

# Health Care Financing in the Developing World

## Latin America

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# Population Indicators, by Region

Region	Total Population (millions)	GDP per capita (PPP)	Life Expectancy
Low and Middle-Income:			
Sub-Saharan Africa	726	\$1,938	46.2
Latin America & Caribbean	546	\$7,958	72.2
Europe & Central Asia	472	\$8,585	68.8
East Asia & Pacific	1,870	\$5,354	70.3
Middle East & North Africa	300	\$5,817	69.4
South Asia	1,447	\$2,867	63.4
<b>World</b>	<b>6,365</b>	<b>\$8,908</b>	<b>67.3</b>

Source: World Development Indicators, 2006

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# Health Financing, by Region

Region	\$US per cap.	As % of GDP	Donors as % of total	OOP as % of total
Low and Middle-Income:				
Sub-Saharan Africa	\$36	6.1%	5.5%	36.9%
Latin America & Caribbean	\$222	6.8%	0.6%	56.8%
Europe & Central Asia	\$194	6.5%	0.5%	56.8%
East Asia & Pacific	\$64	5.0%	0.8%	69.2%
Middle East & North Africa	\$92	5.6%	0.8%	67.3%
South Asia	\$24	4.4%	2.7%	79.7%
<b>World</b>	<b>\$588</b>	<b>10.2%</b>	<b>0.1%</b>	<b>31.7%</b>

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## Latin America and the Caribbean

- Health expenditures 6.8% of GDP – \$222 per capita.
- Social security health insurance coverage varies from 20-90%.
- In general, insurance for elite groups
- Nutrition, reproductive health, and communicable diseases still major problems in poorer countries.

# Country Examples and Themes

## Mexico:

- ➔ Coordination between Social Security and Ministry of Health;
- ➔ Insuring coverage to basic services.

# Country Examples and Themes

## Ecuador:

- Coordination between Social Security and Ministry of Health;
- Expansion of formal sector insurance.
- Insuring coverage to basic services.



**Mexico**

## Mexico

- Population – 103.8 million.
- GDP per capita (PPP) – \$9,803.
- Health expenditures \$489 per capita.
- Total Fertility Rate (TFR) – 2.2.
- Life expectancy at birth – 75.1.
- OOP as % of total health spending – 50.5%.

## Mexico – Challenges

- The level of public health-care spending – 2.8% of GDP (2002) – is low.
- Almost half of Mexican households do not have health insurance.
- Out-of-pocket payments represent 52% of health spending.
- 9 to 1 ratio of health expenditures between the state with the highest expenditure and the one with the lowest.

