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The Family Planning Manager

MANAGEMENT STRATEGIES FOR IMPROVING FAMILY PLANNING SERVICE DELIVERY

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Mr. Ngao's Proposal: Introducing Client Fees

Charging Fees for Family Planning Services

Editors' Note

Governments in the developing world pay for between 63 and 75 percent of all family planning costs, international donor agencies pay for between 15 and 20 percent, and the clients themselves pay for between 10 and 17 percent of the costs of services [Lande and Geller 1991]. But, as the demand for family planning services continues to increase, governments and donors will find it increasingly difficult to cover the costs of providing these services. Recognizing this problem, family planning organizations are beginning to look at other ways to fund their health and family planning services. As part of this effort to find new sources of revenue, many managers are asking the question, "Should family planning programs charge fees for services?"

Surprisingly, some studies indicate that continuation rates do not decline when fees for services are introduced. In fact, they show that contraceptive use rates often remain the same even after moderately priced services are introduced. Other experiences indicate that introducing fees may actually improve the quality of services and make the client a more responsible contraceptive user [Ashford 1992].

This edition of *The Family Planning Manager* looks at the pros and cons of charging for services. It reviews how managers can assess the feasibility of charging their clients for services, and how to overcome resistance to introducing fees. It then reviews the basics of developing a system for charging client fees, and concludes by outlining a basic system for managing fees.

The Guest Editor for this issue is Stephen Musau, of Carr Stanyer Gitau and Co., Nairobi, Kenya. An accountant and management consultant, Mr. Musau has been working with the Family Planning Management Development project to develop and institutionalize client fee systems in several non-governmental organizations (NGOs) in Kenya.

—The Editors

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Financing Family Planning Services

Family planning services are usually financed through one or more major sources of funding:

> **Grants:** Funds from the government, or from local or international donors.
>
> **Third party payments (co-payments):** A system of paying for services whereby the client pays a portion of the fee and a third party (such as an employer, an insurance company, or a health plan) pays the balance.
>
> **Cross-subsidies:** A method of transferring the income from one service to pay for other services. This technique can be used to reduce the cost of one service (such as sterilization) by charging more for another service (such as laboratory analysis), or by charging more for services in locations where residents can pay more and using this money to provide lower cost services in poorer areas.
>
> **Client fees:** Registration fees, fees for individual services at the time of delivery, or membership fees.
>
> **Sale of other program services:** The sale of program services or products, such as training, or educational materials, to clients or other organizations. This can include innovative techniques for generating income such as having a program-run food concession.

This issue of *The Family Planning Manager* looks at financing a portion of family planning programs by charging **client fees**. Client charges are the prices clients are asked to pay for family planning services. The level of these fees might vary from one program to another depending on the goals of each program. Some family planning clinics operate to make a profit; they attempt to recover all or a part of their operating costs and make a profit. Not-for-profit agencies, such as many government programs, try to make their services available to as many people as possible for little or no cost to the clients. Sometimes the differences between the two types of programs are unclear. Some for-profit organizations may seek to expand their services to reach as many clients as possible, and not-for-profit organizations may want to make a profit so that they can expand their services, invest in new equipment, or offer services free of charge to couples who cannot afford to pay.

Government clinics might charge very low fees to emphasize the value of the services they provide, or to help clients grow accustomed to paying. A government program might first introduce fees to cover a very small portion of total costs, and then, over time, gradually raise fees to cover an even greater proportion of costs. ■

Assessing the Situation

Perhaps you are considering charging for services, or thinking about subsidizing certain key services by charging fees for other services. How will you know whether either of these options is feasible? To make these decisions you will need to answer the following questions:

What is your objective in introducing user fees? If you decide to charge a fee, determining what services to charge for and how much to charge will depend on your objectives for introducing the fee. *Do you want to expand access to basic services? Do you wish to become less reliant on donor or government funds? Do you want to make up the difference between operating expenses and income?* The objectives for charging a fee should be clearly stated and discussed because they will form the starting point for your decision about what to charge for and how much to charge. For some programs, charging for services may be the only way for the program to survive; other programs may charge for services so that they can increase access to and use of their services.

Can your clients afford to pay for the services you offer? Fees should not be so high that clients cannot afford to pay. If clients cannot afford to pay, the introduction of, or any increase in, fees might lead to a large reduction in clients. You will need, therefore, to consider some way of helping people who cannot afford to pay so that fees do not prevent them from obtaining your services. The clients' ability to pay will help determine how much of your costs can be recovered by fees and how much must be covered by other means.

