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**ANNOTATED COMPILATION OF
HEALTH CARE FINANCING ACTIVITIES
IN THE LATIN AMERICAN AND
CARIBBEAN REGION 1982-1988**

**Resources for
Child Health
Project**

September 1989

REACH



John Snow, Inc.
1100 Wilson Boulevard, 9th Floor
Arlington, VA
22209 USA
Telex: 272896 JSIW UR
Telephone: (703) 528-7474

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by

Matilde Pinto de la Fiedra
REACH Economist

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FOREWORD

The Resources for Child Health (REACH) Project was initiated by the U.S. Agency for International Development (A.I.D.) to provide technical assistance to developing countries in the areas of immunization and health care financing (HCF). The overall goal of A.I.D. assistance in the health sector is to improve health status in developing countries through support of cost-effective interventions directed at the most needy populations --poor mothers and children. A.I.D. health assistance is seen primarily as an investment in the development of national self-sufficiency in achieving sustainable improvements in health status as reflected by reductions in infant, child, and maternal mortality and morbidity.

Sustaining improvements in health status requires, in addition to direct program support, support for strengthening the national capacity to generate and manage resources more effectively. The provision of such support is the basis for the A.I.D. effort in health care financing and its implementation carried out by the Health Care Financing Group of John Snow, Inc., is a central focus of the REACH project. REACH health care financing technical assistance focuses on the generation of improvements in resource allocation, efficiency, resource mobilization, and equity in the health sector. The goal of this assistance is to increase the effective level of resources available for health in developing countries by supporting, where appropriate, the implementation of activities to increase the level and direction of government commitment to health, mobilize increased revenues from users of health services and other nongovernmental sources, and improve the efficiency with which available resources are utilized in both the public and the private sectors.

As part of this effort, REACH has conducted several major studies of health financing in Africa, Asia, and Latin America which examine the costs of health services, patterns of utilization, the potential for generating additional resources, and management efficiency in the health sector. In addition, REACH has conducted several workshops to provide training in health care financing to health workers and decision makers in A.I.D.-assisted countries. REACH has also carried out several multi-country comparative analyses in order to draw lessons learned and share this experience with other countries.

While the REACH Project has been a major source of analytic support for health care financing activities, such support has also been provided from many other sources, both within and outside of A.I.D. As countries begin to explore new options for health care financing, it becomes more important to draw on the entire range of activities and to incorporate the growing experience into the current policy development process.

This compilation is part of an effort to facilitate this process for countries in the Latin America and Caribbean region of A.I.D. It presents, for each country as well as for the region as a whole, each of the studies, projects, or assessments in the area of health care financing from 1982 through 1988. It demonstrates the wide range of interest and support for

this work, both within countries and Missions and in the Multinational organizations. It also demonstrates the lack of sufficient information in many settings to support an effective policy dialogue.

The compilation was prepared to assist Missions to identify existing information and to provide an overview of the range of issues and studies which might be considered for implementation in other settings. As part of the same REACH activity, the Health Care Financing Group has also prepared a set of Guidelines for HFN officers and others in the Missions to assist in interpreting this information and using it to identify specific activities which can support the effort to improve the financing of health care services.

Economic pressures in the region and throughout the world have placed a growing emphasis on the financial and economic dimensions of the health care delivery system. The types of activities identified in the Compilation continue to increase rapidly and a continuing effort is needed to make this experience readily accessible to those engaged in the process of developing improved health care financing policies. The activities of the REACH Project through its Health Care Financing Group are one important component of this effort.

The REACH Project invites comments on all of our publications and welcomes the opportunity to continue our collaboration with interested colleagues through the widest possible dissemination and discussion of REACH materials.

Gerald Rosenthal, Ph.D.
Associate Director for Health
Care Financing
The REACH Project
September 1989

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The development of this annotated compilation benefited from the support and involvement of Mrs. Patricia Moser, Health Development Officer at AID/LAC/DR/IIN, as well as from the active response of Health Officers in USAID Missions in the Latin American and Caribbean Region. The advice from my colleagues at the NSI Health Care Financing Group was very helpful and I would like to express my special thanks to Allison Percy for her endless patience to edit the document several times. However, I assume total responsibility for any remaining errors.

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I. Introduction

In response to a LAC/DR/HN request, the REACH Project conducted an Overview of Health Care Financing (HCF) Activities in the Latin American and Caribbean (LAC) Region. The scope of work called for three main components: 1) a compilation of health care financing initiatives in the region; 2) preparation of detailed case studies of USAID health financing experiences in three countries; and 3) development of a set of general guidelines which can be used by health officers to identify opportunities for HCF activities. This study is not an evaluation of HCF activities. Rather, its objective is to review, within the context of the HCF characteristics in the region, initiatives undertaken by USAID in this field and draw lessons that can be used in the future to improve strategy development and policy dialogue.

This document presents the final report of the first component: an updated annotated list of health finance initiatives undertaken in the region since 1982. For the purpose of this study, health care financing initiatives include activities and studies as well as projects.

This list was developed in collaboration with USAID Missions, AID backstops in Washington, and HCF specialists from other international organizations and was supported by analyses of secondary sources. This attempt to identify HCF activities developed in the last six years demonstrates the wide variety of efforts to understand and improve the financing of health care which have been implemented within the Region. Indeed, increasing attention is being devoted to the financing of the provision of health services in response to the economic deterioration the LAC region has suffered during the 1980's. An overview of the deterioration in the level of economic activity in global and per capita terms of the countries included in this document is shown in Tables 1 and 2, and the basic health indicators are presented in Table 3.

This document is divided into five parts. Chapter II presents a summary of the USAID approach to the area of health care financing as represented in policy statements and other official documents. In Chapter III, the view of international organizations active in the LAC Region is presented; World Bank, Inter-American Development Bank (IDB), and Pan American Health Organization (PAHO) viewpoints are reviewed. Chapter IV contains a review of social security issues and their relationship to health care financing. Finally, Chapter V presents the country overviews, which are grouped into four sub-regions: the Caribbean, Central America, South America, and North America. For each country, a brief overview of HCF activities is presented, followed by summaries of individual activities funded by USAID and other organizations. The summaries indicate the sector (public/private), main area(s) of emphasis (resource allocation, resource mobilization, cost estimation and cost containment, and organization of health services) and a description of the content of the document. For USAID funded initiatives, activity costs are presented as well.

TABLE 1. GROSS DOMESTIC PRODUCT [1]

COUNTRY	Annual Rate of Growth ^a								Accumulated 1981-88
	1981 ^b	1982	1983	1984	1985	1986	1987	1988	
<u>Caribbean</u>									
Belize ^c	9.2	-12.5	1.7	7.2	2.3	3.6	na	na	10.4 ^e
Dominican Republic	4.0	1.3	5.0	0.3	-1.9	3.1	8.0	1.0	22.3
Haiti	-2.7	-3.5	0.6	0.4	0.5	0.6	-0.6	-5.0	-9.4
Jamaica	2.6	0.0	1.9	-0.8	-5.5	2.5	5.8	3.0	9.4
Antigua and Barbuda ^c	4.9	0.4	6.9	7.5	7.7	8.4	8.7	na	61.7 ^d
Dominica ^c	6.4	2.4	2.1	5.5	1.7	6.8	4.6	na	32.3 ^d
St. Kitts and Nevis ^c	5.1	6.3	-1.1	9.0	5.6	6.4	4.7	na	41.7 ^d
St. Lucia ^c	1.2	3.0	4.0	5.0	6.0	5.8	2.1	na	30.3 ^d
St. Vincent and the Grenadines ^c	7.9	5.5	6.0	6.0	5.9	6.2	3.0	na	48.2 ^d
Grenada ^c	2.1	5.3	1.2	5.1	5.4	5.5	6.0	na	34.8 ^d
<u>Central America</u>									
Costa Rica	-2.4	-7.3	2.7	7.8	0.7	5.3	4.5	3.0	14.6
El Salvador	-8.4	-5.7	0.6	2.3	1.8	0.5	2.7	1.0	-5.7
Guatemala	0.9	-3.4	-2.7	0.0	-0.6	0.3	3.1	3.5	1.0
Honduras	0.9	-1.8	-0.1	2.4	1.5	2.5	4.2	3.0	13.2
<u>South America</u>									
Bolivia	0.9	-4.4	-6.5	-0.3	-0.1	-2.9	2.4	2.5	-8.4
Brazil	-3.4	0.9	-2.4	5.7	8.4	8.1	2.9	0.0	20.9
Colombia	2.3	1.0	1.9	3.8	3.8	5.9	5.4	4.0	31.6
Ecuador	3.8	1.1	-1.2	4.8	4.8	3.4	-8.7	8.0	-16.0
Paraguay	8.8	-0.8	-3.0	3.2	4.0	-0.3	4.5	6.0	24.5
Peru	4.3	0.3	-11.8	4.7	2.3	8.9	6.5	-7.5	6.3
Uruguay	1.4	-10.1	-6.0	-1.3	0.2	7.0	5.3	0.0	-4.4
<u>North America</u>									
Mexico	8.8	-0.6	-4.2	3.6	2.6	-4.0	1.4	0.5	7.7

na = not available

SOURCES:

^a = Economic Commission for Latin America and the Caribbean (ECLAC). Economía Latinoamericana, Santiago de Chile, December, 1988. Balance Preliminar de la

^b = ECLAC. Statistical Yearbook for Latin America and the Caribbean, 1988 edition

^c = Estimation based on data from ECLAC (b)

^d = corresponds to the period 1981-1987

^e = corresponds to the period 1981-1986

[1] Gross Domestic Product (GDP) measures the total final output of goods and services produced by an economy in a particular year. It includes production by residents and non-residents living in the country. It is calculated without making deductions by depreciation.

TABLE 2. GROSS DOMESTIC PRODUCT PER CAPITA

COUNTRY	GNP per capita ¹		Annual Rate of Growth ^a							Accumulated
	1986	1981 ^b	1982	1983	1984	1985	1986	1987	1988	1981-88
<u>Caribbean</u>										
Belize ^c	1,170	6.5	-14.6	-0.8	4.6	-0.2	1.1	na	na	-4.8 ^e
Dominican Republic	710	1.5	-1.1	2.5	-2.0	-4.1	0.8	5.5	-1.3	1.4
Haiti	330	-4.4	-5.2	-1.2	-1.4	-1.3	-1.3	-2.4	-6.8	-21.7
Jamaica	440	1.2	-1.5	-0.4	-2.2	-6.9	1.0	4.1	1.4	-2.8
Antigua and Barbuda ^c	2,380	3.5	-0.9	5.5	6.1	6.3	7.0	7.3	na	40.1 ^d
Dominica ^c	1,210	5.0	1.1	0.8	4.1	0.4	5.4	3.2	na	21.6 ^d
St. Kitts & Nevis ^c	1,700	2.8	4.0	-3.2	6.6	3.3	4.1	2.4	na	21.5 ^d
St. Lucia ^c	1,320	-0.4	1.4	2.4	3.3	4.3	4.1	0.5	na	16.6 ^d
St. Vincent and the Grenadines ^c	960	6.7	4.3	5.1	4.8	4.7	5.0	1.9	na	37.3 ^d
Grenada ^c	1,240	1.0	4.1	0.1	3.9	4.2	4.3	4.8	na	24.5 ^d
<u>Central America</u>										
Costa Rica	1,480	-5.3	-10.0	-0.3	4.8	-2.1	2.4	1.7	0.4	-8.7
El Salvador	820	-9.6	-6.5	-0.3	1.3	0.5	-1.2	0.8	-0.8	-15.2
Guatemala	930	-1.8	-6.1	-5.4	-2.8	-3.2	-2.6	0.2	0.6	-19.5
Honduras	740	-2.7	-5.4	-3.6	-1.2	-1.9	-0.9	0.9	-0.2	-14.1
<u>South America</u>										
Bolivia	600	-1.7	-6.9	-9.0	-3.0	-2.8	-5.6	-0.3	-0.3	-26.3
Brazil	1,810	-5.6	-1.4	-4.6	3.4	6.0	5.8	0.7	-2.3	1.5
Colombia	1,230	0.1	-1.1	-0.3	1.6	1.6	3.7	3.3	1.9	11.1
Ecuador	1,160	0.8	-1.8	-4.0	1.8	1.9	0.5	-11.2	5.0	-7.6
Paraguay	1,000	5.3	-4.0	-6.0	0.0	0.9	-3.3	1.4	3.1	-3.0
Peru	1,090	1.6	-2.3	-14.1	2.1	-0.3	6.2	3.8	-9.8	-13.6
Uruguay	1,900	0.8	-10.7	-6.6	-2.0	-0.6	6.3	4.5	-0.8	-9.8
<u>North America</u>										
Mexico	1,860	6.1	-2.3	-14.1	2.1	-0.3	6.2	3.8	-9.8	-13.6

¹ Gross National Product (GNP) per capita corresponds to GDP plus net factor income from abroad, which is the income residents receive from abroad for factor services (labor and capital) less similar payments made to non-residents who contributed to the domestic economy. Data taken from: The World Bank. World Development Report, 1988.

^a SOURCE: ECLAC(a) Balance Preliminar de la Economía Latinoamericana, Santiago de Chile, December 1988.

^b SOURCE: ECLAC(b) Statistical Yearbook for Latin America and the Caribbean, 1988 edition.

^c Estimated based on data on population and GDP in ECLAC(a) and ECLAC(b)

^d Corresponds to the period 1981-1987

^e Corresponds to the period 1981-1986

TABLE 3. HEALTH INDICATORS.

<u>COUNTRY</u>	Infant Mortality Rate (per 1,000 live births) <u>Year 1986</u>	Life Expectancy at Birth <u>Year 1986</u>	Average Annual Rate of Population Growth <u>1980-1986</u>
Belize	27 ^b	66	2.5 ^e
Dominican Republic	67	66	2.4
Haiti	119	54	1.8
Jamaica	19	73	1.5
Antigua and Barbuda	11.6 ^c	73	1.3 ^e
Dominica	23.9 ^c	75	1.3 ^e
St. Kitts & Nevis	41.2 ^d	70	2.2 ^e
St. Lucia	17.0 ^c	72	1.6 ^e
St. Vincent and the Grenadines	26.4 ^c	69	1.0 ^e
Grenada	13.8 ^c	68	1.1 ^e
<u>Central America</u>			
Costa Rica	18	74	2.4
El Salvador	61	61	1.2
Guatemala	61	61	2.9
Honduras	72	64	3.6
<u>South America</u>			
Bolivia	113	53	2.7
Brazil	65	65	2.2
Colombia	47	65	1.9
Ecuador	64	66	2.9
Paraguay	43	67	3.2
Peru	90	60	2.3
Uruguay	28	71	0.4
<u>North America</u>			
Mexico	48	68	2.2

^a Source: the World Bank. World Development Report 1988

^b Taken from USAID/Belize. Country Development Strategy Statement, FY 1986.

^c Figures are for the year 1984, taken from PAHO. Health Situation Analysis 1985-1986 for each Eastern Caribbean Country, several authors.

^d Figure is for year 1983, taken from PAHO op. cit.

^e Taken from ECLAC, Statistical Yearbook for Latin America and the Caribbean, edition 1988.

II. The United States Agency for International Development (USAID) View

1. Policy on Health Care Financing Activities

USAID has supported a large number of activities in the area of health care financing during this decade. The aim of USAID policy in this area is to support those activities as part of child survival programs, with a view toward establishment of a sound financial basis for the overall health care system within the recipient countries.^[2] AID's approach is to focus on activities that are known to be the most cost-effective in order to minimize the opportunity cost of already scarce resources. Within this framework, HCF activities are regarded as a way to ensure that resources spent on health projects are used in the most appropriate way, that is, effective in the results and efficient in the process of delivering health services.

Assuring the effectiveness of the initial allocation of AID resources is seen solely as a first step in the process of helping recipient countries improve the health status of their population. In fact, it is expected that these countries will be able not only to contribute resources to the activities but also that they will develop over time a degree of self-reliance enabling them to sustain the achievements in health status among infants and children resulting from the interventions without continued dependence on donor funds.

It has already been proved that health expenditure on preventive care, particularly among the population of infants and children, has a high rate of return in social terms. Thus, USAID action is not focused on the economic evaluation of this set of activities but rather on the elements that affect financing and organization for the delivery of these services to the population. One of USAID's main concerns is that host countries may not be able to cover recurrent costs of preventive health care due to the fact that public sector budget allocations and health sector expenditure patterns tend to be highly concentrated on secondary and tertiary care. Thus, health care financing initiatives should include efforts to effect a more appropriate distribution of expenditures in support of primary and preventive health services.

Major targets of emphasis of USAID HCF efforts are: development of private sector services, user fees for services in public facilities, efficient resource allocation and utilization, equitable distribution of resources, cost containment, and the overall organization of the health system.

Policy dialogue is seen as one of the main mechanisms to support the development of sustainable health care systems. It is expected that USAID Missions provide technical assistance to design and undertake studies that

[2] A.I.D. Policy Paper HEALTH ASSISTANCE, Bureau for Program and Policy Coordination, December 1986

can provide the public sector with the basic data required to shape a strategy for the financing of the provision of health services. In this framework the policy emphasis is intensive promotion of the design and implementation of projects as well as special health care financing initiatives.

Centrally funded projects have been the main source of funding for health care financing initiatives. The Resources for Child Health (PEACH) Project, funded by the Bureau of Science and Technology/Office of Health (S&T/H), is a world-wide project with an explicit mandate to provide technical assistance in the field of HCF. REACH is the main AID project in this area. The other centrally funded project in the area of HCF is the Health Care Financing in Latin America and the Caribbean (HCF/LAC) Project of SUNY at Stony Brook, funded by the LAC Bureau and focused exclusively on the LAC region.^{1 31} A number of activities that may have an important impact in the financing of health services in developing countries have also been carried out by projects whose primary mandate is not HCF, such as the Technologies for Primary Health Care (PRITECH) Project and the Primary Health Care Operations Research (PRICOR) Project. These initiatives emphasize the areas of operational research, assessment of community participation, costing of health services delivery, and alternative ways to provide health care, and have been appropriately annotated in this document.

The REACH Project started in September 1985 and is scheduled for completion in September 1990. During the first three years of operation, the project has provided technical assistance in the areas of costing studies, demand studies, strategic planning, basic diagnosis, project papers (PP) and project implementation documents (PID), alternative financing schemes and private sector participation. As of the end of fiscal year 1988, the HCF component of the REACH Project had provided technical assistance to 23 countries and AID Bureaus including all regional bureaus. While some of this assistance has been short term interventions to address specific issues, a number of them have evolved into long term participation in the development of a strategy for HCF. In that respect, this technical assistance has helped the Missions strengthen their capability for policy dialogue.

The REACH Project has played an important role in the developing area of training in HCF. One major activity was the REACH health care financing workshop held in Côte d'Ivoire in March 1988 during the first three days of the Combatting Childhood Communicable Diseases (CCCD) Project Consultative Meeting. During this workshop approximately 150 participants from 31 African countries, the United Kingdom, the United States, and Switzerland had the opportunity to join colleagues from different countries in working groups. With the support of REACH health care financing specialists, the workshop served to bring participants to a common level of understanding about a wide range of HCF topics. REACH has also worked in collaboration with the Economic Development Institute (EDI) at the World

^{1 31} See project description in II.2.

Bank to organize and present a Senior Policy Seminar in Kenya for senior officials from six East African countries. REACH staff and consultants participated in the design of the seminar and were responsible for the presentations dealing specifically with HCF strategies. REACH staff also participated in a training seminar organized by the EDI/World Bank and PAHO/WHO in Barbados in January 1989. Participants were public sector officials who play a role in the allocation and management of resources to the health sector from English-speaking Caribbean countries.

The REACH Project has chosen avenues of technical assistance that support training while developing local institutional and individual expertise in financing and strengthening existing health systems.

In July 1986, Health Financing Guidelines for USAID were approved. These were developed under the direction of the Child Survival Task Force and the Health Sector Council and were reviewed by the Assistant Administrator. They confirm the AID policy of concentrating policy dialogue and program assistance on the promotion of sustainable health programs in AID assisted countries.^(4)

2. Latin American and Caribbean Region approach

The LAC Health and Nutrition Office early exercised leadership in AID in addressing issues related to health care financing. The first activities were identified in 1974-75 when a HCF chapter was included in the Bolivia health sector assessment. Subsequent initiatives were taken in other countries such as Colombia, the Dominican Republic, and Guatemala. Structured attention to health care financing issues began at the 1982 LAC Health Officers Conference. At this conference, health officers expressed the need for assistance in understanding financing issues and including them in project design and implementation. In response to this request, the chief of LAC/DR/HN recruited a health economist to serve as an economic advisor to the Bureau and AID Missions to identify and develop health financing activities.

During 1983-84, the economic advisor: 1) provided assistance in the field for HCF issues and strategies related to project development; 2) provided assistance to the Bureau in the development of a HCF project for the Region; and 3) prepared the 1984 LAC Health Officers Conference, which focused exclusively on HCF issues and strategies.

In fiscal year 1985, the LAC/DR/HN office provided central funding for a four year project to address the issues of health care financing in the Region. The regional Health Care Financing in Latin America and the Caribbean (HCF/LAC) Project which started in October 1985 and is scheduled for completion in September 1989 is being implemented by the State University of New York at Stony Brook (SUNY/Stony Brook). The purpose of

^(4) Contained in "Memorandum for the Executive Staff, AID/W and Overseas" from the Agency Director for Health, July 1986.

this project is to provide research and technical assistance in the area of HCF and resource allocation to AID missions and host country agencies in the LAC Region. The project's major foci are the costs of, demand for, and alternative ways of financing health care in the Region.

The first output of the HCF/LAC (SUNY/Stony Brook) Project was a state-of-the-art paper, which reviewed research on the demand for health care, costs, and alternative financing mechanisms in developing countries, with particular emphasis on the LAC Region. Its major goals were to introduce AID Missions' staff, host country health officials, and other researchers to a diverse body of literature and research experience, and to discuss basic HCF issues of concern to donor agencies and health authorities in the LAC Region. The document included recommendations for research studies and related technical assistance that could be carried out. During its first three years, the project has undertaken a total of eight studies in seven LAC countries, has provided short-term technical assistance to five of those countries, and has held three international workshops. A national workshop was also held in the Dominican Republic. The project is now concentrating on the production of a document synthesizing its research findings.

Health care financing was again a focal issue for the 1986 LAC Health Officers Conference ^[5]. At that time, there was concern about the conflicting priorities of health care financing and child survival. This concern probably arose from the fact that discussions started by focusing on the implementation of user fees and the ability and commitment of families in LDC's to pay for health care services.

The centrally funded PRICOR and REACH Projects and the regionally funded HCF/LAC Project made presentations which showed that the ability and willingness of families to pay varied from one country to another. These experiences also showed that charging user fees was only one of the instruments to be considered as part of the solution to the financing problem.

Policy dialogue with other donors and host countries was highly encouraged at the conference. The purpose of this dialogue is to sensitize them to financial issues and to develop a common agenda for improving resource allocation.

Financing initiatives were to be looked at under four categories: resource mobilization, resource allocation, cost containment and costing of health services, and organization of the health services delivery system. These categories are utilized to characterize the initiatives described in this report.

Initiatives are classified in each area according to the following criteria:

[5] See "Report for the LAC Health Officers' Workshop, Annapolis, November 16 to 20, 1986."

- a. Resource mobilization includes initiatives to increase the amount of resources available for the provision of health care and to explain the health seeking behavior of patients. This includes demand studies, fee for service schedule development, and revolving drug fund initiatives.
- b. Resource allocation includes the efforts to determine and/or influence the criteria and processes by which governments spend their resources in the public sector.
- c. Costing of health services and cost containment includes studies and operations research to develop methodologies to determine the real cost of provision of health services as well as efforts to contain costs.
- d. Organization of health services includes efforts to set up prepayment mechanisms, health maintenance organizations (HMOs), or strengthen delivery of services through the private sector.

III. International Organizations View

A. THE WORLD BANK

1. Health Care Financing Policy

The World Bank has a clear position on how health services ought to be financed in developing countries. After several years of research in the area, during which sensitive issues were brought up for discussion and analysis, the specialists in health care financing came to a consensus and produced a policy study which contains the agenda for reform set by the World Bank^[6]. This agenda sets the framework for analysis of the health sector at the country level.

Structural Adjustment Loans (SALs) are approved under a set of conditions that countries must fulfill before receiving the funds. These conditions generally take the form of sector assessments, to be done by the country, or changes that must be introduced in the management of certain activities within particular sectors. Since these loans are provided within the context of macroeconomic adjustment programs, sector assessment and the targets for change are not limited to those sectors which receive funds. Thus the health sector may well be assessed and some conditionalities set for its management even in the absence of funds directly devoted to the sector.

The main points in the agenda for reform in the health sector are as follows:

a) It is proposed that preventive care financing should be the responsibility of the government, while curative care should be paid for by those receiving services. This proposition is based on the fact that preventive care is seen as a public good, that is, consumption of these health services have an impact on the level of welfare of the whole population, not only on the direct recipient of the service. (Immunization programs are the best example of a good of this kind).

b) Three main problems are identified and addressed in the proposal for policy reform. These problems are found in every developing country, although with a different intensity. The first is a misallocation of resources, with an insufficient allocation to the most cost-effective health services. Second, public programs are run with internal

[6] The World Bank. Financing Health Services in Developing Countries. An Agenda for Reform. World Bank Policy Study, 1987.

inefficiency. The third problem is identified in the appropriation of benefits, that is, there is inequity in the distribution of benefits, usually to the detriment of the rural population.

c) Policy reform has four components: charging users of government health facilities; providing insurance and other risk coverage mechanisms; using non-government resources effectively; and decentralizing government health services.

The World Bank agenda for reform points out that monitoring and operations research aimed at gathering basic information about characteristics of the health system and target population are a prerequisite for the introduction of reforms to the financial policy.

2. World Bank Reports with a Health Care Financing Component

World Bank reports are normally the product of field evaluations to assess the macroeconomic situation of a country and its ability to receive and manage World Bank resources. These assessments generally include an analysis of every sector, even those not receiving funds from the loan under evaluation. These reports are, at some stage, used as a basis for negotiation with governments and, therefore, are to be used for official purposes only. Outside access to them is at the discretion of the World Bank.

In spite of this limitation, it was possible to identify a number of reports prepared by World Bank staff and consultants which have a health care financing component, either as a chapter or as part of a health sector analysis. The analysis generally refers to the public sector, and highlights the areas for improvement in the allocation of resources and those in which further appraisal is needed. A list of these documents follows, in order to provide interested researchers with information on data sources.

- 1) Bolivia - Population, Health, and Nutrition Sector Memorandum, Report No. 6965-B0, October 1987 (For official use only)
- 2) Bolivia - A review of the Public Investment Program and Financing Requirements, 1987-1990, Report No. 7248-B0, June 1988 (For official use only)
- 3) Brazil - Public Spending on Social Programs; Issues and Options, Report No. 7086-BR, May 1988 (For official use only)
- 4) Colombia - Examen del Sector de la Salud, Report No. 4141-C0, October 1982 (For official use only)

- 5) Colombia: Social Security Review, Report No. 6540-C0, September 1987 (For official use only)
- 6) Dominican Republic: An Agenda for Reform, Report No. 5965-D0, January 1987 (For official use only)
- 7) Ecuador: Population, Health and Nutrition Sector Review, Report No. 6078-EC (For official use only)
- 8) Ecuador: Public Investment Review, Report No. 5676-EC (For official use only)
- 9) Ecuador: An Agenda for Recovery, Report No. 5094-EC, 1984 (For official use only)
- 10) Guatemala: Population, Health and Nutrition Sector Review, Report No. 6183-GU
- 11) Guatemala, Economic Situation and Prospects, Report No. 6434-GU, January 1987 (For official use only)
- 12) Guatemala: Selected Sectoral Strategies Against Poverty, 1988 (For official use only)
- 13) Haiti: Situation note on the Population, Health and Nutrition Sectors Report No. 5699-HA, May 1985 (For official use only)
- 14) Haiti: Public Expenditure Review, Report No. 6113-HA, September 1986 (For official use only)
- 15) Haiti: Population, Health and Nutrition Sector Review, Report No. 5736-HA, December 1986 (For official use only)
- 16) Haiti - Public Expenditure Review, A World Bank Country Study, January 1987. Unclassified, content presented under V.A.3
- 17) Uruguay. An Inquiry into Social Security: Its Evolution, Current Problems and Prospects, Report No. 7067, June 1988 (For official use only)

B. INTER-AMERICAN DEVELOPMENT BANK

1. Health Care Financing Policy

The activities of the Inter-American Development Bank (IDB) in the field of health care financing are undertaken from a very pragmatic perspective. In fact, the IDB does not have a defined set of policies to be followed in the financing of health services. As a financing entity for countries in the Latin American and Caribbean Region, the IDB's main concern when financing specific investment projects is to ensure that they will show a reasonable rate of return from a financial and/or economic point of view, depending on the nature of the project.

Economic and financial feasibility studies are the framework within which some HCF activities are carried out by the IDB. Appraisals focus on sector assessment and project analysis to determine whether the proposed project is designed in such a way as to ensure that expected benefits will actually be received.

