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Paraguay Private Health Sector Assessment



BRIEF

SHOPS

Strengthening Health Outcomes
through the Private Sector

Summary: This brief is a summary of the Paraguay private health sector assessment report. Dawn Crosby and Erica James prepared this brief, which presents the assessment methods, findings, and the following recommendations:

1. Support the Contraceptive Security Committee (DAIA) to become more structured, and to broaden its membership and agenda.
2. Strengthen the Paraguayan Social Security Institute's (IPS) family planning program.
3. Orient the Paraguayan Center for Population Studies (CEPEP) on a path toward sustainability.

The overall goal of these recommendations is to help Paraguay achieve a balanced public-private mix that will be conducive to maintaining the successes achieved in reproductive health after graduating from USAID support in this area.

Keywords: contraceptive security, donor graduation, family planning, market segmentation, NGO sustainability, Paraguay, private sector health, private sector assessment, whole market approach

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Cover photo: Dawn Crosby

Project Description: The Strengthening Health Outcomes through the Private Sector (SHOPS) project is USAID's flagship initiative in private sector health. SHOPS focuses on increasing availability, improving quality, and expanding coverage of essential health products and services in family planning and reproductive health, maternal and child health, HIV/AIDS, and other health areas through the private sector. Abt Associates leads the SHOPS team, which includes five partners: Banyan Global, Jhpiego, Marie Stopes International, Monitor Group, and O'Hanlon Health Consulting.

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Paraguay Private Health Sector Assessment

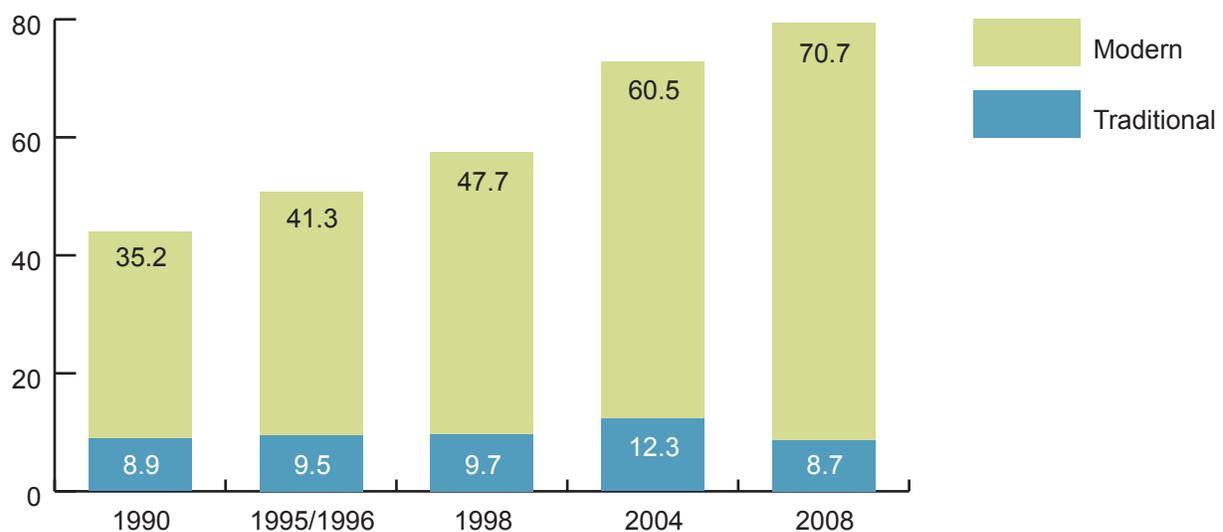
In 2010, at the request of USAID/Paraguay, the Strengthening Health Outcomes through the Private Sector project conducted a private sector assessment of Paraguay’s family planning market. The purpose of the assessment was to determine the current market segmentation and recent trends in sourcing patterns of family planning products and services. In addition, the assessment was intended to inform a strategy, to be implemented by SHOPS, to help Paraguay solidify a balanced public-private mix conducive to maintaining the successes achieved in reproductive health in preparation for graduation from USAID support in family planning. This brief is a summary of the methods, findings, and key recommendations of the assessment.¹

