

# A conversation with Aravind Eye Care System, May 19, 2017

## Participants

- Thulasiraj Ravilla – Executive Director, Lions Aravind Institute of Community Ophthalmology (LAICO), Aravind Eye Care System
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**Note:** These notes were compiled by GiveWell and give an overview of the major points made by Thulasiraj Ravilla.

## Summary

GiveWell spoke with Mr. Thulasiraj of Aravind Eye Care System as part of its cataract surgery project (<http://www.givewell.org/charities/IDinsight/partnership-with-idinsight/cataract-surgery-project>). Conversation topics included Aravind's cataract services, LAICO's mentoring work, and the importance of sustainability.

## Hospital services and community outreach

Last year, Aravind hospitals performed about 280,000 cataract surgeries. Patients came through three sources:

1. Some patients walk into Aravind hospitals and pay for services. Aravind adjusts the prices for these services every 4 to 5 years.
2. Some patients walk into the "free sections" of Aravind hospitals. These patients are asked to pay for medications and other consumables, but not for the labor of doctors and staff. For a cataract surgery, consumables (including six weeks' worth of post-operation medications) cost about 850 rupees (approximately US \$13). Any prospective patient may walk into the free section; there is no screening process.
3. Aravind reaches some patients through the eye camps it runs in local communities with local community partnership. While the community partner covers the costs of publicity and other non-clinical expenses, Aravind covers the costs of examining the patients at the campsite, transporting people who need cataract surgery to its hospitals, performing the surgeries, and conducting follow-up; the patients pay nothing. The Indian government has a nationwide scheme to reimburse organizations for such surgeries through outreach at about 1,000 rupees per surgery, but does not always do so quickly or reliably. About 90,000 of last year's surgeries at Aravind resulted from eye camps.

Overall, Aravind's revenues from these services exceed costs. Over time, the proportion by which revenues exceed costs has been slowly decreasing, but because volume is increasing, in absolute terms the revenue surplus is still increasing.

Surplus revenues support building new hospitals, acquiring new technology, and Aravind's other areas of work.

Some funding for eye camps, which do not generate revenue, would be welcome; however, the operations of Aravind's hospitals and eye camps are not currently restrained by lack of funding. In general, Aravind welcomes external funding, but does not actively fundraise for the hospitals it builds and operates. It prefers its core activities to be internally funded, so that they are not affected by fluctuations in external funding. The external funding that Aravind receives mostly funds its externally focused projects, such as doing research, or helping other hospitals.

## **LAICO**

Mr. Thulasiraj was part of the team that founded LAICO in 1992. LAICO is the division of Aravind Eye Care System which mentors hospitals that are interested in improving their services by adopting some of Aravind's practices. LAICO is currently working with over 330 hospitals in India, and with some hospitals in other underserved areas such as Bangladesh and Sub-Saharan Africa.

LAICO helps hospitals improve the patient demand, quality, efficiency, and financial sustainability of their care. The process may take four or more years. First, LAICO sends a team to the hospital to assess the hospital's needs, works with hospital staff and leadership, and makes a detailed plan for improvement. Goals may include, for example:

- Increase the proportion of people advised to have cataract surgery who actually undergo the surgery – many hospitals have not been tracking this metric, and are surprised to find that it may be as low as 20 or 25 percent.
- Improve outreach, to increase demand.
- Attract enough paying clients to be financially sustainable, perhaps 30 to 40 percent of total clients.

While the hospital works towards its goals, LAICO advises and monitors. When funding is available, LAICO channels such funding to mentee hospitals to help them accomplish their goals.

## **Monitoring**

LAICO monitors two high-level metrics that it considers especially important: number of surgeries performed, and revenues compared to costs (cost recovery through earned income). Growth in number of surgeries usually indicates that the hospital is improving its outreach and that the community views the hospital's services as desirable. A surplus of revenue over costs usually indicates that the hospital is operating efficiently, and is also an indication of quality, because people are more willing to pay for high-quality services.

LAICO also tracks other metrics, such as visual outcomes and productivity per surgeon.

When LAICO starts work with a hospital, the hospital often has poor record-keeping, and improving its record-keeping can be difficult. In the case of visual outcomes,

many of LAICO's mentee hospitals have started to record immediate postoperative visual outcome, that is, visual outcome within a day of surgery. However, collecting data on longer-term visual outcomes has been more difficult. Hospitals have told LAICO that longer-term follow-up is not feasible, because patients are unwilling or unable to participate.

LAICO continues to encourage hospitals to perform long-term follow-up. One study has shown that immediate visual outcomes are a reasonable proxy for longer-term visual outcomes, but more research is needed. Aravind is planning to analyze data from its own hospitals, which have high rates of longer-term follow-up (around 80 or 85 percent), because Aravind finds follow-up data valuable in improving quality and is willing to spend money on the process.

### **Impact**

LAICO estimates that its capacity-building work across the 330 hospitals causes 700,000 to 800,000 additional surgeries per year.

