

**Case Title:** The Consortium – Harbinger of Collaborative Transformation of Private Sector Healthcare in the Philippines

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**Heralding accessible and concessional diagnostics:** Laboratory staff of Consortium member, De La Salle Medical and Health Sciences Institute Center for TB Research installing newly procured 16-module GeneXpert® rapid diagnostics system.

*Photo Credit: USAID’s TBIHSS Project*

**SUMMARY:**

In the Philippines, one in three Filipinos prefers private providers for tuberculosis (TB) care despite free government services. However, primary TB diagnostic tests like GeneXpert® MTB/Rif, are limited and expensive in the private sector, and clients incur catastrophic costs from private care. To address this inequity and ensure patient-centric TB testing, TBIHSS project supported establishing the Philippine Private Sector Diagnostics Consortium (*Consortium*), a collective public-private response that leverages innovative approaches and strategic partnerships to procurement and service delivery in the private sector.

Driven by patient pathway and market analysis, key players in the TB diagnostics, government partners, and civil society organizations convened and agreed on a common vision to provide affordable quality TB diagnostics through concessional pricing, pooled procurement, and shared marketing, and address missed cases and restrict further transmissions. The *Consortium* transformed the country’s pricing landscape of GeneXpert® MTB/Rif, from second most expensive, as cited in a [LANCET article](#), to third cheapest globally (US\$152 average vs US\$42 uniform pricing), or 70% savings for the patient. *Consortium* has triggered a “win-win” market-based solution by devising a balance between acceptable profit margins and better patient health outcomes; and promotes shared responsibility of testing and notification to contribute to country targets to find 2.5 million TB cases by 2022, using "business not as usual" approach.

The USAID private sector and CLA principles were instrumental in envisioning and establishing the Consortium, which encourages partnerships to embrace market-based approaches to support communities in achieving development outcomes at scale. The innovative private sector engagement

and collaboration has achieved measurable impact at scale, which is expected to grow exponentially with addition of new members and diagnostics providers in its fold. This strategic collaboration with key stakeholders, built on trust and a sound technical evidence base, is key to the Consortium's scale-up and sustainability.

Think about which subcomponents of the **Collaborating, Learning & Adapting (CLA) Framework** are most reflected in your case so that you can reference them in your submission:



- Internal Collaboration
- External Collaboration
- Technical Evidence Base
- Theories of Change
- Scenario Planning
- M&E for Learning
- Pause & Reflect
- Adaptive Management
- Openness
- Relationships & Networks
- Continuous Learning & Improvement
- Knowledge Management
- Institutional Memory
- Decision-Making
- Mission Resources
- CLA in Implementing Mechanisms

**1. What is the general context in which the case takes place? What organizational or development challenge(s) prompted you to collaborate, learn, and/or adapt?**

TB remains a major public health threat in the Philippines, with more than 1 million Filipinos with active TB disease in a year. Globally, country ranks fourth in total TB burden. Many persons with TB are not detected, with 7% of missed TB cases from the private sector. One in three Filipinos prefers private providers for TB care despite free government services. A major organizational challenge of private providers was absence of a unified platform to work towards lowering the high cost of TB management. The availability of rapid TB diagnostic tests, like GeneXpert® is limited and not affordable in the private sector. Patients incur catastrophic costs up to 70% higher than the public sector. As of 2018, only 20 (4%) out of 488 GeneXpert® machines in the country were in the private sector, reflective of low number of notified TB patients in the private providers. Improved access to rapid TB diagnostic tests in the private sector is one of the identified strategies in the 2018 Public-Private Mix (PPM) National Action Plan, a sub-plan of the Philippines' national Strategic TB Elimination Plan (PhilSTEP1). The cornerstone strategy of concessional pricing, pooled procurement, and shared marketing was envisioned by members based on generating scenario-based evidence on **low-margin, high-volume uniformly priced mass market model** aligned with the financial interests of suppliers, private laboratories and facilities and the patients. The CLA framework and its various tools and approaches provided us with opportunity to apply enabling conditions to identify stable foundations on which the Consortium was established, and gradually promote a culture of learning, reflection and adaptive course correction. The systematic and intentional CLA approaches we applied reduced duplication of efforts, inefficiencies, better collaboration, and led to consensus over establishing and expanding a patient centered and socially-responsible business model among private sector players in the country.

**2. WHY: Why did you decide to use a CLA approach? Why was CLA considered helpful for addressing your organizational or development challenge(s)?**

Our formative market research and stakeholder's interactions led to the realization that there was need for mindset change, addressing the prevailing inefficiencies in diagnostic value chain and promoting collaboration at all levels. FHI360 and IRD Global realized that systematic and intentional CLA approaches would facilitate the uptake, refinement, and scale-up of the innovation: a *Consortium* that would bring together independently acting private healthcare providers to act on a common challenge they faced in managing TB. The Consortium, through internal and external partnerships, envisioned that market-based approaches were a more sustainable way to support communities in achieving development outcomes at scale. We conducted situation analysis and gathered technical evidence base on price structure for GeneXpert® tests around the world. Our **Theory of Change** was if we demonstrate an alternative business model from **low-volume high-cost to high-volume low-cost model** then interest and uptake will be high from private sector. Once the Consortium stakeholders saw the financial and social value of the business model based on robust evidence, we noticed a drastic change in their mindset and a willingness to think creatively and remain open to new and emerging ideas as well as learning from failures. CLA approaches inspired local engagement with stakeholders, led to local ownership as well as investment in strengthening the Consortium, and ultimately improved health outcomes with accessible and concessional diagnostic for patients. This strategic collaboration and consensus-building among key stakeholders were built on trust and a sound technical evidence base—keys to the Consortium's sustainability, scale-up, and replicability.