Management and organizational aspects at different stages of the project cycle are central to IDB's evaluations. During the appraisal phase, it must be assured that recurrent costs are properly assessed and that the resources required to cover them are available. It is in this regard that HCF activities are undertaken in the areas of costing of health services and resource allocation. Nevertheless, the IDB has no mechanism to ensure that public resources will be available to cover operating expenses once the investment phase is completed. Thus, the major effort is made during the preparation phase of the project to ensure that the design is sound given the characteristics of the target population and budget constraints.

The IDB reported that since 1982, health projects have been funded in four of the countries included in this overview, and a number of others are presently being appraised following new requests from member countries. Since all of the project reports listed here were prepared during the project appraisal phase, they are for official use only and access to them is at the discretion of IDB.

2. IDB Reports with a Health Care Financing Component

- 1) Barbados - Proyecto de Atención de Salud, Expansión y Mejoramiento del Hospital Queen Elizabeth (HQE) y Construcción del Policlínico Glebe, Informe de Proyecto (BA-0008), PR-1418-A, February 1985 (For official use only)
- 2) Honduras - Programa de Terminación y Puesta en Marcha de Hospitales, Informe de Proyecto (HO-0098), PR-1512-A, September 1986 (For official use only)

- 3) Mexico - Programa de Mejoramiento de Servicios de Salud, Informe de Proyecto (ME-0159), PR-1499-A, June 1986 (For official use only)
- 4) Paraguay - Segunda Etapa del Proyecto de Extensión de los Servicios de Salud Pública Rural, Informe de Proyecto (PR-0091), PR-1221-A, October 1982 (For official use only)

C. PAN AMERICAN HEALTH ORGANIZATION

1. Health Care Financing Policy

During this decade, PAHO has oriented its research to identify and, when possible, measure the impact of the economic recession on the development of the health sector and the status of populations in the Americas. After a number of initiatives, it was concluded that it was possible to relate the economic recession to the deterioration in the level of financial resources devoted to the public health sector and consequently to the fall in quality of services provided. It was not possible, however, to establish any clear relationship to the health status of population, at least during the time horizon considered for investigation. Nevertheless, some researchers in this area believe that while the negative effects cannot be identified in the short term, they will manifest themselves, with some lag, in the long run. These assessments provide the background information used to support activities designed to improve the efficiency and effectiveness of public funds devoted to the health sector.

PAHO's criterion for participation in financing health sector activities in country is to follow up on appraisal analyses to ensure that the financial allocation is consistent with national sectoral priorities.^{1 7)} Thus, these guidelines provide a framework for health care financing activities. Four areas of action are identified as priorities for resource allocation: 1) strengthening of information systems on sectorial financing and expenditure; 2) development of technologies for the analysis, programming and control of financing and expenditure; 3) development of training programs for the different levels of service systems in analyzing financing, expenditure, and production functions and costs; and 4) the definition and readjustment of sectorial financing systems.

At the country level, PAHO has carried out a number of activities to improve the management and allocation of resources within ministries of health in the region. PAHO's assistance has taken different forms in each country. Some of these include: 1) the provision of financial support to the Ministry of Health (MOH) to undertake health activity evaluations to improve the allocation of public funds; 2) technical assistance to upgrade the organization of health systems; and 3) direct funding for the provision of health care through revolving funds for drugs and vaccines. In the area of strengthening the organization of health services, a main focus is the "Sistemas Locales de Salud" (local health systems, or SILOS) program. The system is based on the decentralization of health services. Therefore, increasing local level participation in the decision process is the basic component. This scheme has been implemented in a number of countries in

^{1 7)} See: Pan American Health Organization, Guidelines on External Financial Resource Mobilization for Health in the Region of the Americas, Washington, D.C., 1986.

the region. Some evaluations of the experience show that this scheme has had a positive impact on the health status of population and takes into account the economic, social, and cultural characteristics of each country.^[8]

PAHO has also participated actively in the area of training in health care financing. As part of a joint effort with the Economic Development Institute at the World Bank, it has carried out two seminars in the region. The first was held in Brazil in late 1987,^[9] and the second took place in Barbados in early 1989. At least three more are currently scheduled. Through these seminars, public sector officials receive formal training in health care financing issues and have the opportunity to share their experience with colleagues from other countries.

2. PAHO Reports on Health Care Financing

1) Guidelines on External Financial Resource Mobilization for Health in the Region of the Americas, PAHO/WHO, 1986

Sector: Public
Private

Main Areas: Resource allocation

Content: This document provides practical guidance on sources of concessional financing and procedures for gaining access to those sources. It has a section identifying the relevant provisions of the PAHO Regional Plan of Action on the financing of the health sector and its relationship to internal cooperation and financial mobilization. Action is proposed in four areas: 1) information systems; 2) analysis and control of expenditure; 3) training in financial analysis; and 4) definition and readjustment of sectoral financing systems.

2) Estudio Sobre el Financiamiento del Sector Salud de los Países de Centroamérica y Panamá, División de Análisis y Planificación Estratégica (DAP), PAHO, 1986

Sector: Public

Main Areas: Resource allocation

Content: This document analyzes the financing components of the public health sector in the Central American countries and Panama. The purpose of the study is to evaluate the capability of these countries to finance the national component of the projects included in the "Plan de Prioridades Básicas de Salud en Centroamérica y Panamá." The pattern of expenditure and

[8] PAHO. Los sistemas locales de salud. Separatas de reuniones celebradas sobre el tema abril 1987 - abril 1988, April 1988.

[9] See annotation under 2. 4) below.

financing schemes in the health sector are presented within the framework of the macroeconomic situation in the region during the first half of this decade.

- 3) El Impacto de la Crisis Económica en el Campo de la Salud: Problemas y Alternativas en la Región de las Américas. Oficina de Análisis y Planificación Estratégica. PAHO/WHO, 1986

Sector: Public

Main Areas: Resource allocation

Content: This study documents the impact that the economic crisis of this decade has had in reducing the total amount of resources devoted to financing the provision of health services in the Latin American and Caribbean region. The need to develop better health care financial analysis is included among the areas of priority.

- 4) Economía de la Salud. Boletín de la Oficina Sanitaria Panamericana vol.103, No.6, December 1987. Selected Readings

Sector: Public

Private

Main Areas: Resource allocation
Costing of health services
Resource mobilization

Content: A variety of health care financing issues are addressed in this special edition of the bi-monthly PAHO journal. Seven documents are presented in different areas that affect the financing of health care services:

- 1) "El Sistema de Salud Chileno: Organización, Funcionamiento y Financiamiento" by Tarcisio Catañeda
- 2) "Financiamento das Políticas de Saúde no Brasil" by André César Médici
- 3) "Los Altos Costos de la Atención de Salud en el Brasil" by William Paul McGreevy
- 4) "Eficacia y Eficiencia de la Seguridad Social en Relación con el Ciclo Económico: el Caso Peruano" by Margarita Petrera Pavone
- 5) "Cuotas a los Usuarios de los Servicios de Salud. Análisis de sus Efectos Potenciales en el Perú" by Paul Gertler, Luis Locay and Warren Sanderson
- 6) "Se Justifica Económicamente la Erradicación de la Poliomelítis en las Américas?" by Philip Musgrove

- 7) "Análise Economica das Estratégias de Vacinacao Adotadas no Brasil em 1982" by María Alicia Domínguez

The World Bank Agenda for Reform in the area of health care financing is analyzed by public health experts in the region.

- 5) Seminario Sobre el Financiamiento del Sector Salud en América Latina. IDE/OPS/CENDEC. Brasilia, Brazil, October-November 1987

Sector: Public

Main Area: Resource allocation

Content: This seminar was held in collaboration by PAHO and the Economic Development Institute at the World Bank. The seminar was attended by officers from the Ministries of Health, Planning, Finance and Social Security from five Latin American countries. Technical officers from PAHO missions in the same countries also attended. The purposes of the seminar were to discuss basic issues of health economics, share the HCF experience in selected countries, and provide training to public sector officials who play a role in the allocation and management of resources to the health sectors.

- 6) "La Crisis Económica y sus Efectos Sobre la Salud". Regional project, in collaboration with the Inter-American Development Bank. Final report scheduled for publication in late 1989

Sector: Public

Main Areas: Resource allocation

Content: This project was developed to provide information to document and evaluate the impact that the economic crisis has had in the health sector. Research was carried out in Brazil, Ecuador, Honduras, Mexico, and Uruguay. Preliminary results were released in late 1987, and PAHO is presently preparing a comparative analysis.

- 7) PAHO/CARICOM Project. "Structural Adjustment and Health Care in the Caribbean". Institute of Social and Economic Research, University of the West Indies. Mona, Jamaica. Interim Report, June 1988

Sector: Public

Main Areas: Resource allocation

Content: This document contains a review of the health situation in the region during the period 1980-1986. Its purpose is to assess and analyze the impact of the economic recession and the subsequent adjustment programs. The overall conclusion is that the emphasis on maintaining levels of public sector employment has occurred alongside complaints about the health delivery system which focus on management and human relation problems.

IV. Social Security and Health Care Financing

A. Description of Work Completed in the Region

During this decade, the need to study social security systems and their role in the provision of health services has received increasing attention. Without going into a detailed description of the work completed to date, it is worthwhile to mention that research in this area began once it became apparent that available resources would not be sufficient to cover income maintenance benefits in the long run or health services benefits in the short run.

During the last few years, important reforms in improving the efficiency in the use of funds have taken place in the social security systems in several LAC countries. The main concern has been to separate the funds devoted to providing health care from those earmarked to ensure income maintenance. This separation is expected to allow better tracking and management.

The World Bank is concerned with the potential negative effect that a deficit in social security systems may have on macroeconomic programs. Also, since the poor and the more vulnerable groups are not generally covered by such programs, the World Bank is interested in the distributive outcome of social security and its effects on production efficiency (through distortions in the labor market and elsewhere). To address these issues, in January 1989 the World Bank initiated a two year research project in the area of social security for the Latin American region. Countries to be included are the Central American nations as well as Mexico, Ecuador, Colombia, Bolivia, Chile, Uruguay, and Paraguay. This document was prepared during the design phase of the social security project, at the time decisions were made about the design of a data bank, models to be used, and Caribbean countries to be included in the study. The project is scheduled to finish by mid-1990.

B. Publications on Social Security and Health Care Financing

- 1) Zschock, Dieter. Medical Care Under Social Insurance in Latin America: Review and Analysis, JSI, Prepared for AID/LAC/DR/HN, March 1983

Sector: Quasipublic

Main Areas: Resource allocation

Content: This document reviews the organization, financing, and coverage of medical care under social insurance in 16 Latin American countries. It points out a number of key policy issues and provides recommendations. The need to develop a more comprehensive approach to health sector policy

determination in the region is noted. The report emphasizes the fact that data were limited at the time and recommends strategies for improving the availability of data.

- 2) Mesa-Lago, Carmelo. El Desarrollo de la Seguridad Social en América Latina, Estudios e Informes de la CEPAL No. 43, Naciones Unidas, Santiago de Chile, 1985

Sector: Quasipublic

Main Areas: Resource allocation

Content: This document presents a comparative study of the social security experience in six Latin American countries. The cases of Costa Rica, Chile, Cuba, Mexico, Peru and Uruguay are analyzed from their historic evolution, organizational structure, protected population, financial aspects, expenditure levels, and the impact of the social security experience on social development. For analytical purposes, the countries are divided according to the degree of development of their social security systems. Among the more developed countries (Chile, Cuba and Uruguay), the principal problem is not of coverage but of financing. While coverage is adequate, these countries face difficulties in paying for the increasing costs of providing social security benefits. Among the medium income group (Costa Rica, Mexico, and Peru), the problem remains to find ways to increase coverage and provide universal access to social security benefits, improve the quality of health care, and ensure that pension funds retain their value in real terms without creating imbalances in the system in the future.

- 3) Mesa-Lago, Carmelo (ed.). La Crisis de la Seguridad Social y la Atención a la Salud, Fondo de Cultura Económica, lecturas No.58, 1986

Sector: Quasipublic

Main Areas: Resource allocation

Content: This book contains the work presented at an international conference on "Social Security and Health During the Eighties", held in 1983 at the University of Pittsburgh. It contains a compilation of eight articles, with comments written as a product of joint research organized by the Center for Latin American Studies at the University of Pittsburgh during the period 1982-83. The following articles are included:

- 1) "Statecraft, política y crisis de la seguridad social. Una comparación de la América Latina y los Estados Unidos" by J. Malloy;
- 2) "La seguridad social en la América Latina: Tendencias y perspectiva" by G. Freeman;
- 3) "Seguridad social y asistencia pública" by E. Isuani;

- 4) "La integración de programas de salud en un sistema nacional de salud" by A. Ugalde;
 - 5) "El financiamiento de las pensiones de la seguridad social: Principios, problemas actuales y tendencias" by P. Thullen;
 - 6) "El efecto de la seguridad social y la atención a la salud en la distribución del ingreso" by P. Musgrove;
 - 7) "El efecto de la seguridad social en el ahorro y el desarrollo" by J.P. Arellano;
 - 8) "El efecto de la seguridad social en el empleo" by R. Wilson;
 - 9) "Políticas y reformas de la seguridad social" by S. Borzutzky; and
 - 10) "Diversas estrategias frente a la crisis de la seguridad social: Enfoques socialista, de mercado y mixto" by Carmelo Mesa-Lago.
- 4) Mesa-Lago, Carmelo. Financiamiento de la Salud en América Latina y el Caribe, Seminario modelos y estrategias financieras de la seguridad social. CIESS, México 1985

Sector: Quasipublic

Main Areas: Resource allocation

Content: This document, based on secondary data, contains a descriptive analysis of the financing of health care in the Latin America and Caribbean region, its main difficulties and the feasible ways to face them. The document points out the lack, at the time, of bibliographical data on the subject. The issues of organization, coverage, financing, benefits, and costs of medical care are addressed. Suggestions to improve the performance in these areas and topics to be included in further research are provided.

- 5) Mesa-Lago, Carmelo. Social Security in Bahamas, Barbados and Jamaica, in the International Labor Review, 1988:4

Sector: Quasipublic

Main Areas: Resource allocation

Content: This study was commissioned by the International Labor Organization (ILO), as part of a broader project on the "Future of Social Security in Developing Countries." The document presents a comparative analysis of social security in three countries. The author analyzes the social security systems following the same analytical framework used in the document described in 2) above. For that reason both studies could be considered complementary.

- 6) Mesa-Lago, Carmelo. Financiamiento de la Atención a la Salud en América Latina y el Caribe, con focalización en el Seguro Social, preparado por encargo del Instituto de Desarrollo Económico (EDI) del Banco Mundial, January 1988

Sector: Quasipublic

Main Area: Resource allocation

Content: This document presents a revised version of the work described in 4) above. It was commissioned by the Economic Development Institute (EDI) at the World Bank to be presented at the EDI/PAHO seminar on Health Care Financing in Latin America, held in Brasilia in 1987. Further research is suggested in the following areas: 1) Costing of the alternatives to providing universal coverage; 2) cost-efficiency evaluation of alternative ways to provide services; 3) feasibility analysis to substitute other taxes for social security contributions in order to finance health services; 4) impact and feasibility analysis of starting user fee systems; and 5) cost/benefit analysis of producing domestic drugs as compared to importing them. A number of suggestions are given in the area of educating patients in order to induce a better resource allocation.

- 7) Petrera Pavone, Margarita. Eficacia y Modelo de la Seguridad Social en Relación con el Ciclo Económico: El Caso Peruano, PAHO, Boletín de la OPS vol. 103, No. 6, December 1987

Sector: Quasipublic

Main Areas: Resource allocation

Content: This document tests the hypothesis that social security in Latin America behaves in a counter-cyclical manner; that is, it protects the more vulnerable groups during periods of recessions. It considers the effectiveness and efficiency of the social security system by classifying of its productive functions. The analysis shows that while the distributive effect of social security on real wages is actually pro-cyclical in Peru, the level of efficiency declines during recession periods due to a decrease in the personnel/medical inputs ratio.

- 8) The World Bank. Social Security in Latin America: Options to Enhance Efficiency and Equity, project started January 1989, expected to be completed by mid-1990

Sector: Quasipublic

Main Areas: Resource allocation

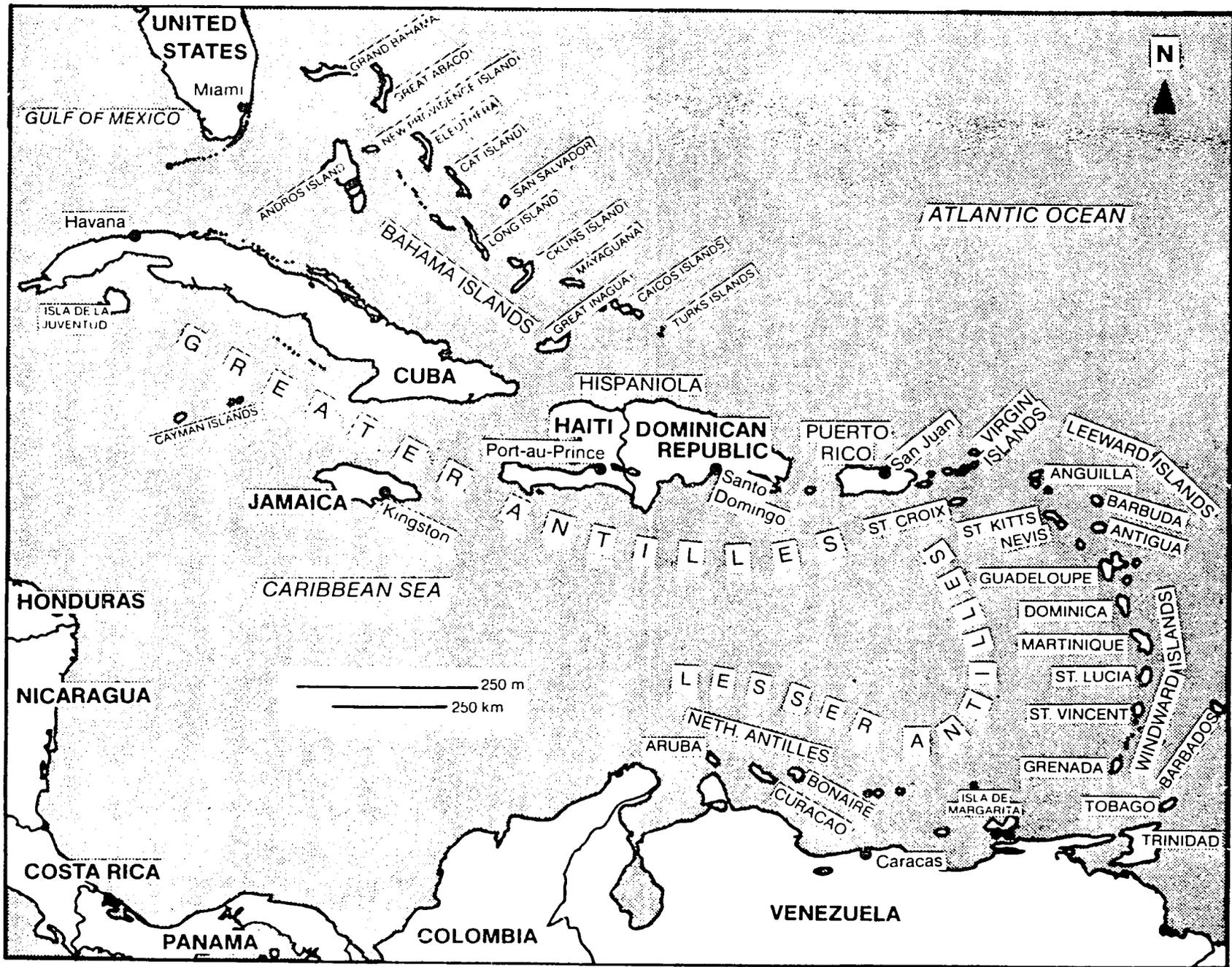
Content: The goal of the project is to help improve the efficiency and equity of social security systems in the countries of the region. The project will analyze priority policy issues, both region-wide and country-specific, and identify policies that can enhance the efficiency and equity of social security institutions.

- 9) Rezende, Fernando. Financiamiento de las Políticas Sociales, UNICEF, ILPES, Santiago de Chile, 1983

Sector: Quasipublic

Main Areas: Resource allocation

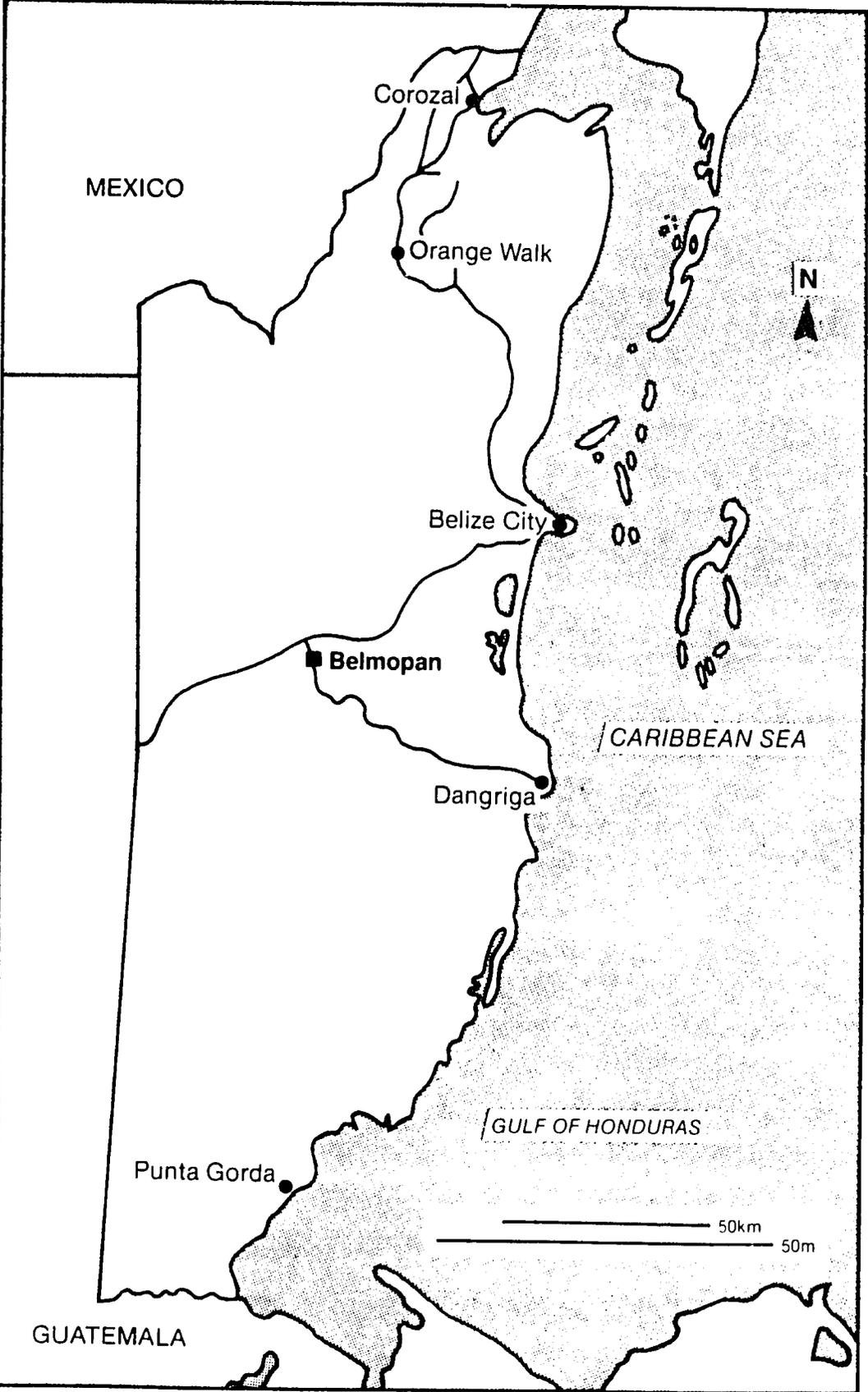
Content: This document examines the policy of providing health care services within the social security system in Brazil. It analyzes the financing mechanisms used, its redistributive effects, and the evolution of expenditures as a consequence of implementing such a policy. Even though this document was written well before changes were introduced in the provision of health services through the social security system, it pointed out the problems the system had regarding the feasibility of providing health services for a growing target group within a self-financed system. Based on data gathered for this study, a proposal was made to modify the social security financing structure.



1/21

THE CARIBBEAN

BELIZE



V. Country Overview

A. CARIBBEAN

A. 1. BELIZE

a. Overview of HCF activities

A small country with a population of 171,000, Belize is characterized by considerable racial and cultural diversity. Belize became independent in 1981 and, like other former British colonies in the Caribbean, is among the countries with the best health indicators in the LAC region. These are expressed in an infant mortality rate of 27 per 1,000 live births and a life expectancy of 66 years. The extraordinary achievement in infant mortality in spite of poor sanitation conditions can be explained to a large extent by the level of education of the population, particularly mothers. As of 1986, the literacy rate was 92%. Nearly 75% of the rural population has no access to potable water and, even though health services are accessible to most people, the capacity to deal effectively with malaria, intestinal disease and malnutrition is severely limited.^[10]

In terms of level of economic activity, Belize is among the middle-income countries in the region, with a per capita income of \$1,170. The economy of Belize was highly affected by the international economic crisis of the early 1980's, and its recovery process has been slow. By the end of 1986, the observed GDP was 5% lower than that achieved in 1980.

During the development of this study, it was found that only a few HCF initiatives had taken place in Belize. These have primarily been funded by AID. USAID/Belize's main goal is to support efforts to improve economic performance, particularly the economy's trend of growth. In this context, health projects have a low priority given the good health indicators within the country. Nevertheless, health projects are considered in the Human Resource Development component of USAID/Belize's CDSS, based on the argument that the development of Belize's productive capacity is dependent upon a healthier population. While health care financing activities could support the achievement of this goal, they would need to be developed outside the child survival context, as opposed to many other LAC countries.

^[10] USAID/Belize. Country Development Strategy Statement, FY 1986.

b. Description of AID Funded Activities

- 1) Raymond, Susan et al. Financing and Costs of Health Services in Belize, HCF/LAC (SUNY/Stony Brook), Research Report No. 2, June 1987.

Sector: Public and Private

Main Areas: Costing of health services and cost containment
Resource allocation

Funding Agency: AID/LAC/DR/HN

AID contract No.: LAC 0632-C-00-5137-00

Cost: \$ 92,354

Content: This study presents a cost database for the Belize City Hospital (BCH) and, to a lesser extent, for other public curative and primary care institutions in the country. It also addresses the management structures and policy alternatives required to implement successfully a number of cost containment and revenue expansion options. The status of the private medical sector is reviewed as well as the cost and financial relationship between the Social Security Board and the overall health system. Short and long term options are presented to the Government as measures to be considered for cost containment purposes.

- 2) Norris, Jeremiah. Exploratory Report: Options for Health Care Financing Studies in Belize. HCF/LAC (SUNY/Stony Brook), June 1986

Sector: Private and Public

Main Areas: Costing of health services

Funding Agency: AID/LAC/DR/HN

AID Contract No.: LAC 0632-C-00-5137-00

Cost: \$ 9,000

Content: This document outlines health care financing study options for USAID/Belize. It is based on interviews undertaken in 1986 with the Belizean Minister of Health, the heads of a public and a private hospital in Belize, the Director of the Belizean Banana Control Board, and other officials in the public and private health sectors.

- 3) Meissner, Paul. Scope of Work: Establishment of a Primary Care Facility for the Belize Banana Control Board. HCF/LAC (SUNY/Stony Brook), February 1987

Sector: Private

Main Areas: Organization of health services

Funding Agency: AID/LAC/DR/HN

AID Contract No.: LAC 0631-C-00-5137-00

Cost: \$ 3,000

Content: This document, prepared at the request of USAID/Belize, reflects technical assistance to the Banana Control Board, in accordance with the policy of the Government of Belize to encourage private investment in service activity areas. It consists of a scope of work for follow-up technical assistance to develop a plan for a primary health care facility. (This technical assistance was later implemented through the REACH project; see section 4, below.)

- 4) Raymond, Susan et al. A Health Plan for the Banana Control Board, Belize, REACH, September 1987.