Background

USAID’s interest in the private family planning sector stemmed from its plan to graduate Paraguay from family planning assistance. This is due to the significant progress that the country has made in improving health indicators over the past decade. Specifically in regard to reproductive health and family planning, data from the most recent Reproductive Health Survey (Encuesta Nacional de Salud Sexual y Reproductiva, or ENDSSR) show an increase in the rate of contraceptive prevalence among women in union of reproductive age, from 73 percent in 2004 to 79 percent in 2008 (Figure 1). This was mainly due to an increase in the use of modern family planning methods, which grew from 61 percent to 71 percent.

¹ Crosby, Dawn, Barbara O’Hanlon, and Francoise Armand. 2010. *Paraguay Assessment Report*. Bethesda, MD: SHOPS Project, Abt Associates.

Figure 1. Contraceptive Prevalence in Paraguay, Women in Union, 1990–2008 (%)



Sources: Encuesta Nacional de Demografía y Salud, 1990; Encuesta Nacional de Demografía y Salud Reproductiva, 1995-1996; Encuesta Nacional de Salud Materno Infantil, 1998; Encuestas Nacional de Salud Sexual y Reproductiva, 2004 and 2008

During the same time period, government support for family planning improved dramatically and USAID invested substantially in strengthening the family planning program at the Ministry of Health (Ministerio de Salud Público y Bienestar). As a result, the public sector is now playing a greater role in providing family planning services and products—up from 36 percent of women in union of reproductive age in 2004 to 42 percent in 2008. Several factors explain the expansion of the public sector’s family planning program, including Ministry commitment to national coverage, a protected line item in the national budget to procure contraceptives, and improvements in family planning logistics.

Whole Market Approach

A whole market approach in reproductive health, sometimes referred to as a total market approach, is an effort to incorporate the public, private nonprofit, and private commercial sectors in an efficient manner to respond to the varying family planning needs in a given country.

Although the public sector has been expanding at a faster rate than the private sector, both sectors have experienced growth. However, the prospect of continued rapid growth in the public sector concerned program managers, as they questioned sustainability and whether or not the public-private mix was becoming unbalanced. Rapid public sector growth could have consequences affecting long-term contraceptive security by crowding out the private sector or placing an unsustainable burden on the public sector from consumers shifting from private to public. The SHOPS private sector assessment analyzed Paraguay’s current market segmentation and recent market trends to assess whether these consequences were likely, and to what extent rapid growth in the public sector had affected market segmentation in Paraguay.

Scope of the Assessment

The scope of the assessment comprised the following activities:

1. Describing the private family planning market in Paraguay (NGO and commercial)
2. Analyzing current market segmentation and recent trends
3. Identifying the interface between the public and private sectors (including reviewing current public policy involving the private sector)
4. Examining the normative issues and current barriers to optimizing private sector participation in the family planning marketplace
5. Identifying areas of support required to ensure successful graduation, with particular focus on two key actors: the Paraguayan Center for Population Studies (Centro Paraguayo de Estudios de Población, or CEPEP), the Paraguayan affiliate of the International Planned Parenthood Federation, and the Paraguayan Social Security Institute (Instituto de Previsión Social, or IPS)

The assessment team used a whole market approach (see box) to analyze the sustainability of contraceptive security in Paraguay, and assess the appropriateness of the market segmentation and the role of each sector.