## Mexico – Reforms

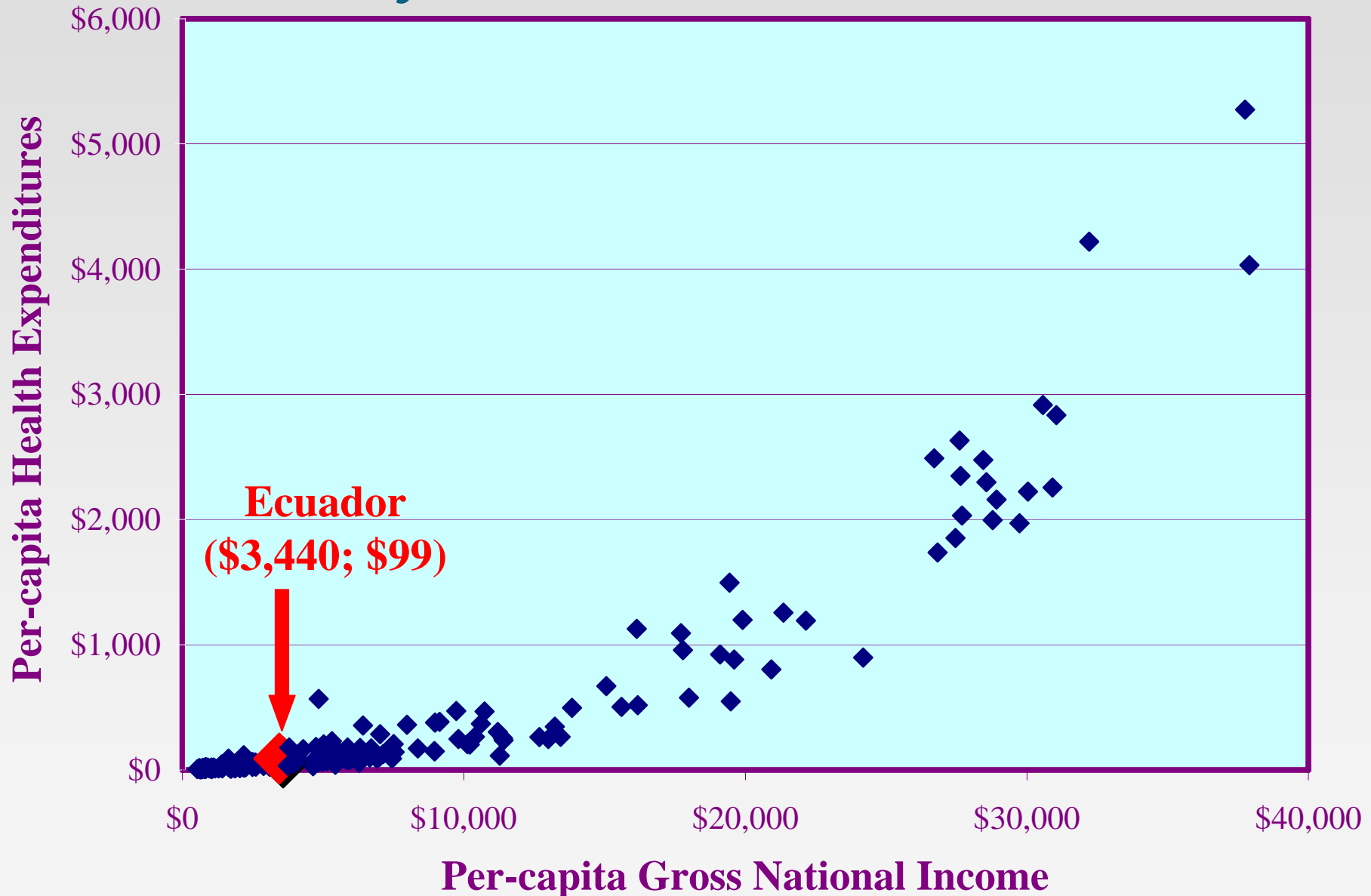
- The key element of new reforms is a voluntary health insurance option – *Seguro Popular*.
- Will progressively provide coverage for a package of essential interventions and selected catastrophic treatments for households not covered by social insurance.

## Mexico – Reforms (cont.)

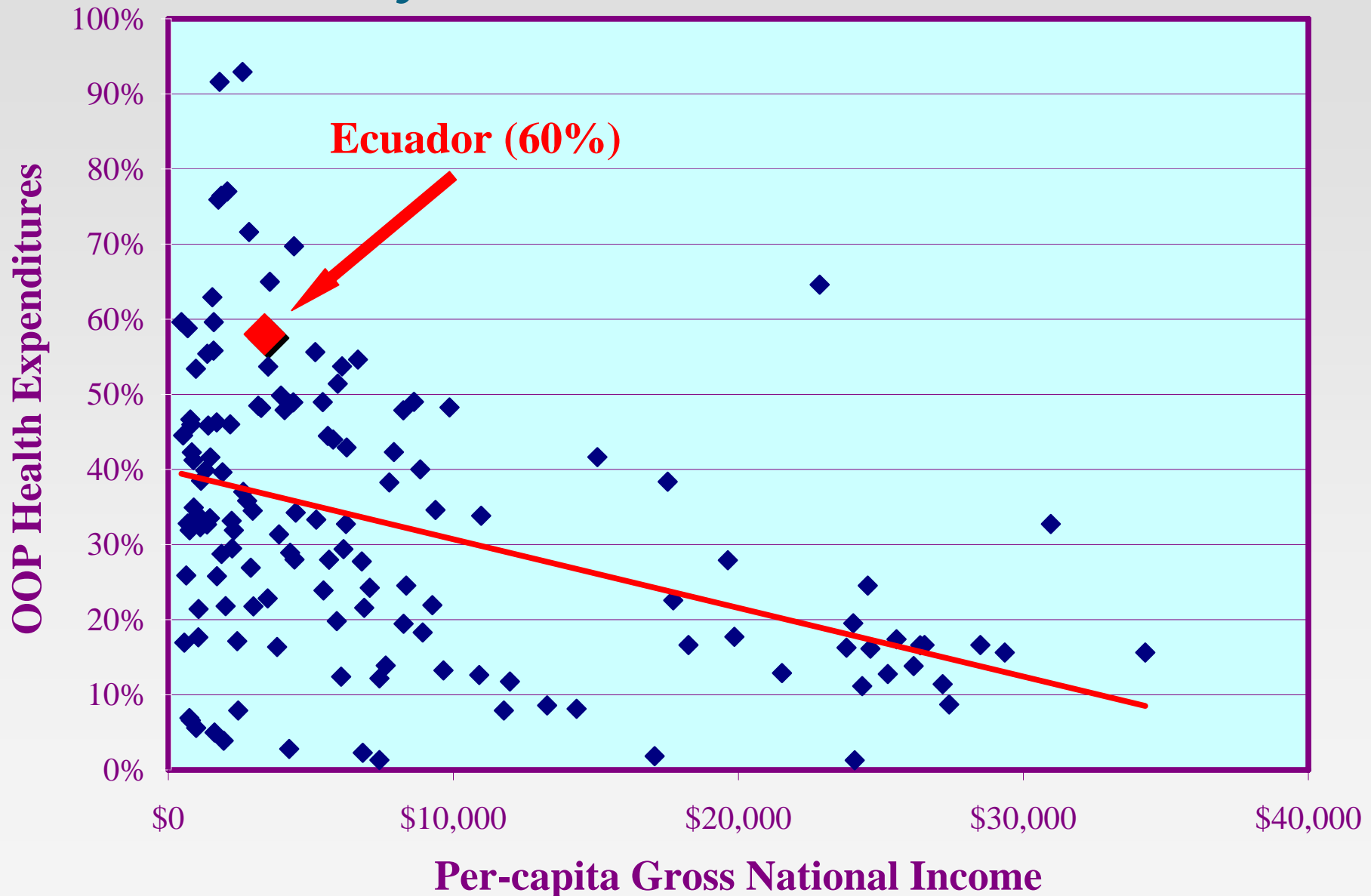
- Financed through new financial resources contributed by federal and state governments, plus a small income-tested premium paid by the family.
- Health care services can be supplied by any provider operating in the Mexican National Health System, making it possible to work towards an integrated organization of provision.