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How to . . .

Determine Whether Your Clients are Able and Willing to Pay for Services

In programs that are providing services free of charge, it is important to assess whether your clients are able and willing to pay for services. Some people who are *able* to pay may not be *willing* to pay. Or they may be willing to pay only for some services and not for others. To determine the clients' willingness to pay, you can conduct a local survey of clients and potential clients in the community. The survey should assess:

- client demand—*do your services meet your clients' needs, or are there other services that should be added?*
- whether clients would be willing to pay for these services—*which services would they be willing to pay for?*
- how much they would be willing to pay—*would clients be willing to pay for each type of service received, or only a small registration fee or donation?*

You can obtain these opinions by interviewing:

- clients as they leave the clinic (exit interview);
- small groups of clients or potential clients in the community (focus groups);
- members of the community or a client advisory committee;
- other residents, through outreach workers already working in the community.

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What is your clients' perception of the quality of services you offer? In many countries, family planning clients equate cost with quality. If clients believe that your program offers good quality services, they will be more willing to pay for the services. Improvements can be made in the standard of services by:

- providing sensitive and clear counseling to clients;
- maintaining an uninterrupted supply of contraceptives;
- increasing the range of services;
- improving the condition of the building;
- reducing waiting lines;
- offering more convenient clinic hours.

Clients who pay a fee are more likely to value the services they receive. It enables them to demand high quality services. It has also been shown that if a client pays for contraceptives, she/he is more likely to use them.

Will your organization permit you to develop a fee-for-service program? Whether your organization is a public sector Ministry of Health clinic, a non-profit non-governmental organization (NGO), or a for-profit private sector program, you will need to consider possible regulatory and political restrictions to charging fees. In many cases, government approval may be required. In the public sector, government authorization may be needed to collect and use funds at the local level. The difficulties of introducing fees in the non-governmental and private sectors are not as great as they are in the public sector. For this reason, NGOs can play an important role in pioneering the development of systems for charging fees and in demonstrating their feasibility. Government programs can then use this experience to reduce resistance to charging for services in their programs.

Can you develop a simple system for collecting and accounting for the fees that will be charged? The cost of implementing a system of service charges should always be less than the projected income from the fees. The system should be easy to use and should require minimal additional work for clinic staff.

Will your facility be able to keep and use some or all of the fees it collects? Most of the revenue generated by the clinic should be kept by the clinic. This income can be used at the clinic's discretion to support its own activities, such as improving the services or the facility. To determine whether charging fees will benefit your clients, your assessment should estimate how much of the total projected revenue will be retained for use by your clinic.

What does it cost your organization to provide services? Although it is possible to set fees without knowing the actual cost of each service, it is important to try to accurately estimate what this cost is. Knowing the cost of each service will help you to:

- determine how much of your costs you can reasonably recover;
- develop cross subsidies for recovering some of your costs;
- enable you to justify the level at which you set the fee.

Once you have considered these questions, you should be prepared to make decisions about which services to charge for, what portion of the program expenses should be collected from clients, and how much to charge your clients for different types of services. You should also be ready to decide how the funds you raise can be used to increase the quality and accessibility of your services.

The next section presents arguments against and in favor of introducing fees for services, and suggests ways to manage potential resistance from staff and clients. ■

Some Arguments Against and in Favor of Introducing Fees

Against	In Favor
Family planning is a human right; it is an essential health service and should be free of charge as a matter of principle.	Governments and organizations always have to pay something to provide services, and there can never be enough funds to provide all couples with free family planning services.
Charging fees diverts attention away from social and health goals toward a focus on profit making.	By charging people who can afford to pay, the fees generated can be used to increase the quality and availability of services.
Charging fees will prevent poor people from benefitting from family planning services.	Exemptions can be made for the poorest clients, based either on income or on where they live.
Clients will stop using the services.	Clients often value services they pay for more than those that they get for free, as long as those services are of high quality.
Collecting fees is too costly and time-consuming.	The collection of fees can provide incentives to clinic staff to maintain high quality services, especially when a portion of the money is used to make improvements in services.
The quality of services will diminish if the emphasis shifts to making money.	If income is used to improve services or clinic conditions, more paying clients will be attracted to the program.
Donors may perceive less need for funding and reduce support.	Revenues from fees give managers greater flexibility to plan activities, and give them more control over programs and policies.