Figure 2. Segmentation by Wealth Quintile

Richest	Commercial Sector
Rich	
Middle	Nonprofit Private Sector (NGO, religious organizations, etc) and Social Security
Poor	
Poorest	Ministry of Health

METHODS

To gain a deeper understanding of Paraguay’s family planning market, a three-person SHOPS team traveled to Paraguay in February 2010 to conduct in-depth key informant interviews with a variety of stakeholders in both the public and private health sectors. The team conducted more than two dozen interviews. Stakeholders included private health care providers, CEPEP staff, IPS officials and providers, Ministry officials; and representatives from the donor community, USAID and its implementing partners, the Ob/Gyn Society of Paraguay, the Pan American Health Organization, IMS Paraguay, and the nursing and obstetrics school at the national university. Other stakeholders were from the commercial sector, such as drug and condom importers and distributors, drug manufacturers, the retail pharmacy association, and local insurance companies. In addition to interviewing key informants, the team visited several pharmacies in Asunción and Caaguazú.

The team purchased five years of contraceptive importation and retail sales data from IMS Health and a custom condom market study.

Following the in-country trip, SHOPS conducted secondary analysis of the 2004 and 2008 ENDSSR data and of the IMS commercial sales data.

FINDINGS

Overview of the Private Health Sector

Stakeholders from both the public and private sectors play active roles in the provision of family planning services and products in Paraguay, as illustrated in the table below.

Table: Stakeholders in Family Planning

Public Sector	Commercial Sector	Nonprofit Sector
<ul style="list-style-type: none">• Ministry of Health• IPS• Military Health Services• Regional and municipal governments	<ul style="list-style-type: none">• Individual providers• Clinics and hospitals• Pharmaceutical sector• Pre-paid and medical insurance companies	<ul style="list-style-type: none">• Paraguayan Center for Population Studies• Adventist and Baptist hospitals• Professional associations• Other NGOs

Public sector provision is dominated by the Ministry, followed by the IPS, the military health services, and townships and department governments. The assessment chose to look closely at IPS as it is a hybrid institution (part public, part private) financed by employee and employer payroll contributions. Currently, IPS has approximately 1.2 million beneficiaries, representing 18 to 20 percent of Paraguay's total population. However, despite having launched a dedicated family planning program, IPS delivers only a modest level of family planning services to its beneficiaries and less than 4 percent of contraceptive users source their method from IPS.

The purely private family planning marketplace has many nonprofit and commercial actors. CEPEP is the principal nonprofit actor. Although the organization has made significant contributions to the evolution of family planning in Paraguay since its inception in 1966, its market share is declining. Paraguay's rapid contraceptive growth has been predominantly in short-term methods, which has driven CEPEP's diminishing market share relative to product suppliers from both the public sector and the private commercial sector. Concurrent with its diminishing market share, CEPEP is losing support from USAID, which has provided technical and financial assistance to the organization for over 10 years.

The private commercial sector comprises a wide range of entities that deliver services, distribute and sell family planning products, and finance health care. Providers who practice within this sector include medical doctors, licensed obstetricians, nurse technicians, and traditional midwives. Traditionally, commercial private providers have not had a large share of the family planning services in Paraguay, and that share is becoming smaller. This may be a result of the strengthened family planning program

in the public sector, which has improved supply in public clinics and decreased the leakage that may have supplied private providers. Based on interviews with private providers and pharmacists, an additional reason for the change in market share is that some women do not seek a family planning consultation, but rather go directly to the pharmacy to purchase a contraceptive.

