POLICY Matters
www.policyproject.com
No. 2, January 2000

Understanding Clients' Choice of Providers And Their Willingness to Pay for Family Planning Services In the Philippines

Based on the report "Understanding Provider Choice of Family Planning Clients: Consumer Intercept Study" by Exaltacion Lamberte, M. Roy Brooks, and Mark Sherman, March 1999. Elizabeth Mumford prepared this brief.

In the current climate of insufficient resources for reproductive health programs, many countries are eager to increase the participation of the private sector and nongovernmental organizations (NGOs) in the provision of services. Countries are also seeking ways of increasing the amount clients pay for services. Understanding the reasons clients chose to use either public sector or private sector and NGO services is important for helping to identify the best means of shifting more clients to the private sector. Understanding clients' willingness to pay for services will also help in promoting systems for cost recovery.

Background

Contraceptive prevalence in the Philippines increased from 40 percent in 1993 to 46 percent in 1998, and modern method prevalence rose from 24.9 percent to 28.2 percent. At the same time, the public sector continued to be the overwhelming choice for modern contraceptive methods, accounting for 72 percents of users (up from 71 percent in 1993). The distribution of sources of supply of methods is shown in Table 1.

Because of growing financial problems faced by public sector facilities in the Philippines, there is a need for increased private sector participation in the delivery of family planning services. Equal proportions of clients use rural or urban health units, hospitals, and barangay health stations—all public sector sources for services. Private sector clients rely most heavily on private hospitals, clinics, and pharmacies, with a much smaller proportion of clients choosing private physicians.

The Philippine government is interested in fostering private sector participation, especially the involvement of NGOs, in family planning service delivery. This study was conducted to obtain a better understanding of client characteristics that influence choice of provider.

Table 1. Source of Supply for Family Planning Methods: 1998

Source	Percent
Public Sector	
Rural/urban health center	22.7
Government hospital	22.7
Barangay health station/supply office	25.8
Other public	0.8
Private Sector	
Hospital/clinic	15.4
Pharmacy	8.1
Private physician	1.9
NGOs	0.1
Other private	2.3
Don't know/missing	0.3

Methodology

This consumer intercept study was designed to compare users of public and NGO service delivery points based on sociodemographic and economic characteristics, patterns of service utilization, reasons for provider selection, and ability and willing-

ness to pay for services. With this information, the researchers intended to formulate policy recommendations to shift appropriate clientele from the public to the private sector. In addition, the researchers examined the potential for cost-recovery mechanisms in the public sector.

Researchers interviewed 1,025 clients (775 from public sector facilities and 250 from the private sector) in six major cities during a six-week period between May and July 1998. Clients were interviewed upon their departure from each type of service delivery point. A separate interview with program managers yielded additional information about the facilities.

The questionnaires focused on four types of information:

- Background information on each respondent's socioeconomic profile,
- Contraceptive use experience,
- Awareness of other service delivery points, and
- Willingness to pay for the services and commodities received from the facility.

Findings

Major findings pertain to the significance of age, education, and income as predictors of clients' choice of facility, the choice of method by facility, the impact of perceived quality on clients' choices, and clients' willingness to pay for family planning services.

POLICY Matters presents the findings and implications of POLICY-supported research. The POLICY Project is funded by the U.S. Agency for International Development (USAID) under Contract No. CCP-C-00-95-00023-04 and is implemented by The Futures Group International in collaboration with Research Triangle Institute (RTI) and The Centre for Development and Population Activities (CEDPA). The views expressed in this series do not necessarily reflect those of USAID.

For more information, please contact:

The POLICY Project
1050 17th Street, NW, Suite 1000
Washington, DC 20036

Tel: (202) 775-9680
Fax: (202) 775-9694
E-mail: policyinfo@tfgi.com
Internet: www.policyproject.com

Socioeconomic Characteristics

The average age of respondents was 30 years; only 12 percent were 22 years old or less. Although NGO clients were on average slightly older than the public sector clients, age did not affect the selection of sources.[1]

Both the respondents' and their spouses' level of education influenced the choice of facilities.[2] Clients (and their husbands) who chose NGOs were generally more educated. While the sample overall was remarkably well educated (49% had reached secondary school and 38% had attended college), more NGO clients (48%) had attended college than public sector hospital (37%) and community health office (CHO) clients (32%).

Income level and expenditure patterns were associated with facility choice. The higher the income level, the more likely the client was to have chosen an NGO facility. The mean family income of respondents choosing NGO services (13,407 pesos) was over 60 percent greater than the mean family income of respondents using CHOs (8,340 pesos). Nonetheless, significant numbers of respondents with income above the mean still chose public sector sources of family planning.

Perceptions of Quality

Respondents from all sites expressed similar levels of satisfaction with the services they received. NGOs were rated somewhat higher than CHOs and public hospitals in some areas of quality of care, including privacy, anonymity, and waiting time. Still, there was little differentiation overall in the perceived quality of services at NGO and public facilities.

Reasons for Choosing a Facility

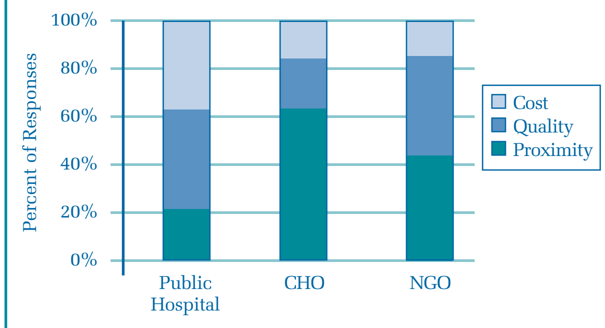
In choosing a service provider, respondents were particularly concerned about proximity of the facility to their homes,[3] the cost of services, staff friendliness, privacy, anonymity, cleanliness, waiting time, and length of clinic hours (see Figure 1).