[Adapted from Ashford 1991]

Overcoming Resistance

There may be resistance to client fees within your organization. When you suggest charging for services, you may hear statements such as "this is against our policy, our services have always been free," or "our clients are too poor to pay for services." In such cases, you might have to convince your staff, supervisors, or Board of Directors of the value and advantages of charging fees.

Staff resistance. Once a decision has been made to charge for services, other areas of conflict may arise. For example, the collection of the fee may involve staff in new administrative duties that they do not consider a good use of their time. If a clinic can retain some of the fees it collects and use the income to improve its services and facilities, staff will usually be convinced of the importance of this change.

Client resistance. Clients who have been accustomed to receiving family planning services free of charge may resist the introduction of fees. It will be important to let clients know well in advance that fees are going to be introduced. A good public relations campaign that begins several months before the introduction of fees will help to reduce the negative impact of the new fees on user rates and acceptance rates.

It is particularly important for clients to be able to see for themselves the beneficial effects of the new fee structure (for example, improved services, reductions in waiting time, more convenient clinic hours, newly painted waiting areas, etc.). Money collected from fees can be set aside for these kinds of simple improvements. Even if fees are only intended to enable the clinic to maintain its existing level of service, a small portion of these revenues should be made available for clearly noticeable improvements in the clinic facility and services. Let your clients know about the concrete improvements their fees have paid for by posting a list of these improvements in the clinic waiting area.

The level at which you first set a fee is important. If the initial fee is low, clients might not object to the idea of being charged for a service. As clients become accustomed to paying for family planning services, the fee can gradually be increased. ■

Deciding What Type of Fee to Introduce

There are a number of different types of fees that can be introduced: registration fees, membership fees, service fees, and fees for contraceptives. Whichever type of fee you decide to introduce, the fee schedule should be posted in a visible location so that clients know the cost of registration and/or the individual services offered at the clinic.

Registration fees are a set amount collected from the client at each visit.

Membership fees charge clients a fixed amount on a yearly basis, entitling them to a range of clinic services.

Service fees are charged for each service provided, for example, examination, counseling, or laboratory testing. Service fees often include a charge for the contraceptive method the client selects. Another option is to set standard charges for an initial visit and a revisit. An initial visit might include the cost of an examination, counseling, and a contraceptive method, whereas the revisit might cover the cost of a resupply of contraceptives or a consultation.

Fees for contraceptives can be charged to the client and can be separate from other services that they receive. ■

Working Solutions—Senegal

Registration fees are perhaps the simplest fees to introduce and administer. The Pikine Primary Health Project in Senegal introduced a registration fee that is collected by a registrar. In this system two kinds of tickets are issued (red for children, who pay a reduced rate and, green for adults). The ticket is torn out of a receipt book and issued to the client at the door. A supervisor uses the remaining stub to check against receipts.

Because of their simplicity, registration fees can be an effective way of introducing the idea of charging for services. Once the idea of registration fees is accepted, other methods of charging for services can be developed.

[Jancloes et al., as cited in Griffin 1988]

Determining How Much to Charge

Ability to Pay. There are a number of different ways of deciding how much to charge for a service. The easiest way to set a fee is to base it on what your clients are able and willing to pay. This can be approached in various ways. For instance, you can set a fee based on what clients pay for services at other family planning facilities that already charge fees. Fees will range between the charges at private, for-profit clinics (which usually charge the highest fee), and the charges at government clinics (which are often free).

Price of Household Items. Another way is to set your fees in line with the price of common household commodities, such as a kilo of rice, a liter of oil, a bottle of beer, or a soft drink. In one health zone in Zaire, managers decided that the price of a monthly membership fee should not exceed the price of two kilos of soybeans. The Responsible Parenthood Association of Suriname bases its annual membership fee on what a client would pay for 12 soft drinks. This annual fee, which is the equivalent of the cost of one soft drink per month, entitles the client to a year's worth of family planning services.

Specific Objectives. Another approach is for managers to establish specific cost recovery objectives. For example, a manager might wish to recover 20% of operating costs by charging client fees. To do this, managers need to estimate the cost of each type of service using the actual costs of: personnel time (based on salaries), contraceptives, and other commodities used in delivering that service. Once you have estimated the cost of each service, you can set a fee which will allow your program to meet its cost recovery objectives.

