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**TECHNICAL ASSISTANCE TO
THE GOVERNMENT OF EL SALVADOR
IN HEALTH REFORM
March 22-April 3, 1998**

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ACRONYMS

ANSAL	Análisis del Sector Salud de El Salvador
BASICS	Basic Support for Institutionalizing Child Survival
CIM	Comisión Interagencial de Modernización
GOES	Government of El Salvador
GTZ	German Technical Assistance
IADB	Inter-American Development Bank
MINED	Ministerio de Educación
MSPAS	Ministerio de Salud Pública y Asistencia Social
PAHO	Pan American Health Organization
SILOS	Sistema Local de Salud

EXECUTIVE SUMMARY

This trip report summarizes the results of an initial assessment of the technical assistance needs of the Government of El Salvador (GOES), Ministry of Public Health and Social Action (Ministerio de Salud Pública y Acción Social — MSPAS) to support modernization of the health sector. The visit was in response to a request by USAID/El Salvador to the BASICS project to provide policy and technical assistance to the MSPAS in health reform, sectoral modernization, health services decentralization, and other areas. The objectives of the initial visit were to assess the technical assistance needs of the MSPAS and to provide technical assistance to the MSPAS Planning Department (Dirección de Planeación y Modernización Estratégica), the group within the MSPAS responsible for leading and coordinating modernization efforts.

USAID/El Salvador's scope of work for the BASICS technical assistance visit had the following goals:

- identification of MSPAS functions (e.g., budgeting and financial management, drug and supply management, human resources management) to be decentralized,
- development of an implementation plan for the decentralization of functions identified and
- identification of technical assistance needs of the MSPAS from BASICS to support the implementation process.

In addition, the BASICS team sought to gain an understanding of the history, context, motivating forces, and current status of modernization and decentralization efforts.

The study team found that health sector modernization activities have been underway for several years and have resulted in important structural and functional changes. The MSPAS restructured administration of public health services nationally, decentralizing management functions previously centered in five regional administrative offices to 18 departmental offices, each with a staff complement responsible for budget and human resource management of public health and primary care service delivery functions within their geographic service areas.

Hospitals, which account for over 70 percent of all public health expenditures in El Salvador, have been granted budgetary autonomy; 15 health centers have been reclassified as hospitals and given the same budgetary authority as other hospitals. Hospitals receive funding directly from central MSPAS accounts and are administratively and financially independent of departmental public health administrative authorities.

In a summary of modernization progress as of September 1997, the Planning Department described additional improvements to the Salvadoran national health care system

- health service coverage and access expansion of the hours of service of 140 health posts from two to five days per week, establishment of a mobile hospital program,
- quality hiring more doctors and nurses for health establishments, training over 500 public health workers in health planning and management, improving physical plants and purchasing needed equipment, implementing a personnel classification system, development of an electronic network linking the MSPAS central offices with department offices strengthening nutritional and clinical interventions, and
- efficiency privatizing the National Nursing School, decentralizing drug distribution to departmental and hospital warehouses, implementation of a pilot ambulatory surgery program, development of national health accounts, identification of priority health problems and interventions based on cost effectiveness, definition and costing of a basic package of services

As of January 1998, the MSPAS had finalized performance agreements (*compromisos de gestion*) with each department. These agreements are seen as a first step toward a performance-based responsibility relationship between the MSPAS and individual departments. The agreements define administrative, programmatic, health outcome and service delivery goals and objectives for each department based, in part, on MSPAS's National Health Priorities for El Salvador (*Prioridades de Salud*, 1997-1999), a document that identifies health priorities for each department prioritized by the availability of cost-effective solutions.