**Ecuador**

# Per-capita Total Health Expenditures by Income Level, 2003

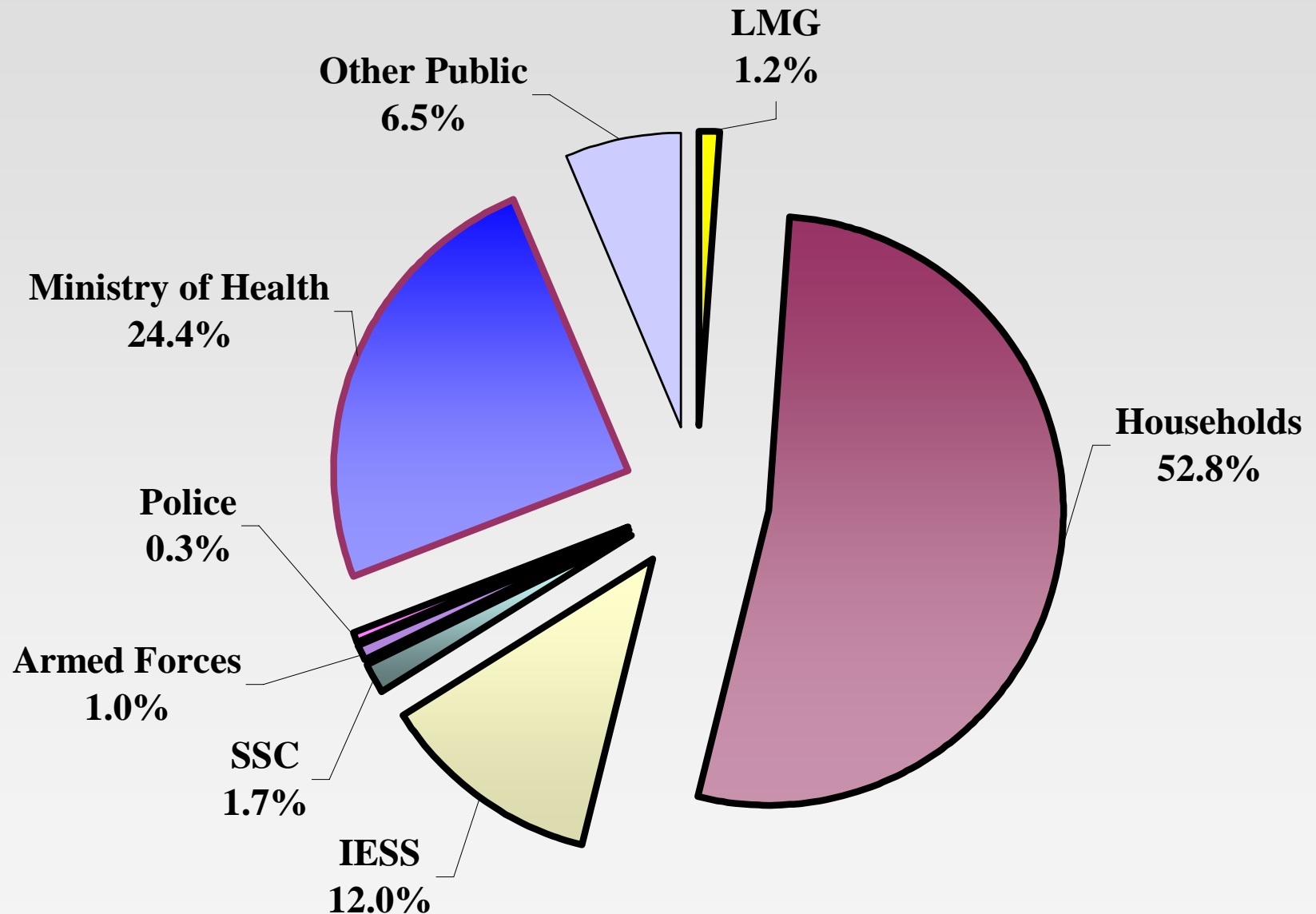


