

One of the key characteristics of health systems in LAC countries is their fragmentation, both in terms of service delivery, and in terms of financing. Most countries in LAC have at least two and up to four different health financing schemes. Some countries rely more on a public system funded through government budget revenues, while others depend on social or mandatory health insurance schemes with private or public administrators. Voluntary private insurers also have a strong presence in the region, but the population covered through this system is very small and generally has high income levels.

The population covered by each of these schemes varies greatly across countries. In some countries (Belize, Paraguay, Brazil), the public sector provides access to health care for the entire population; however, the coverage does not necessarily reflect the quality of the system, and some categories of people are also covered by other health financing schemes. The percentage of people not covered by any health system is relatively low in the countries surveyed. However, the package of goods and services covered differ from country to country, and is usually not as comprehensive as in OECD member countries.

Central government revenues are a key component for financing progress towards universal health coverage in the Latin American and the Caribbean region. Indeed, the large share of population in the informal economy reduces potential for relying on wage based contributions. While many countries in the region have increased their public spending for health, rigidities and subdivisions in public finance systems often constrain the efficient use of such revenues. Fragmentation of financial schemes also creates challenges to coordinate, monitor and enhance efficiency in health systems.

Health expenditure is not always fully included in the public budget. Furthermore, almost all countries have a separate budget for the health social insurance system. There tends to be very little information about expenditure of social health insurance companies. Their budget does not require a separate legislative approval, but some countries require the approval of a different public entity, such as the Comptroller General Office in Costa Rica or the National Fund for the Financing of State Business Activity (FONAFE) in Peru. Half of the surveyed countries include information of the health insurance system in the central budget process, making it difficult to have a cross-cutting policy to ensure fiscal sustainability of the health system as a whole.

Overcoming fragmentation and improving coordination is a key challenge to increase health expenditure efficiency in the LAC region. Some countries such as Uruguay and

Colombia have made important efforts to have a more integrated health system, where all sectors of the population can have equal access to a common basket of health services.

Methodology and definitions

Most data presented comes from an OECD Survey of Budget Officials on Budgeting Practices for Health adapted specifically for Latin America and the Caribbean, carried out between November 2015 and February 2016. The survey was answered by 13 LAC countries (Argentina, Peru, Uruguay, Honduras, Colombia, Mexico, Guatemala, Ecuador, Paraguay, Chile, Belize, Costa Rica and Brazil). A follow up survey was answered between March and May 2016 gathering additional data on key issues for the region. The follow up survey was answered by all initial respondents, except for Honduras. The results were presented and discussed at the First OECD Health Systems Joint Network Meeting for LAC (Bogotá, Colombia in July 2016).

Government health care financing schemes have automatic entitlement for all citizens/residents, or for a specific group of the population (e.g. lower income), and are funded through government budget revenues (primarily taxes). Social health insurance schemes provide access to health care for specific population groups through mandatory participation and eligibility based on a payment of a non-risk related contribution (e.g. contributions paid by employers and or employees for health). Private insurance comprises insurance schemes financed through private health premiums.