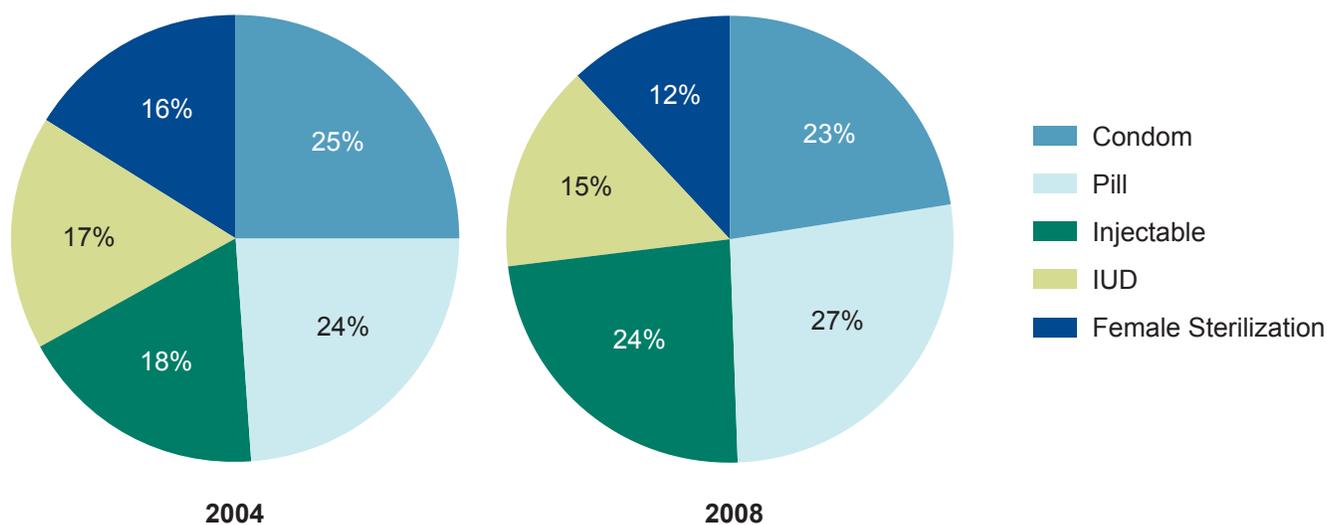
The pharmaceutical sector is another important private health sector actor. In Paraguay, the pharmaceutical market comprises multinational and local drug companies, including importers, distributors, and manufacturers. Bayer Schering Pharma is Paraguay's largest supplier of hormonal contraceptives, with a 39 percent market share in dollar value, followed by local manufacturers that not only produce, but in some cases also own distribution companies that market their own brands. Pharmacies constitute the primary source for contraceptives in Paraguay. This is driven by urban and peri-urban contraceptive users who enjoy the wide variety of brands and price points available in pharmacies, starting as low as \$1.30 for a cycle of pills, \$0.50 for a three-pack of condoms, and \$1.50 for monthly injectables. IUDs, however, have become scarce in the private market, and the three-month injectable Depo Provera is only available in the public sector and at CEPEP.

Market Segmentation

The secondary analysis of the ENDSSRs of 2004 and 2008 revealed an overall well-balanced market in terms of method mix, sourcing patterns, and regional distribution. Figure 3 shows that the current mix for modern methods has changed somewhat over time, with a notable shift from long-acting and permanent methods (IUDs and female sterilization), to short-term methods. For women in union of reproductive age, long-acting and permanent methods comprised 38 percent of method use in 2004, but only 31 percent in 2008. For all women of reproductive age, these methods comprised 33 percent of method use in 2004 but only 27 percent in 2008.

Because the three predominant short-term methods have been growing at a faster rate than traditional methods and long-term methods, the overall method mix now slants toward short-term methods.