# % Health Expenditures Out of Pocket by Income Level, 2003



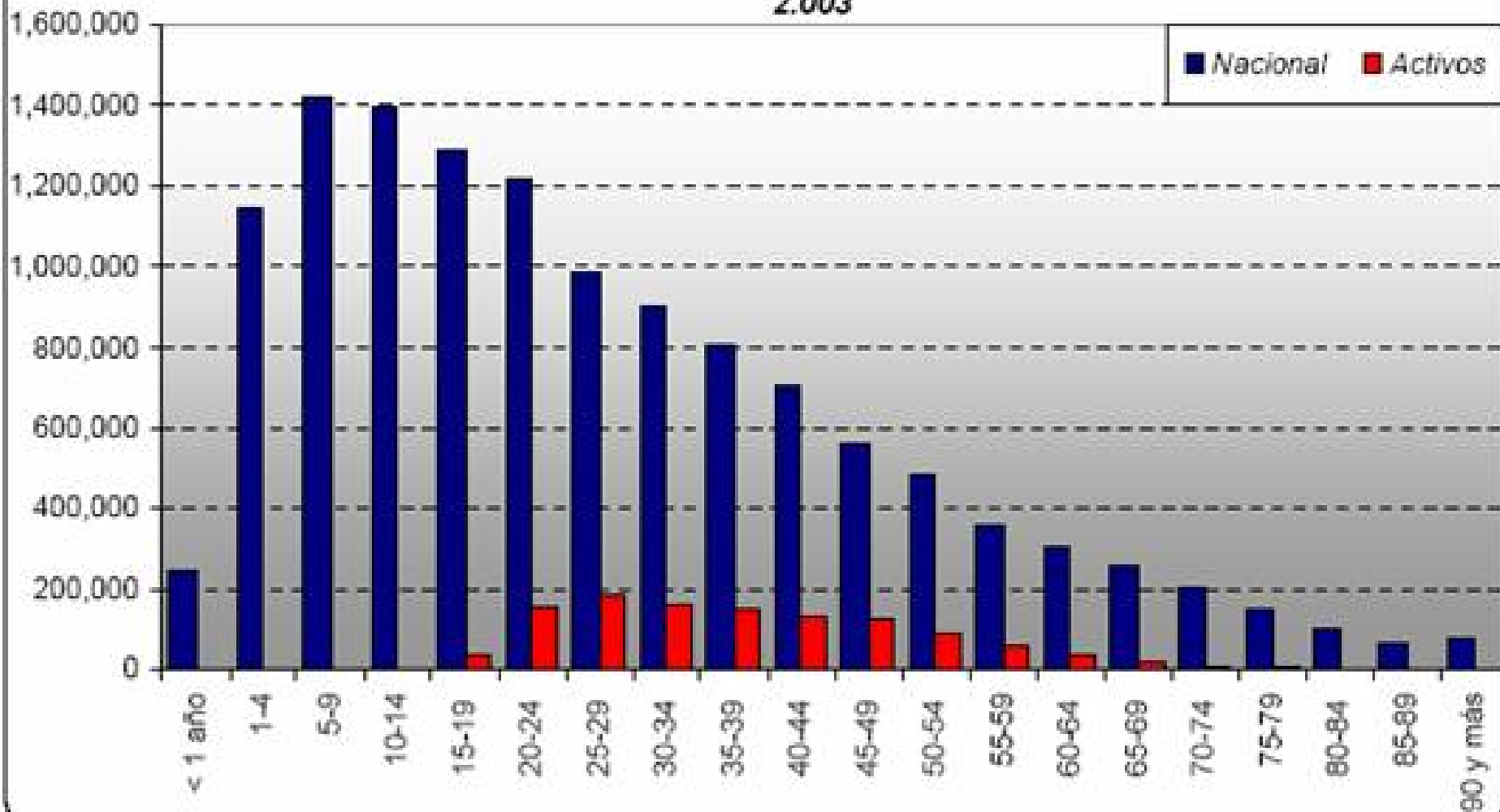


# Health Financing (total = \$99 per capita)