In the first two approaches, the fee is based on what clients can pay or are already paying for services and commodities. In the third, fees are based on program objectives, such as increasing financial self-sufficiency or recovering enough income to expand access to services to a specific population of clients in a poor or underserved area. ■

Developing a System of Controls for Fee Collection

For each service facility, it is advisable to have a central location where money is collected. Having a central location provides a site for making any needed and appropriate payment adjustments for those who may have difficulty paying the full amount. A receipt for any payment should be given to the client, and a duplicate retained for the clinic records. For those clients who are not literate, standard procedures need to be established to ensure that these clients receive appropriate information that is easy to understand.

The administration of a system of client charges will require some changes in clinic policies and staff functions to ensure that the money received is properly accounted for and productively used.

The introduction of client fees will require:

- a system for collecting and checking fees at service sites;
- exemption policies or waivers for those not able to afford the cost of services;
- internal financial controls;
- regular financial reporting.

When developing a system for charging clients, keep in mind the following:

The administrative costs required to implement user fees must be considered in making the decision as to whether or not to collect fees and in designing the fee structure.

A supervisory system should be developed so that the work of all those involved in billing clients or collecting cash can be checked by another person to ensure accuracy. It is very risky to allow one person to be responsible for several transactions on his/her own, such as registering clients and receiving and recording cash payments.

Information from financial registers should be regularly compared with other records in the clinic, such as inventory control cards, daily activity registers. For example, the daily activity register which records the services provided and the contraceptives dispensed can be compared with the financial register, to make sure that all financial transactions are regularly recorded for each client. ■

How to . . .

Manage Money Collected from Fees

Use pre-numbered receipts for all cash received.

Use a register to record all money received.

Store all money promptly in a safe place.

Make sure that all money collected is accounted for and deposited in a bank (or another safe place) before the money is used for other purposes.

Keep a duplicate of all cancelled receipts for clinic records.

Lock up all unused receipt books.

Record the amount withdrawn in a cash book any time that money is taken out of the bank (or other location).

Recalculate the balance in the cash book every time a deposit or withdrawal is made.

How to . . .

Develop a System of Financial Controls

A basic system of controls incorporates four processes: collecting fees; handling cash; accounting for cash; and reporting income and expenses.

Collecting Fees. The procedure for collecting fees will depend on the kind of fees you charge. In clinics charging a registration fee only, clients should pay when they arrive and should, preferably, give the money to a different person from the one who is doing the registration. After the client has been given a receipt (a duplicate is kept for the clinic records), she/he can then be seen by a family planning staff person.

In clinics that charge one fee regardless of what type of service the client receives, clients should pay the cashier at the beginning of the visit or at the time of registration. In clinics where different fees are charged for different types of services—for example family planning consultations, contraceptives, drugs, treatment, or laboratory tests—the time and place of payment will depend on the way that the services are organized. Many clinics often collect fees at the end of the client visit.

Handling Cash. The amount of cash received from a client should always be recorded in a consecutively numbered receipt register. The client should receive a numbered receipt; a copy of the receipt should be retained in the receipt register. At the end of each day, the cash and the receipts should each be totaled. When compared, these totals should be identical. If the totals are not identical, record the actual amount of cash received in the cash record book noting the reason for (and the amount of) the discrepancy, and make a copy for the supervisor. All cash should be deposited in a bank daily (if there is no bank, the money should be kept in a safe place under lock and key). In either case, the exact amount and the date of the deposit should be recorded daily in the cash record book.

Accounting for Cash. Cash must continue to be accounted for in other ways, even after it has been deposited. Each time money is taken out of the bank (or other location), the amount withdrawn must be recorded in the cash book and the new bank balance figured and recorded in the cash book. At the end of each month, the total cash book balance to date (subtracting any withdrawals) must be compared and reconciled with the balance shown on the bank record (bank statement). If the balance in both the bank's and the clinic's records are not identical, then you must determine the reason for the discrepancy and make the necessary adjustments in your records so that the balances match. This is called bank reconciliation.

