

A Report

2016

Cost Management in NGO Eye Hospitals



VISION 2020: The Right to Sight- INDIA

D-21, 2nd Floor, Corporate Park,
Near Dwarka Sector – 8 Metro Station
Dwarka Sec- 21, New Delhi- 110077

Date: 17 December 2016

Introduction:

Sustainability, especially financial sustainability is a challenge for most NGO eye hospitals. In very simple terms financial viability can be defined as income (from all sources) being greater than expenses. Just as increase revenues can improve the financial situation so can reduction in costs.

In view of this, VISION 2020: The Right to Sight- INDIA organized a workshop on "**Cost Management in NGO Hospitals**" working in eye care, on 17 December 2016. The workshop was hosted by Saduguru Netra Chikitsalaya, Chitrakoot, Madhya Pradesh and was well attended by the leaders, Doctors, administrators, finance managers and coordinators who play an important role in cost management. This workshop was about exploring cost control and cost efficiency without compromising the quality or quantum of services provided. The focus was on comprehensive cost management and not just on absolute reduction of cost.

This programme is intended for professionals involved in the administration & program management.

Objective of the workshop:

To provide a deeper understanding of the overall cost dynamics, as well as specifics of how cost can be better managed in some select areas.

Participation:

Encouraging participation observed in the workshop. 54 delegates from 17 organizations from 10 states participated in the workshop. Professionals involved in the administration & program management benefitted from the workshop. And for Doctors, it was an eye opener.



Agenda:

09:00-09:30 hrs	Registration	
09:30- 09:35 hrs	Lighting of Lamp	Senior guests
09:35-09:40 hrs	Welcome Address	Dr BK Jain, Trustee, Sadguru Netra Chikitsalaya
09:40-09:45 hrs	Welcome Address and setting up workshops objectives	Mr Phanindra Babu Nukella, VISION 2020 INDIA
Module 1: Cost terminology & principles in cost control		
09:45-10:45 hrs	Presentation & exercises Q & A	Ms Chitra Prasad, AECS
Module 2: Utilization levels and its influence on cost		
10:45-11:15 hrs	Presentation & exercises Q & A	Mr Subeesh, Sadguru Netra Chikitsalaya
11:15- 11:35 hrs	Costing of eye care – Cataract, Diabetic Retinopathy and Paediatric Cataract.	Dr M Deshpande, HV Desai Eye Hospital
11:35-11:50 hrs	Group Photo and Coffee/Tea Break	
Module 3: Reducing_HR Cost		
11:50-12:50 hrs	Presentation & exercises Case presentation Q & A	Ms Chitra Prasad, AECS
Module 4: Outreach and other cost areas		
12:50-13:20 hrs	Inventory control	Dr M Deshpande, HV Desai Eye Hospital
13:20-14:00 hrs	Lunch Break	
14:00-15:20 hrs	Cost Management in Outreach Presentation & exercises Case presentation Q & A	Mr R Meenakshi Sundaram, AECS
15:20-15:30 hrs	Coffee/Tea Break	
Module 5: Cost Management in Consumables		
15:30-16:30 hrs	Presentation & exercises Case presentation Q & A	Dr Elesh Jain, Sadguru Netra Chikitsalaya
16:30-16:40 hrs	Closing & Valedictory	Mr Phanindra Babu Nukella, VISION 2020 INDIA

Programme:

Programme started with a formal introduction of all the delegates and further inauguration of the workshop. Sadguru Netra Chikitsalaya played a video on journey of their organization.



Dr BK Jain

Dr BK Jain, Director & Trustee, Shri Sadguru Seva Sangh Trust, Chitrakoot, welcomed all the delegates. During his welcome speech he also informed that Shri Sadguru Netra Chikitsalaya (SNC) is performing around 82,000 free surgeries annually and have continuous focus on overall development of the organization. After his welcome speech, delegates were felicitated by SNC team.



Mr Phanindra Babu Nukella

Mr Phanindra Babu Nukella, CEO, VISION 2020 INDIA further welcomed all the delegates and also set the objective of the workshop. He emphasized that as a not-for-profit organization, this is an important issue to be discussed and also to be prepared for long term sustainability to continue long term mission ensuring self sustainability as there is always a possibility

that organizations may not be getting support from external agencies in future.



