Health Financing Schemes: Examples from the Dominican Republic and Bolivia

Magdalena Rathe
Fundacion Plenitud / REDACS

WHO Workshop for Trainers of SHA 2011
Geneva, Switzerland – June 2012

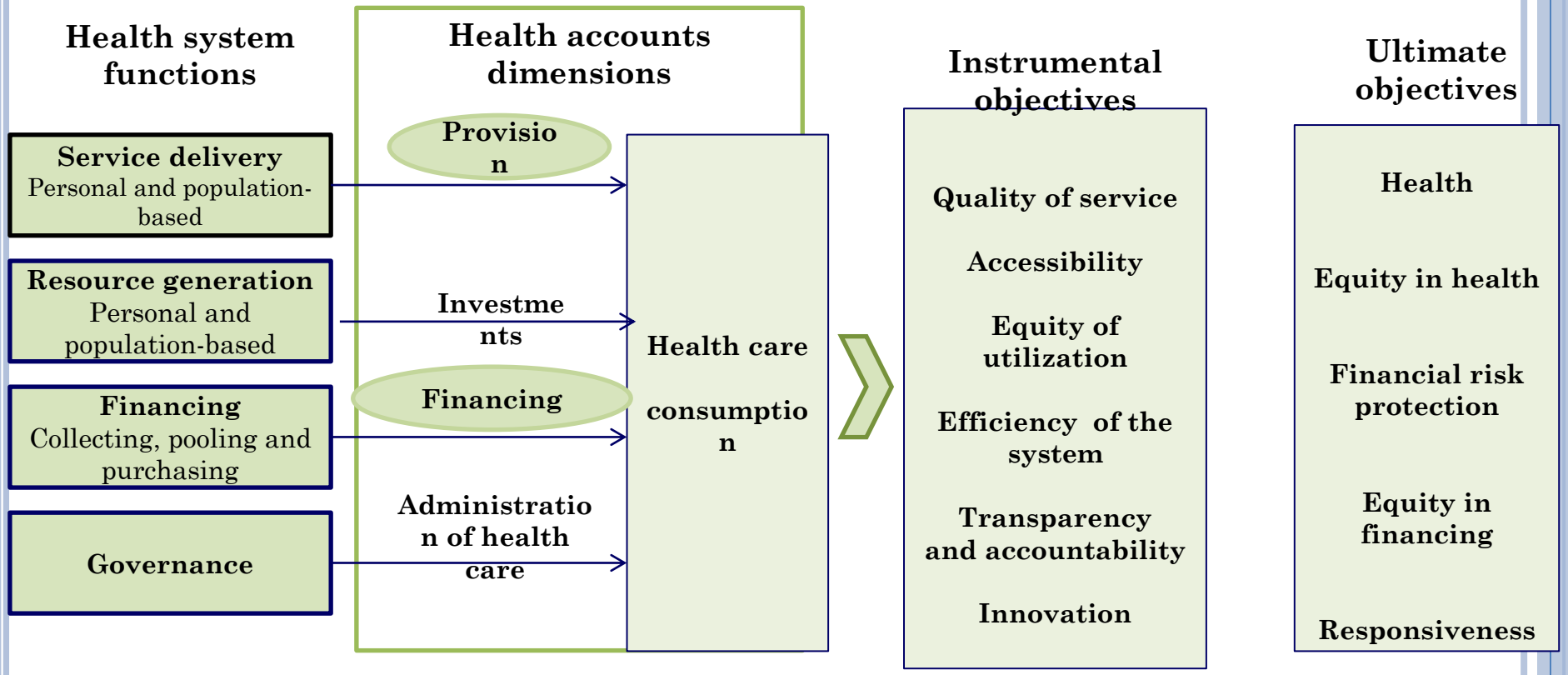
FUNDACION PLENITUD

What do we want to know for purposes of health policy?

- Health system performance
  - We need data on the sources and allocation of health spending.
- How is organized the health system?
  - We need a map with the flow of funds from sources to providers.
- How does our country compare with others in terms of organization and performance?
  - We need functional classifications consistent, coherent and internationally comparable.
- Health accounts are the key metrics. When analyzed in conjunction with other metrics (use of services, coverage, etc), we can build tools to measure health system performance.