**3. HOW: Tell us the story of how you used a collaborating, learning and/or adapting approach to address the organizational or development challenge described in Question 2.**

The consortium initiative was aligned with the Philippine Strategic TB Elimination Plan (PhilSTEP), the country's roadmap to support the Global End TB Strategy, identifying strategies we could target and augment. Although introduced in 2014 and recommended as primary diagnostic test for TB in 2016, GeneXpert® was predominantly offered in government facilities for free and the private sector expected to refer. Only 4% of the machines were in the private sector where cost is exorbitant. Hence, only 4% of notified persons with TB from the private sector were bacteriologically confirmed. We used this as our pivot point to increase the number of GeneXpert® systems in the private sector and to ensure that the GeneXpert® test cost is reduced and made affordable to patients seeking care in the private sector. We faced initial hesitancy of from key stakeholders due to their concern about business model. We conducted and shared findings of a scenario-based market projection study on costing, and gathered technical evidence base on price structure for GeneXpert® tests around the world. With robust evidence, an evidence based alternative pathway was devised where there are upward changes to profit at scale while simultaneously benefitting the patients, and the opportunity of supporting the government's response to TB elimination. Our Theory of Change was if we demonstrate an alternative business model from low-volume high-cost to high-volume low-cost model then interest and uptake will be high from private sector. A series of consultative and advocacy meetings were conducted to generate interest, obtain buy-in, and share information and resources, and trigger mindset change to move in the same direction. Once the *Consortium* stakeholders saw the financial and social value of the business model based on robust evidence, we noticed a drastic change in their mindset and a willingness to think creatively and remain open to new and emerging ideas.

For manufacturer/distributor pricing negotiation, we reviewed the health technology assessment (HTA) for GeneXpert® technology cost and cost-effectiveness. We also reviewed the Global Development Facility (GDF) pricing as well as prices in other private sector markets. We also looked at regulating pricing through legislation which was strategic but required time and resources. This analysis showed us the cost drivers for GeneXpert® in Philippines market. We conducted several advocacy meetings with broad range of stakeholders to make the pricing structure more transparent and to lower the cost. GeneXpert® negotiation started with the cartridges and later included the machines. Focus on negotiating consumables is key as it has more decision weight, both for manufacturer/distributor and for

us for creating concessional pricing mechanics for affordable accessibility at scale. We presented and reinforced the High-Volume-Low-Margin business model to the supplier and distributor. Once price negotiations were under way with the supplier and the distributor, we reached out to prospective members of the *Consortium* to learn and analyze facility operational costs. Understanding the operations of the facilities helped us provide a suggested ceiling price for the test which can be affordable to the patient and at the same time provides reasonable profit for all stakeholders. A Memorandum of Understanding (MOU) among all stakeholders was then formalized. After about 8 months of conceptualization and preparatory activities, The Philippine Private Sector Diagnostics Consortium (*Consortium*) was officially launched on February 26, 2020, as the country's first pooled procurement mechanism in the private sector. Adaptive management skills were employed to address restrictions imposed due to COVID-19 pandemic declaration in March 2020. The *Consortium* shifted to web-based operations, membership support, online promotional and training activities to overcome restrictions. It has also launched its [website](#), which serves as central venue for pooled procurement, geo-map of membership, consortium announcements and latest updates, and access to e-learning resources for both consortium members and patients. Monitoring and evaluation (M&E) of Consortium operations and marketing for continuous learning, knowledge, and adaptive management have been built into the MOU, along with broadening networks and relationships for expansion with vision of strengthening culture of openness and trust. All consortium members participate in knowledge sharing, progress updates, and evidence-led decision-making through monthly meetings. Currently, the Consortium is in nation-wide expansion phase by adding more health facilities and diagnostic suppliers and manufacturers to include other diseases like HIV/AIDS; Hepatitis-B, HPV and SARS-COV-2.