Sector: Private

Main Areas: Organization of health services
Resource mobilization

Funding Agency: AID

AID contract No.: DPE-5927-C-00-5068-00

Cost: \$ 13,984

Content: This study assessed the nature and level of demand for health services within the banana-growing area, the costs of providing a range of services to this previously underserved population, and the financing and service delivery options available to the banana growers to meet the defined need. The cost analysis demonstrated that the financial viability of clinic operations will be highly sensitive to the ability to collect revenue from patients. The report suggests that capital costs be financed by an outside source, while the patient population would be responsible for financing the recurrent costs.

c. Other Studies and Non-AID Funded Activities

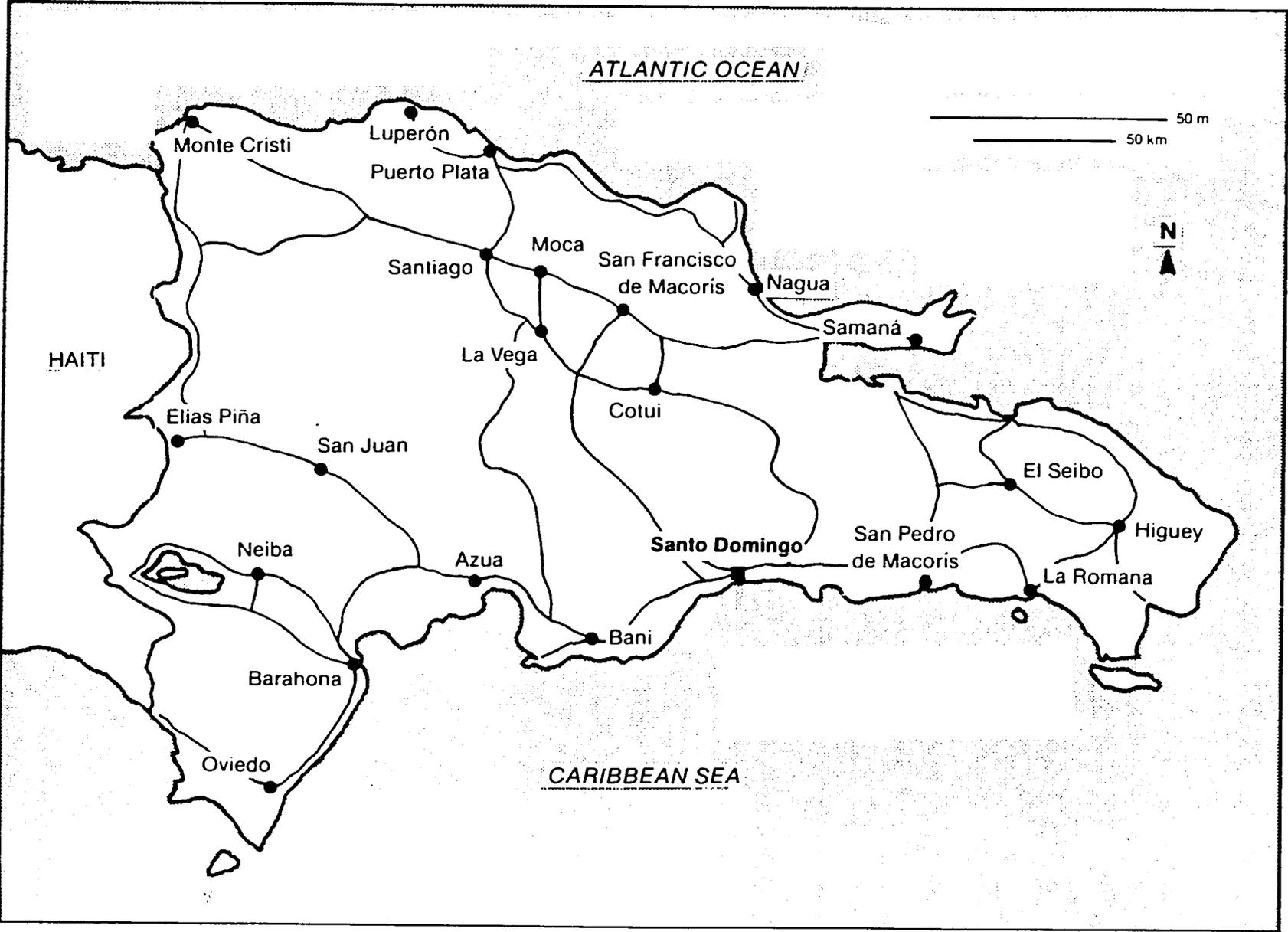
- 1) Hamilton, Trevor et al. Cost-Effective Management of Health Services in Belize, Grenada, St. Kitts-Nevis and St. Lucia, The University of the West Indies, February 1988.

Sector: Public

Main Areas: Cost containment

Content: This report was intended to serve as a source document for a proposed University of the West Indies (UWI) sponsored regional workshop in April 1988. The workshop was aimed at improving the ability of Ministries of Health to achieve cost-effective management of their health services. The report addresses a number of issues: government health policies and fiscal measures; the effectiveness of health coverage to the population; and the establishment of indicators for the effective evaluation of health policies and programs. The report notes several management issues facing the health sector in each of the countries studied, and makes recommendations regarding provision of services, private health insurance, health personnel, and financial planning.

DOMINICAN REPUBLIC



Zona

A. 2. DOMINICAN REPUBLIC

a. Overview of HCF Activities

Under the sponsorship of USAID/DR, a number of health care financing initiatives have been carried out during recent years. The Dominican Republic has not been an exception to the poor performance experienced by LAC economies during this decade, as shown by a low 1.4% improvement in per capita income during the period 1981-1988. Public expenditure in health has been reduced while the population's income has deteriorated. The employment situation is among the worst in the LAC region. It has been reported that for the last 15 years, around 25% of the economically active population has been unemployed or underemployed.^[11]

Under these conditions, USAID efforts are targeted to improving the employment and income situation rather than working directly toward the provision of social services. USAID strategy focuses on the development of those productive sectors which can best contribute to broadly-based self-sustained growth and which have a higher impact in employment. In this way it is expected that, through the improvement of their income, the Dominican population will be able to procure social services directly and make progress in their standard of living.^[12] USAID has also made the decision to move away from assistance to public sector programs that may lead to an increase in the recurrent cost burden on the government budget.

No government HCF initiatives were identified, though there is a perception among Ministry of Health and USAID officers that a better allocation of resources would be highly desirable. USAID health care financing activities have concentrated on the diagnosis phase of HCF problems and will be extremely useful in identifying the context for the design of a strategy for financing health services.

b. Description of AID Funded Activities

- 1) Ramey, Thomas. Consultant's Report on Private Sector Pre-paid Health Project for Dominican Republic. October 1985.

Sector: Private
Main Areas: Organization of health services
Funding Agency: USAID/Santo Domingo
AID Contract: PIO/T No. 517-0000-3-50082

^[11] See: Instituto de Población y Desarrollo/PROFAMILIA. Población y Salud en la República Dominicana, estudio No. 5, December 1986.

^[12] USAID/Dominican Republic. Action Plan 1988-1989.

Content: This report contains the results of a consultancy undertaken to identify appropriate provider and beneficiary groups to establish a private sector HMO type project, and to assist AID/Santo Domingo in designing a feasible health care project. The consultancy responded to AID/Santo Domingo interest in designing a health care project that would be self-financed, private sector based, and capable of extending health care to people on the lower end of the socio-economic spectrum. The study proposes that AID help the process of starting joint venture initiatives that take advantage of the "Iguales" experience (a type of organization similar to an HMO) and share the market drawing on both domestic and foreign (American) capital.

- 2) ALICO. Dominican Republic HMO Feasibility Study, Program Description March 1987, and Final Report, September 1987.

Sector: Private
Main Area: Organization of health services
Funding Agency: USAID/Santo Domingo
AID Contract No.: Grant for project No. 517-0000
Cost: \$92,000

Content: The objectives of this study were to determine the feasibility of a Managed Care Delivery System as a business venture and to determine the optimal configuration of such a system for the Dominican environment. Feasibility analyses were done in the following areas: legal, health services delivery, organizational and management, market, and financial. The Dominican Republic has an established private sector delivery system called "Iguala Médica," a Health Maintenance Organization with a lower level of sophistication than those found in the United States. The Iguales cover 80% of the insured market. The main conclusion of this feasibility study is that even though there is a potential demand for a product that combines the strengths of insurance and the Iguala, it is not large enough to make such an initiative feasible.

- 3) Health System Management Project, ongoing project, started 1984, project assistance completion date: April, 1988

Sector: Public
Main Areas: Resource allocation
 Costing of health services
Funding Agency: USAID/Santo Domingo
AID contract No.: Project No. 517-0153
Cost: \$ 2.5 million

Content: This project was designed to upgrade the management and training capacities of the Dominican Republic's Secretariat of State for Public Health and Social Assistance (SESPAS). Management systems to be improved originally included: finance, logistics, information, supervision, personnel, maintenance, and planning. An Amendment of 7/13/85 decreased funding to \$1.5 million with a counterpart contribution of \$500,000 and

limited management improvements to the areas of finance, personnel and information. A management information system (MIS) is being developed to support the individual systems, facilitate improved planning and policy making, and provide regular information on SESPAS performance. As result of this project, new budgeting procedures which tie productivity to funding levels have been developed and used in two budgeting cycles.

- 4) Lewis, Maureen. The Hospital User Fee Experience in the Dominican Republic, REACH, October 1987.

Sector: Public

Main Area: Resource mobilization

Funding Agency: AID

AID contract No.: DPE-5927-C-00-5068-00

Cost: This document is part of the LAC Bureau User Fee Study, which includes Jamaica and Honduras for a total cost of \$132,290.

Content: This study of ten public hospital facilities throughout the D.R. examines the policy of cost recovery, the structure of fees, the income received, the expenditure of the income, and the means tests applied in each facility. The study points out the need to link fees more closely to costs and recommends the imposition of charges for each service, even if they are nominal. It recommends, in particular, the establishment of charges for high volume services. The study highlights the fact that a system of cost recovery is already a reality in Dominican medical installations, even if the central government has not promoted or assisted in this effort. The study suggests that the system could be improved by assistance to hospitals in formulating fee systems and improving the incentives for collection of revenues.

- 5) Hospital Cost Study, REACH, ongoing, expected to be finished by the second semester of 1990.

Sector: Public

Main Area: Costing of health services

Funding Agency: USAID/Santo Domingo and AID/S&T/H

AID contract No.: DPE-5927-C-00-5068-00

Cost: \$204,000

Content: The purpose of this study is to estimate the costs of providing services in selected hospital inpatient and outpatient departments. The scope of work calls for developing a methodology to determine both the actual cost of the resources ideally required to provide the service and the opportunity cost of not having resources available. Information will be collected by following admitted inpatients and treated outpatients in one public hospital. At the same time, analysis will be done for all hospital facilities based on information provided by the Health System Management Project.

- 6) Mesa-Lago, Carmelo. Exploratory Report: Options for Health Care Financing Studies in the Dominican Republic. HCF/LAC (SUNY/Stony Brook), August 1986.

Sector: Public and Private
Main Areas: Costing of health services
Resource allocation
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$9,000

Content: This report proposes options for health care financing studies of hospital costs, user fees, and system-wide financing analyses to be considered by USAID/DR and host country officials. (The first two study options were subsequently selected by USAID/DR for implementation under the REACH project; see above.)

- 7) Gómez, Luis Carlos. The Demand for Health Care in the Dominican Republic: Study Design. HCF/LAC (SUNY/Stony Brook), April 1987

Sector: Public and Private
Main Areas: Resource mobilization
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$6,000

Content: Technical design for USAID/Santo Domingo of the two part research project, carried out by HCF/LAC (SUNY/Stony Brook), reflected in sections 8 and 9.

- 8) Gómez, Luis Carlos. Household Survey of Health Services Consumption in Santo Domingo, Dominican Republic: Methodology and Preliminary Findings, HCF/LAC (SUNY/Stony Brook) Research Report No. 8, September 1988.

Sector: Public
Private
Main Areas: Resource mobilization
Funding Agency: USAID/Santo Domingo
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$112,950

Content: This study represents the first phase of a two-part research effort in Santo Domingo; the second phase, an analysis of the demand for health care, is scheduled for completion by March 1989. The first-phase report contains a summary of the methodology and selected findings of a stratified, probabilistic household survey designed to identify patterns and determinants of public and private health services utilization by households. Socioeconomic variables, the charges paid to providers for

health services and medications, and access to health services coverage provided by social security, private health insurance, and the Armed Forces are identified.

- 9) Bitrán, Ricardo. Household Demand for Medical Care in Santo Domingo, Dominican Republic. HCF/LAC (SUNY/Stony Brook) Research Report No. 9, February 1989

Sector: Public
Private

Main Areas: Resource mobilization

Funding Agency: AID/LAC/DR/HN

AID Contract No.: LAC 0632-C-00-5137-00

Cost: \$ 113,707

Content: This report, representing the second phase of a two-part study of health care demand in Santo Domingo, is based on Gómez's Dominican Republic household survey data (see above). The document contains a description of health care seeking behavior based on cross-tabulations of the survey data plus a statistical analysis of demand determinants. The statistical results were used to construct a model and make simulations of hypothetical policy measures.

c. Other studies and non-AID funded activities

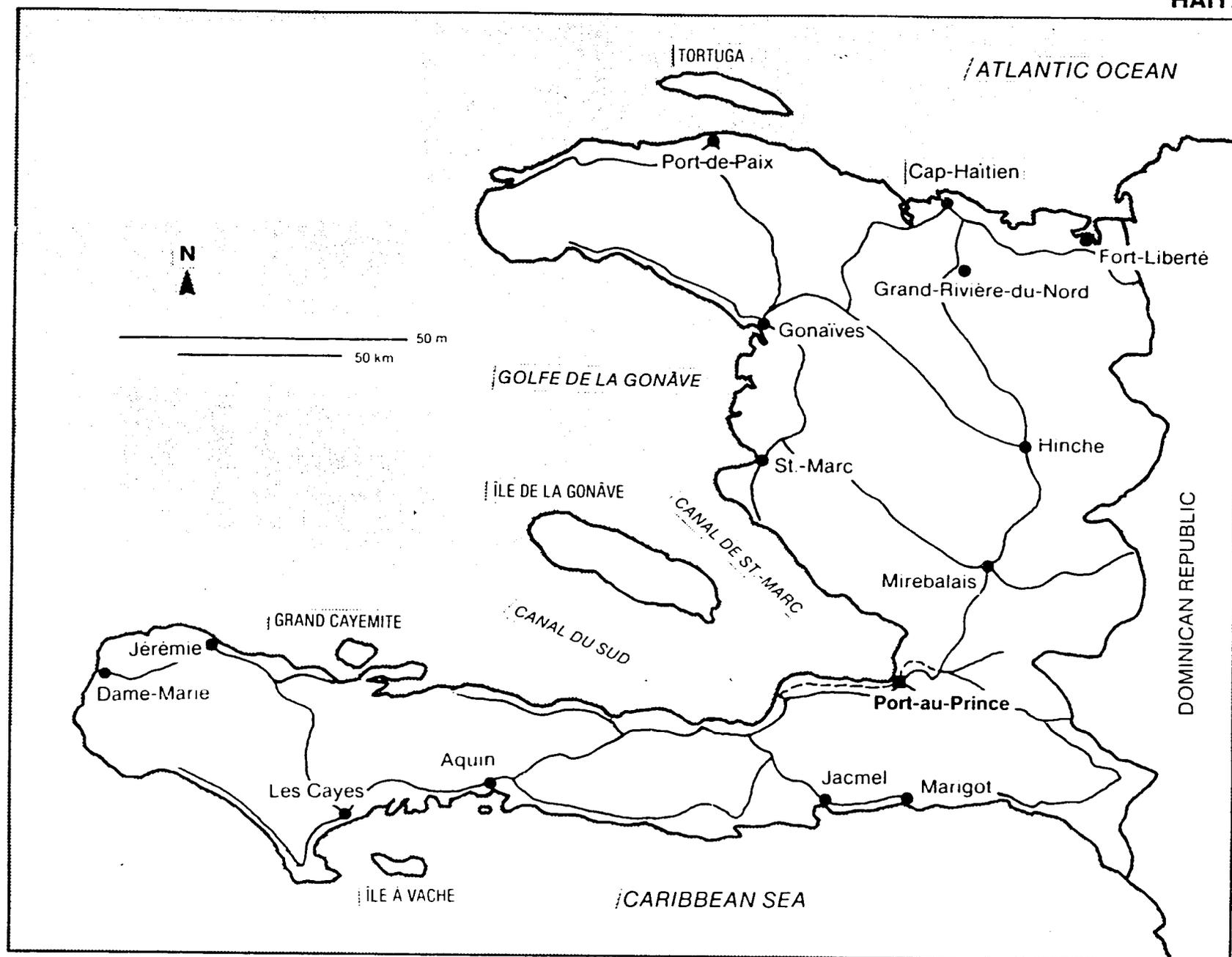
- 1) Instituto de Población y Desarrollo/PROFAMILIA. Población y Salud en la República Dominicana, estudio No. 5, December 1986

Sector: Public and Private

Main Areas: Resource allocation

Content: This document contains a complete assessment of the health sector in the Dominican Republic. Some financing issues are addressed, particularly with regard to participation of the private sector, and the social security sector. The document contains a set of recommendations to improve public sector participation in the provision of health. It constitutes a useful background document for the design of HCF initiatives in the country.

HAITI



A. 3. HAITI

a. Overview of HCF Activities

Haiti is the poorest country in the LAC region and has the worst indicators of standards of living of population. With a low level of economic activity, as measured by a per capita income of \$330, the country has an infant mortality rate of 119 per 1,000 live births and an illiteracy rate of 77%. Even though there is no documented evidence that these indicators have deteriorated during this decade, it can be safely assumed that the general population's health status has worsened as a consequence of the poor performance of the Haitian economy during the 1980's. In fact, the level of economic activity observed in 1988 was 9.4% lower than that achieved in 1980. In per capita terms, the detriment is even worse. By 1988, the country's per capita GDP had fallen to roughly 80% of the level achieved at the beginning of the decade. Under these circumstances, health care financing activities that can support a movement towards a better health status become key elements of the overall health sector plan.

USAID has been very active in this field in Haiti and has sponsored a number of studies to address the need to mobilize additional resources into the health sector. The mission's goal in the area of human resources is to upgrade Haitian human resources through reduced population growth, better health, and basic education reform.^[13] Within that framework, the health sector strategy has three goals that can be summarized as follows: a) promote cost-effective PHC interventions with an emphasis on participation and collaboration of private, voluntary and community groups; b) develop and strengthen the MOH's administrative and financial capabilities; and c) identify and develop revenue sources for supporting recurrent health care costs. The main project in the health sector, the "Targeted Community Health Outreach" (TACHO), has an important HCF component which, through social marketing, emphasizes mobilizing community interests in utilization of PHC services and in the provision of financial and volunteer support for these services. In terms of resource allocation and organization, it promotes the decentralization of the MOH and provides major resources to private sector health organizations to enhance their service delivery and to institutionalize public/private sector collaboration.

USAID/H has a collaborative approach with other donors and international organizations and is open to considering co-financing whenever this will provide a more efficient use of resources, greater potential economic benefits, and more powerful leverage for U.S. aid funds.^[14] This becomes particularly relevant in identifying and implementing HCF activities in countries that are already developing a policy dialogue with other donors.

^[13] USAID/Haiti. Action Plan FY 1987 - FY 1988

^[14] USAID/Haiti. Country Development Strategy Statement FY 1986
(Supplement to FY 1984 CDSS).

b. Description of AID Funded Activities

- 1) Cross, Peter. Financial Analysis and Financial Projections, For the Département de la Santé Publique et de la Population, September 1982.

Sector: Public
Main Areas: Cost estimation
Funding Agency: USAID/Port-au-Prince

Content: This document assesses the situation in the public health sector in Haiti in 1982 and makes projections for the future. The initial purpose of the document was to review the financial feasibility of the Rural Health Delivery Project, but the review was expanded into a relatively comprehensive financial analysis of the Ministry of Public Health and Population. Problems in the Ministry are highlighted and recommendations made for improving budgetary control and health services delivery. These recommendations include developing a system of fees for government health services and assessing the cost-effectiveness of different service delivery strategies.

- 2) Bicknell, William J., et al. Payer Pour la Santé du Public: Haiti, 1984-1994, PRITECH, June 1984.

Sector: Public, Private
Main Areas: Organization of health services
Resource mobilization
Funding Agency: USAID/Port-au-Prince and LAC/DR/HN
AID Contract No.: DPE-5927-C-00-3083-00

Content: This evaluation of health sector strategies in Haiti focuses on the future of the health sector in the decade of 1984-1994. The team identified salient questions and recommendations for the Haitian government, the Ministry of Public Health and Population, and USAID. The report notes that the proportion of the public health budget provided by USAID is too high considering that continued U.S. assistance cannot be guaranteed. The team notes that the Haitian public health sector and donor agencies must face the two important problems: controlling operating costs and generating realistic sources of revenue from in-country sources.

Specific objectives for a reform plan are outlined, including a reduction in the proportion of operating costs provided by USAID to not more than 10% of total costs by 1984, improvements in the efficiency and effectiveness of existing services through cooperation between the public and private sectors and through increasing the acceptability and utilization of public services, and the generation of additional revenues through the establishment of fees for public health services. The fees would not be required of the most indigent patients nor those participating in certain critical programs such as family planning or malaria prophylaxis.

- 3) USAID. Food for Development Program: PL-480 Title III, FY 1985- FY 1988, December 1984.

Sector: Public

Main Areas: Cost containment, organization of health services

Funding Agency: USAID/Port-au-Prince

Content: This Food for Development Program addresses many needs in Haiti, including the need for improved policy in the public sector. As part of this program, the Government of Haiti agreed to institute specific policy reforms. These reforms include improving the management and financial control of the Ministry of Public Health and Population, decentralizing its operations, reducing recurrent costs in the sector, improving Ministry collaboration with non-governmental voluntary health providers, and improving access of the population to family planning services. Reforms are broken down into discrete activities which can act as benchmarks for monitoring progress. These activities include the development of action plans, implementation of procedural adjustments, establishment of a standard system for the collection of health service fees, and establishment of performance targets.

- 4) Harrison, Polly, et al. Evaluation de Projets: Santé Urbaine et Développement Communautaire II (521-0159), Programme Elargi de Santé Communautaire et de Planning Familiale (521-0181), Programme Décentralisé de Santé Communautaire (521-0169), April 1986.

Sector: Private

Main Areas: Organization of health services

Funding Agency: USAID/Port-au-Prince

AID Contract No.: DPE-5927-C-00-3083-00

Content: This evaluation studied three PVO health projects for two main purposes: 1) to determine the strong and weak points and suggest appropriate modifications and future directions for the projects; and 2) to identify a new generation of primary health care projects which will respond to the goals and strategies stipulated in the Action Plan of USAID/Haiti and to amend the Action Plan, if necessary based on experience. The extent to which each project conforms to the Action Plan is examined. The achievements of the three projects are reviewed, and recommendations for strengthening the management and organization of the projects are given.

- 5) McDermott, Chris, et al. Improving Health Care Coverage Through Management Improvements: An Operations Research Study, May 1986.

Sector: Public, Private, Quasipublic

Main Areas: Resource mobilization

Funding Agency: USAID/Port-au-Prince

Content: This operations research study design, developed with the assistance of PRICOR, constructs a means to examine the multi-tiered health service delivery system in Haiti consisting of public, private, and mixed providers. The problems of the system are discussed, including mismanagement and underfinancing. The key issues for the Ministry of Public Health and Population are identified as finding methods to increase efficiency and generating additional resources. The study is to document the inputs, processes, and outputs of the hospital, health centers, and dispensaries in two selected health districts. Annexes to the report include a discussion of hospital cost efficiency in Haiti, a format for a uniform data set to be used in the study, and a proposed questionnaire for the study.

- 6) Lamothe, Guy. Resultats Travaux Préliminaires Pour l'Evaluation du Programme de Santé, September 1986.

Sector: Public, Private

Main Areas: Organization of health services

Funding Agency: USAID/Port-au-Prince

Content: This report gives a general view of the Ministry of Public Health and Population (MSPP) in Haiti and makes recommendations for changing the organization and financing of the health sector. The expenditures of each of the major actors in the health sector are reviewed, including the Haitian government, USAID (including PL-480 funds), and international donor agencies. The possibilities for self-financing of the public health agencies are examined but are determined to be slight due to the large amount of services which must be furnished by these agencies. Private sector health activities, particularly those conducted by private voluntary organizations (PVO's), are also reviewed. Private sector health organizations are found to be more effective due to three main problems faced by public sector institutions: 1) poor working conditions; 2) low salaries; and 3) lack of management.

- 7) Nathan-Benn, Joy. Evaluation of Major Programs of Technical and Financial Cooperation in Health of USAID and the Government of Haiti. International Science and Technology Institute, Inc., December 1986

Sector: Public, Private

Main Areas: Resource allocation

Organization of health services

Funding Agency: USAID/Port-au-Prince

AID Contract No.: 521-0091-C-00-6112-00

Content: The purpose of this evaluation was to review the entire USAID health project portfolio in Haiti and assess its progress to date. The evaluation focused on seven major health institutions in Haiti and also reviewed a series of Child Survival programs. While most of the recommendations given in the report relate to the substance of the programs

themselves, the report also makes recommendations for improving the management of one of the programs which provides drugs to community pharmacies and to strengthen its potential for becoming self-sufficient. The report also makes recommendations for mechanisms to facilitate collaboration between the public and private sectors. These mechanisms include establishing a common information system, an interchange of resources, and committees at the commune or subdistrict level.

- 8) Ministère de la Santé et de la Population. Etude de Recherche Operationnelle: Amélioration des Soins de Santé par l'Amélioration de la Gestion, rapport préliminaire, March 1987. (PRICOR)
(see item 5 above)

Sector: Public

Main Areas: Organization of health services

Funding Agency: USAID/Port-au-Prince

Content: The purpose of this study was to identify the problems which affect the management of primary health care programs in Haiti in order to find short, medium, and long-term solutions. Specific objectives included evaluating the efficiency of services, studying the management system of health programs, determining the perception and attitudes of the population toward the services of these establishments, ascertaining their preferences for modern versus traditional medicine, and determining the problems of the system in order to develop solutions. Detailed descriptions are given of two health districts, including staffing, management, utilization, and coverage. Solutions are proposed for the problems identified. A study of traditional healers in the two health districts was also undertaken, and it is recommended that the modern and traditional systems in Haiti work together to promote primary health care.

- 9) Augustin, Antoine, et al. Alternative Methods of Compensating Community Health Workers in Haiti, PRICOR, March 1987.

Sector: Public

Main Areas: Resource mobilization

Funding Agency: AID

AID Contract No.: DSPE-5920-A-00-1048-00

Content: This operations research study examined the ways to motivate community health workers in Haiti to provide preventive services. Given that subsidies from the private local institutions managing the community health programs were not an acceptable option, alternative methods were examined. Using volunteer workers was considered, as well as paying workers from different sources. The sources considered included money paid by beneficiaries of health services, contributions from existing community groups, prepayment schemes, and money raised through income-generating activities carried out by the community health workers. The study team evaluated the various options using multiple criteria utility assessment. As a result, a model credit scheme was developed to raise funds for paying

community health workers. Under this scheme, small affinity groups of mothers would be able to buy "credit cards" and contribute money on a monthly basis to a credit fund. Mothers who belong to such groups and can demonstrate competence in four child survival interventions (ORT, immunization, growth monitoring, and family planning) would be eligible to receive loans for small income-generating activities. Money from the sale of the "credit cards" would go to support community health workers. Mothers themselves would pressure the community health workers to help them become competent in the child survival interventions so that they could receive loans.

- 10) McDermott, Chris. Haiti Program Notes: Financing of Community Health Services at the Hospital Albert Schweitzer, April 1987.

Sector: Private

Main Areas: Resource mobilization
Organization of health services

Funding Agency: USAID/Port-au-Prince

Content: This program note summarizes the community health program at the Hospital Albert Schweitzer in the Des Chapelles community in Haiti. This local health care system has a hospital and a number of satellite clinics. The system of patient referral and fees for services is outlined in this paper. Patients coming to satellite clinics pay five gourdes (US\$1.00) for a consultation and, if necessary, are given referral cards to go to the hospital. Patients with referral cards are assured entry to the hospital and receive a one dollar discount off of the three dollar charge for an outpatient visit. Thus the fee schedule reinforces the referral system by creating incentives for patients to go to the satellite clinics first. Receipts collected by the satellite clinics cover nearly all of the clinics' operating costs, including salaries, drugs and supplies, but not including capital and central office costs.

- 11) McDermott, Chris. Criteria for Determination of Prices for Health Services, undated.

Sector: Public

Main Areas: Resource mobilization
Funding Agency: USAID/Port-au-Prince

Content: This document examines fees for services at health institutions in Haiti. The current system of prices is not uniform, and revenues are not tracked in a systematic manner. It suggests that the Ministry of Public Health and Population (MSPP) examine service fees charged at its institutions and studies more closely the problem of administering and accounting for these fees. This document outlines a set of criteria for determining appropriate prices for health services, including explanations of the rationale behind the use of each criterion. The criteria include:

- 1) Prices should be standardized throughout the public health system;

- 2) The fee structure should encourage use of the lowest appropriate level of care (i.e. prices should be higher at hospitals than at dispensaries);
 - 3) The fees charged by public health facilities should not establish important barriers to the poor seeking priority health services;
 - 4) Fees for health services, or incentives for collection, should not provide incentives for health workers to favor curative care over preventive care;
 - 5) Patient fees should be collected and expended at the lowest possible level of the system. The next two higher levels, or, alternatively, two independent authorities, should be involved in the control of these revenues;
 - 6) Prices for curative care should be as close as possible to estimated marginal cost;
 - 7) Revenue from patient fee collections, over the long run, should cover the recurrent costs of providing health services.
- 12) McDermott, Chris. Health Sector: Agenda for Reforms in Haiti. A Response to the World Bank, December 31, 1986. DRAFT: Not for external use.

Sector: Public, Private

Main Areas: Resource mobilization, organization of health services

Funding Agency: USAID/Port-au-Prince

Content: This document summarizes the findings of a World Bank policy paper, Financing Health Services in Developing Countries: An Agenda for Reform (1986), and its application to the health sector in Haiti. The reforms recommended in the World Bank document are summarized, and the difficulties which would be faced in their implementation are discussed. This document notes current initiatives in Haiti which address some of these reforms. An agenda of reforms recommended for Haiti is outlined. Specific activities are suggested for the World Bank and other donors.

- 13) Urban Health and Community Development II, Project, Project Paper, May 1984.