---

[1] Marital status was also unrelated to the choice of facility for family planning services.

[2] This observation confirms data from the 1998 Market Segmentation Study, conducted by the POLICY Project.

[3] The majority of respondents at each type of facility did not own bicycles, motorcycles, or cars, thus restricting transportation to distant facilities.



Patterns of Use

Nearly a third (29%) of public sector clients were not aware of other sources of family planning services. Given the fact that, by design, the NGOs selected for the samples were almost always located within a quarter of a mile radius of selected public sector facilities, it appeared that NGOs were not effectively publicizing their services.

The contraceptive methods chosen by the clients were related to facility type. Women using public hospitals were most likely to obtain pills, an IUD, or tubal ligation. CHOs—where tubal ligation is not available and few staff are trained to insert IUDs—most often provided pills to their clients (64%), followed by injectables (23%). Data suggest that the system for referring public sector clients to higher level facilities for IUDs is working. At NGOs, 45 percent of respondents chose pills while 37 percent opted for IUDs.

At all facilities, the condom is the least popular method of choice, reflecting low prevalence overall in the Philippines. While CHOs have more field workers than other facilities, and data show that these field workers are successfully undertaking outreach activities, only 4 percent of CHO respondents received condoms. Equal proportions of public hospital and NGO clients (about 8%) chose to use condoms, even though the average price NGOs charged for condoms exceeds most commercial outlet prices.

User Charges and Willingness to Pay

Public sector health facilities generally provide services for free or for a small donation. Average user fees in NGO clinics varied by method: 36 pesos for a one-month pill cycle, 95 pesos for IUDs, 116 pesos for injectables, and 28 pesos for a packet of three condoms. More than two-thirds of all respondents expressed a willingness to pay some amount for family planning services and commodities. This proportion was only slightly less among public sector respondents (66%) than the NGO clientele (71%).

The expressed willingness to pay was consistently high for injectables (99%) and potential users of tubal ligation (87%). The proportions of respondents willing to pay for pills (60%) and IUDs (46%) were also considerable. Ninety-seven percent of respondents were willing to pay for condoms received from clinics.

Respondents who were willing to pay for the different methods of contraception often quoted prices within the ranges currently charged by the NGO facilities. This suggests that respondents may have had some previous knowledge of NGO rates. As noted, respondents were often willing to pay more for condoms than the current price in commercial outlets, suggesting a concern for issues other than price—such as privacy.

While income was associated with willingness to pay, the relationship was not linear and conclusions are difficult to draw. More relevant were the respondent's age, education, and number of children. (The results of a logistic regression of determinants of willingness to pay are shown in Table 2). Younger age, higher spouse's education, and more children were associated with willingness to pay. The distance from home to the facility and whether the respondent was a continuing user (rather than a new acceptor) also predicted willingness to pay.

Policy Implications

On several levels—perceived quality of services, location, acceptability of cost recovery—this study showed minimal differentiation between public sector and NGO service delivery points. Thus, to increase the private sector share of the family planning market, the study recommends efforts to increase the capability of NGOs to differentiate themselves from the public sector and to better publicize their services and location. Strategies include further improving quality of care, promoting the image of private services, identifying and implementing optimal pricing mechanisms, and enhancing NGOs' financial sustainability.

Table 2. Determinants of Respondents' Willingness to Pay: (Regression Results)[4]

Determinants	Coefficients	Z-Statistics
Strongest Determinants*		
1. Respondent's age	-0.036	-2.50
2. Husband's educational attainment	0.292	2.43
Contributing Determinants**		
3. Type of FP client (new or continuing)	0.365	2.32
4. Number of children	0.138	2.26
5. Rating of distance of facility to home	-0.173	-2.00

* *Significant at the 1% level.*
** *Significant at the 5% level.*

In addition, NGOs and public facilities need to collaborate to shift public sector clients who are willing to pay for family planning to the private sector. To increase awareness about alternative service delivery options, it may be necessary to allow private providers to promote their services in public facilities. It is also important to ensure that providers in the public sector fully understand the net gains to the national family planning program as a whole, rather than feel they are losing clientele to NGOs. Both public and private facilities should explore means testing and sliding scale systems in pilot tests to capitalize on clients' willingness to pay.

The public sector also needs to examine laws that act as barriers to the participation and expansion of the private sector, such as restrictions on dispensation of pills by private doctors, and the status of pills as prescription-only products. Public facilities could initiate sale of commercial products in addition to offering donated commodities for free.

It is clear that concerted efforts on the part of both the public and private sectors are needed to achieve a significant expansion of the private sector's role in providing family planning services.

[4] The following determinants were not significant: rating on staff competence, rating on privacy, rating on cost of services, knowledge of other facilities, occupation of husband, total monthly family income, type of facility (public or private).

Acknowledgments The editorial, production, and design team for this issue of *POLICY Matters* includes Nancy McGirr, Karen Hardee, Charles Wilkinson, and Jen Marenberg of The Futures Group International. Barbara Crane and Elizabeth Schoenecker of USAID also reviewed various drafts and provided helpful comments. Graphic design by CGS, Inc. Printed on recycled paper.