

The

Family Planning Manager

CASE SCENARIOS FOR TRAINING AND GROUP DISCUSSION

Determining Service Costs at Clínica La Villa

Returning from her lunch break, Mrs. Torres, a full-time nurse for Clínica La Villa, knocked on the door of Mrs. Varela, the Nurse Supervisor who managed the family planning clinic. “Mrs. Varela, do you have a minute?” Mrs. Torres asked. “I have just had an interesting discussion with one of our clients, a nurse from San Gabriel hospital, and I wasn’t sure how to answer some of her questions.”

“Certainly, Mrs. Torres, come in,” said Mrs. Varela. “What did the client ask?”

“She asked me why we charge the same amount for an IUD insertion as we do for an initial visit for pills,” replied Mrs. Torres. “She said she had used both methods and thought that it really must cost us more to insert an IUD than to dispense pills. I had to agree with her that it seemed as though it would be more expensive to provide some methods than others, but I have no idea why and I couldn’t give her a good explanation.”

“Well, that’s an interesting question,” said Mrs. Varela, leaning forward in her chair. “We have never needed to figure out what the costs are for each kind of method we offer. However, because of the information campaign that the Ministry of Health is planning to run soon on injectables, I am expecting a big increase in the number of clients asking for injectables in the coming year, and I don’t have a good idea of how much it will cost us to provide more injectables. In fact, I don’t know exactly how much it costs us to provide any of our methods. I think it’s time we learn how much it is actually costing us to provide services for each method so I’m glad you brought this up. Would you help me conduct a cost analysis to find out how much it costs us for each type of visit we offer? We will have to look at the different types of visits, such as first visits and revisits, for each of the contraceptive methods

we offer. I’d like to get started on it this week.”

“If you tell me exactly what you need, I could try and get some information ready for you by Thursday morning, and since the clinic doesn’t open until noon on Thursday we could begin working on the analysis then,” suggested Mrs. Torres.

On Thursday morning Mrs. Torres arrived at Mrs. Varela’s office with several file folders and her calculator. She sat down next to Mrs. Varela and they began with the Personnel Cost Calculations Worksheet. “I talked to the accountant,” began Mrs. Varela, “and he gave me a list of our staff categories and average salaries for the last year. He included benefits like the taxes the clinic has to withhold for the government and family allocation. We need this information in order to complete the worksheet on total personnel cost for our clinic. I started to fill out this worksheet by listing each category of staff employed by the clinic. Let’s go through the other information and complete this worksheet.”

“Now that the clinic is fully staffed,” said Mrs. Torres, “we have the following categories of staff. Two half-time positions for doctors at 50 percent of an average annual salary of 5,700. One position for a full-time nurse supervisor at an average annual salary of 3,800. One full-time nurse at an average of 2,800, and two half-time positions for nurses at a salary that is 50 percent of an average annual salary of 2,800. There are also positions for a full-time nurse’s aide at an annual salary of 1,700, and a full-time laboratory technician at an average salary of 2,500. Other personnel include a position for a full-time receptionist/clerical worker earning an average of 1,500 and a housekeeper at 950 per year.”

“Now let’s take that information and use it to calculate the total personnel cost,” said Mrs. Varela.

Case Discussion Questions:

- 1) What is the total personnel cost for Clínica La Villa?
- 2) What is the total personnel cost of each type of visit offered by Mrs. Varela’s clinic?
- 3) What is the total cost of each type of visit provided at Clínica La Villa, if both personnel and contraceptive product costs are added together?

Case Analysis: Clínica La Villa

1) What is the total personnel cost for Clínica La Villa?

To determine the total personnel cost, complete Worksheet 1 by listing the staff categories, the percent time spent working in Clínica La Villa, and the average salary of each category of staff listed. Then calculate the total personnel cost of each category of staff in Column E, to determine the total personnel cost for Clínica La Villa.

Worksheet 1: Total Personnel Cost—Clínica La Villa (in Local Currency)

A	B	C	D	E
Staffing grade or category	Number	Percent time in family planning	Average annual salary including benefits	Total personnel cost [B x C x D]
<i>Doctor</i>				
<i>Nurse Supervisor (Clinic Manager)</i>				
<i>Nurse</i>				
<i>Nurse</i>				
<i>Nurse's Aide</i>				
<i>Lab Technician</i>				
<i>Receptionist/Clerical Worker</i>				
<i>Housekeeper</i>				
Total				

Note: The local currency used in the worksheets should be noted on each worksheet.

2) What is the total personnel cost of each type of visit offered by Mrs. Varela's clinic?