Sector: Private

Main Areas: Resource mobilization
Organization of health services

Funding Agency: USAID/Port-au-Prince

Content: This is a follow-on to a previous project to assist the Centre Medico-Social de la Cité Simone (CMSCS), a Haitian PVO, to strengthen its management, self-financing capabilities, and delivery of primary health care (PHC) and human resource services in Cité Simone, a low income area in Port-au-Prince. CMSCS management capabilities will be strengthened through development of automated management information systems. CMSCS will increase PHC coverage in the areas of immunization, distribution of oral rehydration salts, and family planning. It is expected that user fee increases, sales of training products such as crafts, fund-raising, profits from a manufacturing enterprise funded under the previous project, and identification of other self-financing mechanisms will reduce the dependence of CMSCS on donor support.

c. Other Studies and Non-AID Funded Activities

- 1) The World Bank. Haiti - Public Expenditure Review, A World Bank country study, January 1987.

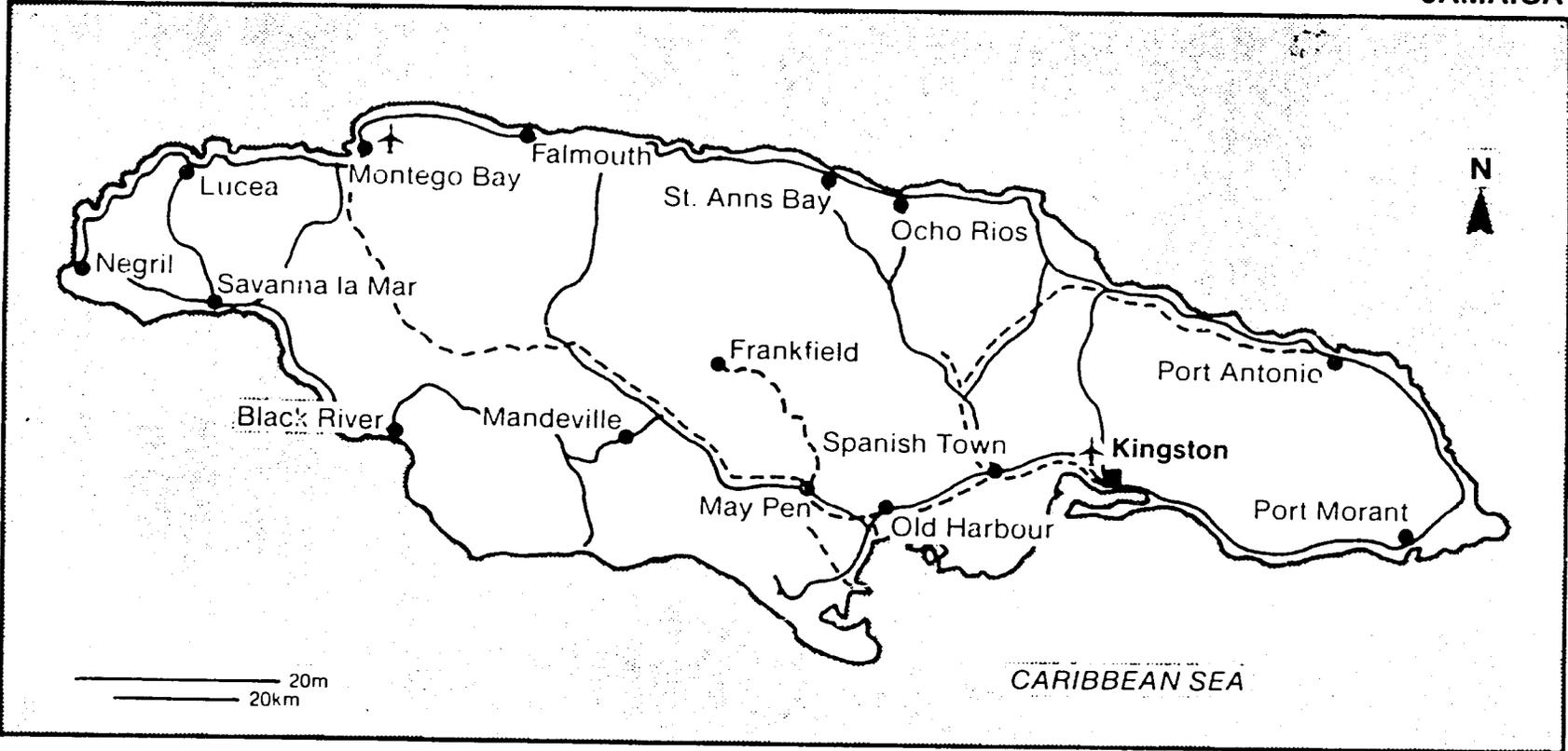
Sector: Public

Main Areas: Resource allocation

Content: This report reviews Haiti's public expenditure in the context of economic stagnation, the need for major structural reform, and a proposal that the country adopt a three-year rolling investment program. Health is one of the nine factors for which the level and control of public expenditures (recurrent and investment) and the role of donor organizations is discussed.

- 2) The World Bank. Haiti - Population, Health and Nutrition Sector Review, Report No. 5736-HA, December 1986. (For official use only)

JAMAICA



A. 4. JAMAICA

a. Overview of HCF activities

After experiencing eight years of negative rates of economic growth that had the effect of reducing the level of per capita income by 30% during the period 1972-1980, the Jamaican economy has undergone three stages of adjustment during the decade of the 1980's. Each of them followed a different approach, which were in turn: a) adjustment with "cushioning", b) adjustment with growth, and c) adjustment with social investment. The first was aimed at solving the fiscal and external sectors deficits, with some minimal measures to lessen the social cost of the economic program. Once those objectives were achieved, a second approach was followed in which economic growth was the main goal. By the end of 1987, the trend of economic growth had recovered, and thus the GOJ decided to concentrate its efforts on the development of the social sector. Within this context, Jamaica was probably the first country in the region to explicitly subscribe to the UNICEF emphasis on the need to deal with the provision of social services while undertaking efforts to improve the performance of the economy.^[15] Thus, in order to implement the social adjustment program, a number of studies were carried out with the financial support of international organizations.

As part of this program, a number of changes have taken place in the financing and management of the Jamaican health sector. USAID has played an active role in providing technical assistance in the area of financing of the public health sector through cost recovery schemes and private sector participation. Policy dialogue has concentrated on divestment of support services in tertiary care facilities, reform of hospital fee structures and changing the relative roles of the public and private sectors in the delivery of health care to allow for a more cost-effective system.^[16]

In spite of having a low level of economic development, as measured by a per capita income of \$840, the Jamaican population enjoys a good health status, expressed by an infant mortality rate of 19 per 1,000 live births and a life expectancy of 73 years. Jamaica, like a number of other countries in the region, faces the problem of being a developing country with the epidemiological profile of more developed countries, hence, making health care more expensive. Under these circumstances, the need to devote efforts to obtaining the best possible allocation of resources within the health sector is clear, and more efforts in this direction are likely to be seen in the future.

^[15] UNICEF. Adjustment with a Human Face. Protecting the Vulnerable and Promoting Growth. Oxford, 1987

^[16] USAID/Jamaica. Action Plan Fiscal Year 1988-1989.

b. Description of AID funded activities

1) Joint WHO/AID Recurrent Cost Study

Sector: Public

Main Areas: Costing of health services
Resource allocation

Cost: \$ 80,000 AID grant to fund the Costa Rican and Jamaican component of the "Studies on Recurrent Cost Problems in the Health Sector".

Content: From 1986 to 1988, USAID in a coordinated effort with WHO undertook studies on recurrent costs problems in the health sector. Countries selected as case studies were Costa Rica and Jamaica in the LAC region and Mali in Africa. In Jamaica, the study concentrated on the administrative requirements for extending insurance coverage, both voluntary and compulsory, to larger sections of the population. The study showed that a compulsory scheme could be devised to cover all of those in regular employment and their dependents at lower total cost. Studies were completed at the end of 1988 and the final report is still to be published.

2) Desai, Patricia et al. Productivity Analysis of Health Facility Staffing Patterns in Jamaica, PRICOR and Department of Social and Preventive Medicine of the University of the West Indies, March 1987.

Sector: Public

Main Areas: Organization of health services

Funding Agency: AID

Content: This operations research study, conducted from June 1983 to March 1986, was implemented for the purpose of investigating productivity problems of primary health care teams throughout Jamaica. The main objectives were to develop a methodology for measuring the productivity and cost-effectiveness of primary health care teams, describe how personnel are allocating their working time, determine the level of productivity and cost effectiveness of present primary health care teams and the relationship to population coverage and, finally, develop strategies to improve productivity and to work with the Ministry of Health to implement selected strategies on a trial basis. The model used showed that demand, at the time, could be met with fewer personnel. Depending on certain assumptions on quality of existing care the model indicated that it was also feasible to reduce total personnel costs by a range of 9 to 18%, and to increase the cost effectiveness index by 30%.

- 3) Stevens, Carl. Alternatives for Financing the Demand for Health Services in Jamaica, Health Initiative Study, May 1983.

Sector: Public and Private
Main Areas: Resource mobilization
Funding Agency: USAID/Kingston
AID Contract No.: PIO/T No. 532-0064-2-20063
Cost: \$ 81,376

Content: This document examines the general features of the public/private structure and financing of the health sector and the implications for possible financing patterns that were under consideration at the time. The diagnosis of the system showed that the MOH was underfinanced and that it was difficult to provide incentives for efficient performance within the MOH system. In terms of resource allocation, the MOH commitment for primary health care was too small. At the same time, it was concluded that there was too much out-of-pocket financing of the demand for services in the private sector. Four financing alternatives are considered. They represent sequential developmental steps which would be progressively more responsive to the problems revealed by the diagnosis of the system. The strategy of charging for secondary and tertiary curative care with the MOH collecting the funds is seen as a financing strategy which also gives the MOH the opportunity to reallocate resources towards primary care.

- 4) Project HOPE and MOH Jamaica. Workshop on "Alternative Health Financing and Delivery Systems for Jamaica," March 28-30, 1985.

Sector: Public and Private
Main Areas: Organization of health services
Resource mobilization
Funding Agency: USAID/Kingston
AID contract No.: Grant No. 532-0000-G-SS-5064-00
Cost: \$ 20,000

Content: This workshop was conducted by Project HOPE and sponsored by USAID/Kingston with the dual purpose of providing information on health care financing and delivery alternatives to Jamaican leaders from public and private sector and to promote discussion among them about these issues. The discussion served the purpose of identifying steps toward long-term improvements.

- 5) Upham, Ronald T. et al. Divestiture of Hospital Support Services Analysis, January, 1986.

Sector: Public
Main Areas: Organization of health services
Funding Agency: USAID/Kingston
AID contract No.: PIO/T No. 532-0064-3-10120
Cost: \$ 27,246

Content: This document presents a review of the project objectives. It also provides recommendations to the Minister of Health for implementing divestiture arrangements. It suggested options for divestiture and assesses local contracting capabilities. The report comes to the conclusion that divestiture of selected hospital support services, namely laundry, housekeeping, and food services, holds strong potential for cost savings and improved service.

- 6) Zukin, Paul et al. Proposed Trelawny Health Plan - Preliminary Assessment of a Managed Prepaid Health Service Organization for Trelawny Parish, Health Management Group, Ltd., March 1986.

Sector: Private

Main Areas: Organization of health services

Funding Agency: USAID/Kingston

AID contract No.: Purchase Order- 532-0000-0-00-6045-00

Cost: \$ 12,958

Content: This report provides a preliminary assessment of the feasibility of establishing a pilot prepaid managed health project in Trelawny parish, a poor, rural, medically underserved setting. The conclusion is that there are many serious impediments to the development and implementation of a managed prepaid health service organization in this parish. The recommendation is either to combine Trelawny with another parish to increase the market and financial base or to choose a different setting.

- 7) Helminiak, Thomas W. Economic Efficiency of Health Care Delivery and Finance in Jamaica, University of Wisconsin, September 1986.

Sector: Public and Private

Main Areas: Organization of health services

Funding Agency: USAID/Kingston

Cost: \$ 10,600

Content: This report includes a review of previous work on health care financing in Jamaica. The document concentrates in three areas: improving the definition of the financing and delivery issues facing the Jamaican health sector; offering conceptual development of ways to assess options for confronting these issues; and providing recommendations on how to proceed in dealing with the financing and delivery issues and the proposed options.

- 8) Swezy, Curtiss et al. Review of the Jamaican Health Sector and an Assessment of Opportunities for External Donor Support, October 1987

Sector: Public and Private

Main Areas: Resource allocation

Funding Agency: AID/Washington

Content: This document contains an assessment of the interrelated issues of the status of health in Jamaica, management within the Ministry of Health, and how the government could afford to respond to an increasing demand for health services. The main recommendations for AID activities are: to improve information systems, especially the area of vital statistics; to develop a strong vertical program to track and control AIDS and other STDs; to assist the government in revising its legal and regulatory structure in public health; to collaborate with other donors in supporting the Administrative Reform Program, a government-wide program to strengthen the civil service; and to assist the MOH in designing and evaluating its privatization efforts which would include promoting greater private sector activities in health care delivery, developing alternative means of improving drugs availability, and strengthening the management and financial solvency of the MOH.

- 9) Lewis, Maureen. Privatization in the Jamaican Health Sector, REACH, April 1988.

Sector: Private
Main Areas: Organization of health services
Funding Agency: AID/S&T/H
AID contract No.: DPE-5927-C-00-5060-00
Cost: \$9,580

Content: This report describes the Jamaican initiatives in privatizing the provision of health care services in recent years. The privatization proposals are considered to be well planned and carefully designed. It is pointed out that the issues of oversight criteria and methods for evaluating the efficiencies and effectiveness of alternative privatization options of the divestitures remained unresolved.

- 10) Lewis, Maureen. Financing Health Care in Jamaica, REACH, June 1988.

Sector: Public and Private
Main Areas: Organization of Health Services
Resource allocation
Funding Agency: USAID/Kingston
AID contract No.: PIO/T 532-9108-3-80030
Cost: \$ 17,954

Content: This document was written as part of the Project Paper on Health Sector Initiatives. It outlines the current status of health care in Jamaica and how it is financed. The document highlights the fact that while Jamaica's health indicators are among the best in the developing world, the severe economic difficulties that led to sharp reductions in the MOH budget combined with the comprehensive nature of subsidized care had taken a toll on the quality of health care. The document summarizes the context for financing health care delivery and discusses the many supply and demand factors that are involved.

- 11) Rice, James et al. Privatization Options in Jamaica Health Sector, An Explanatory Research Study for the Bureau of Private Enterprise, AID, The International Science and Technology Institute, undated.

Sector: Private

Main Areas: Organization of health services

Funding Agency: AID/Bureau of Private Enterprise

AID contract No.: PDC-0000-I-27-3083-00

Content: This study was undertaken to help shape the features of a public-private partnership which was seen as the only effective course of action to attack the effects of the economic crisis on the health sector. The document explores the economic feasibility of implementing selected forms of privatization and makes recommendations about steps to start implementing demonstration projects which further test the more promising forms of privatization.

- 12) Health Management Improvement Project. Project started on September 24, 1981 and it is scheduled for completion on March 31, 1990

Sector: Public and Private

Main Areas: Organization of health services

Funding Agency: AID

Project No.: 532-0064

Cost: AID grant \$ 3,017,000; AID loan. \$ 8,554,000; and resources provided by the Grantee , 4,068,330

Content: The goal of this project is to improve the health and nutritional status of the Jamaican population by improving the efficiency, effectiveness and equity of the public health care delivery system. The project is designed to strengthen the ability of the MOH to plan, implement and evaluate primary health care delivery. In the HCF area, the purpose of the project is to assist the MOH in assuring that the greatest level of health is provided to the population given the constraints on public and private sector expenditures. The project includes grant funds to support an HCF secretariat and to initiate reforms in the private/public partnership for health services delivery.

- 13) McFarlane, Dennis H.C. et al. Appraisal of an Analytical Report on a Survey on New Initiatives in Health Finance and Administration, prepared by McFarlane Consultants for the Statistical Institute of Jamaica, contractors for the Ministry of Health, Jamaica, December 1987

Sector: Public and Private

Main Areas: Organization of health services
Resource mobilization

AID Contract: Health Management Improvement Project No. 532-0064
PIL # 148 dated 7/8/87

Cost: \$ 73,260

Content: The subject of this report is a survey on new initiatives in health finance and administration conducted by the Statistical Institute of Jamaica on behalf of the Ministry of Health. The purpose of the survey was to provide source data and analysis for a team of health planners to identify and develop non-governmental means of contributing to the financing of health services in Jamaica. The survey was designed to measure the degree of utilization of health services by the population. Socio-economic characteristics of the population and their perception of available health services were analyzed to determine their effect on the probable responses to the programs under consideration.

c. Other Studies and Non-AID Funded Activities

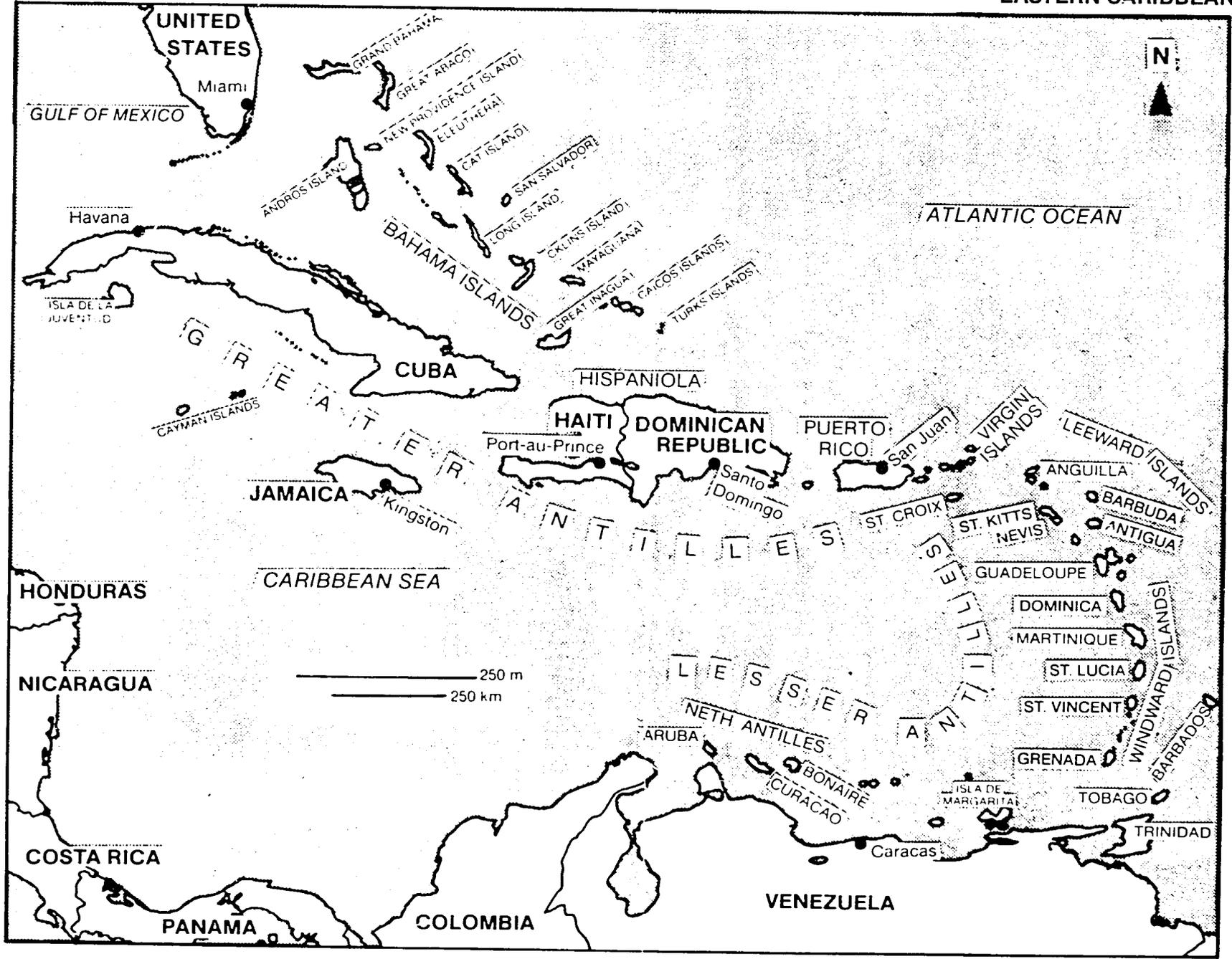
- 1) Wilensky, Gail et al. Initiatives for Jamaican Health Sector Reform, Center for Health Affairs, Project HOPE, October 1984.

Sector: Public and Private

Main Areas: Resource mobilization
Organization of health services

Content: This report was written in 1984 as a response to perceived fiscal problems. Its purpose was to identify alternatives for financing health care in the country. The document identifies two areas of problems within the Jamaican health system: inefficiencies in production of health services and inadequate financing. A set of recommendations are given with a schedule for implementation in the short, intermediate, and long term. It is suggested that, in the long run, serious consideration be given to a system which relies more heavily on private insurance and principles of competition among providers and insurers.

EASTERN CARIBBEAN



A. 5. EASTERN CARIBBEAN

a. Overview of HCF activities

The macroeconomic conditions observed in the countries that constitute the Eastern Caribbean (Antigua and Barbuda, Dominica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Grenada), are quite different than those in most of the countries in the LAC region where AID has active health programs. In fact, the Eastern Caribbean countries have high levels of income and good health indicators. Furthermore, this sub-region is an exception to the devastating economic problems that the rest of the LAC countries have faced during this decade. While almost every nation has experienced a deterioration of per capita income during the decade, these countries have achieved important improvements in their level of GDP. This process has been made possible by good economic performance accompanied by low rates of population growth.

Under these circumstances, the efforts of the AID Regional Development Office for the Caribbean (RDO/C) in the health sector concentrate on improving the efficiency of health services. As stated in the Mission strategy, "the health sector strategy is to help trim health costs and reduce the burden on the public sector while increasing the cost effectiveness of health resources management."⁽¹⁷⁾

Due to the small size and shared problems of the nations of the Eastern Caribbean, many of the health care financing activities and projects have used a regional approach. Several examples are noted below.⁽¹⁸⁾

b. Description of AID Funded Activities

- 1) Girling, Robert H., M.D. Project Description for the Establishment of an Eastern Caribbean Pharmaceutical Service and Revolving Loan Fund, February, 1984, DRAFT.

Sector: Public

Main Areas: Resource mobilization

Funding Agency: AID/S&T/H

AID Contract No.: DPE-5927-C-00-3083-00

⁽¹⁷⁾ USAID/Regional Development Office/Caribbean. Country Strategy Statement Fiscal Year 1986.

⁽¹⁸⁾ The RDO/C experience in the field of health care financing is discussed extensively in the country case description volume of this overview.

Content: This report provides the background for the proposed Eastern Caribbean Pharmaceutical Service and Revolving Loan Fund. The objectives of the fund are outlined and detailed operating procedures are suggested. Recommendations are made for implementing the program and for future technical assistance (TA) essential to the development of the Caribbean Pharmaceutical Service. This TA includes a long-term technical adviser and several short-term consultancies for the development of accounting and computer systems, training, and project evaluation.

2) Draft Report of the Regional Workshop on Health Care Financing, January 21-23, 1985.

Sector: Public, Private

Main Areas: Resource allocation
Resource mobilization
Organization of health services

Funding Agency: USAID/RDO/C

Content: This workshop was sponsored by USAID and coordinated by the Caribbean Centre for Development Administration (CARICAD) with the assistance of Management Sciences for Health (MSH) and the Central Bank of Barbados. Its central purpose was to bring together Ministers of Health and their Permanent Secretaries and Health Advisers from the OECS countries and Barbados to discuss health care financing issues. At the end of the workshop, assistance was requested in a number of areas by each country. Included in the draft report are four papers prepared for the workshop: "National Problems in Financing the Health and Social Sectors", Winston Cox, Advisor, Central Bank of Barbados; "Constructing Solutions to Financing Problems in the Health Sector", Dr. Catherine Overholt, Staff Associate, MSH; "Paying for Health Care: Alternative Sources of Revenue" Peter N. Cross and Dayl S. Donaldson, MSH; and "Survey of Prepaid Health Insurance: Potential Program Opportunities for Caribbean Nations", Tony Schwarzwaldner, MSH. A hand-out on "Possibilities for HMO-Type Organizations in Less Developed Countries", by Catherine Cleland of the U.S. Department of Health and Human Services was also included.

3) Regional Pharmaceutical Management Project, FY 1985-86.

Sector: Public

Main Areas: Resource Mobilization

Funding Agency: USAID/RDO/C

AID Project No.: 538-0134

Cost: US\$4,198,000

Content: The purpose of this project was to increase the efficiency of seven Eastern Caribbean health care systems by improving in-country logistics management and by reducing unit costs of pharmaceuticals through the use of a pooled procurement program. The two main project components were (1) the establishment and institutionalization of an Eastern Caribbean Drug Service within the Organization of Eastern Caribbean States, and (2)

country-level activities targeted at improving in-country supply management processes. In order to participate in the project, each country had to agree to design and institute a cost recovery scheme for their pharmaceutical supply system during the project.

- 4) Allman-Burke Grace. Concept Paper on Health Sector Resources Management (An Alternative Strategy for Financing Health Care in the Eastern Caribbean), February 1986.

Sector: Public, Private

Main Areas: Organization of Health Services

Funding Agency: USAID/RDO/C

Content: This concept paper outlines the many problems faced by the health sectors of the Eastern Caribbean nations. A summary is given of the criteria for efficient and effective health care delivery and financing. A strategy is outlined for moving toward this goal which includes (1) development of regional and national health maintenance organizations (HMO's), (2) strengthening of the public sector through institution building and design of user fee systems, and (3) intra-sectoral coordination. A project design is proposed for the implementation of this strategy.

- 5) Allman-Burke, Grace. A Study of Medical Referrals in the Eastern Caribbean During 1984 and 1985 (Antigua, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia, St. Vincent and Barbados), July 1986.

Sector: Public

Main Areas: Resource allocation

Funding Agency: USAID/RDO/C

Content: This study examines the pattern of medical referrals for countries in the Eastern Caribbean Sub-region. It includes information gathered by questionnaires on the reasons for medical referrals, numbers of patients referred off-island, and to where they were referred. A section on the financial aspects of medical referrals examines the expenses incurred by governments, patients, and other organizations (e.g. charitable organizations). The report recommends that the countries obtain technical assistance in preparing national and regional guidelines for overseas medical referrals.

- 6) PRICOR. The Design and Implementation of a Revolving Drug Fund in Dominica (Volume I), July 1986.

Sector: Public
Main Areas: Resource mobilization
Funding Agency: AID
AID Contract No.: DSPE-5920-A-00-1048-00

Content: The purpose of this study was to design and implement a revolving drug fund (RDF) in Dominica. It was expected that an RDF, if adequately capitalized, would result in increased drug availability. At the same time the financial burden on the government would be reduced by having consumers share in the cost and by enabling purchases at lower unit costs. It was also expected that the RDF would promote cost consciousness in drug usage among consumers. While the study was underway, the Government of Dominica decided to postpone indefinitely the introduction of drug charges in public sector health facilities, forcing the study team to reformulate the timeline for the implementation of the RDF. While the RDF has faced some difficulties, the implementation of the first phase was generally successful in increasing the availability of drugs, reducing unit costs, and increasing cost consciousness.

- 7) Birch & Davis Associates, Inc. Overview of the Cost Containment Project at the Princess Margaret Hospital, Roseau, Dominica, West Indies, January 1987.

Sector: Public
Main Areas: Organization of Health Services
Funding Agency: USAID
AID Contract No.: 538-0000-C-00-5029-00

Content: The objective of this study, begun in 1985, was to provide technical, managerial, financial, and counterpart development assistance in several critical areas of the Princess Margaret Hospital in Dominica: patient care administrative systems, major ancillary and support services, financial systems and procedures, and governance and administration. The emphasis of the project was on reducing costs and enhancing revenues. An operational instructions manual was developed for patient care administration. Assistance was provided in the organization of a new "Utility Block" for major ancillary and support services, and cost centers in the hospital were identified and a computerized coding and tracking system was developed. Future technical assistance was planned to institutionalize the changes made as a result of the study and to implement additional improvements in patient care administration.

- 8) USAID/PAHO. Health Services Utilization and Coverage: Community Based Survey in Four Caribbean Countries: Antigua/Bermuda, Dominica, St. Kitts/Nevis, and St. Lucia, Joint Country Report, September 1987.

Sector: Public, Private

Main Areas: Resource allocation

Funding Agency: USAID, PAHO/WHO, other organizations

Content: This set of four studies was initiated by PAHO in 1983 in response to specific requests by the Ministries of Health of the four participating countries. A common set of objectives and a common research plan were used in each country to undertake community based surveys examining health services utilization and coverage. The information gathered was intended to act as a base for national planning and decision making in each country. The data collected included information on the population, health status, health knowledge and beliefs, utilization of services, and personal expenditures by illness episodes.

- 9) Russell, Sharon Stanton. Exploratory Report: Options for Health Care Financing Studies in St. Lucia. HCF/LAC (SUNY/Stony Brook), May 1987

Sector: Public

Main Areas: Costing of health services

Funding Agency: AID/LAC/DR/HN

AID Contract No.: LAC 0632-C-00-5137-00

Cost: \$9,000

Content: This document considers health care financing study alternatives for the Eastern Caribbean and describes the options available for a potential study of hospital costs on the island of St. Lucia.