The central goal of modernization is to define a new health delivery model that is efficient, effective, and that satisfies patient needs. The MSPAS has adopted the *sistema sanitario* as the conceptual model and structural vehicle for achieving the goals of modernization. The *sistema sanitario* concept embodies a hierarchical network of programmatically related health facilities responsible for serving the health needs of a geographically defined population. In the *sistema sanitario*, ambulatory health care facilities (health centers and posts) are each linked to a referral hospital that is, preferably, part of the *sistema sanitario*. In this design, multi-disciplinary staff in each of the 18 departmental administrative units will be responsible for coordinating the *sistemas sanitarios* in its area.

Donors are active in their support of MSPAS modernization. The MSPAS has developed a loan project (*Proyecto Apoyo a la Modernizacion del Ministerio de Salud Publica y Asistencia Social*) that has been approved for financing by the Inter-American Development Bank (IADB) and currently awaits ratification by the National Assembly of El Salvador. The IADB loan project has two main components.

- two pilot experiments in the Departments of Santa Ana and San Miguel to develop health care delivery networks with clear linkages between primary and secondary care levels to improve quality and efficiency, including technical support to develop cost and quality management infrastructure needed for system financing and operations, and
- the re-design and reorganization of key functions at the central level, strengthening the Ministry's normative role, and reorganizing administrative systems to support a decentralized health delivery infrastructure

Funding from the loan project is expected to flow within six to eight months of loan approval by the National Assembly and after precedent conditions have been satisfied

GTZ, the German technical assistance agency, has supported health services in El Salvador since the war. For the past two years, GTZ has supported project PASS (*Proyecto Apoyo al Sector Salud*) whose goal is to establish a new health delivery model in the eastern region of El Salvador based on health districts that operate within the framework of a larger *sistema sanitario*. Specifically, the GTZ PASS project seeks to strengthen health delivery capacity in one urban area and in one rural area in the Department of San Miguel. Recently, GTZ reported progress in the Department of Nueva Guadalupe in adapting to the new functional roles associated with a district health system. GTZ reports improvements in

- definition of primary care and secondary care roles,
- utilization of health services,
- health care quality,
- provider and user satisfaction, and
- greater efficiency in the use of resources

Based on indicators developed with data from two time periods (1996 and 1997), GTZ compared the experience of Nueva Guadalupe, where PASS began district development activities in 1996 with three other health areas where GTZ activities began in 1997. In its report, GTZ acknowledges methodological limitations of the data and analysis, while suggesting that the results indicate that the district strengthening activities may have had a positive impact on primary care and acute care utilization patterns.

The BASICS technical assistance visit occurred in the midst of public controversy in the health sector. Declaring that the national health system requires fundamental reform, the Salvadoran Social Security Institute (*Instituto Salvadoreño de Seguridad Social*) went on a strike to protest health system problems, including low levels of remuneration for their own services. Although the strike was initially declared illegal, the President of El Salvador moved to establish a committee to negotiate with the doctors. The negotiations had not reached a settlement by the time the BASICS team left El Salvador. The day before the team's departure, MSPAS doctors joined ISSS doctors in a two-day strike that slowed hospital services throughout the country.

In response to pressure from the physician community, the President of El Salvador empaneled a National Health Commission to address reform issues. The Commission was given six months to prepare a national health plan to address the weaknesses of the health system. However, concerns about the qualifications and representativeness of the Commission members, the lack of relevant documents and information about the health sector, and the lack of support led the *Colegio Medico*, the official representative of the Salvadoran physicians, to publish an open letter to the President in local papers respectfully withdrawing its members from participation until the Government acts positively on its demands.

With national elections due to take place in March 1999, the political climate in the National Assembly is becoming more partisan. Under Salvadoran law, the National Assembly must approve all foreign loans. A newspaper article reported on the day of the team's departure that the opposition party of the Assembly was protesting Government policies by blocking the approval of \$630 million in new donor funds, including the MSPAS IADB loan project. It was not clear how and when the Government would resolve the loan impasse.