Reporting Income and Expenses. Regular financial reports are essential for monitoring and managing revenue generated from client fees. At a minimum, a program should include information on total revenue and revenue by category of service. If possible, information should be collected on projected annual revenue (price per type of service *multiplied by* the expected number of clients receiving each service in a year) and projected number of clients who will qualify for exemptions or subsidies. Most financial systems will produce the following reports:

a daily revenue report, which shows the amount of revenue generated for each visit and type of service provided. This report also indicates the exact amount of cash received and records the amount of waivers and exemptions that have been granted.

a monthly revenue report, which shows the total amount of revenues received by each category of client visit and by type of consultation.

a quarterly revenue report, which summarizes revenues received over a period of three months and is sent to the area supervisor.

an income statement, which summarizes and compares total program revenues against expenses for an accounting period, usually 12 months. The totals of each major source of revenue and category of expense should be listed. The subtotal for expenses should be subtracted from the subtotal for revenues to show a surplus or shortfall. The income statement is a critical tool for determining whether client fees are covering the percentage of costs that you intended, and whether the actual costs are more (or less) than estimated.

Reviewers' Corner

A forum for discussing additional applications of FPM concepts and techniques

Employer Participation. *One reviewer commented on the advantages of offering family planning services through a company benefit package.* "Another way to bill for services is to arrange to provide services for employees of local companies and bill the companies directly. The clients benefit from the availability of low-cost family planning services, and the company benefits by having fewer women absent from the work place due to unplanned pregnancies."

Fees for Each Service. *One of our reviewers comments,* "We have been thinking of increasing our fees. Presently we have a membership fee which covers contraceptive services. We are now looking at the feasibility of increasing fees as well as charging separately for each service. Most family planning agencies in our region are beginning to charge for services."

Fees that Empower Clients. *Several reviewers pointed out the ethical issues surrounding client charges.* "If a man or a woman pays for services, then the program is assured of his or her consent. It is unlikely that anyone will pay for a contraceptive method that he or she has been forced to accept. By asking for a fee, the provider tends to be seen in a less paternalistic light and can be held responsible for the quality of the service. If services are free, the user cannot hold the provider accountable. By charging reasonable fees, we are actually empowering women."

Profit-Making Services. *One of our reviewers with extensive experience in cross-subsidization says:* "Concerning cross-subsidization, the golden rule is that fees charged for curative or laboratory services must always provide some profit. These services should never be subsidized by family planning services. If they are not profitable, they must be abandoned. Right from the start, the program should be structured so that family planning does not help pay the costs of the curative or the laboratory services."

Integrated Services. *Our Guest Editor provided the following interesting information about cost recovery for family planning services in Kenya.* A study in Kenya of family planning providers (both for-profit and not-for-profit programs) found that the more integrated the program, the greater its ability to recover operating costs. Among clinics that integrated family planning and maternal and child health (MCH) with primary curative services, an average of 90% of direct family planning service costs were recovered. In comparison, an average of about 34% of direct family planning service costs were recovered by programs that offered family planning/MCH services alone. [Kibua, Stewart, Njiru, and Gitari 1990]

Working Solutions—Kenya

In Kenya, the Marie Stopes/Population and Health Services Program has developed an innovative system for collecting and subsidizing service fees. A charge for each type of service is posted at the clinic and clients are asked to pay for the services they receive. The program retains a special reserve fund for clients who cannot afford to pay the full fee. Generally, clients pay a portion of the full cost and the fund pays the remaining balance. Clients are not told in advance that the fund is available, but in outreach sessions people are told that nobody will be turned away for lack of money.

The fund can only be used by clients who meet one or more predetermined economic and social criteria. The form on the next page is used at each visit to determine the client's eligibility for financial support through the fund. The form reports the amount of support claimed from the fund for each visit. The clinic maintains a permanent monthly record of the clients who have used the fund (including the amount each client used from the fund). Each month this record is submitted to the accounts department for reimbursement to the clinic.

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Special Reserve Fund Access Checklist

Name: ______________________ **Occupation:** ______________________

Address: ______________________ **Source of Referral:** ______________________

Client Number: ______________________ **Age:** __________ **Parity:** __________

All clients who are eligible to use this fund must meet one or more of the social/economic criteria listed below.