- 10) Russell, Sharon Stanton. Costs of Victoria Hospital, St. Lucia: Study Design. HCF/LAC (SUNY/Stony Brook), August 1987

Sector: Public

Main Areas: Costing of health services

Funding Agency: AID/LAC/DR/HN

AID Contract No.: LAC 0632-C-00-5137-00

Cost: Included in activity 9) above

Content: This document provides background material, specific objectives, and the methodology to be used in the HCF/LAC (Stony Brook) St. Lucia Country Study (see below).

- 11) Russell, Sharon Stanton et.al. Health Care Financing in St. Lucia and Costs of Victoria Hospital, HCF/LAC (SUNY/Stony Brook) Research Report No.5, May 1988.

Sector: Public
Main Areas: Costing of Health Services
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LAC-0632-C-00-5137-00
Cost: \$67,014

Content: This study, carried out in 1987, analyzes the financial costs of Victoria Hospital in St. Lucia. Specific goals of the study included documenting the role of the hospital in the St. Lucian health system, calculating all costs of services in the hospital in terms of units of service, distinguishing controllable from non-controllable costs, identifying areas for improved financial management, and presenting the hospital, the Ministry of Health, and the government with options for improving cost control and the allocation of the country's health care resources. Major findings are outlined and options for action presented.

- 12) Enright, Michael et al. The Costs and Financing of the Holberton Hospital, Antigua, REACH, June 1989. DRAFT

Sector: Public
Main Areas: Resource mobilization
Funding Agency: USAID/RDO/C
AID Contract No.: DPE-5927-C-00-5068-00
Cost: \$30,995

Content: This hospital cost study examines the financing and expenditures of the Holberton Hospital in St. John's, Antigua. Total expenditures are tracked over the past five years and broken down into cost centers. Recommendations are made regarding possible mechanisms for increasing hospital revenues and improving financial management and planning.

c. Other Studies and Non-AID Funded Activities

- 1) Morse, Lee. Recommendations to PAHO concerning pharmaceuticals management, December 1982.

Sector: Public
Main Areas: Resource mobilization
Funding Agency: PAHO, Pan American Sanitary Bureau, Office of Caribbean Program Coordination

Content: The objective of this consultancy was to assess the pharmaceutical supply systems of Antigua and St. Vincent, to identify immediate, practical, low-cost solutions to specific problems affecting the pharmaceuticals supply system, and to identify a specific set of tasks which could be incorporated into a Caribbean Alternative Pharmaceutical

Supply, Utilization and Logistics Efficiency (CAPSULE) Project for these two countries. In the report, general findings are presented concerning the current operation of the pharmaceutical supply systems in Antigua and St. Vincent, and immediate recommendations are made for improving these systems.

- 2) Balasubramaniam, K. Programme for Sub-regional Pooled Procurement of Pharmaceuticals Using a Revolving Fund, January 1984.

Sector: Public

Main Areas: Resource mobilization

Funding Agency: CARICOM

Content: This report gives background on health expenditures in the less developed countries of the Eastern Caribbean as a percentage of GDP and outlines some of the constraints relating to pharmaceutical purchasing in these countries. It then provides a financial analysis comparing pharmaceutical purchases through the CARICOM master contract system and participation in a hypothetical sub-regional procurement program. The savings possible through a proposed sub-regional pooled-procurement program for the ten countries are estimated, and the major elements of such a program are outlined.

- 3) Inter-American Development Bank. Proyecto de Atención de Salud, Expansión y Mejoramiento del Hospital Queen Elizabeth (HQE) y Construcción del Policlínico Glebe. Barbados, Project Report (BA-0008), February 1985. (For official use only)

- 4) Russell, Sharon Stanton, Massachusetts Institute of Technology. Health Care Financing and Policy Options in the English-Speaking Caribbean, Prepared for Latin American Studies Association XIII International Congress, October 23-25, 1986, Boston, MA.

Sector: Public, Private

Main Areas: Resource allocation

Resource mobilization

Content: This study discusses the impact of the global recession of the early 1980's on the health sector and governments' capacities to fulfill their traditional responsibilities for provision of health services. One result has been a radical rethinking of the allocation of responsibility for financing and delivery of health services between the public and private sectors. The study outlines the three major options which are currently under consideration in the English-speaking Caribbean: extension of social insurance, privatization of financing and delivery system management, and the imposition of user fees. The experience of a number of countries in the region in these three areas is summarized.

- 5) Mohr, Penny. Recommendations for User Fees for Medical Services in Grenada, Memorandum No. 2, Project HOPE, December 1986.

Sector: Public

Main Areas: Resource mobilization

Content: This document recommends a specific set of health service user fees for implementation in Grenada. The rationale behind the introduction of fees for health services is discussed, and the question of whether or not individuals can afford to pay fees is addressed. The document recommends the establishment of a means test or clear guidelines for exempting lower income individuals from paying fees. Revenue alternatives are discussed, including the implementation of taxes on alcohol and tobacco.

- 6) Kutzin, Joseph. Options for the Delivery and Financing of the Services of Hospital-Based Physicians in Grenada, Draft, Project HOPE, January 1988.

Sector: Public

Main Areas: Organization of health services

Content: This report analyzes options for the delivery and financing of anesthesia, pathology, and radiology services in Grenada, discusses whether the presence of hospital-based specialists is the most cost-effective technological choice for the country, and recommends options for each of these specialty services. User charges for services are recommended in order to provide sufficient income to attract these specialists.

- 7) Mohr, Penny. Recommended Prices for Ultrasound, Project HOPE, February 1988.

Sector: Public

Main Areas: Resource mobilization

Content: This document lists recommended prices for ultrasound services at General Hospital in Grenada. These prices are based on a cost analysis of ultrasound in Grenada and are divided into two categories: one representing the full cost of the service, to be paid by those who can afford this cost, and one covering only the variable cost of the service, to be paid by lower income patients.

- 8) Hamilton, Trevor G., et al. Cost-Effective Management of Health Services in Belize, Grenada, St. Kitts-Nevis and St. Lucia, February 1988.

Sector: Public

Main Areas: Cost containment

Funding Agency: University of the West Indies (UWI)

Content: This report was intended to act as a source document for a proposed UWI/CFTC sponsored Regional Workshop in April 1988. The Workshop was aimed at assisting Ministries of Health to improve their capacity to achieve cost-effective management of their health services. The report addresses a number of issues: government health policies and fiscal measures; the effectiveness of health coverage to the population; and the establishment of indicators for the effective evaluation of health policies and programs. The report notes a number of management issues facing the health sector in each of the countries studied and makes recommendations regarding provision of services, private health insurance, health personnel, and financial planning.

- 9) LeFrane, E.R. M., Institute of Social and Economic Research, University of the West Indies. Health Status and Health Services Utilization in Selected Caribbean Territories: Trinidad & Tobago, St. Vincent & the Grenadines and St. Kitts-Nevis -- 1979-1987, Interim Report, May 1988.

Sector: Public, Private
Main Areas: Resource allocation
 Organization of health services
Funding Agency: CARICOM/PAHO

Content: This review of the health situation in the Caribbean is designed to provide information on the probable impact of structural adjustment on health status in the region and the implications of changing morbidity patterns for the extent and character of demand in the health system. Surveys conducted in each of the territories chosen are used for comparative analysis.

- 10) Taylor, LeRoy O., Institute of Social and Economic Research, University of the West Indies. Economic Adjustments and Health Care Financing in the Caribbean, with Special Reference to St. Vincent and the Grenadines and to Trinidad and Tobago, Interim Report, June 1988.

Sector: Public
Main Areas: Resource allocation

Content: This study examines the direct and indirect impact of structural adjustment policies on the health sectors of Caribbean nations. Changes in macroeconomic variables, overall government budgets, and government expenditures on health are examined. It is assumed that due to the dominant role of governments in the supply of health services throughout the region, lower per capita expenditures would lead to lower health status of the population.

- 11) Mohr, Penny. Quarterly Management Report, Ministry of Health (Grenada), First Quarter 1988, Project HOPE, June 1988.

Sector: Public

Main Areas: Resource allocation

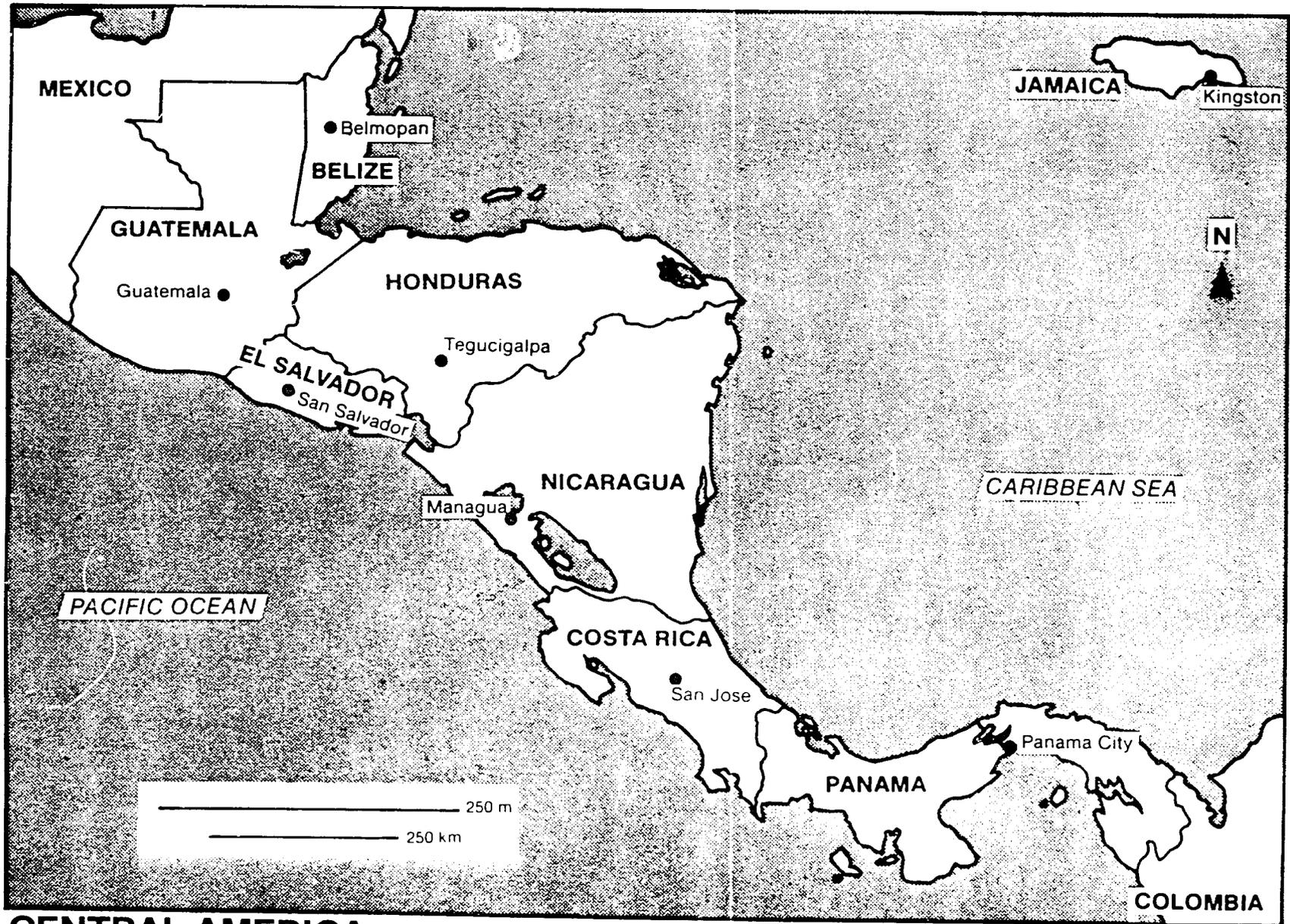
Content: This report examines the cost per unit of government health services in Grenada and how well health services in the country are meeting their objectives. The Ministry of Health budget is analyzed and budgets and expenditures in different programs (procurement, hospitals, community health, etc.) are summarized. A detailed manual is attached explaining how to use a Budget Analysis Program diskette to perform future analyses.

- 12) Project HOPE. Draft Statement of the Approach to Budgetary Reform in the Grenada Ministry of Health, Undated.

Sector: Public

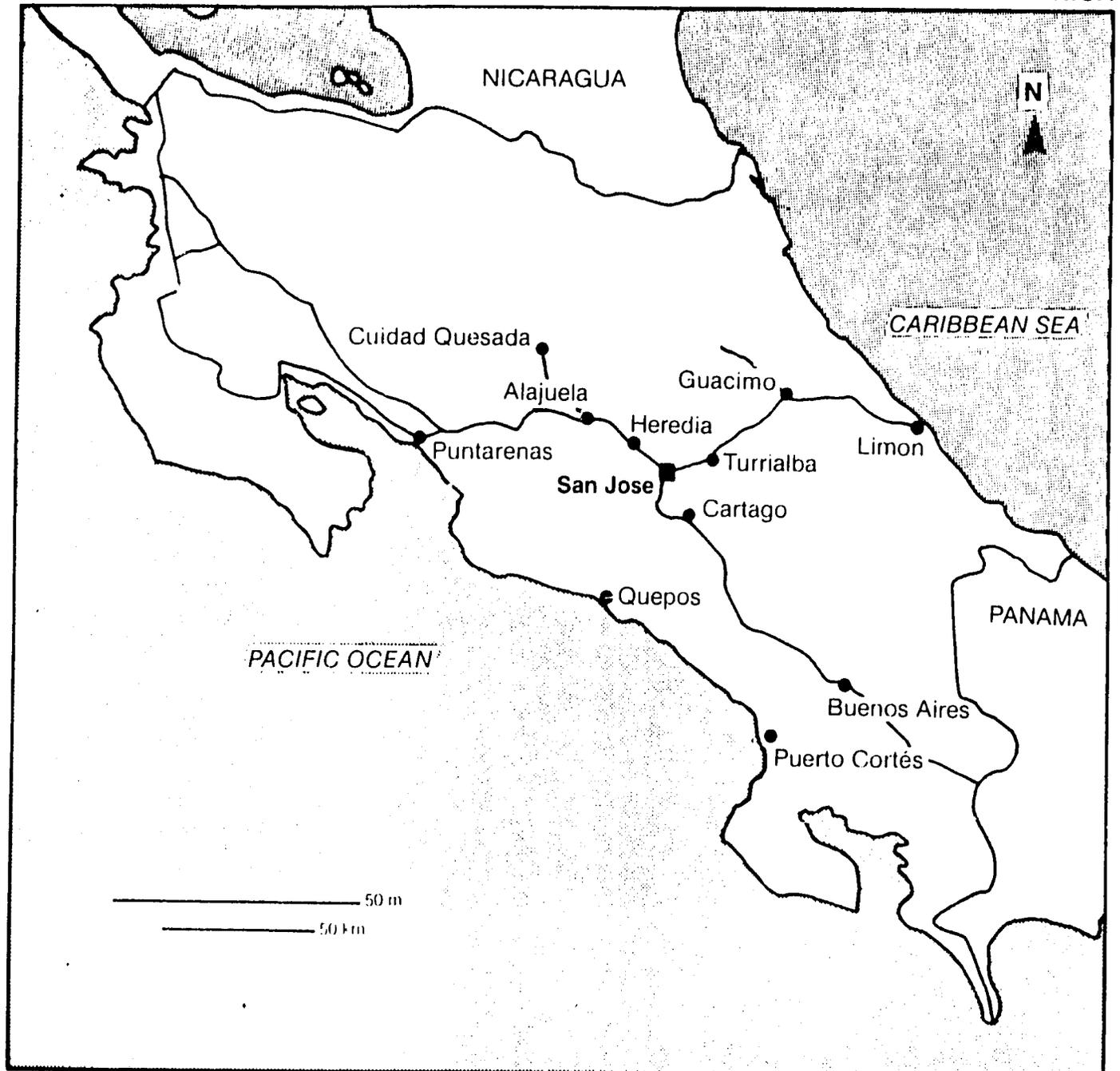
Main Areas: Resource allocation

Content: This document outlines the components of budgetary reform to be implemented as a part of the Fiscal Reform Programme in Grenada. The purposes of the reform are discussed, and specific actions are recommended in the areas of management, cost accounting, and staffing.



CENTRAL AMERICA

COSTA RICA



B. CENTRAL AMERICA

B. 1. COSTA RICA

a. Overview of HCF Activities

Costa Rica has the best health indicators in the Central American region and, with Chile and Cuba, the best health indicators in the Latin American region. The existence of a well established network of social services and a health policy and programs that give high priority to access to clean water, sewerage and effective preventive health care are responsible for these accomplishments.

Despite being the most developed economy in Central America, with a per capita income of \$ 1,480, Costa Rica was no exception to the economic recession that affected the LAC region during the early years of this decade. In fact, the income per capita observed in 1988 is 8.7% smaller than that already achieved in 1980. However, the population's health status was affected to a far lesser degree due to the fact that most vulnerable groups were already covered by social programs. Authorities reacted promptly to the economic deterioration, working to improve the targeting of health expenditure and implementing cost containment mechanisms whenever feasible.

Even though real expenditures in the health sector fell by 34% during the first two years of this decade, the infant mortality rate (IMR) increased only slightly in 1982 from 18.1 to 18.8 per 1,000 live births and then decreased. In 1986, the IMR was 18, a figure that represents less than one-third of the 1970 level.

The current epidemiological profile of the Costa Rican population does not resemble that of most developing countries. Rather, it looks more like those observed in developed nations. As a result, the causes of morbidity and mortality that affect the Costa Rican population are more difficult to prevent and more expensive to take care of if not cured. Under these circumstances, the Costa Rican health sector faces an increasing need for further improvement in efficiency and generation of revenues from patients to cover rising costs. A number of studies undertaken during 1987 and 1988, in particular regarding the social security system, show that the country has already started to move in that direction.

So far, USAID involvement in health sector has been limited due to the fact that Costa Rica is not a Child Survival country. The current Action Plan^[19] states that while efforts to cut costs for hospital and ambulatory services as well as support services are being made by the health sector, no specific actions are being taken by the Mission.

[19] USAID/Costa Rica. Action Plan Fiscal Year 1989-1990

b. Description of USAID funded activities

USAID/Costa Rica has not had an active role in the development of HCF activities during the period under consideration. The main USAID initiative, funded through a S&T/H grant, is a joint effort with WHO to undertake a study on recurrent costs of the delivery of health services. The "Studies on Recurrent Cost Problems in the Health Sector" were undertaken from 1986 to 1988 and included three country cases: Costa Rica and Jamaica in the LAC region and Mali in Africa. The studies were completed and are now in the process of being published.

1) Joint WHO/USAID Recurrent Cost Study

Sector: Public

Main areas: Costing of health services
Resource allocation

Cost: \$ 80,000 AID grant to fund the Costa Rican and Jamaican component of the study.

Content: This is part of an AID grant for \$250,000 to undertake cost studies in three countries. The study would give priority to analyses of the burdens of recurrent costs in the health sector and in meeting medium term sector targets. It would also develop methodologies for costing which are expected to allow WHO and AID to support stronger advocacy of policy options to host country governments. A draft document provided a description of the organization and financing of the Costa Rican health sector. Based on information provided by the MOH, a master plan for future expenditure for the MOH and social security system was developed for the period 1988-1990. Preliminary results showed that the Costa Rican system, in general, has met its recurrent financing requirements well. Nevertheless, rationing health service responsibilities among the principal agencies was identified as the major option for further increases in the efficiency of the system.

2) Sauma, Pablo. Cost Estimation and Analysis of Primary Health Care services in Costa Rica, Instituto de Investigaciones en Ciencias Económicas de la Universidad de Costa Rica. Prepared for WHO/AID, March 1988.

Sector: Public

Main Areas: Cost estimation

Funding Agency: WHO/AID

Content: This is a background analysis for the WHO/AID joint study on recurrent costs of health care. This component of the study had two objectives: to provide data that would facilitate the planning of finances in the Costa Rican health sector and to produce a methodological framework to undertake similar studies in the future. Cost were estimated in two health centers selected to yield different target populations in terms of size and rural component.

- 3) Overholt, Catherine et al. Costa Rica Health Sector Overview, PRITECH, December 1985.

Sector: Public

Main Areas: Resource allocation
Organization of delivery system

Funding Agency: USAID/San José

AID contract No.: AID/DPE-5927-C-00-3083

Cost: \$ 22,210

Content: The purpose of this document was to provide USAID/San José with recommendations for its action plan for supporting and strengthening the Costa Rican health sector. The document presents the trends in conventional health status indicators, provides an overview of the structure and organization of the health sector, reviews the performance of public institutions that deliver health services, identifies the barriers to efficient and effective delivery of health services by public institutions, describes private sector providers and the problems they face for continued viability, and presents recommendations for action to USAID.

c. Other Studies and Non-AID Funded Activities

- 1) Frank, Beryl et al. Project of Administrative Improvement Costa Rican Social Insurance Fund. Report evaluation mission, MSH, October 1985.

Sector: Quasipublic

Main Areas: Resource allocation

Content: This report evaluates the achievements of the Project of Administrative Improvement of the Social Security Insurance Fund. The areas in which additional work is required are identified and the overall impact of the activities of the project on the Social Insurance Fund are evaluated. The objective of the project was to improve the administrative and financial aspects of the Fund through an agreement between PAHO, the Fund, and AID. The document contains a set of recommendations about future implementation actions once the project was finished.

- 2) Mesa-Lago, Carmelo. Atención de salud en Costa Rica: Auge y Crisis, Boletín Oficina Sanitaria Panamericana 102(1), 1987.

Sector: Public
Private

Main Areas: Resource allocation

Content: This document contains an analysis of the historical experience of health status in Costa Rica during the period 1960-1980. It proposes a set of measures to be taken in order to avoid a deterioration of health

services as a consequence of the economic crisis of this decade. The elements behind the high increase in costs of health care in recent years are analyzed and a proposal to face the financial problem is presented.

- 3) Weitzman, Simón. et al. La Salud y el Seguro Social en Costa Rica: Algunas Proyecciones Demoepidemiológicas y sus Consecuencias Económicas. Development Technologies, Inc. Proyecto de Asistencia Técnica Ministerio de Planificación/Banco Mundial, March 1988

Sector: Quasipublic

Main Areas: Resource allocation

Content: The document contains an extensive description of the health status of the Costa Rican population by age groups. For each group, the most important health problems and their evolution during the last five to eight years are identified to provide elements for estimation of costs associated with this particular epidemiological profile. The required level of expenditure for year 1985 to year 2005 is forecasted using different assumptions of increases in unit costs. The document includes a series of recommendations to improve the quality of data for analysis and monitoring of increasing costs.

- 4) Rochwerger, David. Costa Rica: Análisis Socioeconómico del Sector Salud. Development Technologies, Inc. Proyecto de Asistencia Técnica Ministerio de Planificación /Banco Mundial, April 1988.

Sector: Public

Quasipublic

Main Areas: Resource allocation

Content: The documents deals with the economic and financial evolution of the health sector and its relationship to economic development in the country. The Social Security system and the Ministry of Health are the main public providers of health services. Some health services are also provided through the National Institute for Insurance. In this study, the Costa Rican Institute for Water and Sewerage is also considered part of the health sector based on the fact that the provision of clean water and sewerage supports health programs. The institutional framework for each organization is described and its financing is analyzed in relation to the economic cycle.

- 5) Ugalde, Antonio, et al. Estudio de Consulta Externa. Development Technologies, Inc. San José, Costa Rica, April 1988

Sector: Public

Main Areas: Costing of health services

Content: This document presents a complete study of the organization and provision of outpatient care in Costa Rica. Economic analysis is made of expenditures on medicines for outpatient care as well as of the economic variables that affect patients' health-seeking behaviors. The report analyzes the Costa Rican experience with a capitation program where physicians are paid based on the number of patients for which they are responsible, regardless of the number of consultations given. The system was started in a few areas as a demonstration project in 1987 and a decision about its general application was scheduled for the end of 1988.

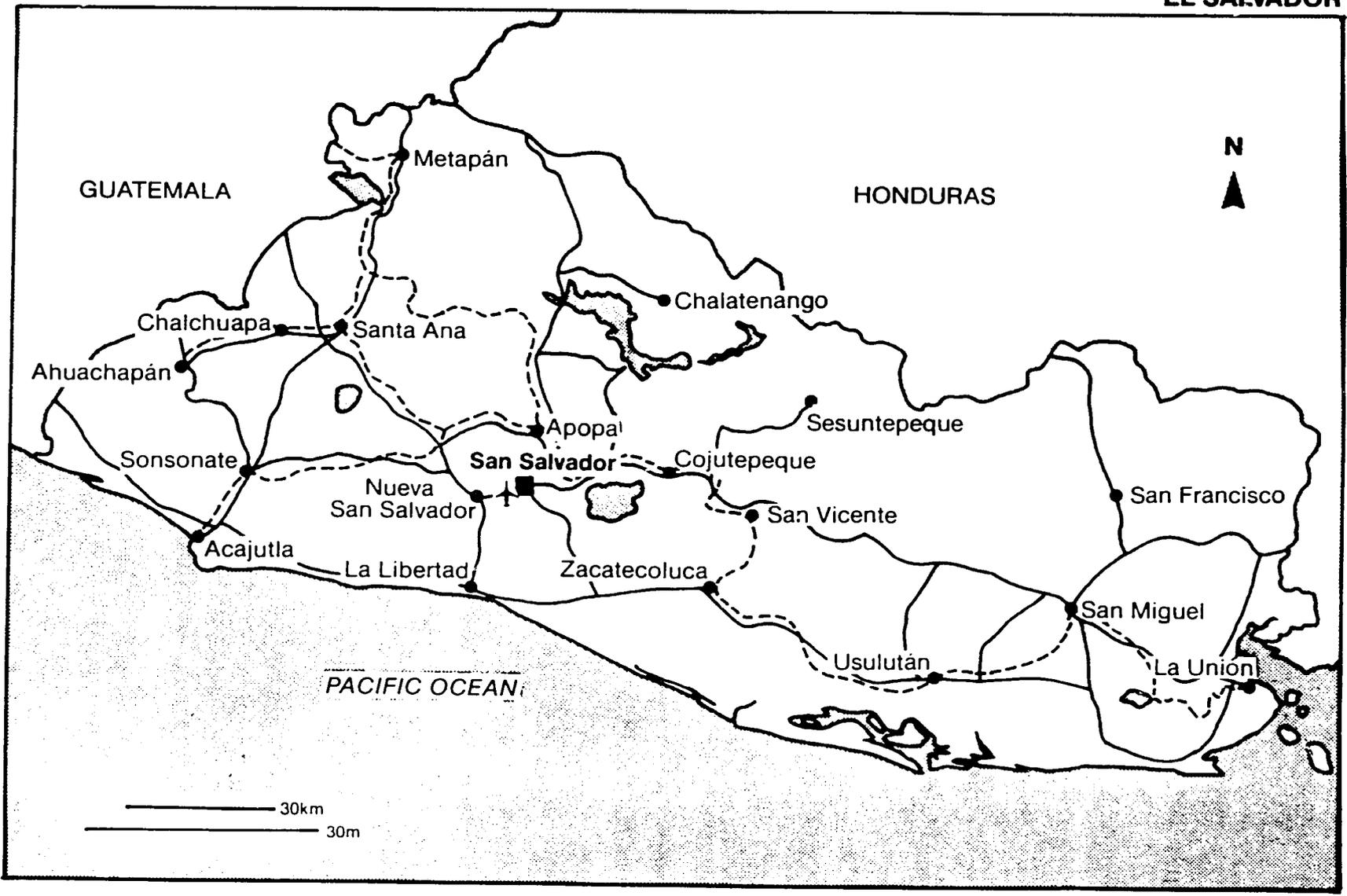
- 6) Rochwerger, David. Proyecciones de Ingresos del Seguro de Enfermedad y Maternidad de la Caja Costarricense del Seguro Social. Development Technologies, Inc. Proyecto de Asistencia Técnica Ministerio de Planificación/Banco Mundial, June 1988

Sector: Quasipublic

Main Areas: Resource mobilization

Content: This report presents an analysis of the components of expected and actual revenue of the Costa Rican social security system. The gap between forecasted and actual collected income is analyzed, distinguishing between tax and non-tax income. The evasions of payment by the public and private sector to the maternity and health fund is considered in the projection of revenues flowing for the next seven year period.

EL SALVADOR



GUATEMALA

HONDURAS



PACIFIC OCEAN

30km
30m

B. 2. EL SALVADOR

a. Overview of HCF activities

In spite of the important external aid received by El Salvador in recent years, its economy is experiencing great difficulties. The country is still facing the political problems that have obstructed economic activity during this decade, and the process of economic recovery has not begun. As a consequence, the level of per capita income has deteriorated by 15% during this decade. A low level of economic development as measured by a per capita GNP of \$820 is also accompanied by a low level of health status, indicated by an infant mortality rate of 61 per 1,000 live births.

In the area of health care financing, a number of studies have been conducted during the last three years. The original objective of these studies was to assess how the earthquake that hit San Salvador in October 1986 affected the functional capability of the public health facilities and to identify areas where efficiency could be improved during reconstruction. In this regard, assessments were supported by PAHO and AID in late 1986 and early 1987.