In this context, the BASICS team was asked to work with the MSPAS to identify and prioritize technical assistance needs to support implementation of its health sector modernization process. The goals of modernization are unambiguous. The central goal is to create a health delivery system that

- substantially increases health care coverage and access throughout El Salvador, especially of the poor and under served populations
- improves the quality of health care services,
- increases user satisfaction with health services provided, and
- achieves distributional and operational efficiencies in the use of limited resources

The organizational vehicle for achieving these goals is the *sistema sanitario*. Recently,¹ the MSPAS outlined its plan to develop a new health care delivery model for El Salvador, based on the concepts and operating principles of the *sistema sanitario*. To make its new health care delivery model a reality, the MSPAS anticipates the need to define new structures, functional roles, operating norms, organizational manuals, and other indispensable materials and requirements to guide the proper functioning of each operational level within the public health system within the framework of the *sistema sanitario*. In addition, the MSPAS anticipates the need to train personnel at each level to ensure effective implementation of new functional roles and responsibilities. This training will serve as the primary guide and support for establishing and adjusting the new roles and responsibilities at all levels in the modernized public health system.

From the team's discussions with the MSPAS, it became clear that the Ministry recognizes the need to define a new "service model" (*model de attention*) or health delivery system as a prerequisite for redefining organizational roles at each level within the *sistema sanitario*.

¹ See MSPAS *Programa de Modernizacion en Salud Sistema Sanitario*. San Salvador, El Salvador, Diciembre 1997.

framework. In reality, full specification of the new *model de attention* must therefore precede definition of the new functions and roles of each level of the MSPAS. There is consensus within the MSPAS, and among the donor community, that modernization of the health sector cannot proceed expeditiously without further specification of the *sistema sanitario* and especially of the new *model de attention*.

Through this dialogue the BASICS team, working with the MSPAS Planning Department and the major donors, identified two key areas requiring technical assistance:

- 1 **Definition and development and of a new health care delivery model (*model de attention*)** capable of meeting the goals of modernization. This requires a clear definition of the attributes and functional characteristics of the new health care delivery model for El Salvador, and
- 2 **Development of an operational and technical framework for implementation of the new health care delivery model within the *sistema sanitario* framework.** This means specifying the functional, technical, and operational requirements for sustainable implementation of the new health care delivery model within the *sistema sanitario*, the structure chosen by the MSPAS as the organizational vehicle for sectoral modernization.

In response to these perceived priorities, the BASICS team prepared a list of prospective technical assistance activities (see Appendix B) to address the two key areas. The team reviewed these technical assistance activities and their relevance to achievement of the priority tasks with the MSPAS Planning Department staff. This review served to validate the MSPAS' perceived priorities and the Planning Department's understanding of the relevance of the technical assistance activities outlined in Appendix B to achieve the priority tasks.

Based on the initial assessment visit, the BASICS team recommends implementation of an initial work plan designed to fulfill the MSPAS' perceived short-term technical assistance priorities. This work plan centers on an assessment of current experience, at the departmental level, with modernization and decentralization. While it is technically possible for BASICS to draft a new *model de attention* and to prepare operational specifications for implementation of the *sistemas sanitarios*, the team recommends that these products be developed through a collaborative process that incorporates the current knowledge, experience and contextual insights developed in the field in El Salvador through local initiatives to address modernization needs. It is particularly important that the initial survey of local experience be national, across all departments, since there is little knowledge concerning departmental responses to modernization incentives. Although GTZ's PASS project may have made the most concentrated effort to shape new functional roles and interventions, as a step toward defining the roles of districts (and the *sistemas sanitarios*), the MSPAS pointed out to the BASICS team that it is aware of a wide range of local modernization initiatives. They insisted that such experience be incorporated into the design of the new health delivery model and into *sistema sanitario* specifications.