Ms Chitra Prasad

Further to the welcome speech and setting up the workshop agenda, **Ms Chitra Prasad**, Consultant Finance, Aravind Eye Care System, conducted a session on, "Cost terminology & principles in cost control". She made the session interactive which resulted in healthier discussion. Ms Chitra spoke on different types of costs and also presented case studies to describe the affordability in charity mode. She also explained about the Breakeven analysis and opportunity cost. She helped the participants to understand and calculate the profit based on the cost per procedure. Answering a question she said that for regular development of the organization,

the organization should have its own team instead of depending on consultants.

Next presentation on, "Utilization levels and its influence on cost" was made by **Mr Subeesh Kuyyadiyil**, Asst. Administrator, Sadguru Netra Chikitsalaya. He discussed on the recruitment and selection of HR and the priority areas to be looked during these processes. Looking for experience, sustainability, good capacity, competency etc. are important aspects, however, decision is usually on the basis of budget availability and compensation expectation by the candidate. He said that the human resources should not only be hired as an employee to assign them some



Mr Subeesh Kuyyadiyil

particular task as per their job description but they should be given opportunities to learn and grow. Once the employee feels the ownership of the work, organizations need not to worry. Focus on holistic growth can give better results and this can be done by involving them in decision making and also by using them at right place on right time.

Dr Elesh Jain added on maximum utilization by citing an example of SNC. As the patients volume remains high in winter and low in summer seasons but expenses are same throughout the year and that was an issue for them 10 yrs before, however, with proper planning they could minimize it and made it cost effective. They plan for more number of outreach camps in summer to identify the cases and these identified cases can be brought to the base hospital for surgeries in winter. He also informed that in 2003-04 ratio of surgeries performed in summer and winter was 8% and 92% respectively, however, because of better planning they could reach to the ration of 36% and 64%, after a decade. If the volume is less, organization should cut down the cost. He gave other example that when the volume is less, free OPD can be merged with subsidized OPD to minimize the cost and resources can be utilized properly.



Col M Deshpande

Col (retd). Dr M Deshpande, Chief Medical Director, HV Desai Eye Hospital made presentation on *Costing of eye care – Cataract, Diabetic Retinopathy and Pediatric Cataract*. He shared his vast experience & knowledge and also shared few excel based templates to make the cost calculations more clear. He said that for cost management more important is fixed cost and especially HR cost, therefore, before recruiting any person the need should be assessed very carefully. He also made a presentation on "Inventory Control". He spoke on various aspects of Inventory control and emphasized on timely delivery of the items otherwise it will wash off all efforts. In his presentation he suggested that all type of costs

should be monitored and Monthly Maintenance Forecast (MMF) should also be done. Digital Transaction help to show stock, consumption suppliers, price discount, expiry date, etc. He presented the excel templates to describe the inventory controls. He also focused on selection of Vendors in case organization looks for bulk purchasing and suggested that at least 2 vendors should be selected for same item/product. Departments should decide on their departmental needs.

In her second presentation, **Ms Chitra Prasad** spoke on "Reducing HR Cost". She focused on how HR cost plays an important role in controlling cost of operations and also suggested that HR cost should be monitored as a % of total expenses. She presented a graph of Aravind Eye Care System to make it clear that how AECS monitored HR cost out of total expenses. Factors like changing trends and change in statutory compliances influencing the challenges in HR costing and will always remain, however, there is a need to identify the ways to overcome these challenges by using different methodology. One should understand the process and the tasks involved and allocate appropriate skilled staff for the task. She gave an example of Aravind Eye Care System where they ensure appropriate number and mix of



Ms Chitra Prasad

staff in each category to deal with challenges and also helps in maintaining a hierarchy in the organization & gives employees an opportunity to grow. She informed about AECS practice of identifying the local female intermediate qualified and train them as clinical assistants to support in OT functions, assisting doctors etc. This largely ensures high retention rates.

Dr Asim Sil answered a question asked by one of the participants on turnover of doctors and replied that training to second line can fulfil this gap. Dr Elesh also suggested that the doctors should be made accountable and also some authority should be entrusted to them to ensure their ownership.