FUNDACION PLENITUD

HEALTH SYSTEMS AND HEALTH ACCOUNTS



FUNDACION PLENITUD

Financing Schemes: a fundamental change included in SHA 2011

- Identification of financial schemes: building blocks of health financing
- Description of the institutional structures and functional system of funding (schemes and financial agents)
- Identification of the flow of funds: (1) Fund-raising ; (2) Allocation of funds.
- Change the conception of "public" and "private"
- The new accounting rules allow us to understand and to monitor the system of health financing, help measure performance and serve to compare different systems together.
- Provides greater clarity on how is organized the health system and how it is financed.
- Provides better information for policy analysis allowing to routes to improve equity and towards universal coverage.

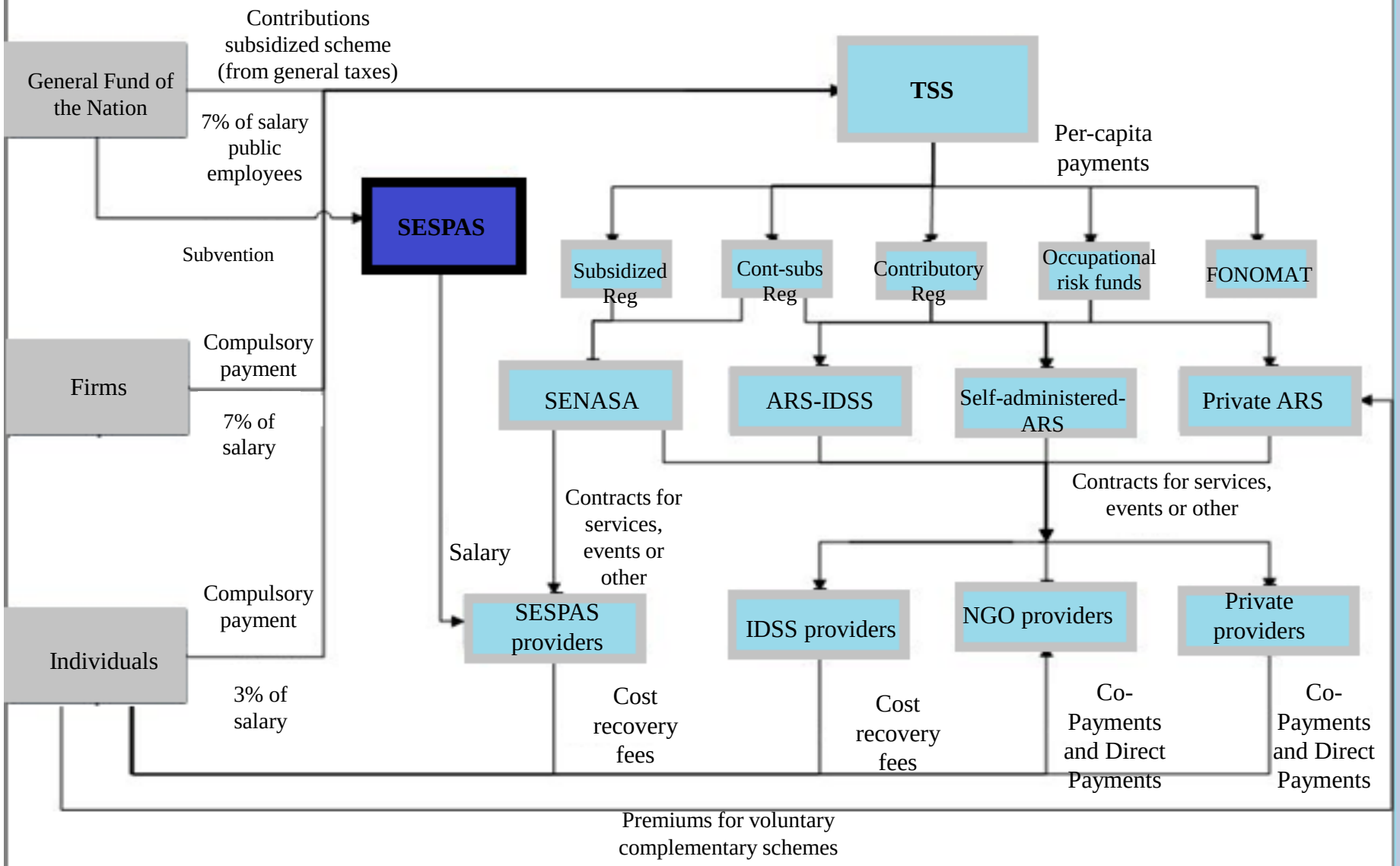
FUNDACION PLENITUD

Practical exercise: dominican Republic - context

- A major structural reform is in place (implementation since 2008).
- There is a new system which aims to universal social security coverage with the same package for all, addressing efficiency, equity and financial protection.
- There are huge challenges in terms of financing and service delivery – quantity and quality.
- The government needs information on the allocation of funds and the magnitude of the structural changes.

FUNDACION PLENITUD

Financial flows in the health system (Transition after the reform)



Source: Rathe, M. et al, Medicamentos y Propiedad Intelectual, ICTSD/Fundación Plenitud/SESPAS/PNUD/OPS, Santo Domingo, RD (2009).

MAIN FINANCING SCHEMES IN THE DR: A FIRST APPROACH

- GOVERNMENT SCHEME
- SOCIAL INSURANCE SCHEME
- VOLUNTARY INSURANCE SCHEME
- HOUSEHOLD OUT-OF-POCKET

- There are other schemes but there is not clarity on their magnitude and operation, as there is no information (compulsury insurance, NGOs, rest of the world, enterprises schemes).

FUNDACION PLENITUD

Criteria to define financing schemes

ACCESS AND USE OF CARE

- Mode of participation:
  - ✓ Are people enrolled automatically?
  - ✓ Do people have to enrol by law (participation compulsory by law)?
  - ✓ Do people enrol voluntarily?
- Entitlement
  - ✓ Do I need to contribute to be covered (or is someone contributing on my behalf)?
  - ✓ Can I be covered without contributing?

FUND RAISING AND POOLING

- Basic method of raising funds
  - ✓ How is the scheme raising funds? Through compulsory payment such as taxes or compulsory prepayment?
- Pooling
  - ✓ Is it interpersonal (that is funds are pooled together and used for all) or solely for individual/family?

FUNDACION PLENITUD