With MSPAS, it was agreed that the first step in addressing the priority technical assistance tasks is to survey the 18 health departments to learn what steps have been taken by departmental administrative units, hospitals, and health centers (and posts) to adopt new functional roles to adapt to changes in MSPAS policy regarding functional roles, to modify existing processes, and to address specific goals of modernization. The Ministry believes that this information “from the field” is needed to be able to tailor the technical assistance to local needs (while meeting common goals) and to ensure that current innovations and initiatives are incorporated into the design for the new health care delivery model and *sistemas sanitarios*.

The BASICS team recommends designing the proposed field assessment around the following

- A **structured survey** (rapid assessment protocol) designed to collect information on local modernization experience in the key technical areas outlined in Appendix B)

The BASICS team proposes the development of a structured assessment instrument that can be used to guide a systematic review of departmental modernization and decentralization initiatives and experience. This instrument will be drafted by the BASICS team and reviewed with the MSPAS before pilot testing. Pilot testing will be performed in one department to ensure that it covers all relevant areas and provides useful data on local experience.

It may be impractical to apply the instrument in all 18 departments. Therefore, the BASICS team recommends a screening of departmental experience and selection of a handful of priority departments for application of the full assessment, based on the results of the screening. The screening itself will be based on departmental responses to general questions regarding modernization initiatives undertaken in the key areas outlined in Appendix B. The BASICS team will develop and pretest the screening methodology in close collaboration with the MSPAS and in consultation with at least one department.

- Signed **departmental performance agreements** (*compromisos de gestion*) executed between MSPAS and individual departments, including departmental work plans addressing their priorities for the year.

The departmental performance agreements are important vehicles for understanding local responses to modernization and decentralization incentives and pressures. Each document contains individual specifications of target goals for departmental improvements for the year. For example, the *compromiso de gestion* for the Department of Santa Ana for calendar 1998 contains a list of programmatic and/or quantitative performance improvement goals for the department in the following areas:

- reproductive health
- cancer control
- intestinal and parasitic illnesses
- malnutrition

- Chagas disease
- management of drugs and medical supplies
- budgetary decentralization
- information systems and planning processes
- implementation of the *sistema sanitario*

The performance agreements will be used to determine how individual departments are attempting to achieve each target goal. A key resource in this process will be each department's action plan which outlines the department's operational plans for meeting the goals specified. The BASICS team obtained a copy of the Department of Santa Ana's action plan. Although different departmental action plans will contain different levels of detail, the Santa Ana plan indicates that the department is taking a number of steps to meet performance goals.

This assessment process, based on the performance goals and action plans, will help define the scope of technical assistance needs. It will also identify those departments where technical assistance can be used efficiently to produce "products" for one (or several) departments that can then be disseminated to others. In this way, BASICS technical assistance can be applied to the development of pilot activities that can be undertaken quickly in situations where there is a clearly defined need and departmental staff committed to finding a solution to a problem.

The departmental performance agreements provide numerous examples of areas where BASICS technical assistance could be applied almost immediately to help provide practical solutions to modernization and decentralization problems, while contributing to the overall design of the new health delivery system and defining the operational requirements of the *sistemas sanitarios*.

For example, the performance agreement for San Miguel department stipulates in 1998 that the department will demonstrate more than 80 percent of health system users are satisfied with the services they received. The design and implementation of consumer satisfaction (and other types) of surveys are essential skills that each department will need to master in order to measure whether the goals of modernization are being met. Through the proposed assessment process, based on a review of the departmental performance agreements and interviews of departmental and facility managers, generic needs (requirements) of the modernization process will be identified. In addition, local initiatives designed to meet performance goals will be identified and these experiences can be incorporated into the design process. BASICS technical assistance can be used to assist selected departments in designing and implementing solutions to the challenges of modernization.