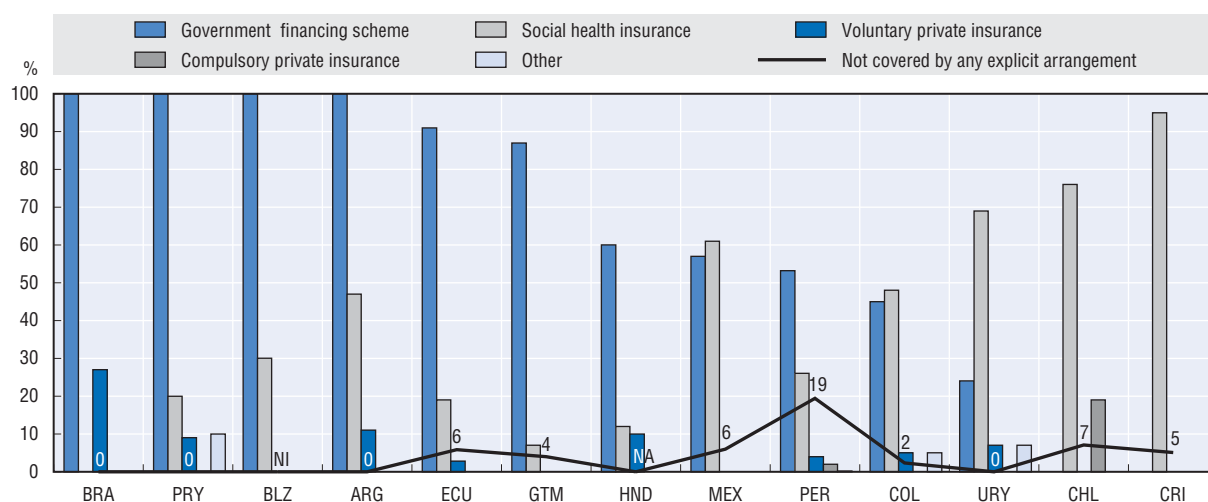
Further reading

OECD (forthcoming 2016), "Health financing and budget practices for health in Peru", *OECD Journal on Budgeting*, OECD, Paris.

Figure notes

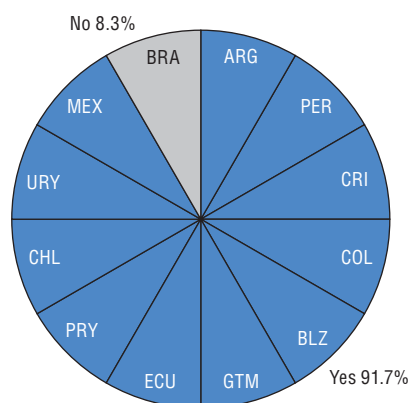
5.15: Belize, social health insurance only covers work-related accidents or diseases; no information on the population not covered by any explicit arrangement is available. Belize, Guatemala and Chile have voluntary private health insurance schemes, but coverage information is not available. Guatemala and Chile have other types of health financing schemes but coverage information is not available. Information on social health insurances coverage for Ecuador was obtained from the Ministry of Health.

5.16 and 5.17: Honduras did not answer this question.

5.15. Health care financing schemes and percentage of population covered, 2015 or last year available

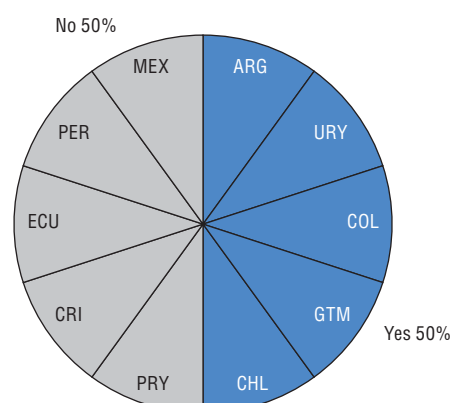
Source: OECD (2015), Survey of Budget Officials on Budgeting Practices for Health in LAC countries.

StatLink <http://dx.doi.org/10.1787/888933431259>

5.16. Separate budget for social insurance system, 2015

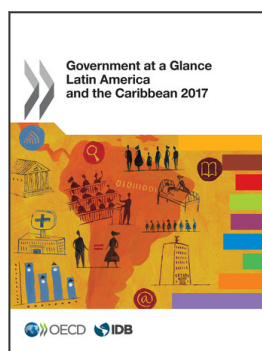
Source: OECD (2015), Survey of Budget Officials on Budgeting Practices for Health in LAC countries.

StatLink <http://dx.doi.org/10.1787/888933431264>

5.17. Information about the social security budget included in the general budget documentation, 2015

Source: OECD (2015), Survey of Budget Officials on Budgeting Practices for Health in LAC countries.

StatLink <http://dx.doi.org/10.1787/888933431275>



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