PUBLIC FINANCING SCHEMES: GOVERNMENT SCHEME

Código ICHA	Financing schemes	Mode of participation	Benefit entitlement	Basic Method for fund-raising	Pooling
HF.1	PUBLIC FINANCING SCHEMES				
HF.1.1	**Government scheme**				
	Ministry of Public Health (and other central government institutions).	Automatic: open for all citizens/residents	Non-contributory, but there are tarrifs and recovery fees in almost all services	General taxes	National

FUNDACION PLENITUD

Government Scheme

- Covers 50% of the population and manages 25% of the estimated national health expenditures
- The MOH manages its own providers to deliver health care services openly to the population that demands them (they are mostly poor)
- Their revenues are from fiscal origins (taxes) in more than 90%.
- Other income sources are donations and recovery fees at the point of services.
- The MOH is the main financing agent though a small amount of its funding is transfered to NGOs.

FUNDACION PLENITUD

PUBLIC FINANCING SCHEMES
SOCIAL SECURITY SCHEME

Código ICHA	Financing schemes	Mode of participation	Benefit entitlement	Basic Method for fund-raising	Pooling
HF.1.2.1	**Social Health Insurance**	**Mandatory: for al citizens/residents (with aspiration of universal coverage)**			
	Subsidized scheme funds	1. Mandatory for low-income and unemployed	Contributory: payments are made by the government for poor people without access to other regimens (unemployed and employed with income below the minimum wage)	Compulsive: the government must allocate funds per capita to SENASA (the public insurance) to cover the beneficiaries. The amount of the per-capita income is defined by the National Social Security Fund (CNSS)	Within the subsidized scheme administered by the SENASA.
	Contributory scheme funds	2. Mandatory: for all citizens and residents (including their dependents: partners, children under 21 years and in some cases, parents) with income above the minimum wage. They are required to join the (ARS) of their choice (which are are public, private and self-managed entities which for risk management and purchasing of services)	Contributory: based on a compulsory contribution related to income (10% of salary up to 10 minimum wages), which provide the employee (3%) and employer (7%).	Firms make monthly payments to the Social Security Treasury (TSS), based on their payroll.	Within the framework of the contributory scheme. The TSS pays a monthly per capita to the ARS, according to the affiliation of the individual. Pooling is then given of all the ARS.
	Subsidized-contributory scheme funds	3. Mandatory for informal sector workers	NA	NA	NA