Criteria Checklist (check all that apply)

- ☐ **1.** Poor mothers who are either unemployed or very low-paid
  - ☐ a) Minimum wage earners working in government or other institutions (clerical staff, office messenger, cleaner, security, etc.) SPECIFY______________________
  - ☐ b) All persons not regularly employed
  - ☐ c) Persons working on tea and coffee estates
  - ☐ d) Unemployed
- ☐ **2.** High parity mothers who cannot afford to pay
- ☐ **3.** Clients who own one acre of land or less
- ☐ **4.** Married or single mothers with no financial support
- ☐ **5.** All clients who submit a fee waiver form supplied by a program staff person in the field
- ☐ **6.** School or college students who cannot obtain financial assistance from parents or other persons concerned
- ☐ **7.** Clinic staff members and their immediate family (mother, daughter, father, son)
- ☐ **8.** Clients referred from clinics located in low-income or underserved areas

Total Fee Charged ☐

Amount Paid by the Client ☐

Amount Claimed from the Fund ☐

[Adapted from TYAGI Fund Access Criteria Checklist developed by Marie Stopes/Population and Health Services Program, Kenya]

Developing a System of Exemptions and Waivers

In order to make family planning services more widely available to everybody, regardless of income level, it is important to establish a system to completely **exempt** certain categories of clients from having to pay a fee such as, the handicapped or the unemployed poor. For example, in Zimbabwe, clients earning below the minimum wage are exempt from program fees. A system should also be established to charge a reduced fee to clients who cannot afford to pay the full fee by **waiving a portion** of the fee based on standard income criteria. The "Working Solutions" example on the previous pages presents a waiver system that employs a standard set of criteria to determine which clients are eligible to draw on a reserve fund to pay part of the fee.

Any system for waiving or reducing fees needs to be made administratively simple so that it doesn't take up staff time. Such a system must also have controls to make sure that it is not abused. A simple questionnaire to help assess the client's economic status can be a useful tool to ensure a standardized approach. A sliding-fee scale based on household income and family size allows clients to pay what they can afford. The mode of payment should be flexible, so that if a client cannot afford the fee, she/he has the option of paying it in kind. For example, in one hospital in Zaire, women can pay by working in the hospital garden, where they grow vegetables to feed malnourished children. ■

Communicate and Motivate

Once you have developed an overall fee system, it is essential to inform the community of this change. The community has a right to know the fees that will be charged for each service, how the fees are being used, and whether the organization is making a profit or not. It is also important to explain that the income from the fees is being used to improve overall clinic services and to subsidize the cost of providing services for people who are unable to pay. If you use a promotional campaign to publicize your new fee structure, select media that are most likely to reach your target audience(s). Make sure that the messages are interesting, informative, and motivating.

Making the public aware of the existence of exemptions, waivers, price reductions, or payment options is an effective way to market a new fee structure. The existence of such systems demonstrates the organization's concern for the welfare of disadvantaged groups in the community. It is important to stress that the income from fees will enable your clinic both to continue providing services and ensure the quality of those services. ■

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Checklist for Charging for Family Planning Services

For Clinic Managers

- ☐ Conduct a promotional campaign to explain the purpose of the new fees, the fee levels, how the income from the fees will be used, the potential benefits to the client, and when the new fees will begin. Be sure to post a fee schedule in a visible location in the clinic.
- ☐ Train and supervise staff to implement a system of controls to manage client fees.
- ☐ Use the income from fees to make improvements in the quality of your services, and tell your clients about these changes.

For Supervisors

- ☐ Assess the feasibility of charging fees, and communicate this information to senior managers.
- ☐ Survey clients to determine whether charges for selected services and commodities are reasonable.
- ☐ Develop a training plan with your clinic managers for the introduction of the new fee structure.
- ☐ Develop a plan with the clinic managers to use the income to make improvements in the services or the facility. Tell the next higher level managers of these plans.

For Mid- and Senior-level Managers

- ☐ Support the elimination of organizational or regulatory barriers to charging client fees.
- ☐ Make the administrative changes necessary for the introduction of client fees or cross-subsidies.
- ☐ Develop new administrative procedures for collecting and reporting fee revenues.
- ☐ Support local clinics in conducting promotional campaigns to publicize the introduction of service fees.
- ☐ Develop consistent policies for waivers, exemptions, and fee reductions.
- ☐ Identify ways of helping to pay for family planning services with funds generated from other health services.
- ☐ Develop mechanisms that allow local clinics to use part or all of the income they generate to make necessary improvements to their own facilities.

