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MEDIC WEST AFRICAN CONFERENCE

Theme: Harnessing Synergy, Exploring the Potential of Group Practice

Panel Discussion of the Decade: Merits and demerits of Group Practice

Protocol

The Medical Community in Nigeria owes a great debt of gratitude to the organizers of Medic West Africa, and especially Rubina Dsouza, Senior Conference Producer, Healthcare EMEA, Informa Markets, for joining us in our advocacy to explore options that would leverage Nigeria Health System by refocusing on the Private Health Sector, evaluating the challenges and exploring the value chains to be derived from Group Medical Practice.

We hope this conversation on, Merits and Demerits of Group Practice, will yield positive outcomes within the decade, as advertised.

Introduction

This is a very important discourse at this point in the health care space in Nigeria, especially with the emerging new frontiers of knowledge, specialization and super-specialization, in the art and science of medicine. Safety, Quality and Clinical Governance are now integral to continuously improving health outcomes. Coterminal with this is the very contentious issue of work environment and compensation for the doctors who are the mainstay of healthcare delivery. **The fragmentation in our National Health System is a major contributor to the dysfunction and resultant poor health indices we continue to post.** In the light of these, there is no gainsaying the fact that the time is right for medical doctors to partner, in order to build synergy, share risks and administrative tasks which will allow them devote their precious time building their competencies, acquire the soft and hard skills with which to engage these new paradigms that are redefining the practice of medicine.

However, the task of creating these Group Medical Practices comes with huge challenges. How will you create the right environment for these practices? At what levels, (Primary, Secondary, Tertiary) will such Group Medical Practices be created? How will such structures be financed? How will it impact the health system? Etc.

This Panel Discussion of the Decade on the **Merits** and **Demerits** of Group Practice is therefore timely and appropriate. However, because of the limited time allocated for this panel discussion, I will precede with a perfunctory definition of Group Practice, touch briefly on two (2) types of group practice I was involved with,

highlighting some of their peculiarities, and then list some of the merits and demerits. Thereafter, I will present my propositions.

Definition(s)

- a. 2 or more physicians formally organised as a legal entity, in which business, clinical and administrative facilities are shared.
- b. 2 or more full-time physicians who pool their resources and expense from medical practice and redistribute income among members according to some prearranged plan.

It should be evident that implicit in this definition is that the practice must operate within a properly structured facility, managed by administrators and managers.

Brief examples of Group Practice

I have chosen two types of group practice, different in terms of who is driving the practice, to highlight the challenges and peculiarities evident in each type of group practice.

1. Doctor-driven Group Practice (Mayo Clinic and G-10 Health Consultants)

Brief about Mayo Clinic

It is common knowledge that Group Medical Practice originated from Rochester, Minnesota, home of the famed Mayo Clinic. It was founded in the late 1800s and had 386 physicians and dentists by 1929. The brothers established Mayo Clinic with no preconceived plan; rather, in a methodical manner, they grew their practice by recruiting medical specialists, whose numbers were increasing and available, acquired new technologies in laboratory and radiology which resulted in a new type of private medical practice – Group Medical Practice. This type of practice achieved a better comprehensive care for patients, achieved economies of scale, and improved purchasing prices with vendors and negotiation with health plans and health systems.

Mayo Clinic eventually metamorphosed into a non-profit academic medical centre focused on integrated health care, education and research. Doctor driven practice is usually confronted with the ethical challenge of commercialising health services, as opposed to doctor's preference for socialised health services with emphasis on affordable health care services.

G-10 Health Consultants Limited

My experience in Doctors Driven For-Profit Group Medical Practice

This was created by 10 Consultants, 4 from the diaspora and 6 of us resident in Nigeria. We felt challenged by the continuing under performance of the health sector, and then decided to pool our resources together, in order to build a world class multi-specialty hospital in Lagos, Nigeria. The 6 consultants had their practices in Lagos, relatively doing well, and even though there was a gloomy forecast of unhealthy business climate in the horizon, we went ahead to venture into this uncharted water.

It is instructive to state that creating the platform for these consultants/specialists to partner was a very daunting task, because of the requirement for each partner to shut down his/her practice, provide substantial funds as equity, work as employees, putting a ceiling on income, the demand of a consensus in business decisions etc.