Mr R Meenakshi Sundaram, Senior Manager (Outreach), Aravind Eye Care System made a presentation on, "*Cost Management in Outreach*". Sustainability is the key priority for any organisation and the key indicators to make the organisation sustainable should always be assessed with strong mechanisms. For sustainable outreach, he explained about the 7 strategic pillars and their importance to make the outreach sustainable. To do the community outreach programmes and to make it sustainable, community itself plays a big role and without community involvement and their support no camp can be successful or neither can sustain. He explained about macro and micro level plan to set the targets and also the resource management for community and hospital as well. Maximum utilisation of resources can lead to success and with this principle, the capacity to serve should be assessed and then the work should be performed to get the maximum outcome. This applies in outreach camps also. He presented a case study to understand on how poor planning affect the cost and underutilisation of resources and how it can become one of the biggest threats for any organisation's growth and sustainability.



Mr R Meenakshi Sundaram



Dr Elesh Jain

Dr Elesh Jain, Administrator, Sadguru Netra Chikitsalaya made a presentation on "*cost control in consumables*". He shared his experience on one time and bulk purchase and informed that this kind of purchase not always leads to cost reduction. He also shared that the surgeries performed at hospitals offering high quality may cost less than those performed at hospitals offering less-quality. He also suggested that those hospitals who have less case load can join as a group of other hospitals having similar case load, and use the power of the group to negotiate the costs from companies, instead of purchasing individually the consumables at the rates demanded by the companies having no scope for negotiations in view of less case load. He said that if the things are planned in very systematic manner, cost of surgeries can also come down. Further, he mentioned negotiate for credit period of 3 months.

Further to his presentation, **Mr Rishi**, Asst Admin (General) presented the Saduguru model. He elaborated the inventory and



Mr Rishi

stock management, use of IT & software for stock management, policies, record level, exemptions and credit terms. Through examples he explained on how cost of consumables can be controlled.

Dr Rajesh Saini, Administrator, Sewa Sadan Eye Hospital, Bhopal, presented a beautiful example of best inventory managers (Mother/Wife) at household level. He presented the case study of Sewa Sadan Eye Hospital and explained on how they are successfully managing the cost of consumables and doing inventory management. He

briefed on the importance of formulation of purchase committee & therapeutic committee, periodic meetings and inviting tenders & quotations as per annual requirement of medicines & other consumables. New approaches for purchasing IOLs were also discussed by him and he also suggested that low cost should not be the criteria to select the item.

Towards the end, Mr Phanindra Babu Nukella summarised the discussion and suggested delegates to implement the learning's in their own organisation and also to move towards self sustainable approach.

Dr Asim Sil appreciated the workshop as a good participatory workshop on the burning issue and also suggested to share different developments with staffs to give them a feel of ownership.

Col (Dr) Y S Sirohi from Sitapur Eye Hospital said that the workshop is indeed an eye opener and expressed his willingness to implement the learnings.

Dr Manish Mahendra from Khairabad Eye Hospital said that the workshop is an eye opener for him. Being a clinician he was not aware of these issues which are very important for holistic growth of the organisation.

Mr Mahesh S Dongre from MM Joshi Eye Hospital said, "Superb managed, organized systematically, well qualified and experienced speakers, good team work of Sadguru Netra Chikitsalaya. One of the best workshops I have ever attended. Really nothing was shortcoming."

One feedback was that this kind of workshop needs to be planned for 2 days. Many felt that they would like to implement the learnings in their outreach program management.

The workshop wrapped up at 18:00 hrs with vote of thanks to the delegates by Dr Elesh Jain.



Dr Rajesh Saini

Glimpses of the Workshop



Gratitude:

- *Our sincere thanks to Sadguru Netra Chikitsalaya for hosting the workshop and also for their technical support*
- *Our special thanks to Mr Thulasiraj, Aravind Eye Care System for his support for designing the workshop and arranging the technical support.*
- *We are sincerely thankful to all the resource persons - Ms Chitra Prasad, Mr Meenakshi Sundaram, Dr M Deshpande, Dr Elesh Jain and Mr Subeesh, for their effort and time to make this workshop successful by disseminating their institutional and individual vast experience and knowledge*
- *Our sincere thanks to all the delegates, participated in the workshop and thanks for their encouraging response*
- *We are thankful to the leaders of our member organisations for sending their representatives to attend the workshop*
- *We are extremely thankful to each and every one who supported us to make this even a grand success*

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