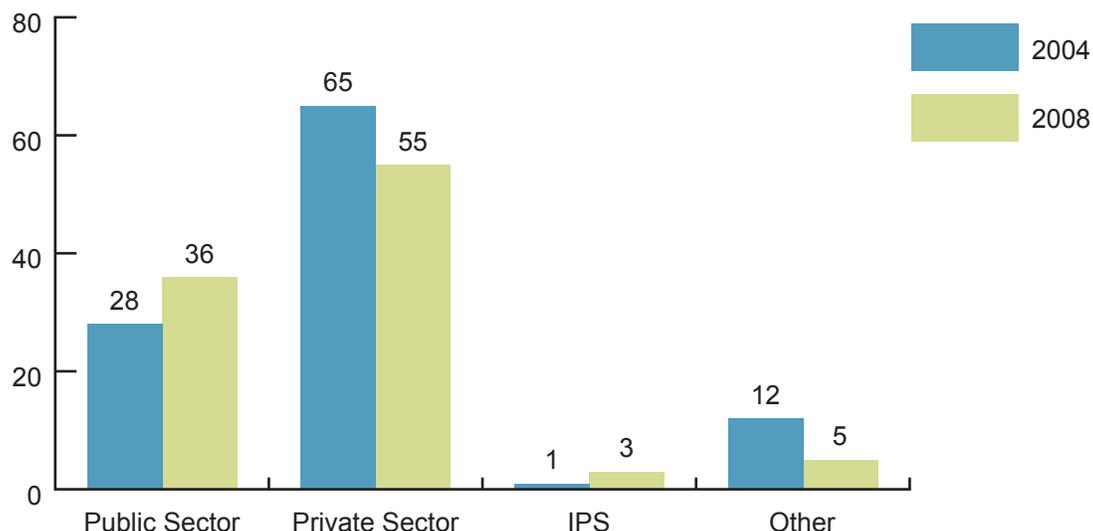
Figure 3. 2004 and 2008 Method Mix: Traditional, Short-term, Long-term



It is important to acknowledge the growth of consumer groups participating in the private sector family planning market, specifically those from the two lowest income quintiles, rural areas, and the northern region, all of which are more likely to use the public sector. One possible explanation for this is the increased availability of family planning products and services through the public sector as the Ministry strengthened its family planning program, including addressing supply issues during this time period.

The rapid increase in the contraceptive prevalence rate between 1998 and 2008 was accompanied by noticeable changes in contraceptive sourcing patterns in that same period. Use of public sector services increased relative to those offered in the private sector. However, there is no indication that the strengthening of public sector provision has had a negative impact on the overall private sector, although some actors within the private sector, such as CEPEP, have lost market share. Additionally, the growth of the public sector has not negatively affected the market's segmentation. In fact, market segmentation improved as the public sector grew, mostly because the Ministry was successful in reaching previously underserved segments of the population from the lower two wealth quintiles and rural areas. Figure 4 illustrates the current sourcing landscape for family planning products.

Figure 4. Source of Contraceptives Among All Women of Reproductive Age (%)



Even though the public sector grew at a faster rate than the private sector from 2004 to 2008, the private sector is still the larger provider of contraceptives in Paraguay and grew in absolute terms during the same time period. All private sector sources accounted for 55 percent of sourcing by all women of reproductive age in 2008 and the public sector accounted for 39 percent,² with 5 percent being sourced from other countries, a neighbor, or a friend. The same pattern holds true for women in union, with 42 percent sourcing from the public sector and 52 percent sourcing from the private sector.

As of 2008, the best option for improving sourcing patterns and segmentation in Paraguay is working with IPS. As mentioned above, IPS covers 18 to 20 percent of the Paraguayan population, yet only 3 percent of users source methods from IPS. This underutilization represents a market inefficiency in terms of human capital, physical infrastructure, and financing.

The Commercial Products Market

The contraceptive commodities market, which includes hormonal contraceptives, condoms, and IUDs, is well developed in Paraguay. Pharmaceutical companies have benefitted from a large influx of new users of hormonal contraceptives (pills and injectables) that can be easily obtained from pharmacies. The hormonal market, which includes oral, emergency, and injectable contraceptives, has grown substantially since 2004. The most significant spike in sales occurred in 2008, when the market increased by 61 percent in value (and 37 percent in volume). In 2009, sales flattened and registered a 1 percent decrease from 2008

² IPS, a hybrid institution, is included in this percentage.

Paraguay's DAIA

The DAIA brings together a diverse group of Paraguayan institutions dedicated to contraceptive security including:

- Governmental institutions related to reproductive health
- Nonprofit sector: CEPEP
- Commercial sector: Population Services International, international donor agencies, including USAID and UNFPA

in terms of value, but a 10 percent increase in volume. The market is dynamic with a wide variety of brands from both international and local drug companies. There is also decent price variation, with two to three brand choices at each price level (low, medium, and high).