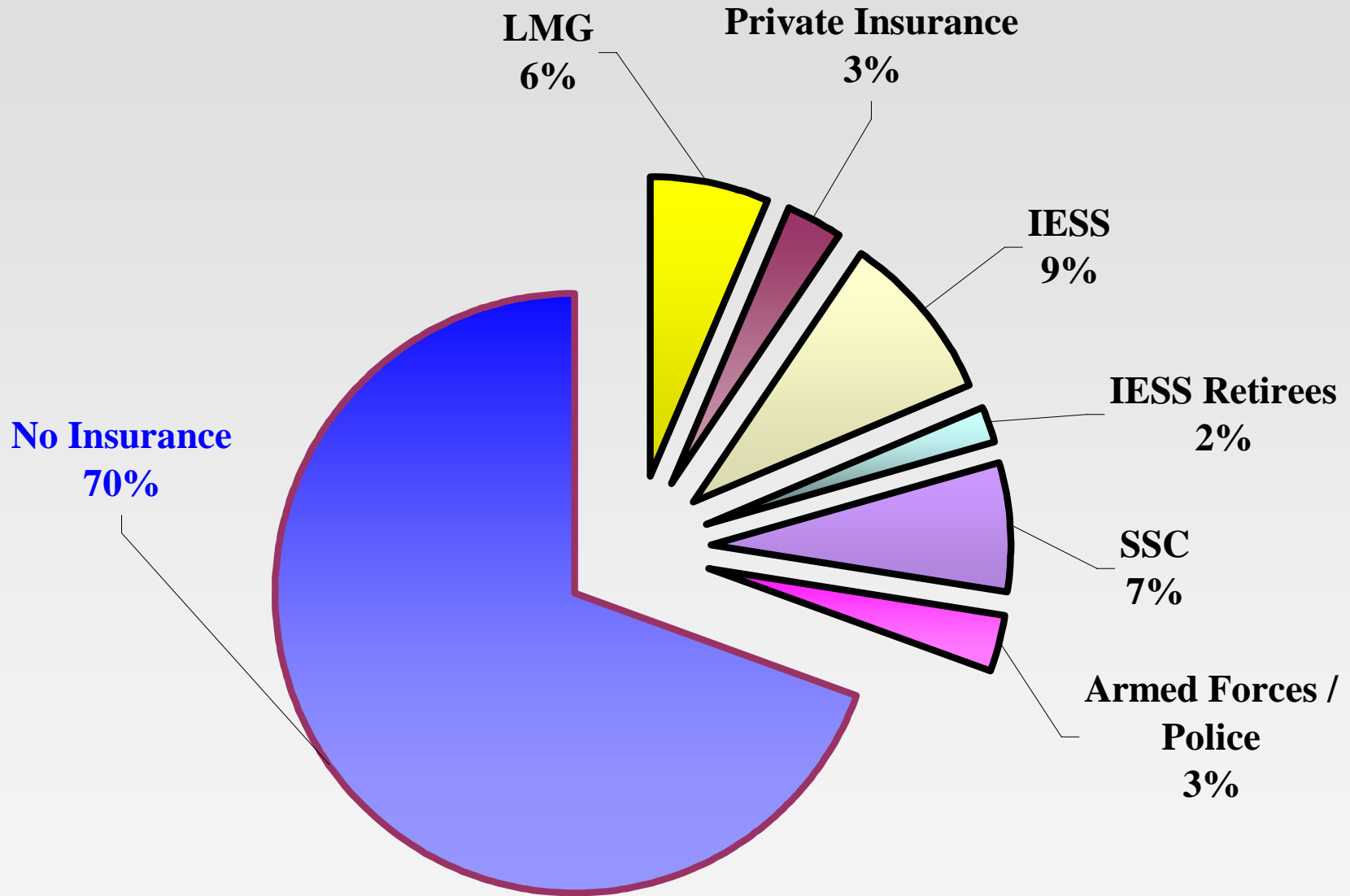


# Distribution of Social Security Coverage

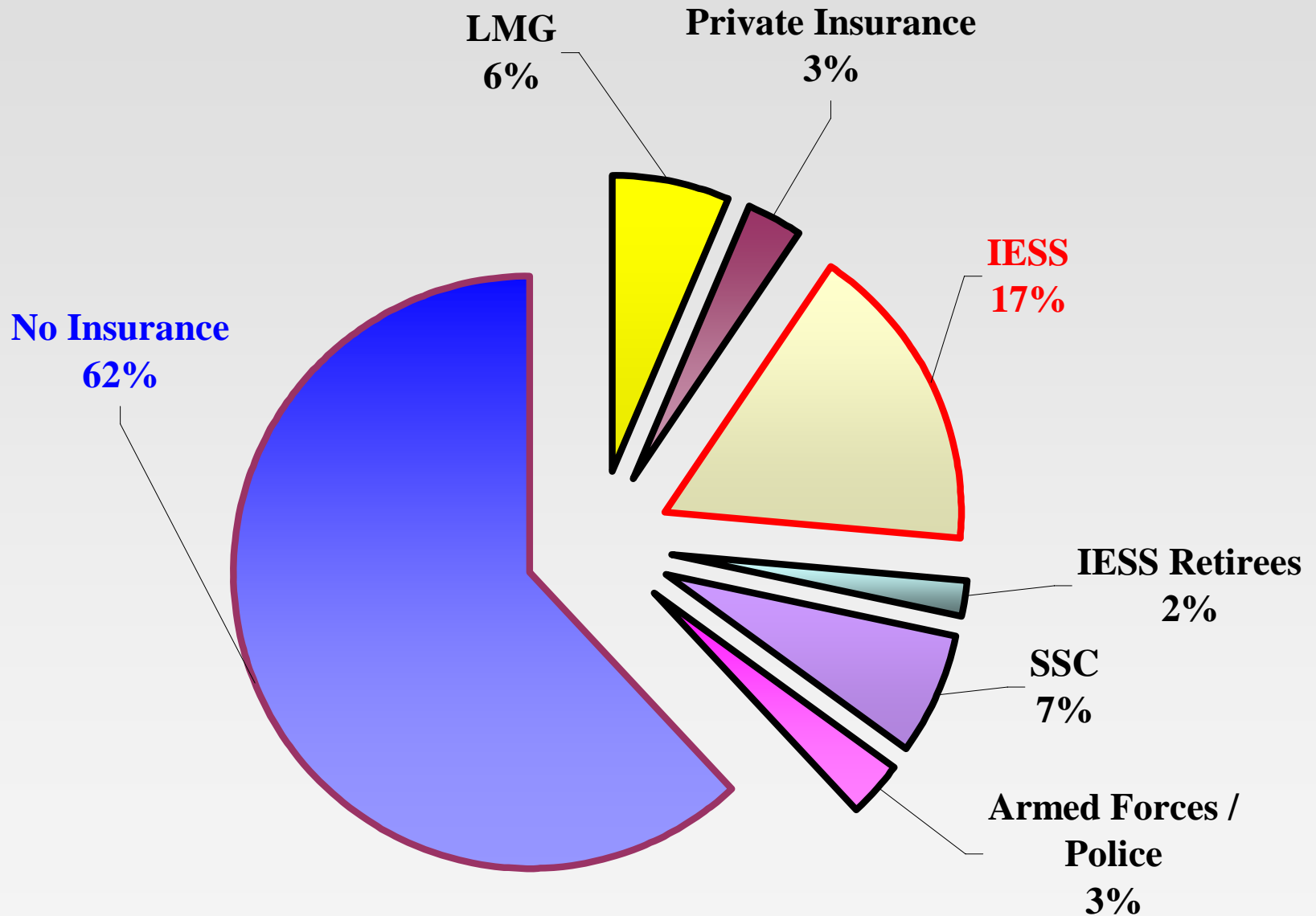