USAID activities in the area of health are carried out within the framework of a development strategy which is "to broaden the benefits of growth to a larger segment of the Salvadoran population."⁽²⁰⁾ In this context, the Mission has funded a long term project to provide technical assistance in the area of management to the MOH. It has been actively involved in the identification of alternative ways to finance the provision of health services as well. As part of this task, it requested the REACH Project to undertake a demand study that would strengthen the policy dialogue by making available information required for planning purposes on 1) current patterns of utilization of health services by the Salvadoran population and 2) the expected impact on health services utilization of different policy options (see b.6 below).

b. Description of AID funded activities

- 1) Fiedler, John. An Economic Analysis of Segments of the Public Health Sector of El Salvador, July 1986.

Sector: Public

Main Areas: Resource allocation
Organization of health services

Funding Agency: USAID/San Salvador

AID contract No.: 519-0178-0-00-6352-00

⁽²⁰⁾ USAID/El Salvador. El Salvador, Action Plan Fiscal Year 1988-1989.

Content: This study provides an overall assessment of the Salvadorian public health sector. It was undertaken during the economic crisis to identify implications for public health services delivery in the country. It is a descriptive study which emphasizes changing productivity of human resources in health sector. A set of recommendations about ways to improve efficiency within the health sector and increase cost recovery are provided and areas of further study in order to improve the public health system are identified.

- 2) Koch-Weser, Sophie et al. Health Facilities Rehabilitation Assessment, REACH, December 1986.

Sector: Public
Main Areas: Costing of health services
Resource mobilization
Funding Agency: USAID/San Salvador
Cost: \$12,271

Content: This report assesses the reconstruction needs of El Salvador system in the aftermath of the October 1986 earthquake and makes recommendations for the improvement of health services provision. The study discusses issues of construction and operating costs, efficiency enhancement, and revenue generation pertinent to the proposed network.

- 3) Gómez, Luis Carlos. Estudio de la Demanda de Servicios de Salud en El Salvador: Study Design. HCF/LAC (SUNY)/Stony Brook), February 1987

Sector: Public
Main Areas: Resource mobilization
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$9,000

Content: This report represents technical assistance to USAID/San Salvador and host country entities for the design of a household survey on health status and health care seeking behavior in El Salvador. The study is currently being implemented by the REACH project. (see 5) below)

- 4) Brooks, H. Roy. Estudio del Sector Privado para la Provisión de Atención Primaria de Salud en Areas Rurales, MSH, September 1988

Sector: Private
Main Areas: Resource mobilization
Funding Agency: USAID/San Salvador
AID contract No.: Programa de Desarrollo y Apoyo No. 519-0178

Content: This report contains the findings of a pre-feasibility study to support efforts to involve the private sector in providing self-financed primary health services focused on child survival and the rural population.

The analysis of information gathered through interviews and review of the literature shows that the population in the rural, urban, and semi-urban areas is willing to pay a higher price for health services if these services are available and perceived to be of a higher quality. The document proposes a mixture of payment schemes that would be most suitable to reach these target populations.

- 5) Health Care Demand Study in El Salvador, REACH, ongoing, expected completion date second semester, 1989

Sector: Public
Private

Main Areas: Resource mobilization

Funding Agency: USAID/San Salvador

Cost: \$ 240,000

Content: The purpose of the study is to provide information about present patterns of utilization of health services and health seeking behavior from the Salvadoran population. The descriptive analysis of present patterns of utilization and the projections about health seeking behavior and the impact of policy changes are expected to strengthen the analysis of health sector policy issues. Data were gathered through a national household survey undertaken from January to March, 1989.

c. Other studies and non-AID funded activities

- 1) Fiedler, John. "Recurrent Cost and Public Health Care Delivery: the other war in El Salvador", Social Science and Medicine, vol. 25 No. 8, 1987.

Sector: Public

Main Areas: Resource allocation

Content: This study analyzes the causes and effects of the persistent underfinancing of recurrent costs in the Ministry of Health of El Salvador during the past decade. This document is related to the author's work for USAID presented under b.1.



B. 3. GUATEMALA

a. Overview of HCF activities

The Guatemalan economy has been hard hit by the international recession that has affected the region during the 1980's. In fact, it has suffered the worst impact in the Central American region, and even though a slow recovery process seems to have started during the last two years, the net result is that per capita income has fallen by almost 20% during this decade. The democratically elected government that took office in 1986 was committed to a difficult agenda of reforms that would simultaneously pursue economic recovery and facilitate the incipient democratization process. Within the long term objective of "economic democratization", two short-term economic programs have been implemented in recent years, and a third was undertaken during 1989.

The main objective of the present program, called the "Program of Democratic Consolidation", is to improve equity in the distribution of the benefits of growth. In this context, the financing of health care will certainly be influenced by a fiscal policy that on the expenditure side gives a higher priority, as compared to previous years, to investment as opposed to recurrent expenditure, and on the revenue side gives more emphasis to the need to increase operating revenues.

USAID/Guatemala has been actively involved in the development of the health sector during the last years, particularly in the provision of preventive care within the Child Survival program.^[21]

b. Description of AID funded activities

- 1) Bossert, Thomas et al. Sustainability of U.S Supported Health Programs in Guatemala, CDIE/PPC, January 1988.

Sector: Public
Private

Main Areas: Resource mobilization
Resource allocation

Funding Agency: AID, Center for Development Information and Evaluation
Bureau for Program and Policy Coordination.

Content: This document presents an evaluation of the sustainability of U.S. government funded health projects in Guatemala since the initiation of U.S. involvement in 1942. It identifies the characteristics of projects and the contexts in which they took place that were likely to

^[21] The USAID/Guatemala experience in the field of health care financing is discussed extensively in the country case description volume of this overview.

influence the continuation of project activities once funding ceased. The document includes an annex on economic analysis which gives a framework for addressing financial issues in the health sector. The authors propose several hypotheses about the kind of projects that are more likely to be sustained in relation to the economic cycle.

- 2) Fiedler, John et al. Primary Health Care Services and Agro-export Farmworkers in Guatemala: Study Design, HCF/LAC (SUNY/Stony Brook), September 1987.

Sector: Private
Main Areas: Organization of health services
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$6,000

Content: Study design prepared for USAID/Guatemala, providing background material, specifying objectives, and describing methodology to be used in the country study carried out by HCF/LAC (SUNY/Stony Brook) described below.

- 3) Solari, Alfredo et al. An Analysis of the Role of the Guatemalan Private Sector in the (New) Project "Improved Family Health." HCF/LAC (SUNY/Stony Brook), September 1987.

Sector: Private
Main Areas: Organization of health services
Funding Agency: AID/LAC/DR/HN
AID Contract No.: LA 0632-C-00-5137-00
Cost: \$12,000

Content: This concept paper explores the potential role of private sector organizations for a planned USAID funded "Improved Family Health" project.

- 4) Gwynne, Gretchen (ed.) Private Sector Health Care Alternatives for Agricultural Workers on the South Coast of Guatemala, HCF/LAC (SUNY/Stony Brook) Research Report No. 7, August 1988.

Sector: Private
Main Areas: Resource mobilization
Funding Agency: USAID
AID Contract No.: LAC 0632-C-00-5137-00
Cost: \$105,000

Content: This study assesses the feasibility of extending primary health services to underserved agro-export workers and their families in the South Coast region of Guatemala through the private sector. The document analyzes the organization, coverage, and the costs of existing South Coast private sector health care arrangements. The entities with the greatest

potential for extending PHC services in the region are analyzed. The issues of implementation and sustainability of extended health services are considered as well.

- 5) "Community-based Health and Nutrition System," Project Nos. 520-0251 (grant) and 520-U-033 (loan). June 1980 - December 1983.

Sector: Public

Main Areas: Resource allocation
Organization of health services

Funding Agency: USAID/Guatemala

Contract No.: Project No. 528-0251, and Loan No. 520-U-033

Cost: Total cost (in thousands of \$) \$ 12,719 funded as follows: Loan \$9,500; Grant \$ 1,300; Government of Guatemala \$ 6,181; other sources \$738

Content: This was originally a five year project undertaken to strengthen the institutional capacity of the Guatemalan MOH, particularly at the regional and community levels, and to expand the coverage and increase the effectiveness of a fully integrated rural health delivery system in three rural departments. The project had three major components: environmental sanitation, provision of primary health care, and strengthening of support systems.

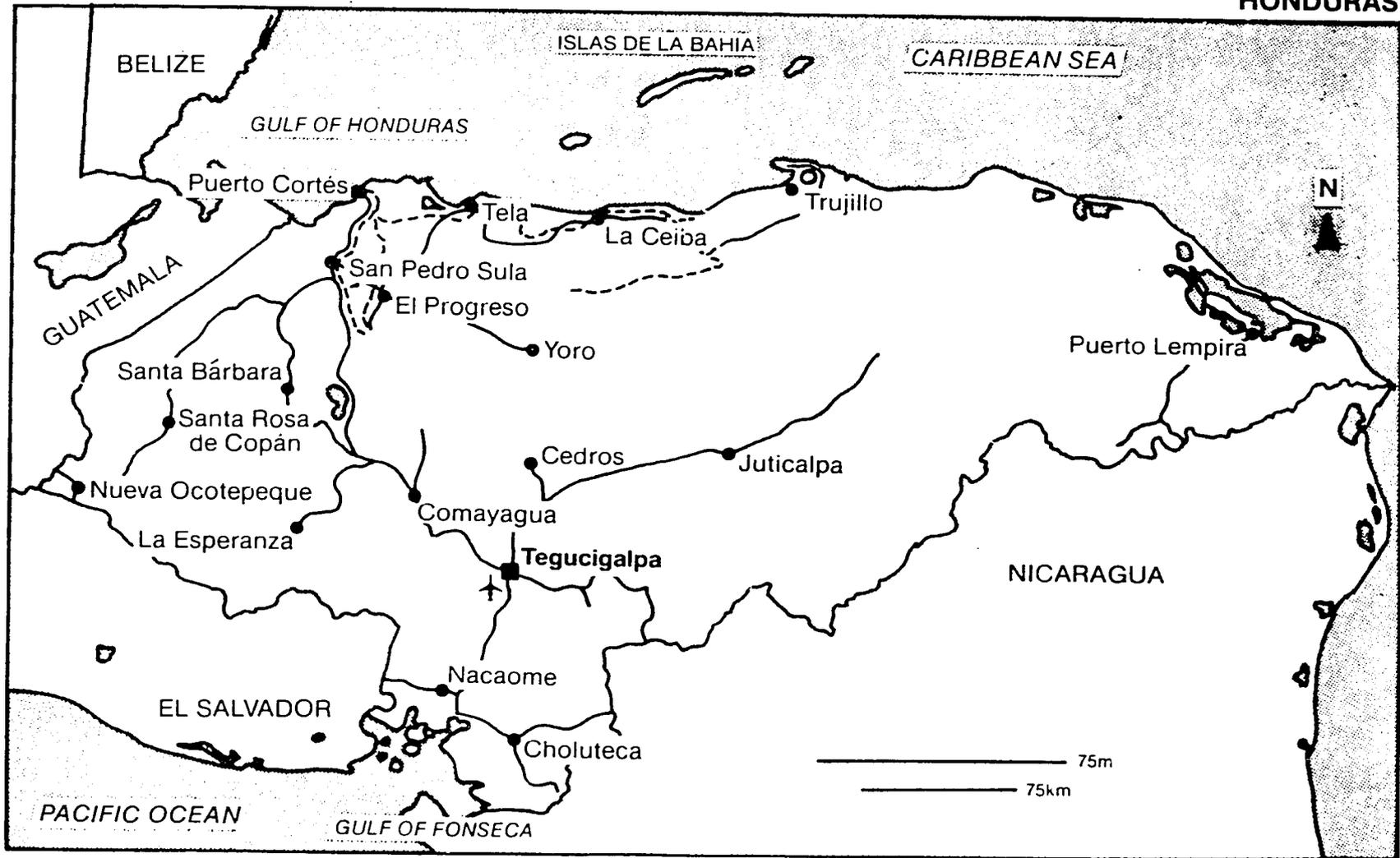
The project incorporated many diverse activities and encountered considerable difficulty in its implementation. Audit and evaluation reports, in 1984 and 1985, concluded that a "needlessly overcomplex project" was the root for most of the internal problems and suggested that a more simplified project design and closer USAID/Guatemala management would be crucial to the success of future AID efforts in the country.

Following the evaluation, the project was extended to 1988, loan funds for system support were reduced from \$ 403,000 to \$ 157,200 and resources were reallocated to the environmental sanitation component.

c. Other studies and non-AID funded activities

- 1) The World Bank. Guatemala: Population and Nutrition Sector Review, Report No. 6183-GU
- 2) The World Bank. Guatemala, Economic Situation and Prospects, Report No. 6434-GU, January 1987 (For official use only)
- 3) The World Bank. Selected Sectoral Strategies Against Poverty, 1988 (For official use only)

HONDURAS



B. 4. HONDURAS

a. Overview of Health Care Financing Activities

Honduras is the poorest country in Central America and has the worst health indicators. While its per capita GNP is equivalent to 50% of the level achieved by its neighbor Costa Rica, the infant mortality rate is 72 per 1,000 live births. The poor performance of the economy during the decade of the 1980's has been accompanied by the highest rate of population growth of the LAC region (3.6% annually); thus per capita income has been reduced by 14.1% during this decade.

In spite of this somber outlook, the GOH is recognized -by USAID and other donors- to have a sound health strategy, characterized by an emphasis towards preventive health care. USAID/H played an important role in fostering a major policy change in the mid-1970's which led to a significant change from hospital-based curative care towards the present approach. The Honduran health strategy has been supported by three AID funded programs: Health Sector I, Rural Water and Sanitation, and Health Sector II. USAID/H's approach is to strengthen the institutional capacity of the MOH to enable it to provide more effective primary care to the population already covered and then expand the base of the health pyramid to increase the population's access to health services.^[22] In the area of resource organization, the Health Sector I Project has been instrumental in the MOH's improvement of health services by strengthening its planning, management, logistics, maintenance, supervision and in-service training system. Operations research has been conducted in the areas of health care users' expenditures and private sector health providers. The Health Sector II Project builds on previous experience and seeks to decentralize health management systems, developed at the central level, to the regional level by implementing a MOH local programming model.

b. Description of AID funded activities

- 1) Bossert, Thomas et al. The Sustainability of U.S.- Supported Health Programs in Honduras, AID project impact evaluation report No. XX, July 1987.

Sector: Private and Public
Main Areas: Resource allocation
Resource mobilization
Funding Agency: AID

Content: This document presents an assessment of the degree to which USAID health projects' outputs and benefits were continued in the five year period after U.S. funding had ceased. It is recognized that

^[22] USAID/Honduras. Country Development Strategy Statement, Fiscal Year 1986.

sustainability was not a priority objective at the time projects were designed. Rather, it was simply assumed that benefits coming out of the project would continue even after activities had ceased. There was also a conflict of priorities between projects or designs that generate benefits in the short term and those that ensure sustainability and potentially higher benefits in the long run. Nine key elements on the sustainability of the programs were identified: national commitment to project goals, project negotiation between AID and Honduran authorities, institutional organization of the project, financing, technical assistance, donor coordination, training, community participation, and project effectiveness.

2) Alternativas de financiamiento servicios de salud. Estudios de Casos de Honduras, MSH and Ministry of Health, 1983.

Reference: Studies developed by MSH with USAID funds, under a PRICOR grant SA #82/01/3600, Proyecto Centro para Servicios Humanos (CA # AID/DSPE-5920-A-00-1048-00).

Sector: Private

Main Areas: Resource mobilization

Funding Agency: USAID/Tegucigalpa

AID Contract No: AID Project Health Sector I in Honduras

Content: This document presents a compilation of working papers prepared as part of a feasibility study to assess alternatives for financing the provision of health care services in Honduras (annotated under 3). The volume contains an analysis of nine non-profit health care providers in rural and urban areas, most of them charging a fee for service with a policy of not rejecting patients based on ability to pay. The experience with demand for consultation and drugs in relation to quality and economic conditions is presented.

3) Hartman, Frederick (ed.). Financial Alternatives to Support Extension of Basic Health Services in Honduras, PRICOR and Ministry of Health Honduras, March 1987

Sector: Private

Main Areas: Resource mobilization

Funding Agency: AID

Content: This document identifies alternatives for financing primary health care and examines the potential for community financing to support basic health services. An operational research study was carried out in several regions of Honduras during the period 1982-83. Data were gathered by three methods: intensive observation of a small number of families, a household survey in four regions, and the case studies described above in 2. Based on the results of the study, four alternatives were recommended to the Minister of Health for field testing: standard fee for services,

payment for medications, community contributions of labor for construction and maintenance of health centers, and revolving drug funds to be managed by local health communities.

4) Manual de procedimientos para ingresos propios hospitalarios, MSH 1985.

Sector: Public

Main Areas: Resource mobilization

Funding Agency: USAID/Tegucigalpa

Content: This manual was written to standardize the procedures used for establishing and charging fees for hospital care. The document was based on the experience of several institutions and provides a proposal for an assessment of patients in order to estimate ability to pay and to provide timely health care. A basic principle is to ensure health care regardless of the patient's ability to pay.

5) Overholt, Catherine. User Fees in Honduran Hospitals and Health Centers. Policy and Experience, REACH, November 1987.

Sector: Public

Main Areas: Resource mobilization

Funding Agency: AID/LAC/DR/HN

AID Contract No: DPE-5927-C-00-5068-00

Cost: This document is part of the AID/LAC/DR/HN User Fees Study, which includes Jamaica and the Dominican Republic for a total cost of \$132,290.

Content: This document analyses the experience with user fees in the public health system of Honduras. It examines the policy framework and changes in central government policies and procedures with regard to budget and fees since the 1950's. Analysis was made of the following areas: the trend of hospital revenues since 1982, the relative importance of the sources of hospital revenues, the effects on utilization, the relation of fees to the unit costs of service, and the effectiveness of mechanisms for assuring access for the medically indigent. The analysis of the Honduran experience reveals the feasibility of user fees as a vehicle for mobilizing financial resources.

c. **Other studies and non-AID funded activities.**

- 1) Inter-American Development Bank. Programa de terminación y puesta en marcha de hospitales, Project Report (HO-0098), PR-1512-A, September 1986 (for official use only).



CENTRAL AMERICA

GUYANA

VENEZUELA

SURINAM

COLOMBIA

FRENCH GUIANA

ECUADOR

PERU

BRAZIL

PACIFIC OCEAN

BOLIVIA

PARAGUAY

CHILE

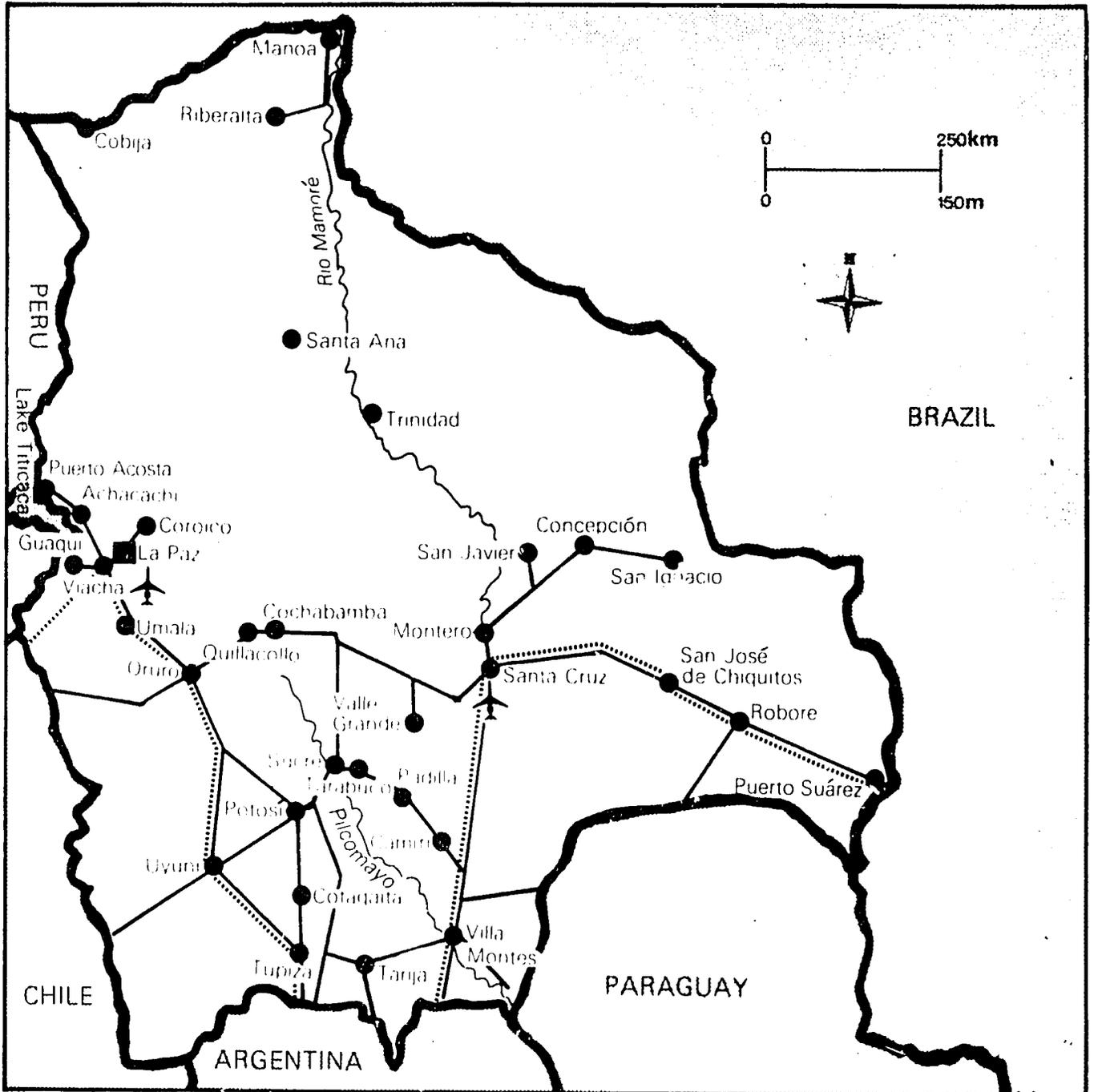
ATLANTIC OCEAN

ARGENTINA

URUGUAY

SOUTH AMERICA

BOLIVIA



C. SOUTH AMERICA

C. 1. BOLIVIA

a. Overview of HCF activities

The acute deterioration of the Bolivian economy during the first half of this decade worsened a situation that was already critical in terms of standards of health care and resources devoted to its improvement. By 1988, the country had a per capita GDP that represented less than 75% of that achieved at the end of the 1970's. With an infant mortality rate of 113 deaths per 1,000 live births and a maternal mortality rate estimated at 48 per 10,000 births, Bolivia has the poorest health indicators in South America, and the second worst in the LAC region after Haiti. Public resources allocated to the health sector were reduced to such an extent that from 1982 to 1986, recurrent operating expenditures absorbed 94% of MOH resources. Thus little funds were left not only to fund new investment but also to maintain existing construction and equipment.

Although user fees for specific services are said to cover 13% of MOH resources, it is recognized that the prevailing levels of poverty among the Bolivian population make it impossible to apply them on universal basis. It is in this context that HCF activities are seen as extremely useful in identifying mechanisms to increase the actual amount of resources devoted to providing health care.

During the development of this study, two major HCF projects were identified that addressed community participation in financing. Both projects have shown that financing schemes based on community participation are a feasible alternative to total public funding of primary health care. As a result, the MOH is giving high priority to the mobilization of community resources as a way to promote health improvement at the local level in the face of extremely limited resources. Nevertheless, community participation will not be sufficient to fill the resource gap in the health sector. Some initiatives are needed to review and evaluate the actual allocation of resources as well as the process presently used to deliver health care services in order to address the resource constraints more effectively.^[23]

^[23] The USAID/Bolivia experience in the field of health care financing is discussed extensively in the country case description volume of this overview.

b. Description of AID funded activities

1) Self-Financing Primary Health Care Project. PROSALUD, started 1982

Sector: Private

Main Areas: Resource mobilization
Organization of health services

Funding Agency: USAID/La Paz

AID Contract No: Project AID 511-0569, PL 480, Title III.

Content: This project was designed to improve the delivery and availability of basic health services to low income rural and semi-urban persons in the department of Santa Cruz through the development and participation of local community organizations. Services provided under the project were to be established on a self-financing basis to help ensure their continuation beyond the life of the project. From 1983 to 1984, the project was managed by a Board of Directors from existing cooperatives. In 1985, the project went under direct management by USAID through a Cooperative Agreement of MSH with USAID/Bolivia.

The evaluation of the project in 1987 found that progress had been made in testing community capabilities and willingness to finance and participate in the organization of primary health care services. However, the goals of the project had not yet been reached. A set of recommendations were made for redefining the conceptual framework and improving implementation aspects of the project. The report reinforced the fact that, as a pilot project, PROSALUD needed to demonstrate the feasibility of self-financed medical services. A number of studies based on this project are presented below.

2) Miller, Martín et al. Encuesta de Hogares sobre Características Socio-Demográficas y de Salud y Enfermedad en el Area de San Julián, Bolivia, Fundación de Desarrollo FIDES, Santa Cruz, Bolivia, March 1985

Main Area: Resource mobilization

Content: This document presents the results of a household services survey carried out in the community originally chosen as the target population of the PROSALUD project. The document presents a profile of demographic, health, social and economic characteristics of families within the area to be served by the project in an effort to identify their ability and willingness to pay for health services to be provided by PROSALUD.

- 3) Sebastian, Pilar et al. Self-financing Primary Health Care as a Response to Alma Ata. PROSALUD, MSH, undated.

Main Area: Resource mobilization

Organization of health services

Cost: Included in the administration costs of PROSALUD

Content: This document contains a descriptive presentation of PROSALUD. It highlights the fact that in order to reach the main goal, which is to provide the alternative of a self-financed system for the delivery of primary health care, the project has to deal with two important sub-objectives. The first is to consider properly the trade-off arising from having a self-financed project which also reaches the target population in the lowest income group. The second one is to establish a management capacity to support the primary health care units. Extensive operational research activities were initiated to address these issues.

- 4) Brooks, M. Roy et al. Financing Primary Health Care. Lessons from Bolivia. PROSALUD, MSH, prepared for the National Conference for International Health, May 1988.

Main Areas: Resource mobilization

Organization of health services

Cost: Included in the administration costs of PROSALUD

Content: This document presents a set of experimental and technical aspects of PROSALUD and describes the areas that were being explored at the time. The seven areas were: 1) distribution of health centers and patient populations; 2) demand estimates for services and associated income and costs; 3) marketing and advertising techniques; 4) accounting and management information systems; 5) pricing strategies and risk sharing; 6) operations research studies; and 7) incentive systems for providers and employees.

Sixteen studies were identified under the operations research area. All of these studies potentially address issues with applicability to HCF from the perspective of revenue generation or production of health services (organization and costing).

- 5) Rosenthal, Gerald et al. Primary Health Care Financing Project Evaluation, REACH, May 1986.

Main Areas: Resource mobilization

Organization of health services

Funding Agency: USAID/La Paz

Cost: \$24,164

Content: This mid-term evaluation of the PROSALUD project was completed in May 1986. The objective was to review the implementation of the project in order to make specific recommendations concerning project design, funding

and scheduling as well as to extract lessons for future projects of a similar nature. Main recommendations of the evaluation team were directed to the following areas: redefinition of the project; strengthening project management; improvement marketing; reinforcement of health promotion at community level; extension of the project; and funding.

- 6) Solari, Alfredo. Exploratory Report: Options for Health Care Financing Studies in Bolivia. HCF/LAC (SUNY/Stony Brook), March 1986.

Sector: Private

Main Areas: Resource mobilization
Organization of health services

Cost: \$9,000

Content: This document provides background material for, specifies the objectives of, and describes the methodology to be used in the HCF/LAC (Stony Brook) Bolivia self-financed project study (see below).

- 7) Rosenthal, Gerald et al. Towards Self-Financing of Primary Health Care Services: A Market Study of PROSALUD in Santa Cruz, Bolivia, LAC/HCF (SUNY/Stony Brook), Research Report No. 6, August 1988.

Sector: Private

Main Areas: Organization of health services
Resource mobilization

Cost: \$83,188

Content: This document presents the results of a study undertaken to design a market analysis model to estimate the level of services at which a private sector PHC delivery system can generate enough revenues, given the market it serves, to cover its total costs. The model was used to analyze the PROSALUD market and a set of recommendations were provided to improve the level of cost-recovery. Areas for improvement included increasing the number of facilities in order to decrease the average fixed cost of administration, market screening to locate facilities in communities with a higher ability to pay, improving control and pricing of prepayment scheme, and reassessment of fee schedule.