When they had completed Worksheet 1, Mrs. Varela and Mrs. Torres pulled out the file containing the results of the client flow analysis that the clinic had conducted three months earlier. The results showed the average number of minutes that clients spent in direct contact with a service provider for each type of visit provided by the clinic. The types of visits varied for each of the methods offered at the clinic, but generally included a first visit and a follow-up visit. Using this information and the summary service statistics for the past year, the two women began to fill out a worksheet to allocate personnel costs to each type of visit.

You must complete the worksheet. To determine total personnel cost for each visit-type, complete Worksheet 2 by performing the calculations for Columns D, E, F, and G. You must complete your calculations for Column D before you begin the calculations for Column E. The results for Column E will be in decimals. To obtain a percentage, multiply the decimal by 100 and enter the percentages in each row in Column E that corresponds to the visit-type. For ease in figuring, you can round the percentage to the nearest whole percent, or nearest tenth of a percent. (Note: Due to rounding, the total of the percentages might not equal 100. It is acceptable if the total is between 98 and 102.) You will use the total personnel cost from the bottom of Column E on Worksheet 1 to calculate the figures in Column F on Worksheet 2.

Case Analysis: Clínica La Villa

Worksheet 2: Personnel Cost Per Visit-Type—Clínica La Villa (in Local Currency)

A	B	C	D	E	F	G
Visit-Type	No. of visits in past year	Average minutes per visit-type	Total minutes [B x C]	Percent of total number of minutes [(D ÷ *) x 100]	Personnel expense (E x total from Worksheet 1) Write in total below for easy reference (<u>21,750</u>)	Personnel cost per visit-type [F ÷ B]
<i>Pill first visit</i>	375	15	5,625	10.8%	2,349	6.26
<i>Pill re-supply visit</i>	890	6				
<i>IUD insertion</i>	275	20				
<i>IUD follow-up</i>	963	13				
<i>IUD removal</i>	75	16				
<i>Condoms</i>	530	5				
<i>Norplant insertion</i>	56	27				
<i>Norplant follow-up</i>	165	11				
<i>Norplant removal</i>	9	36				
<i>Injectable first visit</i>	89	18				
<i>Injectable follow-up visit</i>	762	10				
<i>Other family planning visit (counseling)</i>	450	14				
Total	4,639		*			

3) What is the total cost of each type of visit provided at Clínica La Villa, if both personnel and contraceptive product costs are added together?

With the information from Worksheet 2, Mrs. Varela was able to determine the approximate personnel cost of each type of visit. Mrs. Varela then pulled out her files on the unit costs of each of the contraceptive products provided by Clínica La Villa that had been sent to her by the Ministry of Health. (To see how to calculate the unit cost of each contraceptive product and use Worksheet 3 “Unit Cost Per Contraceptive Product,” see page 10 of *The Family Planning Manager*.) Mrs. Varela then read the numbers to Mrs. Torres so that she could enter them in Column B of Worksheet 4.

To arrive at a total cost for each type of visit, complete Worksheet 4 by performing the calculations indicated in Columns D, E, and F for each visit-type listed. The figures in Column F will be the total cost of each type of visit Clínica La Villa provides, including both personnel and contraceptive costs.

Case Analysis: Clínica La Villa

Worksheet 4: Total Cost Per Visit—Clínica La Villa (in Local Currency)

A	Contraceptive Cost per Visit			E	F
Visit-Type	B	C	D	Personnel cost per visit (Worksheet 2, Column G)	Total cost per visit [D + E]
	Contraceptive unit cost (Worksheet 3, Column G)	Number of products used or distributed per visit	Total cost of contraceptives per visit [B x C]		
<i>Pill first visit</i>	0.24	1 cycle			
<i>Pill re-supply</i>	0.24	3 cycles			
<i>IUD insertion</i>	0.80	1 piece			
<i>IUD follow-up</i>	0.80	0			
<i>IUD removal</i>	0.80	0			
<i>Condoms</i>	0.07	20 condoms			
<i>Norplant insertion</i>	25.42	1 kit			
<i>Norplant follow-up</i>	25.42	0			
<i>Norplant removal</i>	25.42	0			
<i>Injectable first visit</i>	0.74	1 dose			
<i>Injectable follow-up visit</i>	0.74	1 dose			
<i>Other family planning visit (counseling)</i>	0	0			

Case Conclusion: Clínica La Villa

When they had completed Worksheet 4, Mrs. Varela examined Column F which showed the total cost of each type of visit. “That nurse who is a client here was right,” said Mrs. Torres. “It costs us more to insert an IUD than it does to provide services to a new pill client. And all this time we’ve been charging the same amount for each type of visit.”