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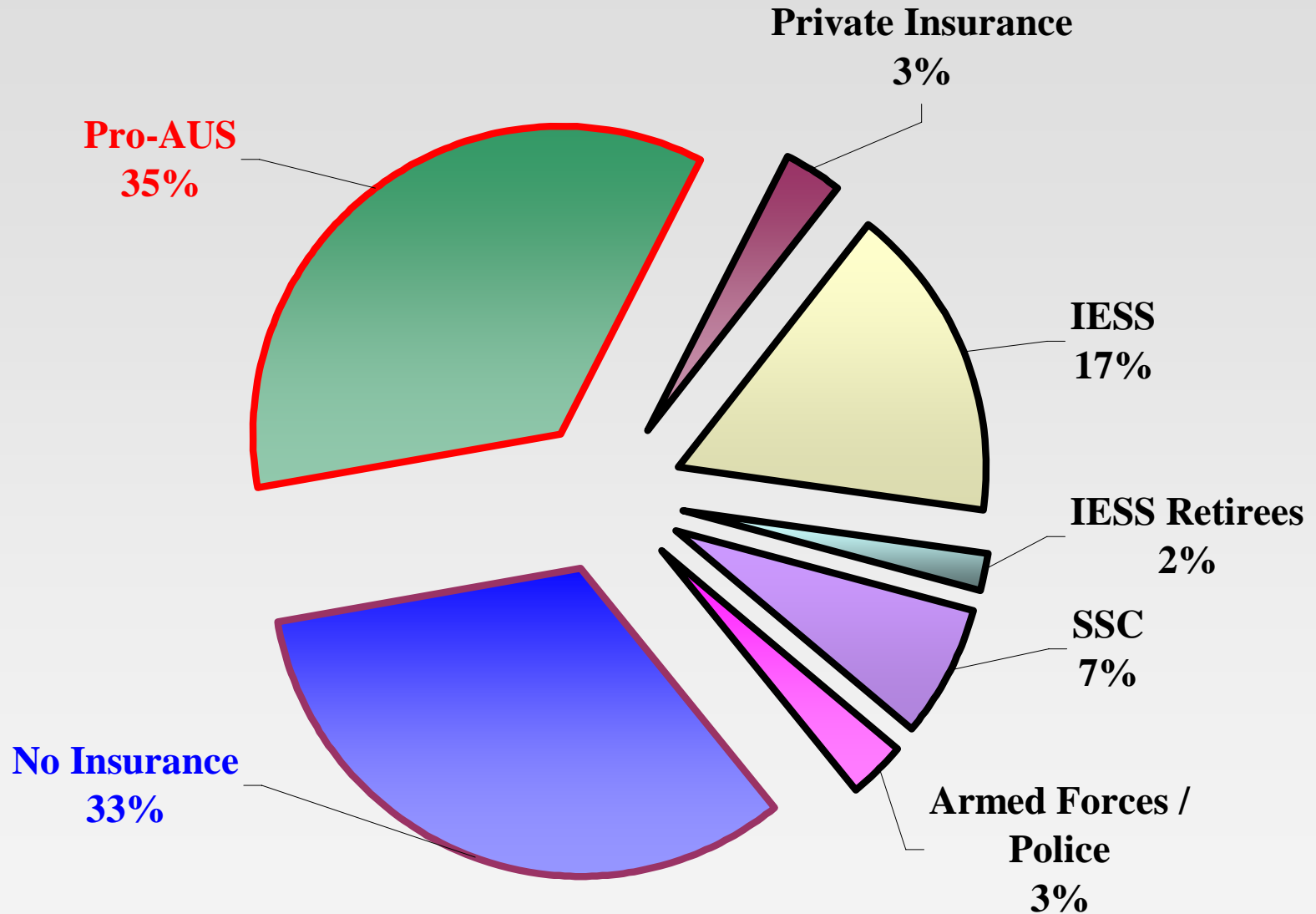
# Health Insurance (population = 12.7 million )