Social Security Scheme

- Family Health Insurance (funding is collected by a single entity – TSS) with three regimes:
  - Contributory: formal sector workers mainly (10% of salary – 7% employer and 3% employee).
  - Subsidized: per-capita funded by the Government and transfered to the TSS
  - Contributory subsidized: for informal workers, has not started implementation.
- The leading entity of the SFS (CNSS) defines a package of health services and its price.
- The TSS transfers the per-capita to the ARS – entities which affiliate the population, pool the funds and manage risk.
- The ARS contract the providers.

FUNDACION PLENITUD

Other Public Schemes

Código ICHA	Financing schemes	Mode of participation	Benefit entitlement	Basic Method for fund-raising	Pooling
HF.1.2.2	**Mandatory private insurance**	Vehicle insurance including liability	Contributory - mandatory	Premiums paid to insurers	Within the framework
HF.1.2.3	**Medical bills compulsory savings**	The dominican law makes no provision for this figure	NA	NA	NA

FUNDACION PLENITUD

PRIVATE FINANCING SCHEMES

Código ICHA	Financing schemes	Mode of participation	Benefit entitlement	Basic Method for fund-raising	Pooling
HF 2.1	**Voluntary insurance schemes**				
	Complementary plans of the ARS	Voluntary to those affiliated to Social Security. People buy them if they want to improve their coverage.	Contribution based on the coverage of the package purchased, which is linked to the price (usually to improve the facilities in case of hospitalization, outpatient medications include, best dental packages, sometimes overseas coverage or to pay hospital costs not covered by PBS). There are government regulations on coverage to be included.	Premiums related to services covered and with risk.	At the level of the ARS in which the additional prepaid plan was purchased
	Insurance reimbursement and private prepaid plans	Voluntary for people who are not affiliated to social security (although it is now compulsory to join, there are still many people who are not listed).	Contributory, based on the coverage of the package	Premiums related to coverage and with the risk	At the scheme level
HF.2.2	**NGO funding schemes**	Voluntary	Non-contributory, discretionary	Donations from the overnment, the general public, the rest of the world	Variable
HF.2.3	**Financing schemes for companies (other than insurance)**	Voluntary	Non-contributory, discretionary	Voluntary	At the enterprise level

OOPS AND ROW

Código ICHA	Financing schemes	Mode of participation	Benefit entitlement	Basic Method for fund-raising	Pooling
HF.3	HOUSEHOLD OUT-OF-POCKET PAYMENTS				
HF.3.1	**Household out-of-pocket expenditure (excluding cost sharing)**	Voluntary	Voluntary contributive payments at time of consumption of services. Recovery rate in case of public services or a direct payment for the full value of services consumed, especially in private providers.	Voluntary: based on ability to pay of households.	Without pooling
HF.3.2	**Cost-sharing with third party payers**	Voluntary	Co-payments for insured population (social security scheme or voluntary schemes)	Voluntary: based on ability to pay of households.	Without pooling
HF.4	REST OF THE WORLD FINANCING SCHEMES				
	Compulsory or voluntary insurance schemes for non-residents				
	Philantropy and international NGO schemes	No information in the DR	No information in the DR	No information in the DR	No information in the DR
	Foreing agencies and enclaves				