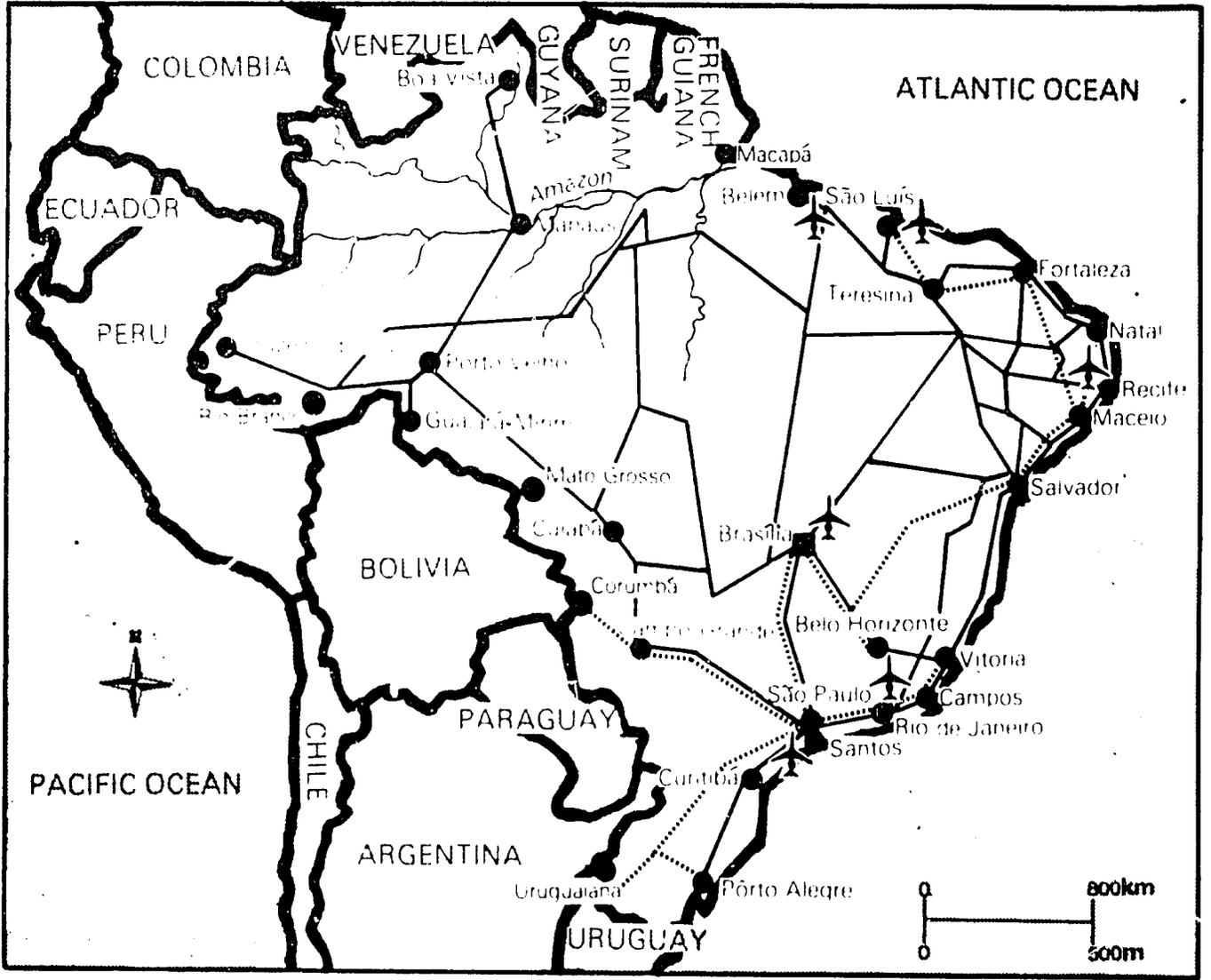
- 8) González, René. Community Financing to Reduce Attrition of Community Health Workers and Increase Health Service Coverage in Rural Bolivia, PRICOR and Instituto de Investigaciones Médico Sociales (IIMS), March 1987.

Sector: Private

Main Areas: Resource Mobilization
Funding Agency: AID

Content: This study investigated ways in which the community would be willing to support the salaries of their community health workers (CHW). The research reflected a need to find alternative resources to substitute for PVO funds initially available to pay salaries of CHW trained by PVOs. A model was developed to deal with two areas of concern: how to select, train, and deploy effective CHWs, and how to design a financial scheme to support these workers given the communities' needs and constraints. The project had a high degree of community participation in the identification of the problem, identification of alternatives, and establishment of decision making processes. The study area included eight small villages in the state of Cochabamba. The study was conducted from October 1984 to March 1986.

BRAZIL



C. 2. BRAZIL

a. Overview of HCF activities

Brazil is among the Latin American countries with the highest level of economic activity. Its per capita income (\$ 1,810) is the third highest in South America, after Argentina and Uruguay. Even though the Brazilian economy suffered the impact of the international economic recession during this decade, it is one of the few countries in which GDP in per capita terms did not deteriorate, but rather improved modestly. In terms of social development, however, Brazil does not have a leading position in the region. In fact, its health indicators resemble those of countries with lower economic growth. While its neighbor Uruguay has achieved a similar economic level and an infant mortality rate of 28 per 1,000 live births, Brazil's infant mortality rate of 65 per 1,000 live births is higher than that observed in Guatemala and El Salvador, whose income per capita are 50% lower than that achieved by Brazil.

The issue of misallocation of resources within the health sector in Brazil is usually raised when strategies to improve health status are analyzed. Besides having a public health system that is intensive in secondary and tertiary care, the country's health expenditure is geographically concentrated in areas where the population's health status is well above that in the Northeastern part of the country, where the poorest segment of population with the worst health status is located. Thus, health care financing activities aimed at facilitating the reallocation of resources towards primary health care services, recognized to be the most cost-effective interventions, targeted to the more vulnerable groups could be extremely helpful in improving the population's health status.

USAID/Brazil has not been actively involved in health activities in Brazil. Through centrally funded projects, AID has sponsored a few operations research activities that address the financing of the provision of health care.

b. Description of AID funded activities

- 1) Johnson, Karen et al. Community Financing of Primary Health Care in Rio de Janeiro, PRICOR and Centro de Pesquisas de Assistencia Integrada a Mulher e a Crianca (CPAIMC), March 1987.

Sector: Private

Main Areas: Resource mobilization

Funding Agency: AID

Content: The purpose of this study was to identify and test alternative strategies for community financing of primary health care services. The study was conducted in ten low-income communities of Rio de Janeiro during the period 1983-86. As was found in the majority of community financing

studies undertaken by PRICOR and other researchers, community members were willing to participate in the financing of primary health care. Moreover, they were already paying for health services, although the proportion of cost recovery through these fees varied among different neighborhoods. The development of an appropriate monitoring and evaluation system for community financing schemes was proposed.

- 2) Nations, Marilyn K., et al. Mobilizing Traditional Healers in Brazil to Deliver ORT, PRICOR and Federal University of Ceara, Brazil, March 1987.

Sector: Private

Main Areas: Resource allocation

Funding Agency: AID

Content: This operations research study was undertaken to determine how best to mobilize traditional healers to manage diarrheal illnesses and to deliver oral rehydration therapy. The study was conducted in a rural community near Fortaleza, the capital of the State of Ceara. Traditional healers were trained to teach mothers how to manage diarrhea episodes. The training included information on breast-feeding, home-made oral rehydration fluid and drug intake. Some positive change in behavior was achieved by the end of the study period, though there was still room for improvement.

c. Other studies and non-AID funded activities

- 1) Rezende, Fernando. Financiamiento de las Políticas Sociales, UNICEF/ILPES, Santiago de Chile, 1983.

Sector: Quasipublic

Main Areas: Resource allocation

Content: This document examines the provision of health care services within the social security system in Brazil. It analyses the financing mechanisms used, redistributive effects, and the evolution of expenditures as a consequence of implementing such a policy. Even though this document was written well before changes were introduced in the provision of health services through the social security system, it pointed out the problems the system had at the time regarding the feasibility of providing health services for a growing target group within a self-financed system. Based on data gathered for this study, a proposal was made to modify the social security financing structure.

- 2) Vianna, Solon M. et al. The Challenges to Health Reform, Brasilia, November 1986.

Sector: Public

Private

Main Areas: Resource allocation

Content: This document presents a diagnosis of the main obstacles to reforms in the health delivery system. The areas of concern that could be foreseen at the time were the institutional problems, the implications of universalization, the role of the private sector, and the policy of human resources. A proposal was made for financing of the transition based on a reallocation of available resources and a government action plan for the decade of the 1980's suggested.

- 3) McGreevey, William. Brazilian Health Care Financing and Health Policy: An International Perspective, The World Bank PHN Technical Notes GEN 6, November 1982.

Sector: Public

Quasipublic

Main Areas: Resource allocation

Content: This document reviews financial aspects of health care in Brazil with some comparisons to more developed countries. It identified a number of areas where further research would be appropriate to support achievement of the goals of equity and efficiency for the health care system. The patterns of Brazilian health expenditure were analyzed, as was the public investment program in health for the period 1978-82. Projections were made through 1985. Some of the issues that have become common-place in the analysis of allocation of resources devoted to the provision of health care in Brazil are highlighted in this document: the inequalities in the availability of health services between regions, the reliance on a social insurance scheme that encourages the intensive use of health services, the absence of planning, the lack of a program of health research and education directed toward changing behavior to improve health status, and the inadequate analysis of requirements for imports and manufacture of medical equipment.

- 4) PAHO/Fundação Oswaldo Cruz. "Análise de Políticas Alternativas para o Financiamento do Setor Saúde no Brasil". Protocol for research, 1985

Sector: Public

Main Areas: Resource allocation

Content: This document contains the terms of reference for a research study contracted by PAHO. The scope of work includes the identification and elaboration of an analytical framework for financial analysis within the health sector. The proposed framework was to incorporate parameters from productive sectors as well as other social sectors.

- 5) Médici, André César. "Financiamento das Políticas de saúde no Brasil", in Boletín Oficina Sanitaria Panamericana 103 (6), 1987

Sector: Public
Private

Main Areas: Resource allocation

Content: This article examines the structure of health financing and expenditure in Brazil. Expenditures in terms of total expenditure and their functional breakdown are analyzed for different institutions in the public and parastatal sector, and comparisons are made to the private sector. The principal sources of funds are described. The strategies used to deal with the economic crisis are discussed, as are the main problems of the present system and suggested changes.

- 6) McGreevey, William. "Los Altos Costos de la Atención de Salud en el Brasil", in Boletín Oficina Sanitaria Panamericana 103 (6), 1987

Sector: Public

Main Areas: Resource allocation

Content: The document presents an analysis of the changes that have taken place in Brazilian health sector expenditures in recent years and the elements that have favored the excessive growth of curative care at the expense of health promotion. The analysis focuses on the medical hospital system of Brazil and on the National Institute of Medical Care and Social Welfare (INAMPS). The former is the main supplier of health services, while the latter is the agency which is the major source of financing for health services.

- 7) Domínguez, María Alicia. "Análise Econômica das Estratégias de Vacinação Adotadas no Brasil em 1982", in Boletín Oficina Sanitaria Panamericana, 103 (6), 1987

Sector: Public

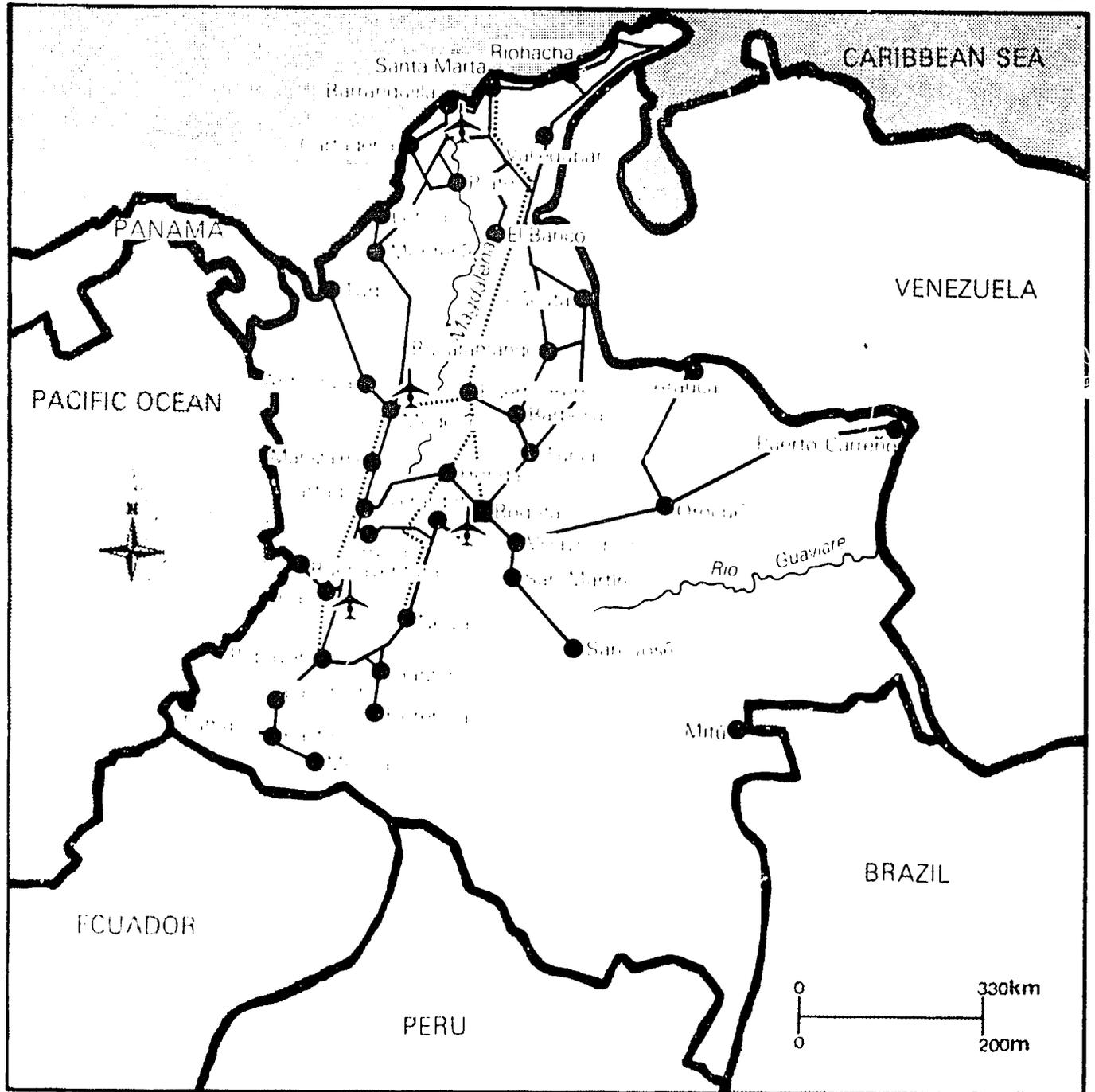
Main Areas: Costing of health services

Content: This document contains an economic analysis of three alternative strategies of immunization undertaken in Brazil during 1982. The article provides a good example of a methodological approach to be used in the selection of alternatives to provide health services.

- 8) The World Bank. Policies for Reform of Health Care, Nutrition, and Social Security in Brazil, Report No. 6741-BR, January 1988.
(For official use only)

- 9) The World Bank. Brazil Public Spending in Social Programs; Issues and Options, Report No. 7086-BR, May 1988. (For official use only)

COLOMBIA



C. 3. COLOMBIA

a. Overview of HCF activities

In economic terms, Colombia is among the middle-income countries in the LAC region and has shown the best performance during the present decade. In the context of the recent Latin American experience of crisis and adjustment, the Colombian case is considered to be an exception. Confronted with a lower level of external debt, Colombia is the only country that was able to manage the economic crisis in such a way that by the end of 1988 its per capita GDP was 11% higher than it had been at the beginning of the decade. In the health sector, adjustments were made to ensure that health status would not worsen as a consequence of the reduction in the sector's budget.

During this decade, health activities have been targeted to the maternal and child group. The main program is the Child Survival Program, which is funded by the government, the United Nations and other donors. On the operational side, a program of Consolidation of the National Health System was implemented which is designed to strengthen the regional organizations involved in the provision of health services. The latter program was partially funded by the World Bank.

USAID/Bogotá has not been active in health sector activities in Colombia either in the provision of health services or in the field of health care financing.

b. Description of AID funded activities

No health care financing activities have been funded by USAID in Colombia.

c. Other studies and non-AID funded activities

- 1) Creese, Andrew et al. Cost-Effectiveness of Immunization Programs in Colombia, PAHO Bulletin 21(4), 1987.

Sector: Public
Private

Main Areas: Costing of health services

Content: This study evaluates the cost-effectiveness of immunization programs based on the evaluation of the expanded program of immunization (EPI) in Colombia at three points in time: 1980, 1981, and 1984. The study was designed to estimate the cost of administering vaccinations through routine services and through national campaigns, to assess the cost-effectiveness of the vaccination strategies employed, and to make appropriate recommendations applicable within and beyond Colombia. The

study shows that the costs per immunization via the routine services and via the national campaign are comparable. However, the cost per infant receiving a third dose of DPT through campaign is twice as expensive as through routine services. The authors recommend that countries trying to identify the most appropriate immunization strategy should evaluate their intrasectoral and intersectoral communications as well as the cost and effectiveness of the current strategy.

- 2) Vivas, Jorge. Recesión, Ajuste Económico y Política de Salud, Fedesarrollo, UNICEF, Departamento Nacional de Planeación, January 1987

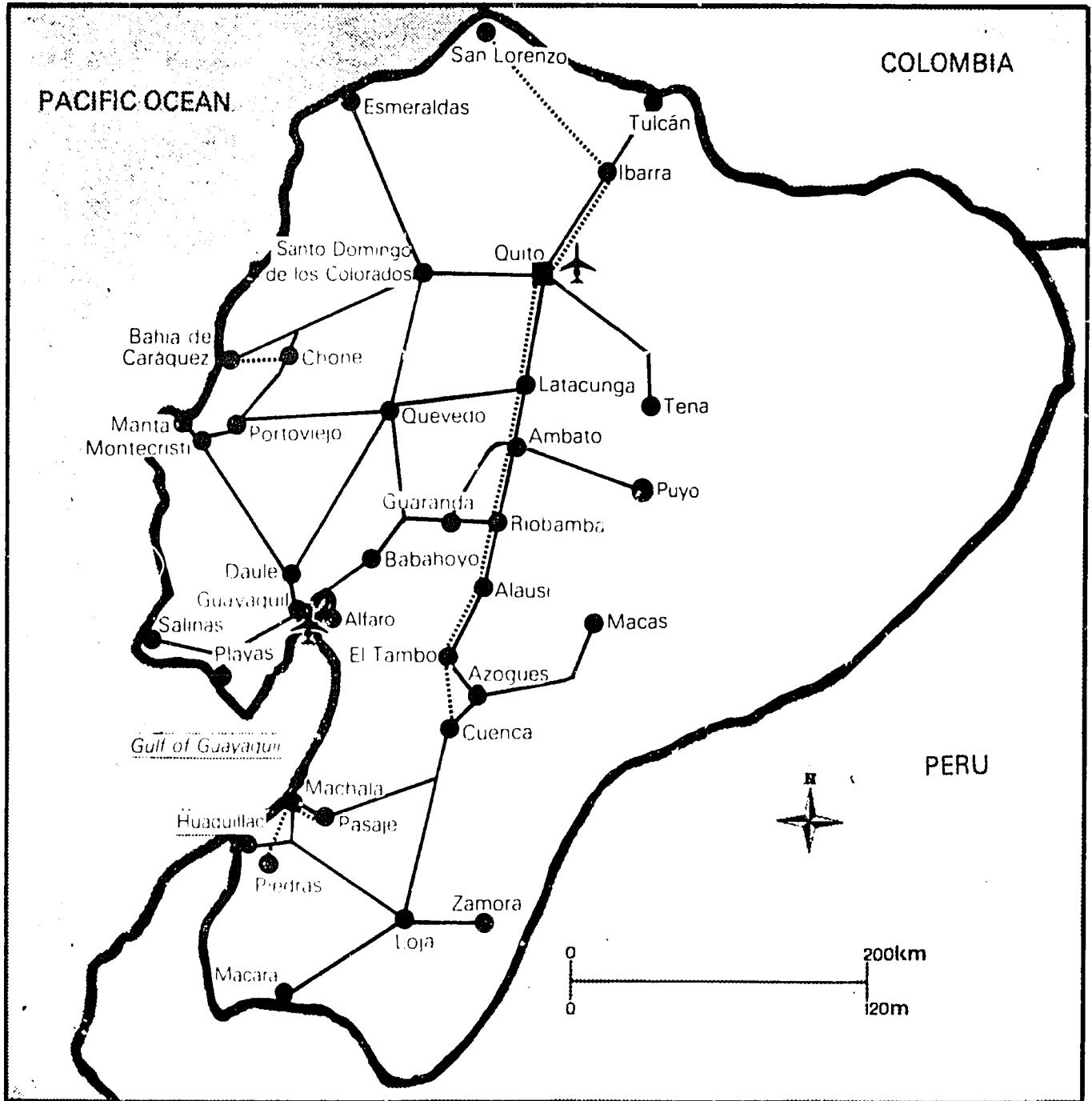
Sector: Public

Main Areas: Resource allocation

Content: This document contains a comprehensive analysis of the way in which public expenditure in health has adjusted during the years of the economic recession of the early 1980's. Public expenditure in health and nutrition during a period of 18 years, from 1966 to 1984, is analyzed within the framework of the macroeconomic restrictions. The purpose is to draw conclusions about the impact of the economic recession on child health status. The different health sector plans during this period are analyzed in terms of main objectives and allocation of resources. Even though each of the plans had different targets, the reduction in resources devoted to investment in the sector is common to all of them. One of the main conclusions of the study is that the level of resources allocated to the health sector is not determined by the total level of available resources within the public sector. Rather, a number of independent decisions about allocation of resources to social and economic objectives also affect the amount of funds devoted to the sector.

- 3) The World Bank. Colombia - Examen del Sector de la Salud, Informe No. 4141-CO, October 1982. (For official use only)
- 4) The World Bank. Colombia: Social Security Review, Report No. 6540-CO, September 1987. (For official use only)

ECUADOR



Ma

C. 4. ECUADOR

a. Overview of HCF activities

In the early 1970's the Ecuadorean economy experienced a dramatic change. The discovery of oil transformed the country from an intensive agricultural products exporter into a major oil exporter. Thus from that point on the Ecuadorean economic cycle was highly correlated with changes in petroleum prices. At the same time this additional source of funds promoted an expansion in economic growth as well as in domestic expenditure. The latter had to be financed by external debt when oil revenues were not sufficient to respond to the new needs. In this way, the external debt problems became a new constraint in the 1980's. With a per capita income of \$1,160, the level of GDP in 1988 is 7.6% lower than that observed in 1980.

As in other Andean countries, standards of living in Ecuador show significant differences among regional population groups. Thus, while the country has an average infant mortality rate of 64 per 1,000 live births, sample surveys of infant mortality in rural areas have found rates higher than 100 per 1,000 live births, diarrhea being the cause of 21% of all infant deaths. These disparities, as well as the issue of equity, are a central preoccupation for USAID/Ecuador, whose programs are aimed at achieving the major goals of economic growth with equity, satisfaction of basic human needs and consolidation of Ecuador's institutional capacity to manage development.^[24]

In the area of health financing, USAID has sponsored studies to estimate the costs of the provision of health services and a pilot project aimed at addressing the issue of self financing. The latter is expected to influence future Mission activities in the country.

b. Description of AID Funded Activities

- 1) TRITON. A Feasibility Study and Development Plan for a Private Alternative Health Service Delivery Model in Ecuador, Final report, submitted to USAID/Quito, July 1985.

Sector: Private

Main Areas: Resource mobilization

Funding Agency: USAID/Quito

AID Contract No.: 5180009-C-00-5066-00

Cost: \$ 37,369

^[24] USAID/ECUADOR. Mission Action Plan 518 - Ecuador Fiscal Year 87 - 88.

Content: The document presents a proposal for private health care financing initiatives in rural and urban areas of Ecuador. Two demonstration projects with identical objectives and similar potential management organizations are appraised as separate but related efforts. A description of areas in which technical assistance was foreseen during the pre-operational and operational phases is given. Alternatives for managing the grant were given with the recommendation that both initiatives were supported independently.

2) MAP International. "Private Sector Health Delivery Model"-OPG

Sector: Private

Main Areas: Resource mobilization

Funding Agency: USAID/Quito

AID contract No: Project No.5180060

Cost: \$ 645,000

Content: The purpose of this project is to establish two financially self-sufficient health clinics, one in a marginal urban area in Quito and another in a rural area of El Oro Province. The implementing PVO is coordinating with local community organizations in the design and establishment of the service delivery program and the payment structure at the clinics. This pilot project is being used to test various issues regarding financial sustainability that could have wider implications for AID assistance in Ecuador.

3) Shepard, Donald et al. The Cost-Effectiveness of Immunization Strategies in Ecuador, REACH, June 1987.

Sector: Public

Main Areas: Costing of health services

Funding Agency: AID/S&T/H

AID contract No: DPE-5927-C-00-5068-00

Cost: \$ 77,164

Content: This study had the objective to measure the cost-effectiveness of immunization services based in fixed facilities and of a mass campaign from 1985 to 1986 in Ecuador. The analysis of the data, gathered through a national survey conducted in June 1986, showed that the Program for Reduction of Maternal and Childhood Illness (PREMI) campaign contributed 13% to the total coverage of 64% and was particularly effective in reaching children under two years of age. On the other hand, the average cost per dose was \$0.29 for fixed facilities and \$0.83 for the campaign. The gap was found to be smaller when comparing costs per fully vaccinated child: \$4.77 for routine services and \$8.13 for the campaign. Though the campaign was more expensive than routine services, it was found to have a stronger impact in increasing immunization coverage among younger children.

- 4) Gómez, Luis Carlos (ed.) Costos de los Servicios Básicos de Salud en Ecuador, HCF/LAC (SUNY/Stony Brook), Research Report No. 4, August 1987

Sector: Public and Private
Main Areas: Costing of health services
Funding Agency: AID/LAC/DR/HN
AID contract No: LAC 0632-C-00-5137-00
Cost: \$79,959

Content: The objectives of this study were to: 1) test, on a comparative basis across the public, rural social security, and (non-profit) private subsectors, a cost accounting methodology for primary health care facilities; 2) evaluate the feasibility of using this methodology in other contexts; 3) estimate total costs by institution, cost of factors, and total and unit costs of activities, thus to identify variations in total and unit costs and the determinants of such variations; and 4) explore aspects of the quality and equity of health services

- 5) Moore, Robert et al. Resumen del Financiamiento de la Salud Pública en el Ecuador, PRITECH, August 1988.

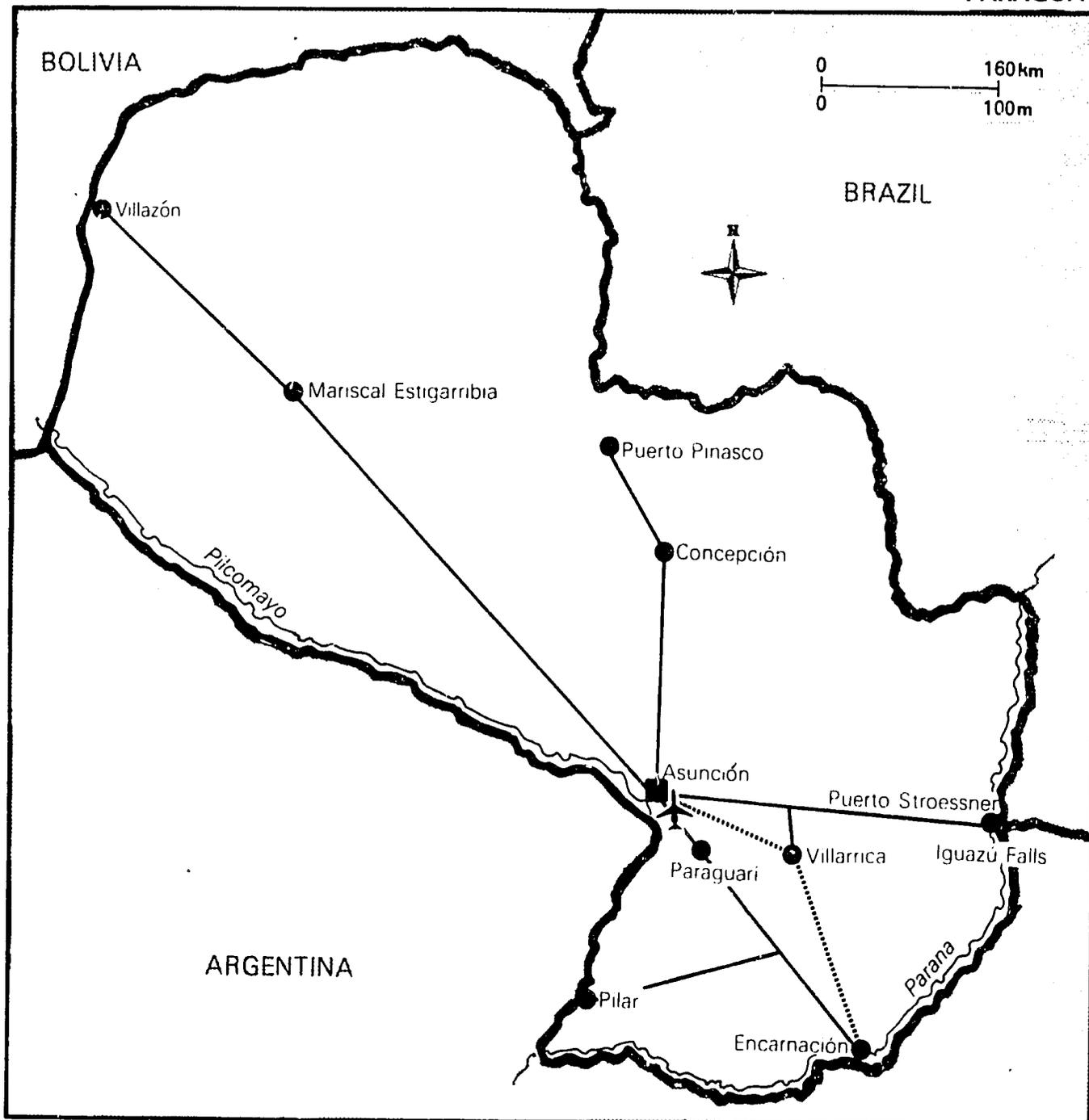
Sector: Public
Main Areas: Resource allocation
Funding Agency: USAID/Quito

Content: This document presents an analysis of the financing of the public health sector in Ecuador. It was undertaken with the purpose of gathering basic information to be used in the formulation of a new child survival project. The document provides: a summary of the financing and budgeting procedures at different operational levels in the Ecuadoran Ministry of Public Health; budget and actual expenditure for the period 1985-87; an analysis of the budgetary trends for the central government and the MOH during the last decade; and a budget forecast for the next decade.

c. Other Studies and Non-AID Funded Activities

- 1) The World Bank. Ecuador: Population, Health and Nutrition Sector Review, Report No. 6078-EC.
(For official use only)
- 2) The World Bank. Ecuador: Public Investment Review, Report No. 5676-EC
(For official use only)
- 3) The World Bank. Ecuador: An Agenda for Recovery, Report No. 5094-EC, 1984. (For official use only)
- 4) The World Bank. Ecuador: Economic Memo, Report No. 6592-EC
(For official use only)

PARAGUAY



C. 5. PARAGUAY

a. Overview of HCF activities

With a per capita income of \$1,000, Paraguay is among the middle-income countries, and thus it is not eligible for health assistance from AID. This selection criterion is reinforced by a fair standard of health status within the LAC region, as measured by an infant mortality rate of 43 per 1,000 live births and a life expectancy at birth of 67 years.