The BASICS team recommends addressing the following information and design needs:

- critical evaluation of the rationale for anchoring modernization plans on the *sistemas sanitarios*, identifying the expected benefits and specifying the mechanisms for achieving the anticipated benefits,

- identification, inventory, and assessment of central-level modernization initiatives,
- development of an inventory of performance improvement expectations and requirements based on a comprehensive review of departmental performance agreements and departmental action plans,
- identification of local (departmental) modernization initiatives and experience to date with all aspects of health sector modernization,
- integration of existing information and knowledge regarding modernization initiatives especially the experience of departments in modernization, into the development of a strategy and preparation of an implementation work plan,
- definition of the health care delivery system that will meet the goals of modernization and that is consistent with the status of modernization in El Salvador,
- identification of the operational components and technical requirements for implementation of the *sistemas sanitarios* that meet the goals of the MSPAS modernization plan,
- identification of key barriers to implementation and full development of MSPAS' modernization program and of the *sistemas sanitarios*,
- definition and establishment of a strategy for implementing *sistemas sanitarios*, and
- establishment of a USAID-funded work plan with particular focus on technical assistance to individual departments in meeting performance goals

The USAID-funded work plan would take into consideration the roles and support of the other major donors in the MSPAS' health sector modernization efforts

BACKGROUND

El Salvador emerged in 1992 from twelve years of a bitter civil war, a conflict sparked and sustained by the historical neglect of large segments of the population. About half of the total population is estimated to be below the poverty line, with the figure much higher in the rural areas.

The main health care service providers are the MSPAS and the *Instituto Seguro Social Salvadoreño* (ISSS). The private sector provides a relatively small volume of services. However, past surveys have found that private providers are the health care source of choice for a significant portion of the population, including the poor. Survey estimates indicate that about

one third of the population uses private providers for ambulatory care. These same surveys indicate that insured individuals (eligible to receive services from ISSS) use free public facilities resulting in a significant public subsidy.

While significant improvements have been made in neonatal mortality, immunization coverage, and basic sanitary infrastructure, particularly in the post-war period, health services remain fragmented, highly concentrated in urban areas, and oriented toward curative care.

The post-war years have seen a strong government emphasis on opening up the economy and modernization of the state. The policy goals of the incoming government in 1994 included institutional reorganization and decentralization of key public services. Central government agencies were mandated to assume the role of regulator, supervisor and financier of public services and to reduce or eliminate their role as direct service provider. From all available accounts, the Ministry of Education (MINED) embraced this vision. MINED has successfully decentralized educational services to the community level and incorporated significant community participation into decision-making. The country's health leadership also recognizes that existing organizational and delivery structures present serious barriers to improvements in access, quality and efficiency in the health sector, but the MSPAS modernization program has lagged behind its colleague ministries.

A broad, exhaustive health sector assessment, ANSAL, sponsored jointly by USAID, PAHO, the World Bank and IADB, published findings and proposed a wide variety of sectoral reform recommendations in 1994. The ANSAL study findings and recommendations, however, have had limited effect on MSPAS policy and actions.

Consequently, the major donors pursued different paths to support health sector modernization. USAID focused its support on NGOs, the World Bank withdrew from the health sector, targeting public sector modernization through the Finance Ministry, instead. The IADB worked to prepare a loan project with the MSPAS in support of modernization in the health sector. PAHO has supported the development of SILOS. GTZ began a program of support for development of the *sistemas sanitarios*, following years of assistance to war victims in the northeast quadrant of El Salvador.

MODERNIZATION OBJECTIVES

The MSPAS has identified the need for changes in the health care delivery system in view of the following factors:

- large portions of the population are currently without adequate access to health services and there is insufficient financing of the health system,

- the health system is unintegrated and services lack continuity,
- the current structure of the health system promotes and preserves duplication of resources, and
- the health system promotes the delivery of health services that are deficient and of poor quality

The BASICS team found that the global objectives of the MSPAS health sector modernization program are unambiguous² Modernization is expected to introduce improvements in the current health delivery model that will

- increase public access to health services,
- improve the quality of health care,
- improve the satisfaction of health system users,
- increase the coverage of the health system, and
- lead to greater efficiency in the use of resources