Our business plan was reluctantly accepted; we later learnt this was because we had a faulty hospital design, poor infrastructure planning, wrong concept for equipment selection, procurement, maintenance and no bankable financial modelling for our venture.

We had to engage the services of a renowned financial advisory company to prepare a bankable feasibility study for the group. It was at this point that we were advised to engage a world class hospital operator, a mandatory condition for financial institutions to fund our project. We eventually engaged Apollo Hospitals, Inderabad, India as the Hospital Operator.

We convened a meeting comprising G-10 Health Consultants (sponsors), Hospital Operator, and Equity Investors etc. in the course of which it became evident that a huge capital expenditure was required to build this facility, and as sponsors, a minimum equity contribution must be made by us.

Our approach to financial institutions for a loan was considered favourable, but on the condition that we deposit substantial personal funds in order to mitigate the risks the financial institutions would be exposed to.

The macro-economic variables, inflation rate and interest rates were not friendly to our business concept, which we had deliberately designed to offer affordable healthcare services to our teaming populace.

Our meeting with the Executive Arm of Government through the Federal Ministry of Health, appealing for an Executive Bill to create a 'Health Care Intervention Fund' which would facilitate access to dedicated funds for pioneers building world class health facilities, at single digit interest rate with a long tenure of at least 10 years, was given scant attention.

The complexities involved in private sector investor for-profit group medical practice (coined as Business of Medicine) became evident to us. After 5 years of expending time, finances, holding meetings here and abroad, especially with Apollo Hospitals, India, where we were the first to acquire their franchise to operate in Nigeria, we had to abandon the project for lack of capital.

I included this narrative to underscore the point that Doctors' driven For-Profit Group Medical Practice may not gain traction in today's environment, because the emerging world class hospitals are complex and very expensive projects that takes long gestation periods to break even, conditions which are beyond the financial capacity of most doctors.

Investors Driven Group Medical Practices

The Nigerian National Health Act which was signed into law in 2014 was a landmark legislation that spurred the recent growth of Nigeria's health system. It has, to a large extent, statutorily removed some of the bottlenecks the Ministry of Health had on Nigeria's Health System, such as, creating a commission to manage tertiary health institutions, while at the same time, providing a level playing field for the private sector to operate. It provides a 5-year tax holiday for pioneers in hospital facility development among many other incentives. New Multi-Specialty Hospitals are now springing up across the length and breadth of Nigeria on account of this piece of legislation, NHA 2014.

These hospitals are funded by organised private sector investors who have the capacity and understanding of the complexities of sourcing finance from the capital market and international financial institutions.

FIT Healthcare Limited – 1st Nigerian Medical Tourism City

Private Sector Investor driven, For-Profit, Group Medical Practice

This is an innovative **Modern Lifestyle District** conceptualised by **FIT GROUP LTD**, to offer services as the **First Health Tourism District** in Nigeria.

This brilliant concept has 1,000 plots of land of different sizes allocated for **Residences**; and a **Business District**, where **FIT Healthcare Limited**, a 250-bed multi-specialty world class hospital would be built, along with a 150 bed 3-star hotel, Technology Hub, Schools, Recreation Centre, Shopping mall etc. All these, currently named HELIU Residences and Business District, will be on 1.2million square meters of land, 8 kilometres from Akanu Ibiam International airport, Enugu and sited along a major expressway (Enugu to Port Harcourt) leading to 10 contiguous states of the South East, South South Zones, and part of Delta State of Nigeria, with a combined population of about 60million.

This gigantic project is conceptualized to serve as the 1st Medical Tourism City in Nigeria.

I am currently Chairman, FIT Healthcare Ltd, a hospital to be managed in partnership with a hospital operator, **LOKMAN-HEKIM HEALTH GROUP, TURKEY, through whom medical doctors of different specializations will be empanelled**, which will be commissioned within the next 3 years in Enugu. We started this project in 2018, and have accomplished the difficult feat of assembling all the necessary structures and finances, because the project is being driven by **world class Nigerian entrepreneurs**, who thoroughly understand the language and intricate processes of accessing funds from local and international financial institutions. As has been mentioned earlier, finance is critical to Group Medical Practice because it is a major determinant for the requisite structures that will deliver excellent health outcomes as well as meet the expectations of the medical doctors and other stakeholders.

