FUND RECIPIENT IN NIGERIA – FOR SCALING UP TREATMENT OF HIV/AIDS VIA PRIVATE SECTOR PROVIDERS
Hygeia Community Health Plan (I)

BACKGROUND

• From 2003 Hygeia and Pharmaccess had embarked on a global advocacy campaign to scale up HIV/AIDS care & treatment within a well structured integrated healthcare services model financed through health insurance

• Pharmaccess together with major Dutch companies working in Africa promoted the Dutch Health Insurance Fund, which has the following key objectives:-

  – To increase access to quality basic health care including HIV/AIDS treatment and care for currently uninsured Africans with a low or middle level income through the provision of primary care based health insurance

  – To build local financial-administrative and medical capacity in the health sector

  – To lower the threshold for investment in health infrastructure: to increase investments and leverage public funding by attracting private funds
Hygeia Community Health Plan (II)

**APPROACH**

**DEMAND:**
- Healthcare membership
- Medical care usage

**SUPPLY:**
- Quality healthcare

**Collective healthcare financing system including:**
- Pre-payment
- Risk pooling

**Subsidy injection**

- Introduce a financing system and subsidise membership to stimulate demand

- Healthcare revenues are guaranteed, meaning investments can be made in healthcare quality

- Higher quality of services further fuels demand
Hygeia Community Health Plan (III)

IMPLEMENTATION

• Dutch Government announced in June 2006 support with 6 Year Grant of 100 Million Euros to be channelled as subsidies for community health insurance programmes targeting populations at-risk for HIV/AIDS

• Hygeia was selected as local implementing partner while Pharmaccess performs the monitoring & evaluation and operational research for the programme

• Hygeia formally launched the Hygeia Community Health Plan in January 2007 as a brand name for creating awareness for health insurance in the community

• Scheme coverage commenced in Lagos & Kwara States in January 2007, working with 18 provider hospitals in an HMO model.

• Awareness has been created and over 9,000 people have been enrolled on the scheme in just 2 months!
HCHP In Action!
WHERE DO WE GO FROM HERE?
Changes in the Nigerian Healthcare Landscape

Simultaneous occurrence of the five factors, namely

i. Political will of government and involvement of the **private sector**

ii. Economic reform, GDP growth of >5%, Nigeria now listed as one of N-11 countries by Goldman Sachs

iii. Health sector reform including PPP policies

iv. Improved financing of healthcare
Improved Financing of Healthcare

- Improved Government Expenditure
  
a. Federal Government has now accorded high budgetary priority to health
b. Health allocated highest % of debt relief savings (21%)

- Private Sector Expenditure- will be improved in structure and efficiency by the growth of health insurance

- External funding (from donors)- more than doubled
Filling the Opportunity Gaps

- The combination of demand-driven health insurance schemes, improved government expenditure on health and increases in donor support will create opportunities for **improved supply of healthcare facilities and healthcare management systems**

- Filling this gap will require:-
  1. Creative Financing Models – long term debt; private equity & social investments for upgrading of existing infrastructure
  2. Sustainable Provider Networks - to create economies of scale for capacity building; supply & distribution of drugs & equipment; quality initiatives
  3. Management Capacity - to ensure the appropriate mix of all factors of service delivery and achievement of desired output goals