

# Advisory Outlook

pwc

## Restoring Trust to Nigeria's Healthcare System



Gbenga Olatunji

So, why are patients travelling abroad for healthcare? It is tempting to attribute much of this to lack of local facilities, inability to perform procedures locally and high costs charged where services are available. While this is true in some cases, the data might suggest that there is a more fundamental problem that's driving patients to seek care outside Nigeria.

The announcement in February 2016, following the Bankers Committee meeting, that the Central Bank of Nigeria (CBN) had suspended allocation of foreign exchange (FX) to school fees and medical care generated an outcry. It made headlines on the news and was prominently covered in the newspapers with significant commentary by the talking heads on the analyst circuit. There were reports of people wailing in banking halls. The announcement by CBN that these transactions were still eligible for FX was made with remarkable speed indicating just how significant the reaction of the public was to the "policy".

It is easy to understand why a halt to FX allocations for school fees would be a difficult policy to implement – parents with children in schools outside Nigeria faced a very daunting choice between finding more cash to purchase FX from the parallel market, which sells at a significant premium to the official rate, or change schooling arrangements. Given school fees are often paid for several years, the affected people can mobilise to resist or respond to a policy change. For medical care though, the need is often acute, i.e. the medical need is often immediate and at a very vulnerable time for the person who requires it. That makes organised response more challenging but any policy to restrict foreign medical care is likely to be very unpopular as it isn't a desirable position for anyone to need FX for treatment and be unable to get it. Unfortunately, for a significant proportion of those who require advanced medical care, medical care outside Nigeria appears the only option.

According to the Nigerian Sovereign Investment Authority (NSIA), Nigerians spend \$1Billion annually on medical tourism for a range of care needs. Sixty percent is reported to be across four key specialities: oncology, orthopaedics, nephrology and cardiology. To put into perspective, the published Federal Ministry of Health budget proposal for 2016 was for a total of \$1.3Billion while total government expenditure was \$5.85Billion for 2015. Thus, the cost of medical tourism is nearly 20% of the total spend on public sector care including: salaries of all public sector doctors, nurses and other healthcare workers; costs of major care programmes like malaria, AIDS and mother/child care, and; capital and operating costs of all the health facilities nationwide. It is not an insignificant amount of money leaving Nigerian healthcare. This is potential additional resources to the Nigerian health sector and overall economy.

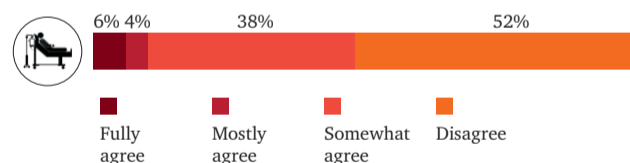
A PwC survey of Nigerians found that more than 90% of respondents associated advanced healthcare delivered in Nigeria with "low quality". This perception has been established over many years – personal experience and those of others, media reports and the visible state of disrepair in healthcare infrastructure around them. Each new report of poor clinical care has reinforced the belief among the population that Nigerian healthcare is somewhat substandard and should be avoided whenever an alternative can be found. There are also negative perceptions arising from confusing the hospitality function (aesthetics and ambience of hospital, courtesy of staff, etc.) with the clinical function (effectiveness of care provided) of hospitals. Given the proximity of services, people are happy to go see their local doctors for primary care needs and routine medical attention, but whenever advanced medical care is required, the first option is to reach for their passports and head to foreign lands.

It could be tempting to think of this as just the loss of foreign exchange – allocating \$1Billion to medical care needs abroad means there is \$1Billion less available to other sectors of the economy. However, there is a more fundamental impact of external medical tourism – the loss of value from the local

healthcare system. The patients who travel abroad for care are precisely the ones that can pay for services at market prices in Nigeria: their healthcare spend can deliver the margins that enable Nigerian providers cross-subsidise patients who are unable to pay their costs. If we assume gross margins of 45%, and an average healthcare spend per capita of \$120 per patient for the Nigerian population, then the \$1Billion spent on medical tourism translates into a loss of a potential 3.7million patient treatments per year in Nigeria.

We conducted a survey to examine some of the factors that motivate patients to seek care abroad and the key theme running through the responses is a lack of trust in the local healthcare system. Trust in this case is defined as patients having **confidence that they will receive the correct treatment** for their conditions, that the care will be delivered by **healthcare professionals (HCP) with the required competence**, that there are **adequate follow on services** should their needs escalate, and that they are **protected by authorities** who properly monitor the activities of the providers and act in the patients' interest when things go wrong.

The assurance that they will receive the correct treatment is linked to concerns around the patient management pathways. There are no defined referral mechanisms vertically or horizontally with fragmentation into federal, state and local governments of the different levels of care. In addition, the absence of clear clinical protocols to ensure proper diagnosis of patients who access the local healthcare system means that often, patients present with advanced diseases by the time they see the right specialists. In my previous role working with physicians to introduce advanced techniques for performing bowel cancer surgery in Nigeria, the surgeons reported seeing patients with advanced bowel cancer having been treated for piles for an extended period by primary / secondary care physicians. According to a leading colorectal surgeon, a rectal exam might have given an indication of a tumour which could have triggered investigations and early treatment. Unfortunately in most cases, the tumours were discovered in advanced stages leaving patients with much lower probabilities of successful treatment.