The Merits and Demerits of Group Practice

1. Merits of Group Medical Practice

Pooling skills, shared risks and Administrative tasks

Access to expensive modern technology.

Modern hospitals are defined by technology. Acquisition of these complex tools is facilitated when Doctors pool their skills in a Group Practice.

End-User selection, procurement and commissioning is guaranteed.

Favourable purchasing prices are derived from vendors.

Guarantees economies of scale

Pooling skills, sharing risks and administrative tasks within a group medical practice guarantees economies of scale

Power/Electricity consumption

Portable water supply

Sharing staff

Front desk/Secretary

Records clerk

HMO Officer/Marketing staff

IT staff

Security

Nurses

These factors ensure that patients benefit from

- i. Affordable health costs
- ii. Better comprehensive health outcomes.
- iii. Achieves better bargains with health plans and health systems with average net profit of 30% to 35%
- iv. Ensures sustainability of the Practice

Social Benefits

Contributes in reducing unemployment

Group practices have facilities that require administrative staff of various categories

Lifts the populace out of poverty

Employment ensure salaries are earned

Healthier citizens who are more productive and helps to grow our GDP

Productivity from a healthy populace helps to grow the GDP

Conserve Foreign Reserves

Reverse Medical Tourism by growing the indigenous capacity

Procurement of modern technology, instituting clinical governance, reducing medical errors by promoting safety and quality in group practice contributes to reverse medical tourism.

These value chains on the MERITS OF GROUP MEDICAL PRACTICE, when aggregated, will leverage our NHS to be more responsive and deliver better vital health indices.

Private Sector led Group Medical Practice at the three (3) levels of health care delivery, will solve the main problem that has hobbled our health care delivery – Fragmented, Dysfunctional health services.

Government should be encouraged to operate as REGULATOR to ensure that policies designed to improve the health status of the population are strictly implemented.

2. Demerits of Group Practice

Requires huge financial investment with long gestation period to breakeven.

Commercialised health service

Especially if returns on investment is solely defined by profit and disregarding the social benefits of health care provisioning.

Loss of individual freedom

Important challenge but easily overcome if all work as a team

Limit to ability to grow income

A significant concern but can be mitigated with an inclusive clear growth objective

Need for consensus on business decisions

Consensus at times could be challenging but necessary because it allows all angles to be properly scrutinised.

My proposition

I strongly recommend to our leaders in the healthcare industry in Nigeria, to endorse Private Sector Driven Group Medical Practice on account of its advantages.

The Nigerian Medical Association (NMA), Association of Private Medical Practitioners of Nigeria (ANPMP) and Guild of Medical Directors (GMD) should come together to create a structure (NIGERIAN DOCTORS BUSINESS GROUP) charged with the mandate to produce a policy template that will accommodate governments' objectives, and attractive to local and foreign investors interested in exploring the value chains in the health sector. Such a template should include a market survey, examine the demand and supply gaps, a properly structured health financial inclusion (insurance) plan, takes cognisance of governments' statutory functions, offers quality health care to purchasers of health, meet the provider's financial needs and ensure investors receive satisfactory returns on their investments.

The recommendations should include types of facilities at the Primary, Secondary and Tertiary Health care levels, such as clinics, health centres, hospitals, etc., as well as their distribution. The concept of polyclinics, which could house about fifty (50) standard clinics along with day care surgical centres under one roof, to reduce the litter of poorly structured health facilities in our environment, should be explored.

A properly structured and organised private health sector is one of the pillars needed to build the superstructure of a responsive national health system that will improve our poor vital health statistics.

Vote of thanks

I want to sincerely thank the President, Association of Nigeria Private Medical Practitioners (ANPMP), Dr Kay Adesola DMP, for the honour and privilege extended to me, to be part of this conversation; and for escalating this theme, as a discussion of the decade - Merits and Demerits of Group Practice. Thank you, Sir, and I pray that your executive will lay that foundation for a more robust private sector that will adequately face the emerging developments in the health sector.

Thank you.

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