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BACKGROUND

Laboratory services remain underfunded and underutilized in Kenya, with <40% of the required test menu covered by laboratories and wide variation across counties. Challenges hindering service delivery in Kenya included:

ACCESS Patients may not always have access to the tests they need due to distance to testing sites, lack of physician awareness, limited testing menus, or sample collection & transport challenges	QUALITY Due to insufficiently trained staff, limited QA/QC mechanisms, and limited equipment, results communicated to patients may be inaccurate and undermine clinical decision-making	TIMELINESS Often significant delays in processing samples and returning results to patients due to supply stockouts, equipment breakdowns, throughput limitations, or manual data management	COST Diagnostic pricing can be prohibitively high due to the high cost of inputs, the result of the sub-scale lab operation and insufficient negotiating power to get the best price for instruments and reagents
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- Strategic purchasing of laboratory services from the private sector plays a role in addressing these gaps, leading to more efficient laboratory operations.
- The Clinical Laboratory Improvement Project (CLIP) is a public-private collaboration (PPC) model to improve the quality of public-sector diagnostics.
- Under CLIP, counties enter a contract to partner with a private laboratory company to provide defined services towards strengthening public laboratories for an agreed period.

METHODS

- Design:** A policy analysis to identify a legal frameworks and commercial options to inform stakeholder engagement.
- Aim:** To determine the feasibility and viability of a public-private collaboration (PPC) by conducting an economic analysis to assess the current and projected costs. This included the following steps:

Understand stakeholder perspectives Discussions with County Leadership and County health stakeholders for buy-in	Evaluate financial and operational feasibility of PPC deal in key counties Analysing operational and financial data to inform adoption and prove viability of PPC by assessing volume and revenue growth. This was documented as a Feasibility Study Report (FSR) that also assessed the political, social and environmental impact of the project
Capture current laboratory performance in Kenya Data collection in county hospital laboratories to assess current state of test menu, reagent and consumable spend, staffing levels, equipment, and infrastructure, through interviews with key lab personnel	Assess private sector interest in diagnostics focused PPCs Market sounding with private sector laboratory companies to gauge interest in collaborating with the counties to strengthen delivery of laboratory services
Assess previous experience implementing PPCs Reviewing of various commercial models for engaging private sector providers <ul style="list-style-type: none"> Purchasing agreements Management contracts Review of case studies of PPCs in Kenya to identify strengths and weaknesses, and learn lessons	

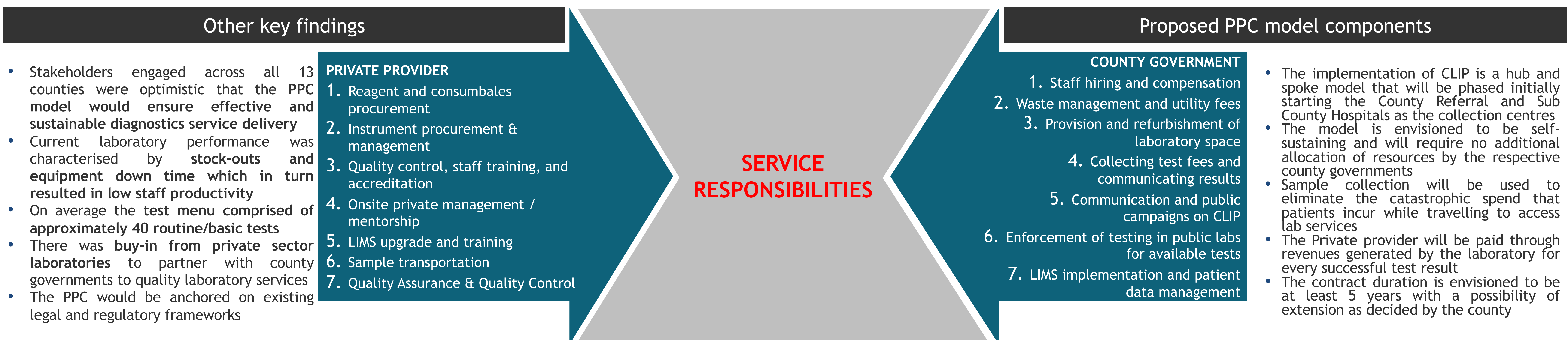
FINDINGS

We collected quantitative and qualitative data from 100 county facilities across 13 counties. These counties were selected based on existing CHAI relationships

The economic model was developed using the current state (as a baseline scenario). We then projected additional growth (i.e., reagent spend, consumable spend, technical and non-technical salaries, current lab volumes and prices - No change in the user fees unless authorised by the county during the contract duration period)

- This model was the first of its kind to be used in strengthening laboratory services in Kenya. However, challenges were identified, and requisite mitigation strategies put in place.
- PPCs reviewed revealed that PPCs are a preferred model in comparison to the traditional donations and placements in terms of strengthening delivery of laboratory services.

The following assumptions were applied in the model:	Key risk	Identified mitigation strategy
<ul style="list-style-type: none"> Test volume growth will be determined by: <ul style="list-style-type: none"> More inpatient and outpatient tests Additional patients coming in for services from neighbouring counties and those who were previously going to the private sector Improved laboratory services will lead to an increase volumes and subsequently increase revenues Drivers of financial sustainability included test volume growth, reduction in the cost of goods, and labor efficiencies that will be achieved by staff in the laboratory conducting more tests. 	LOW DEMAND REVENUES NOT MATERIALIZING HIGH NUMBER OF WAIVERS DELAYED PAYMENT TO PRIVATE PROVIDER	Demand generation of services to increase uptake of lab services Timely collection of out-of-pocket payments and reimbursement on claims for lab services covered by national health insurance fund Robust waiver policy to ensure that number of waivers that can be issued to patients is capped Ring fencing of revenues generated through CLIP to ensure timely payment and continuity of services with the private provider



CONCLUSION

Currently, out of the 13 counties, one (1) county has signed an agreement with a private provider and is currently in the process of setting up the modalities to commence implementation. Some of the lessons learnt in implementation of the laboratory PPC arrangement are that there is need for:

- Political goodwill from the leadership and health sector players in the county;
- A clear legal and regulatory framework;
- Co-created feasibility analyses; and
- Sustained governmental ownership.

The identified risks can be addressed via operationalizing direct facility financing and strengthening county-level standard operating procedures for waivers.

Acronyms:
 CLIP: Clinical Laboratory Improvement Project FSR: Feasibility Study Report PHC: Primary Health Care PPC: Public Private Collaboration