In terms of economic performance, the Paraguayan economy achieved a prompt recovery from two consecutive years of negative growth in 1982-83. However, the average rate of growth has not been sufficient to compensate for a high rate of population growth of 3.2%. Thus, in per capita terms income has deteriorated by 3% during the decade. While Paraguay has developed quite isolated from the international community, this situation could be subject to important changes depending on the evolution of the democratization process that is expected to start with the new elected government.

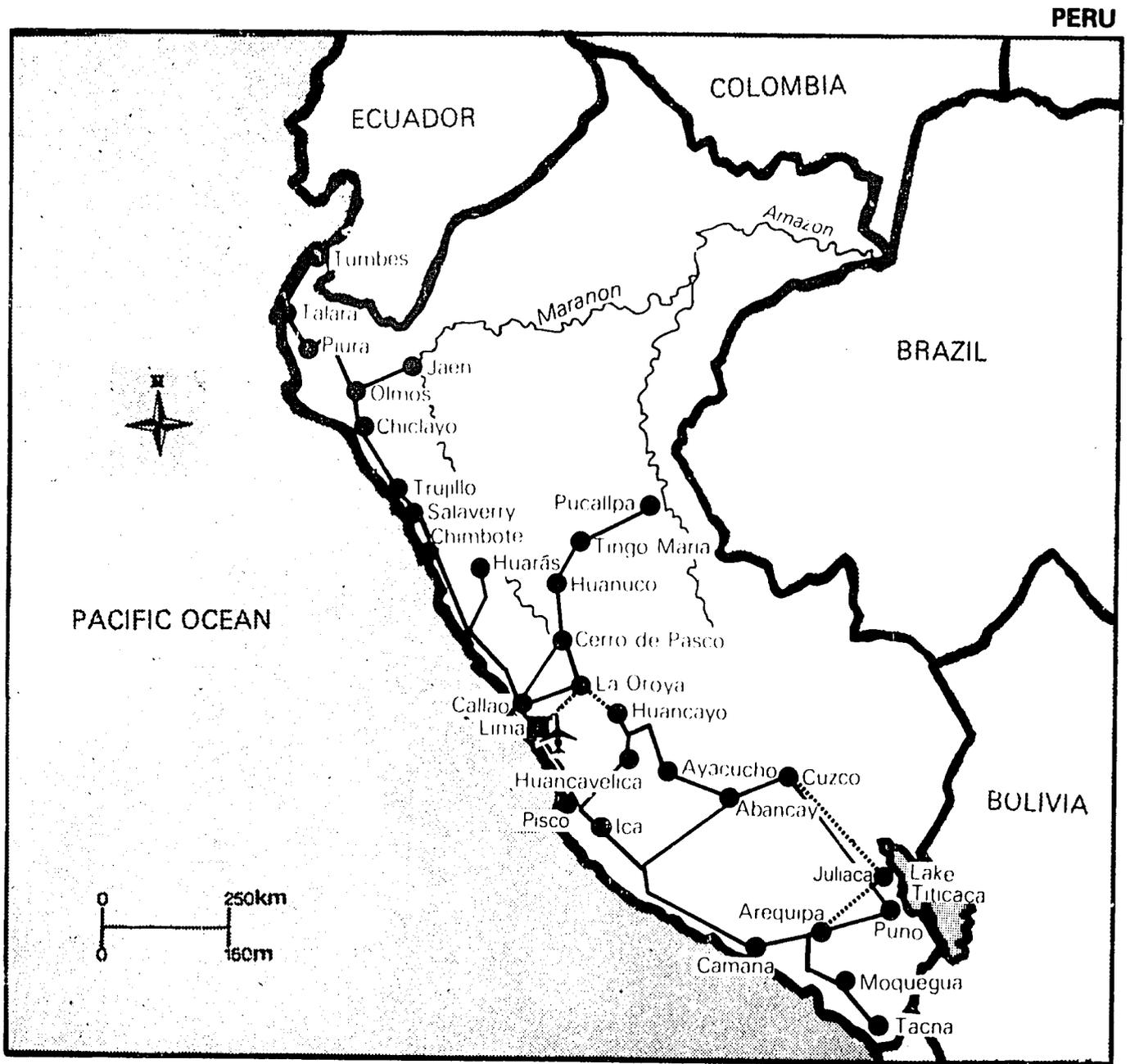
During the development of this study, it was possible to identify only one activity in the field of health care financing in Paraguay. This was the project report prepared by the Inter-American Bank at the end of 1982 as a background document for the approval of a loan aimed to increase health services coverage in rural areas.

b. Description of AID funded activities

No health care financing activities have been funded by USAID in Paraguay.

c. Other studies and non-AID funded activities

- 1) Inter-American Development Bank. Segunda etapa del proyecto de extensión de los servicios de salud pública rural, Informe de proyecto (PR-0091), PR-1221-A, October 1982. (For official use only)



95a

C. 6. PERU

a. Overview of HCF activities

Perú is presently facing probably the worst economic crisis in its history. While the rest of the countries in the LAC region are overcoming the effects of what has become known as the international economic crisis of the 1980's, after a short period of recovery in 1986-1987 the Peruvian economy faces new problems of inflation, food shortages, balance of payments deficits and unemployment. As a result, per capita income in 1988 was 13.6% lower than the level achieved at the beginning of the decade, and a further decrease is forecasted for 1989.

The Government of Perú (GOP) has declared that health sector activities will be concentrated in primary care. In 1985 the investment plan was reviewed and designed to reflect the sector priorities. However, in terms of health status the achievements have not been significant, and there are still important differences among geographical areas. While the average infant mortality rate in the country is 90 per 1,000 live births, some regions in the highlands have been found to have rates 50% over the national average.

USAID/Perú supported a number of activities in the area of health care financing during the early 1980's, and it intends to continue doing so in order to support the GOP plans to implement important changes in the administration of health resources. Although there are no actual estimates of population coverage by different health providers, the nominal coverage by the Peruvian Institute of Social Security (IPSS) increased from 18% in 1984 to 30% in 1987 due to new legislation that expanded coverage to children (dependents) and other population groups. While this document was being prepared, AID was in the process of providing short-term technical assistance to the GOP to assist in the design and implementation of this extension of coverage.

The MOH and the IPSS are also in the process of integrating their services. Under this plan, the IPSS will administer the majority of public sector hospitals while the MOH will concentrate on service delivery at health centers and health posts. In this way it is expected that IPSS coverage will substitute for MOH coverage and MOH resources released by this change will be reallocated to the presently uncovered rural areas.

In terms of policy dialogue to achieve the goal of wider sharing of growth, one of the USAID Mission's priorities is to explore alternatives to health care financing in both public and private sectors.⁽²⁵⁾

⁽²⁵⁾ USAID/PERU. Peru - Action Plan Fiscal Year 1989-1990.

b. Description of AID funded activities

- 1) MSH. Investigation of Health Service Delivery in Three Elements of the Peruvian Private Sector, Lima, November 1983

Sector: Private

Main Areas: Resource allocation

Funding Agency: USAID/Lima

Content: This investigation was to assist USAID/Peru in the identification of alternative approaches to the delivery of basic health services to underserved elements of the Peruvian population. Research was conducted during August-November 1983, in the middle of what -at the time- was thought to be the worst economic crisis of the country. Since public resources allocated to health sector were decreasing, USAID began to explore alternatives for health delivery through the private sector.

The study dealt with three components of the private health sector: the pharmaceutical industry, private voluntary organizations, and cooperatives. A survey was conducted of pharmaceutical retail sales outlets. The main recommendation was that in following five year period, all USAID supported initiatives should be directed to improving the productivity of all financial resources which were devoted to the procurement of health services. Important changes in the source and use of health financing were foreseen as required to reach this objective. It was suggested policy constraints be identified and a series of issues papers be developed in order to focus on the dialogue with the government.

- 2) Pollack, Marjorie et.al. PRITECH Disease Control Strategy Assessment, PRITECH, October 1984

Sector: Public

Main Areas: Resource allocation

Funding Agency: USAID/Lima

Content: The formulation and appraisal of this initiative for diarrheal disease control included an assessment of the finances of the Ministry of Health and an assessment of private sector involvement in the delivery of health services through oral rehydration salts and immunizations. The analysis showed that these activities were highly dependent on external donors.

- 3) USAID Cooperative Agreement. Project Health Sector Analysis of Peru, State University of New York at Stony Brook, 1985-1986.

Sector: Public and Private

Main Areas: Resource allocation

Resource mobilization

Costing of health services

Funding Agency: USAID/Lima
AID contract No.: 527-0167-CA-00-5054-00
Cost: \$1,311,952

Content: The Health Sector Analysis of Peru (HSA-Peru) was undertaken during 1985 and 1986 as a research project directed cooperatively by SUNY/Stony Brook and the Pan American Health Organization (PAHO), with the endorsement and active participation of the Peruvian Ministry of Health and including the following organizations: the Peruvian Institute of Social Security, Cayetano Heredia University (UPCH), and the Graduate School of Administration and Management (ESAN).

During the life of the project, research activities were complemented with workshops developed for health sector professionals. Activities were carried out in different areas of HCF. The objectives of the project were to document the disparities between official policy and actual priorities within the Peruvian health sector and to provide an analytical basis for future health sector policy formulation.

Findings of this research are presented in a series of project documents and in a book edited by the Project Director. Project documents have both English and Spanish translations and each covers the same areas of research. However, they are not direct translations and for this reason, both versions are presented in this review.

The Spanish version is presented in two series (informes técnicos and informes exploratorios), while the English version is presented in a series of reports (HSA-Peru Reports).

ANSSA-PERU Informes Técnicos

- (a) Perfil de Salud de la Población Peruana (Informe Técnico No. 1)
- (b) Demanda de Servicios de Salud en el Perú (Informe Técnico No. 2)
- (c) Participación en Salud de la Comunidad en el Perú (Informe Técnico No. 3)
- (d) Recursos Físicos del Sector Salud del Perú (Informe Técnico No. 4)
- (e) Recursos Humanos del Sector Salud del Perú (Informe Técnico No. 5)
- (f) La Problemática de los Medicamentos en el Perú (Informe Técnico No. 6)
- (g) Financiamiento y Gasto del Ministerio de Salud del Perú (Informe Técnico No. 7)
- (h) Financiamiento de los Programas de Salud del Instituto Peruano de Seguridad Social (Informe Técnico No. 8)

- (i) Documentación e Información sobre Salud en el Perú (Informe Técnico No. 9)

ANSSA-PERU Informes Exploratorios

- (a) Diagnóstico del Estado de Salud en la Micro-Región Espinar - Chumbivilcas (Informe Exploratorio No. 1)
- (b) Estado Nutricional en Menores de seis años en el Perú (Informe Exploratorio No. 2)
- (c) Utilización de Servicios de Salud en el Perú (Informe Exploratorio No. 3)
- (d) Condicionantes de la Descentralización Administrativa en el Ministerio de Salud (Informe Exploratorio No. 4)
- (e) Análisis de Importaciones a Perú de Principios Activos para Medicamentos (Informe Exploratorio No. 5)
- (f) Consumo de Medicamentos por Niveles de Desagraración en Cuzco y Cajamarca (Informe Exploratorio No. 6)
- (g) El Sector No Público y la Atención Médica en el Perú (Informe Exploratorio No. 7)
- (h) Financiamiento del Sector Salud en el Perú (Informe Exploratorio No.8)

HSA-PERU Reports

- (a) Zschock, Dieter. Health Sector Analysis of Peru: Summary and Recommendations
- (b) Gómez, Luis Carlos. Health Status of the Peruvian Population
- (c) Gertler, Paul et al. The Demand for Health Care in Peru: Lima and the Urban Sierra, 1984
- (d) Davidson, Judith. Health and Community Participation in Peru
- (e) Carrillo, Ethel. Health Care Facilities in Peru
- (f) Locay, Luis. Medical Doctors in Peru
- (g) Gereffi, Gary. Pharmaceuticals in Peru
- (h) Mesa-Lago, Carmelo. Coverage and Costs of Medical Care Under Social Security in Peru
- (i) Zschock, Dieter. Health Care Financing in Peru

- (j) Zschock, Dieter (ed.). Health Care in Peru: Resources and Policy, Westview Press, Boulder, 1988

Content: This book presents the findings of the HSA Peru Project in an effort to provide a realistic interpretation of Peruvian health sector problems. The editor points out that even though the substantive findings remained unchanged, the analysis was reshaped in order to make the material more cohesive and less technical than the way it was presented in the HSA reports.

- 4) Solari, Alfredo et al. Private Health Care Financing Alternatives in Metropolitan Lima, Peru, HCF/LAC (SUNY/Stony Brook), Research Report No. 3, August 1987.

Sector: Private

Main Areas: Organization of health services

Funding Agency: AID/LAC/DR/HN

AID contract No.: LAC 0632-C-00-5137-00

Cost: \$93,327

Content: This document analyzes private health insurance and other prepaid, risk-sharing health care plans in metropolitan Lima/Callao, Peru. It traces the evolution of health care financing and delivery arrangements, describes their current configuration and dominant patterns, and estimates the potential growth of prepaid health care in Lima/Callao.

c. Other studies and non-AID funded activities

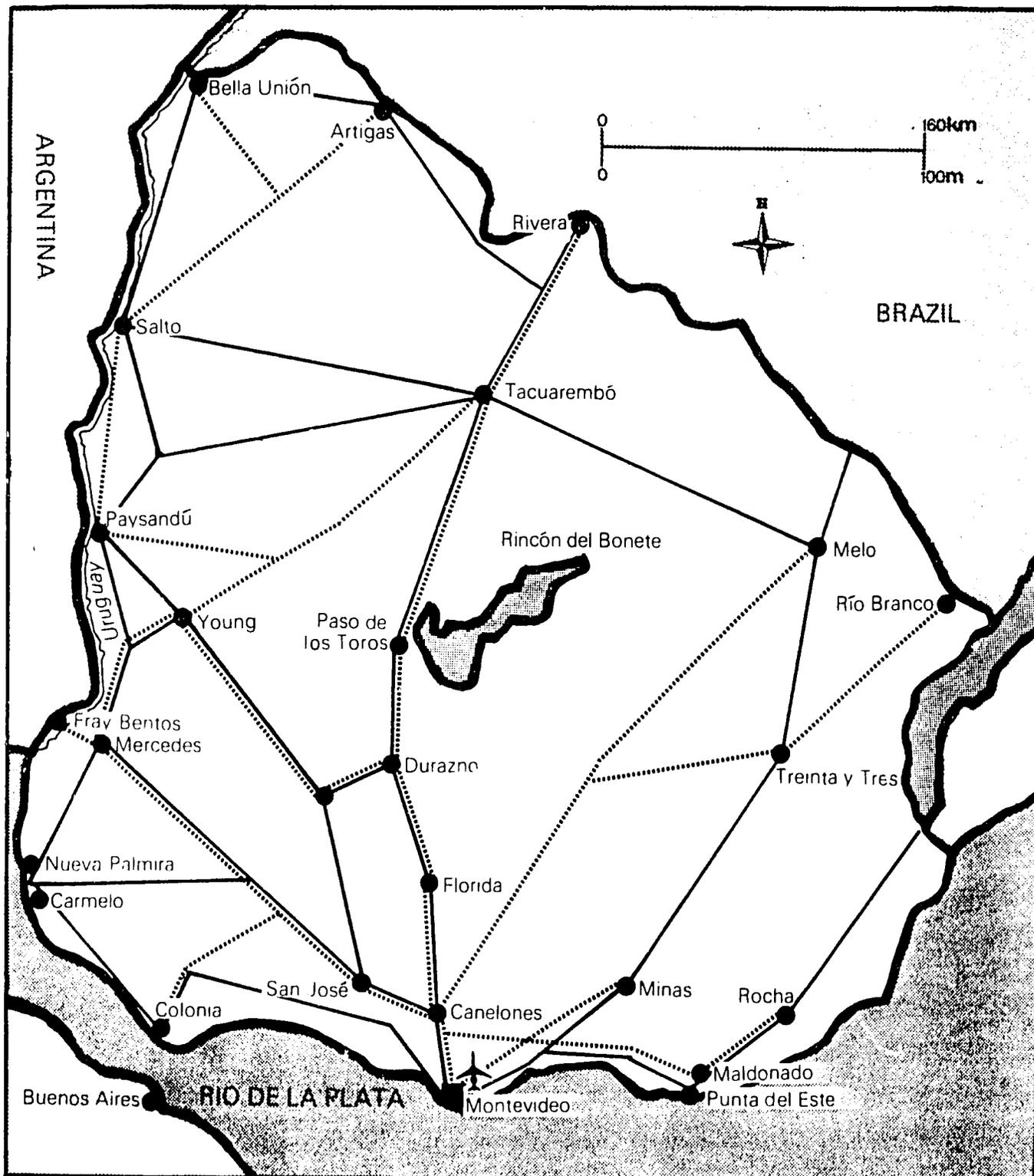
- 1) Suarez-Berenguela, Rubén. Financing the Health Sector in Peru, The World Bank, Living Standards Measurement Study Working Paper No.31, April 1987.

Sector: Public and Private

Main Areas: Organization of health services
Resource allocation

Content: This document reviews the health status of the population and the financing and spending patterns of health institutions in Peru. It analyzes the main trends and relative importance of institutions providing health services and explores alternative financing policies such as user fees, cost-recovery programs and community participation.

URUGUAY



C. 7. URUGUAY

a. Overview of HCF activities

Among Latin American countries, Uruguay is characterized by a high level of economic development. This is shown in a per capita income of \$1,900 accompanied by high standards of health status. Infant mortality has been reduced to a rate of 28 per 1,000 live births, life expectancy at birth is 71 years, and the population is almost stable, with a yearly growth rate of 0.4%. Under these circumstances, health financing issues take a different dimension than those that need to be addressed in Child Survival countries. While in the latter the problem is to increase coverage of primary health care, in Uruguay coverage by primary health services is high and the health system needs to respond to a different epidemiological profile that requires more secondary and tertiary care and thus is more expensive.

USAID/Montevideo has not been involved in the development of HCF activities, although operations research with implications in the financing of health services was sponsored by a centrally funded project.

b. Description of AID funded activities

- 1) Ebole, Obdulia et al. Community Organization in Resolving Health Problems in Blue-Collar Neighborhoods of Montevideo, Uruguay, PRICOR and Centro Latinoamericano de Economía Humana (CLAEH), March 1987.

Sector: Private

Main Areas: Organization of health services

Funding Agency: AID

Content: This study demonstrates that a number of health problems could be resolved through community organization activities. These activities include the creation of volunteer health committees that would select, train, and supervise community health promoters. Research was conducted in six urban blue-collar neighborhoods of Montevideo from July 1983 to September 1985. The health promotion intervention was successful in creating community groups which have the capacity to organize the population and effectively treat local health problems. It was also confirmed that health committees were more successful when formed based on existing community groups.

c. Other studies and non-AID funded activities

- 1) UNDP/PAHO/Ministry of Health of Uruguay. Project "Estudio del Sistema de Servicios de Salud", UNDP Project URU-82-001; WHO/PAHO Project URU-5101, 1984

Sector: Public and Private

Main Areas: Resource allocation
Resource mobilization

Content: This project was to perform an assessment of the entire Uruguayan health sector. This included an estimation of the actual and potential demand for health services, an analysis of the available physical resources (facilities and equipment) to respond to the demand, and an inquiry into alternatives to finance those services. Three main documents were written based on this research, with each addressing one of the three principal components of the project.

Activities undertaken under the project:

- a) Encuesta Familiar de Salud, carried out during the second semester of 1982

Sector: Public and Private

Main areas: Resource mobilization

Content: This health community service survey provides information on patterns of health facility utilization by the Uruguayan population, socio-economic characteristics of the population served by the public sector, patterns of family expenditure on health care, and a morbidity profile. These data were to be used to coordinate the efforts to provide an adequate supply of health services to the population.

- b) Financiamiento del Sector Salud, Research Undertaken During the Period 1982-83

Sector: Public and Private

Main Areas: Resource allocation

Content: This document: 1) presents the main elements that characterize the financing of the provision of health care services; 2) identifies problem sources; and 3) suggests alternatives to face these problems. The results of the research showed that health care expenditure in Uruguay was highly regressive, while provision of health services was expensive in comparison to international standards and produced with low levels of efficiency. A model based on the combined effort of the public and private sectors is to provide the population with equal access to health services and the health sector with an efficient allocation of resources.

c) Caracterización del Recurso Físico, June 1984

Sector: Resource allocation

Main Areas: Public and Private

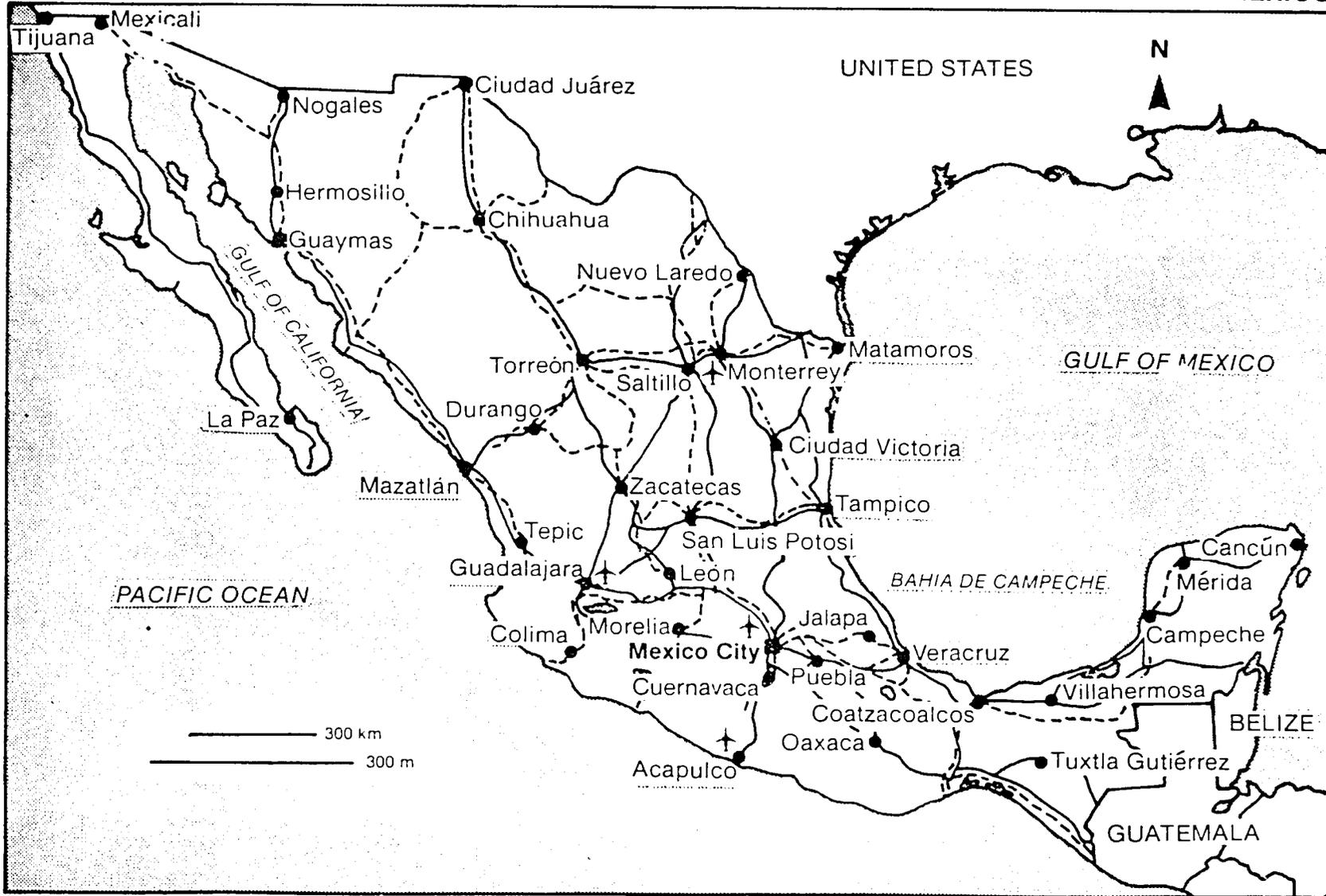
Content: The document contains a descriptive presentation of the physical resources available to provide outpatient and inpatient health care. An inventory of health facilities was performed and compared to the expected level of resources needed. Based on that analysis, an investment program for the sector is presented.

2) The World Bank. Uruguay. An Inquiry into Social Security: Its Evolution, Current Problems and Prospects, Report No. 7067-UR, June 1988. (For official use only)



NORTH AMERICA

MEXICO



D. NORTH AMERICA

D.1. MEXICO

a. Overview of HCF Activities

With an income per capita of \$ 1,860, Mexico belongs to the group of middle-income countries in the LAC Region. However, the Mexican economy has not yet achieved the level of health status that can potentially be gotten by a country with this level of income. An infant mortality rate of 48 per 1,000 live births can still be reduced through a better target of social expenditure. Even though the Gross Domestic Product had a positive increase during this decade, it was not enough to compensate for a high annual rate of population growth of 2.2., thus in per capita terms the GDP achieved in 1988 is 13.6% lower than that observed in 1980.

USAID/Mexico is not actively involved in HCF issues and during the development of this study it was possible to identify only one activity. During 1988, the World Bank started a research project that was scheduled to be complete by the end of 1989.

b. Description of AID Funded Activities

- 1) REACH. General Principles for Estimating Costs of the Advanced Centers for Primary Health Care, Draft, February 1988.

Sector: Public

Main Area: Costing of health services

Funding Agency: AID/S&T/H

AID contract No.: DPE-5927-C-00-5068-00

Cost: \$ 4,488

Content: This document summarizes the cost elements relevant to carrying out a cost-effectiveness evaluation of the "Centros Avanzados de Atención Primaria de Salud" (CAAPS) program, a new model in the delivery of primary health care. The methodology is based upon the use of matrices of technical requirements.

c. Other studies and non-AID funded activities

- 1) The World Bank and Government of Mexico. Estudio del Gasto y Financiamiento de la Atención de la Salud en México, ongoing, started 1988. Expected to be finished by the end of 1989

Sector: Private and Public

Main Areas: Costing of health services

Organization of health services

Resource allocation

Content: This study was designed by the Secretary of Health in Mexico (SSA) and the World Bank. The objective is to gather basic information about the organization of health sector financing (in terms of sources and uses of resources). These data would be used as a basis for decision making and planning related to the health sector. Among the expected results is the identification of basic issues related to HCF problems and alternative ways to address them within the short and long term.

2) Inter-American Development Bank. Programa de Mejoramiento de Servicios de Salud, México, Project Report (ME-0159), PR-1499-A, June 1986.
(For official use only)

3) Lastiri, Santiago. Financing of the Mexican Health Care System and the Role of the Private Sector in the Financing and Delivery of Health Services, Health Policy and Management, University of Wisconsin-Madison, Proposal for Research, May 1987

Sector: Private and Public

Main Areas: Resource allocation

Content: This document contains a proposal for research to be carried out in the state of Sonora. The research is to compare health care expenditure, utilization of services, and self perceived health status of the population in public sector health organizations. It will also determine the role of the private sector in the financing and delivery of health services. Even though it was not expected that the findings would be generalized to other states, the same study design was to be reproduced in order to undertake HCF studies in other states of Mexico.

9/21/89

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