**4. ORGANISATIONAL IMPACT: How has collaborating, learning and adapting affected your team and/or organization? If it's too early to tell, what effects do you expect to see in the future?**

Before embarking on the *Consortium* initiative in late 2018, there was a theoretical awareness of CLA approaches, but their application in organizational work was random and episodic rather than systematic and intentional. Earlier, the staff had limited experience and understanding of the benefits of applying CLA at project and organization levels. However, at the start of 2019, the TBIHSS management decided to organize a strategic information team to streamline M&E, knowledge management, and research work, and lead the process of internalizing CLA within the organization and, more importantly, capacitating all staff on applied skills of CLA tools and approaches. Additionally, dedicated human and capital resources were allocated under the CLA work stream in annual work plans. Gradually work culture based on learning from CLA became integral part of work flow management and organization gained benefits of empowered staff and efficient project performance. In this process, we got sensitized and understood the importance of learning from failures, and willingness to innovate and at times be unconventional. CLA approaches were and still are fundamental strategy in the *Consortium* to achieve result-oriented collaborations, and our applied experience with CLA has enabled us to gradually become a more effective learning and adaptable organization. The CLA approach is systematically guiding our organization to become more efficient by creating a culture of openness, evidence-based knowledge sharing, collaboration, and adaptive management. The co-creation of the Consortium is built on trusted relationships that create opportunities for broader collaboration with global diagnostics manufacturers. This initiative is anchored with the USAID's Policy on Private Sector Engagement to increase and deepen collaboration with the private sector in leveraging their expertise, resources, investments and innovations,. TBIHSS commits to invest in building relationships with all stakeholders that are critical to promote Journey to Self-Reliance (J2SR) for local ownership and sustainability of the Consortium.

**5. DEVELOPMENT IMPACT: How has using a CLA approach contributed to your development outcomes? What evidence can you provide? If it's too early to tell, what effects do you expect to see in the future?**

CLA approaches facilitated the establishment, operation, and expansion of the *Consortium*, and triggered a “Win-Win” market-based solution for all stakeholders in the TB diagnostics landscape viz.: the partner **manufacturer** (Cepheid Inc.), gained scale and wider brand awareness; the member **health facilities** is accessing cheaper commodities and expanded market; the **Government** receiving pro-active private sector contribution in the TB elimination goal and, the **patients** are benefiting from accessible and cheaper TB diagnosis, thereby reducing their OOPE. The *Consortium* was able to:

- ⇒ Bring down cost of GeneXpert® test for private sector clients by 70%, from US\$152 average in 2018 to US\$42 since 2020.
- ⇒ Streamlined market forces, transforming pricing landscape from second most expensive, as noted in a LANCET article, to being third cheapest globally.
- ⇒ Established a cost-effective public-private partnership-based procurement model in the country.
- ⇒ Transformed the private sector TB diagnosis landscape in the Philippines; its membership grew to 23 members comprising private hospitals and laboratories with supplier Cepheid and local distributor Macare for GeneXpert® MTB/Rif as the first rapid TB diagnostic test in its portfolio. Also, use of GeneXpert® Ultra was introduced which informed its integration in government's transition plan.
- ⇒ As of April 2022, 11,086 tests were conducted, with 24% *Mycobacterium tb* detected (of which, 7% were rifampicin-resistant). The cost for these tests was around estimated PHP 25 million pesos – a 70% savings from the projected PHP 83 million costs if conducted outside the *Consortium*.
- ⇒ The success of the Consortium is getting media coverage at different national and regional forums as a model of a PSE with patient-centered approach.

The *Consortium* has established a replicable patient-centered private sector engagement model in the Philippines and potentially for the Asia-Pacific region. Focused on patient-friendly and accessible diagnostic facilities for both communicable and non-communicable diseases, the *Consortium* is currently in a nation-wide expansion phase by adding more health facilities and diagnostic suppliers to include other diseases such as HIV/AIDS and Hepatitis B.

**6. ENABLING CONDITIONS: How have enabling conditions - resources (time/money/staff), organizational culture, or business/work processes - influenced your results? How would you advise others to navigate any challenges you may have faced?**

USAID's TBIHSS project as co-creator jointly identified shared risks, interest, and value in building the consortium while improving its systems, structures, and policies. The initial stages of inception were the most challenging in terms of negotiations with stakeholders. We encountered initial reluctance of supplier, distributor, and members as they were concerned about the business model. This was addressed by commissioning a scenario-based market projection study on costing, finding of which provided an alternative pathway where there are upward changes to profit at scale while simultaneously benefitting the patients, and the opportunity of supporting the government's response to TB elimination. A series of consultative and advocacy meetings were conducted to generate interest, obtain buy-in, and

share information and resources, and trigger mindset change to move in the same direction. Key stakeholders in this process were:

**Donor:** USAID fully supported this innovation. They were available during negotiations with stakeholders as needed. Once the *Consortium* was formed, the staff was always available to encourage the private sector at all key activities.

**Government:** The government was extremely receptive and open to the innovation. The collaborative efforts are seen at both the public and private arm of the initiative. The DOH and the *Consortium* created a memorandum of understanding (MOU) to recognize the *Consortium* as a national platform for pooled procurement and systems for membership and sustainability. The MOU also promoted the *Consortium* as a member of the National TB Laboratory Network.

**Private Sector:** The *Consortium* members up front invested their own money to buy equipment and cartridges. Committees were formed within the Consortium's governing council by the representatives of different members facilities. Members are directly involved in the operations of the *Consortium*, amplifying the sense of ownership. PhilCAT took the responsibility of governing the *Consortium* to ensure the uptake and post-TBIHSS sustainability.