FUNDACION PLENITUD

Financing Schemes by Revenues

Código ICHA	ESQUEMA DE FINANCIAMIENTO	Current Expenditure on Health	FS.1 Domestic Revenues	FS.1.1 Internal transfers and grants	FS.1.2 Transfers on behalf of specific groups	FS.1.3 Subsidies	FS.1.4 Other transfers	FS.2 Transfers distributed by government from foreign origin	FS.3 Social Insurance contributions	FS.4 Compulsory pre-payment	FS.5 Voluntary pre-payment	FS.6 Other domestic revenues	FS.6.1 Domestic revenues from households	FS.6.2 Other domestic revenues	FS.7 Direct foreing transfers
HF.1	PUBLIC FINANCING SCHEMES	51,152													
HF.1.1	**Government schemes - Ministry of Health**	**26,850**	26,420	26,420		ND		430				ND	ND		ND
HF.1.2.1	**Social Health Insurance**	**24,303**													
	Subsidized scheme funds	2,370	2,370		2,370	ND									
	Contributory scheme funds	21,933				ND			21,933						
HF.1.2.2	**Mandatory private insurance**	**ND**										ND	ND		
HF.2	PRIVATE FINANCING SCHEMES	12,023													
HF 2.1	**Voluntary insurance schemes**	**10,434**													
	Complementary plans of the ARS	9,409									9,409				
	Insurance reimbursement and private prepaid plans	1,025									1,025				
HF.2.2	**NGO funding schemes**	**1,590**	1,590			ND	1,590								ND
HF.2.3	**Financing schemes for companies (other than insurance)**	**ND**													
HF.3	HOUSEHOLD OUT-OF-POCKET PAYMENTS	40,535													
HF.3.1	**Household out-of-pocket expenditure (excluding cost sharing)**	**40,535**				ND						40,535	40,535		
HF.3.2	**Cost-sharing with third party payers**	**ND**													

Practical exercise: Bolivia

- Bolivia is interested in introducing SHA 2011 – they have recently produced two tables with the PG, but they have produced more in previous studies (with consultants)
- The country is in the process of instituionalize Health Accounts – probably in the MOH.
- They are in the process of designing a health reform program: Seguro Unico de Salud.
- The discussion of the health financing schemes was very interesting for the team.

FUNDACION PLENITUD

Public Schemes in Bolivia

ICHA CODE	SCHEME	MODE OF PARTICIPATION	RIGHT TO THE BENEFITS	MAIN METHOD OF FUNDRAISING	POOLING
HF.1.1	**Government schemes**				
HF.1.1.1	Central Government (Ministry of Health and Sport)	Automatic and open (national programas)	Non-contributory and rates	National taxes, external sources, own resources, transfer of health funds	National
HF.1.1.2	Departmental Governments				
HF.1.1.3	Municipal Governments	Open and universal	Non-contributory and rates	Royalties, Partnerships, municipal taxes and out-of-pocket payments	Departmental and municipal
HF.1.1.3.1	General municipal government				
HF.1.1.3.2	Mother and Child Insurance - (SUMI)	Pregnant minors and MEF	Non-contributory	General taxation, sharing	Municipal
HF.1.1.3.9	Other Public Schemes	Specific age groups	Non-contributory	Royalties, general taxes, HDI	Departmental and municipal

Public Schemes in Bolivia

ICHA CODE	SCHEME	MODE OF PARTICIPATION	RIGHT TO THE BENEFITS	MAIN METHOD OF FUNDRAISING	POOLING
HF.1.2	**Compulsory insurance schemes**				
HF.1.2.1	Social Security	Formal employees and relatives	Contributory (10% income employees)	Employer contributions to the boxes	Institutional (Caja Nacional de Salud (CNS), Caja Petrolera de Salud (CPS), SSUM)
HF.1.2.2	Seguro de Salud para el Adulto Mayor (SSPAM)	Adults> = 60 years	Contributory	General taxes, partnership, HDI	Municipal and Health Network
HF.1.2.3	Seguro Obligatorio de Accidentes de Tránsito (SOAT)	Personal injury in traffic accidents	Contributory (depending on type of vehicle)	Vehicle owner (contribution)	Institutional (Private Insurance)

What did we find in Bolivia?

- Mother and Child Insurance is not an insurance scheme, but a Government Scheme:
  - It is designed to cover pregnant women and young children, but it is open, not compulsory, voluntary, non-contributive, financed by general taxation.
- The definition of "public" and "private" in the case of the social insurance raised discussions.
  - Compulsory = Public
  - The "public financing" of the system is higher than what they thought.

FUNDACION PLENITUD

Thank you!

FUNDACION PLENITUD