### **Funding**

LAICO is not a legal entity distinct from Aravind, but it is funded differently from Aravind's hospital services and community outreach, which are funded through internal revenue generation from patient care services. LAICO is funded by external grants, with significant contributions of staff time from other divisions of Aravind. LAICO receives around two or three million dollars per year in external funding, of which around 75 or 80 percent is either directed to hospitals as cash grants or spent on training-related expenses such as travel costs.

Since LAICO consists of only 8 or 9 core consultants, with a support staff of 15 to 20, the in-kind contributions of other Aravind staff are very important. For example, LAICO does not have a doctor on its team, so senior doctors from Aravind's hospitals spend time working with the hospitals that LAICO mentors.

This year LAICO expects to have a small surplus, but typically it has been in deficit (this is without assigning costs of using Aravind's resources). Funding from Aravind's hospitals has filled these deficits, so LAICO's work has not been restricted by lack of funds. However, more funding could be helpful to the hospitals that LAICO works with. These hospitals may need four or more years to become financially sustainable, and during this time they need support for their charitable work.

If LAICO received funding that was restricted to supporting cataract surgery, it would direct that funding to LAICO-affiliated hospitals in areas that need more cataract surgery services. If it received unrestricted funding for its capacity-building work, it would expand the group of hospitals it works with.

## **Regions in need of cataract surgery services**

### **Northern India**

Within India, the unmet need for cataract surgery varies. Several states in northern India have especially large unmet needs. Aravind's hospital system was established

in southern India and has grown organically from there, so Aravind does not currently run any hospitals of its own in the northern states. However, Aravind helped establish four hospitals in northern India and ran them for five or six years before turning them over to the promoting organizations. LAICO also works with several hospitals in northern India in a mentoring mode.

If a funder wants to support cataract surgery in India, Mr. Thulasiraj recommends targeting underserved districts, for example by telling the recipients of funding that the funding is for supporting cataract surgery in specific districts. Aravind could provide a list of such districts. Working in these districts is challenging because they may not have the necessary infrastructure, but targeted funding would incentivize innovation and capacity-building.

### **Sub-Saharan Africa**

LAICO is also working with hospitals in Sub-Saharan Africa. Its work in this region has been more challenging than it anticipated: it was not able to improve quality, follow-up, and elements of the patient experience such as waiting times, as quickly as it expected. However, there have been some successes, such as a Kenyan hospital which LAICO has mentored since construction, which is now a well-run hospital with a significant charitable program.

In Sub-Saharan Africa, compared to India, there is a smaller middle class, and the population is geographically more scattered; these factors make it more difficult for a hospital to be self-sustaining. However, Sub-Saharan Africa does not have many eye care providers: in most of Africa, there is one ophthalmologist for every 250,000-500,000 people, while in India there is one ophthalmologist for every 60,000-70,000 people. Therefore, the number of potential paying customers per additional eye care provider may be comparable. Furthermore, the cost of providing eye care services decreases with scale, so if a hospital can serve many of the people who currently lack eye care, it will not need to charge very much per person to be sustainable. For these reasons, the model that Aravind has developed in India can be implemented in Sub-Saharan Africa.

### **The importance of sustainability**

As Aravind's work shows, it is possible to provide cataract surgery services in an internally-funded, self-sustaining way. Cataract surgery is one of the more financially profitable services within eye care, and cataract affects people of all income levels, so revenue from patients who pay for the service can subsidize care for patients who cannot pay. For this reason, it is possible for cataract surgery providers to be self-sustaining, which is desirable because then they will not be subject to the limits or fluctuations of external funding.

Therefore, it is important to structure external support so as to encourage providers to become and remain financially sustainable, and it is important not to create dependency on external funding. Funders should be aware that in some cases, supporting cataract surgeries in the short term could compromise long-term capacity enhancement and sustainability.

For example, one donor offered to a hospital in Bangladesh that if the hospital performed 10,000 surgeries over two years, the donor would cover costs for those surgeries. The hospital accepted the offer, but found that this work took up all of its capacity, and so it could not have any paying customers. People in the area then came to expect cataract surgery to be a free service, which undermined the market for it. In this instance, Aravind intervened, asking the donor to adjust the terms of the funding so that the hospital's program could be at least partially supported by the community it served.

For Aravind, sustainability is a core guiding principle, and Mr. Thulasiraj recommends that GiveWell consider sustainability alongside factors such as impact and monitoring.

## **Seva Foundation**

The founder of Aravind was one of the founding members of Seva Foundation (Seva) almost 40 years ago, and the two organizations have worked together since then. Mr. Thulasiraj is on the board of Seva.

LAICO and Seva do similar mentoring work. In fact, most of the mentor hospitals in Seva's network are former Aravind mentees. Seva works in some areas that LAICO does not, such as Myanmar, Cambodia, and Tibet. Seva also supports some direct care delivery.

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