The Family Planning Manager is designed to help managers develop and support the delivery of high-quality family planning services. The editors welcome any comments, queries, or requests for free subscriptions. Please send to:

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The Family Planning Manager

CASE SCENARIOS FOR TRAINING AND GROUP DISCUSSION

Mr. Ngao's Proposal: Introducing Client Fees

Mr. Ngao, the regional field supervisor for government family planning services, greeted the eight clinic managers he supervised and presented the agenda he had posted on the wall.

"At our meeting last month," he began, "we discussed the pilot project that the Ministry of Health is planning to launch to test the feasibility of charging for family planning services. Yesterday, I was informed by the Ministry that our region has been selected as a site for this pilot project. When we spoke about introducing fees last month, some of you were worried that charging for family planning services might discourage people from coming for family planning services. I know that charging for services is a sensitive subject, but we have been asked by the Ministry for some ideas on how to introduce fees."

The clinic managers were silent for a minute. Mrs. Atieno was the first to speak. "Government services have always been free. I think it's wrong to ask people to pay for family planning services."

Mrs. Mwangi straightened up in her chair. "That's one view, but we are providing a valuable service. People often place more value on things if they pay for them, even if it is only a small amount. If they pay for contraception, I think that people might be more likely to use it."

"I agree with you," said Mr. Kibunga, "but some clients are really too poor to pay. Couldn't they be exempted from paying?"

"The clients at my clinic have some money at harvest time but eventually run out of cash," said Mrs. Awiti. "Perhaps we could waive the fee for them during those seasons when they are short of money?"

"We could suggest to the Ministry a system of waiving fees or exempting certain clients who can't pay," Mr. Ngao replied. "We would have to come up with criteria for identifying clients who could not pay."

"At our clinic some of our clients are able to pay and are also very busy," said Mr. Thuo. "These kinds of clients might be willing to pay for a fixed appointment if they didn't have to wait."

"Perhaps we could offer our clients the option of scheduling an appointment. We could charge more for appointments than for walk-in clients," said Mr. Ngao.

"I think that system would be difficult to implement," commented Mrs. Atieno. "I think that developing a sliding fee scale, which sets fees based on client income levels and family size, might be a more practical option. I'd like to understand better how the system would work and how we would administer it."

Mr. Ngao then asked his managers to prepare a plan that included the: information that would be needed in order to decide what to charge for, who to charge, and how much to charge; administrative changes that would be needed to charge fees; and steps that each clinic manager should take before introducing client fees.

Case Discussion Questions

1. **What factors should Mr. Ngao's managers consider in deciding what kind of services to charge for, who to charge, and how much to charge?**
2. **What kind of administrative changes will be required to introduce client fees?**
3. **What steps should be followed before introducing client fees?**

Case Analysis on reverse side

Case Analysis for Charging Fees

1. What factors should Mr. Ngao's managers consider in deciding what kind of services to charge for, who to charge, and how much to charge?

Mr. Ngao and the eight clinic managers should gather information on such things as the:

- Ministry's objectives for charging fees;
- clients' ability to pay;
- clients' willingness to pay;
- client perception of the quality of current services;
- services which clients would be most willing to pay for;
- estimated cost of providing services;
- cost of new administrative procedures required to introduce fees.

2. What kind of administrative changes will be required to introduce client fees?

The administration of any fee system will require developing new administrative and financial procedures for handling the fees that will be collected. These include development of internal financial controls to ensure that money received is properly accounted for and productively used. In addition, waiver and exemption policies should be developed. After a detailed assessment, Mr. Ngao's managers need to clearly define the administrative procedures required for:

- collecting fees;
- handling cash;
- accounting for cash;
- reporting income and expenses;
- implementing a fair and flexible system of waivers and exemptions.

3. What steps should be followed before introducing client fees?

Mr. Ngao's clinic managers might consider some of the following activities in preparation for introducing client fees:

- Explain the new program to the staff and describe the benefits that can be expected from charging fees for services.
- Let clients know well in advance that a new system is being introduced.
- Make sure that both staff and clients know what the fees are being used for, and then make sure that the income from the fees is used for the purposes and improvements that were promised.
- Train staff in new financial procedures and then implement a fair and flexible system of waivers and exemptions.
- Discuss with staff how to manage potential complaints from clients about the fees.
- Consider what kind of drop in client attendance would be acceptable as a result of introducing fees. Decide what action to take if the decline is greater than expected.

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