In contrast, condoms have shown some sensitivity to growth in the public sector. Condom retail sales were not available for this report. However, importation of condoms through private sector channels in 2008 and 2009 show a decrease from 11 million to 8 million units. In 2008, more than 7 million condoms were donated to Paraguay by UNFPA and USAID. The decrease in commercial sales may have been caused by widespread availability of free condoms through public channels that year, suggesting sensitivity in the private market to changes in the public sector. However, the private sector is still the predominant provider of condoms in Paraguay, with almost 75 percent of condom users sourcing from the private sector. It will be important to keep a close eye on trends in the condom market.

IUD suppliers have almost no presence in Paraguay, and are represented by importers that do not see much potential in this product. Thus, although commercial product supply has grown substantially in the past five years, it revolves around short-term methods, and IUD supply in the private sector remains an issue.

Policy

The DAIA and its legislative allies have achieved several critical policy milestones, including securing a protected line item in the national budget for contraceptives and safe birth kits, and improving logistics management capacity at the Ministry.

Although Paraguay enjoys a generally supportive family planning policy environment, there is need for improvement. Through public-private dialogue and a whole market approach, the public and private sectors can work together to better meet the family planning needs of Paraguayans in a manner that is efficient, provides choice and access, and is sustainable. A new and expanded DAIA can serve as the platform for achieving equity while fulfilling unmet need and increased efficiency without sacrificing choice. When the public sector views the private sector as a partner, and not as a threat, universal access to contraceptive security becomes attainable and sustainable.

RECOMMENDATIONS

Based on the aforementioned findings, the assessment proposed the following recommendations to help maintain the current public-private mix and secure a balanced family planning method mix. One set of recommendations focuses on working with key family planning actors—including those in the private sector—to understand the appropriate public-private mix for Paraguay and assist the DAIA in assuming the role of monitoring the public-private mix. Another set of recommendations centers on strengthening two family planning providers—IPS and CEPEP—so they can continue to play an important role in the family planning market, particularly in the area of longer-term methods, by delivering affordable or insurance-covered services to a wide range of users.

1. Support the DAIA to better monitor the public-private mix

- In close collaboration with the USAID | DELIVER PROJECT, assist the DAIA with broadening its mandate and enhancing the diversity of its membership.
- Help the DAIA to become an independent and sustainable policy mechanism.
- Assist the DAIA in defining a common vision on appropriate public-private mix in family planning and in identifying a few public-private partnership opportunities to further encourage cross-sector collaboration.

2. Reposition IPS in the marketplace

- Assess client needs in the area of family planning counseling and services.
- Strengthen IPS institutional capacity to deliver quality family planning services; train IPS providers in clinical skills, including counseling, through contraceptive technology updates.
- Recapture IPS beneficiaries and dependents seeking family planning services elsewhere.

3. Orient CEPEP on the path toward sustainability

- Diagnose the organization's overall health through a variety of analyses focusing on its placement in the market, internal operating capacity, and financial sustainability as a means of identifying key areas for improvement.
- Design concise and targeted positioning strategies based on competitive advantages and other diagnostics.

CONCLUSION

Paraguay's family planning market has a healthy market segmentation, which improved as the public sector grew because new users of contraception from 2004 to 2008 came predominantly from the two lowest wealth quintiles and from rural areas, and tended to source from the public sector.

The objective of the SHOPS private sector assessment and its recommendations are to help determine interventions, guided by the whole market approach, that will keep a variety of providers active in the market, each servicing their appropriate niche. Maintaining a healthy public-private mix of providers will allow family planning programs in Paraguay to be sustainable and efficient, while ensuring wide access to information and a choice of methods, brands, prices, and locations to all Paraguayans.



A CEPEP representative collects data for the 2008 Paraguay Reproductive Health Survey.

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