“And look at the cost of providing injectables,” said Mrs. Varela. “It’s currently taking us 18 minutes of provider time for a first injectable visit and ten minutes for a follow-up visit, which makes the injectable somewhat more expensive than providing pills. Since we anticipate that we’re going

to have an increase in the number of people requesting injectables, we should see if we can provide injectables more efficiently without compromising the quality of our services.”

“Could we also think about changing our fee structure so that the fees we charge for IUDs, pills, and injectables are more like the true costs?” asked Mrs. Torres.

“I will look into that, Mrs. Torres,” responded Mrs. Varela. “However, I am a little concerned about prices influencing the client’s method choice, so I think we should think this through carefully before making any changes to the fee structure.”

Case Answer Sheet: Clínica La Villa

Worksheet 1: Total Personnel Cost—Clínica La Villa (in Local Currency)

A	B	C	D	E
Staffing grade or category	Number	Percent time in family planning	Average annual salary including benefits	Total personnel cost [B x C x D]
<i>Doctor</i>	2	50%	5,700	5,700
<i>Nurse Supervisor (Clinic Manager)</i>	1	100%	3,800	3,800
<i>Nurse</i>	1	100%	2,800	2,800
<i>Nurse</i>	2	50%	2,800	2,800
<i>Nurse's Aide</i>	1	100%	1,700	1,700
<i>Lab Technician</i>	1	100%	2,500	2,500
<i>Receptionist/Clerical Worker</i>	1	100%	1,500	1,500
<i>Housekeeper</i>	1	100%	950	950
Total	10			21,750

Worksheet 2: Personnel Cost Per Visit-Type—Clínica La Villa (in Local Currency)

A	B	C	D	E	F	G
Visit-Type	No. of visits in past year	Average minutes per visit-type	Total minutes [B x C]	Percent of total number of minutes [(D ÷ *) x 100]	Personnel expense (E x total from Worksheet 1) Write in total below for easy reference (21,750)	Personnel cost per visit-type [F ÷ B]
<i>Pill first visit</i>	375	15	5,625	10.8%	2,349	6.26
<i>Pill re-supply visit</i>	890	6	5,340	10.3%	2,306	2.52
<i>IUD insertion</i>	275	20	5,500	10.6%	2,327	8.39
<i>IUD follow-up</i>	963	13	12,519	24.1%	5,242	5.44
<i>IUD removal</i>	75	16	1,200	2.3%	500	6.67
<i>Condoms</i>	530	5	2,650	5.1%	1,109	2.09
<i>Norplant insertion</i>	56	27	1,512	2.9%	631	11.27
<i>Norplant follow-up</i>	165	11	1,815	3.5%	761	4.61
<i>Norplant removal</i>	9	36	324	.6%	131	14.55
<i>Injectable first visit</i>	89	18	1,602	3.1%	674	7.57
<i>Injectable follow-up visit</i>	762	10	7,620	14.7%	3,197	4.20
<i>Other family planning visit (counseling)</i>	450	14	6,300	12.1%	2,632	5.85
Total	4,639		52,007 *	100.1		

Case Answer Sheet: Clínica La Villa

Worksheet 4: Total Cost Per Visit—Clínica La Villa (in Local Currency)

A	Contraceptive Cost per Visit			E	F
Visit-Type	B	C	D	Personnel cost per visit (Worksheet 2, Column G)	Total cost per visit [D + E]
	Contraceptive unit cost (Worksheet 3, Column G)	Number of products used or distributed per visit	Total cost of contraceptives per visit [B x C]		
<i>Pill first visit</i>	0.24	1 cycle	0.24	6.26	6.50
<i>Pill re-supply</i>	0.24	3 cycles	0.72	2.52	3.24
<i>IUD insertion</i>	0.80	1 piece	0.80	8.39	9.19
<i>IUD follow-up</i>	0	0	0	5.44	5.44
<i>IUD removal</i>	0	0	0	6.67	6.67
<i>Condoms</i>	0.07	20 condoms	1.40	2.09	3.49
<i>Norplant insertion</i>	25.42	1 kit	25.42	11.27	36.69
<i>Norplant follow-up</i>	0	0	0	4.61	4.61
<i>Norplant removal</i>	0	0	0	14.55	14.55
<i>Injectable first visit</i>	0.74	1 dose	0.74	7.57	8.31
<i>Injectable follow-up visit</i>	0.74	1 dose	0.74	4.20	4.94
<i>Other family planning visit (counseling)</i>	0	0	0	5.85	5.85