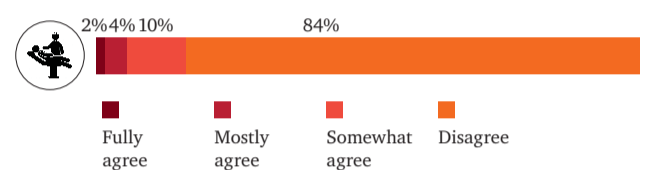


*Question: I am confident that the clinical care I receive in a Nigerian hospital will produce the desired outcome that I am looking for, so I do not need to travel*

HCP competence is a key area of the care system that needs to be addressed as the patient's confidence in the HCP capabilities is the bedrock of trust in the system. Not many people will choose to board an airplane flown by an inexperienced or poorly trained pilot and same for healthcare. This article cannot comment on the training rigour or the technical competence of the HCPs that go through the training system in Nigeria, however, there are legitimate questions to ask about how effective the training is in preparing the HCPs for the new disease / treatment trends, use of new technology and development of sound judgement.

To illustrate the need for sound judgement, I have come across a number of situations where a physician in Nigeria was "brave" to take on a particularly difficult case given there were no backup resources or facilities available should there have been complications requiring a further or more advanced procedure.

The notion that the physician was brave would be considered absurd in most situations given all the risks were borne by the patient. More generally, the low number of critical care facilities and their complete absence from centres that routinely perform surgery (among other gaps in facilities) means that in some instances, patient care would have been adversely affected. A patient who does not believe that the treatment needs will be fully met locally may consider it a better option to travel abroad and get the full comprehensive care required.

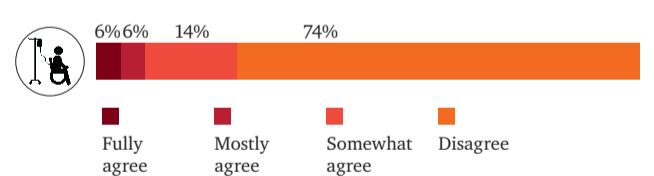


*Question: Information is easily accessible concerning my options for obtaining advanced health services in Nigeria*

The lack of patient protection within the system is perhaps the most significant factor affecting the level of trust in Nigerian healthcare. Regulation of clinical practice is very modest and there are currently no accreditation standards or minimum quality requirements to run a health care facility enforced creating an environment where very poor clinical practice can be conducted largely unchecked. Stories abound of patients who have had undesired healthcare outcomes or had concerns about the quality of care received in hospitals but few cases of successful medical malpractice investigations / action have been recorded in the last five years. There are suggestions that Nigerians are generally less litigious than other nationals and that might explain the disparity in legal cases brought by patients. However, the relatively low number of cases investigated / decided by the professional bodies might indicate a light touch and provides a basis for the concerns harboured by Nigerian patients.

So, having stated some of the problems and assessed the component parts, the question is what can be done? How will the low trust level be reversed so that patients see treatment in Nigeria as the first and preferred option for their healthcare needs?

The first thing to recognise is that addressing the problem will require long term, sustained and strategic actions and results will not be immediate. It will require some fundamental changes across a wide range of stakeholders and some of these changes will require a rethink of the roles of some of the organisations / players in the sector.



*Question: Information is easily accessible concerning my options for obtaining advanced health services in Nigeria*

Some of the key themes that will need to be addressed include: defining and instituting clinical protocols and treatment pathways; investment in developing clinical expertise, and; strengthening the regulations around healthcare practice. The regulation should combine direct regulatory action by government agencies and professional bodies with market based (transparency of physician / hospital clinical performance metrics, easing patients' ability to take legal action for medical negligence, etc.).

i 2016 proposed appropriation bill – [www.yourbudget.com](http://www.yourbudget.com)

ii WHO & Business Monitor International estimates

iii Estimate based on Apollo Hospitals India FY15 audited financial results and Spire Hospitals FY 2014 financial reports. Nigerian hospital gross margins are estimated at 30% - 35%

iv 2013 WHO & Business Monitor International estimates

v Haddadsm. Clinical pathways: effects on professional practice, patient outcomes, length of stay and hospital costs: RHL commentary (last revised: 1 September 2010). The WHO Reproductive Health Library; Geneva: World Health Organization

### About the author

Gbenga is an Associate Director in the Strategy Consulting practice at PwC Nigeria and the leader of PwC Nigeria's healthcare sector advisory services team. He has worked with hospitals, ministries of health and healthcare companies across Africa and parts of the Middle East to introduce new services and healthcare technology. He also has deep knowledge of healthcare markets across Africa and experience in market entry, growth and new business development. He can be contacted via email - [gbenga.olatunji@ng.pwc.com](mailto:gbenga.olatunji@ng.pwc.com)

### Our Advisory Practice

We use local and global knowledge to deliver strategies and solutions that are specific to you. Our teams bring experience and insights in Business Reviews / Restructuring, Change Management, Expansion Strategy, Human Capital Development, Investment / Fund Raising, M&A / Disposals, Market Penetration, Organisation Structuring, Process Optimisation, Profitability Enhancement, Regulatory Compliance, Risk Management / Controls, Tax Efficient Capitalisation, Technology Enhancement, Vertical Integration, and Viability Assessments.

### About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more by visiting us at [www.pwc.com](http://www.pwc.com)