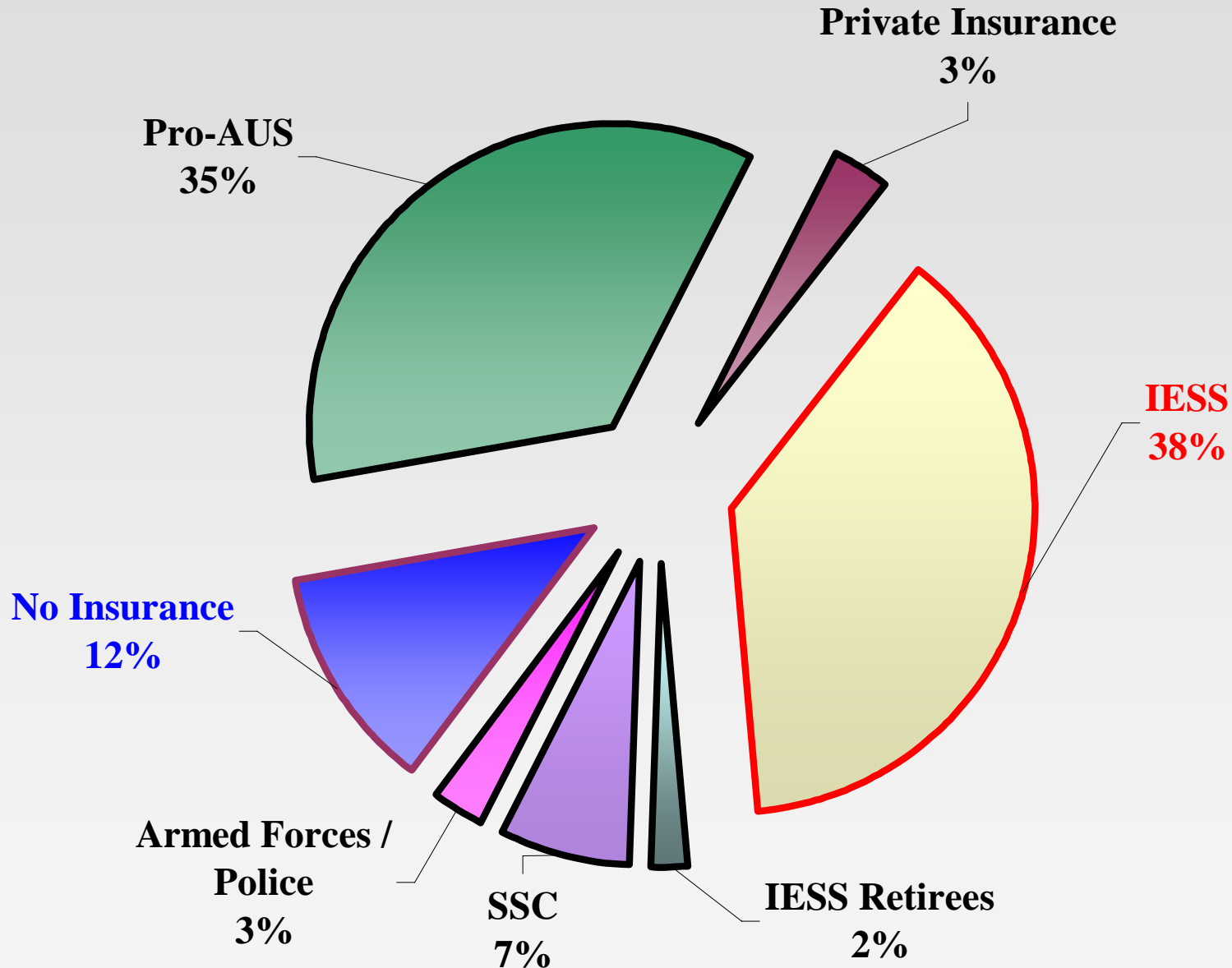
# Expansion of Social Security to the Family



# Implementation of PRO-AUS Program



# Social Security to the Informal Sector



**Costa Rica**

## Costa Rica

- Population – 4.3 million.
- GDP per capita (PPP) – \$9,216.
- Health expenditures \$489 per capita.
- Total Fertility Rate (TFR) – 2.0.
- Life expectancy at birth – 78.7.
- OOP as % of total health spending – 18.8%.



## Costa Rica (cont.)

- Formal sector workers contribute 15% of salary – employer 9.25%; employee 5.5%; government 0.25%.
- Government pays the full contribution for poor, handicapped and elderly – revenues from general taxes, national lottery and cigarette tax.

## Costa Rica – Evolution of Health System

- Publicly provided and publicly financed.
- Mandatory insurance introduced in 1941, when the CCSS was established.
- By 1961, 18% of the population covered
- In 1961, legislation to make CCSS compulsory.
- 45% of the population covered by 1971, 75% by 1981 and 90% at present.
- Ownership of all health facilities was transferred to CCSS in the mid-1970s.