The MSPAS has identified the *sistema sanitario* as the central framework for modernizing and organizing the health sector In concept, the *sistema sanitario* is expected to provide an integrated network of health care services for a geographically defined population The major benefits of the *sistema sanitario* framework are expected to result from the following design principles

- **Principle of continuity** — *El Sistema Sanitario garantizara que la attention de lost usuarios se realice desde el momento de la primera consulta y hasta el final del episodio*
- **Principle of integrity** — *Que se tome en cuenta no solo el problema obvio que ocasiono la consulta sino tambien el entorno social del usuario*
- **Principle of empathy** — *Que se tenga en cuenta las necesidades personales del usuario*
- **Principle of efficacy** — *Que se utilicen metodos cientificamente comprobados en el diagnostico y el tratamiento*

The attributes and expected benefits of the *sistema sanitario* are also outlined in MSPAS documents The following excerpts provide a vision of key operational attributes of a modernized health care delivery system for El Salvador

² MSPAS Ibid

- the health delivery organizations comprising the *sistema sanitario* should include all health providers, whether for profit or not-for-profit, private or public, with administrative and technical capacity to address efficiently and effectively the majority of health problems of an area,
- a *sistema sanitario* can be directed and managed by the director of a hospital, the director of an area's health delivery unit, or the departmental health director,
- the *sistema sanitario* will be monitored periodically, according to the performance management agreement (*carta de compromiso de gestion*),
- the operations of a *sistema sanitario* will be evaluated quarterly according to the following factors
 - progress toward the goals, as specified by indicators in the performance management agreement, and
 - the impact of the *sistema sanitario* on user satisfaction, technical quality of health services, and the motivation of health personnel,
- the *sistema sanitario*, as the basic unit of the health system, will integrate data from each and every health delivery establishment that comprises it. As a consequence, the MSPAS will possess, as a minimum data and information base, integrated information on the whole of the *sistema sanitario* rather than isolated, free-standing information on the individual units of the system,
- the health care financing mechanisms of the *sistema sanitario* will be developed in a phased, gradual manner by central management. In later phases of development the following are anticipated to be key elements of *sistema sanitario* financing
 - apportionment of resources on the basis of *capitation for primary health services*,
 - for secondary level health facilities, financing will be based on *health care outputs (discharges)*, and
 - for certain services that are difficult to standardize (e.g., diagnostic testing), payment will be based on volume of activity (e.g., bed days, visits),
- the *sistema sanitario* will ensure that providers and patients of the system will gradually be able to obtain adequate drugs and supplies on a timely basis, these supplies will be provided in sufficient volumes and quality to ensure providers and patients with adequate access,

- drug and supply needs for the *sistema sanitario* will be planned in each health establishment and system-wide needs will be consolidated by departmental managers,
- the Directorate of Procurement of MSPAS will be responsible for developing protocols norms and procedures needed to manage purchases, receiving, warehousing, and distribution of drugs and supplies, and
- the *sistema sanitario* will be responsible for defining human resource requirements in terms of the profile and numbers of health personnel needed based on the characteristics of the population served and the types of services provided

IMPLEMENTATION OF HEALTH SECTOR MODERNIZATION

The MSPAS has outlined the rationale, stages, and activities to be undertaken as part of a long-term public sector health care modernization process. The modernization process will be implemented in three stages.

Stage 1 (1998-2000) Modernization of the MSPAS itself, Stage 1 modernization tasks will focus on two main areas:

- ***Reorganizing and strengthening the MSPAS by redefining the roles of the three levels of the public health system***

Central level establishment of the MSPAS as *agente rector, normador, financiador y evaluador de la calidad, eficacia y eficiencia de los servicios de salud*, in addition to service provider,

Department level defining and strengthening the role of the 18 departmental administrative units as *conductor, coordinador, comprador y organizador de los servicios, programas y proyectos de salud en su area de influencia* and

Local level Establishment of local units as *proveedor y responsable director de la prestacion de los servicios de salud asi como ejecutor de los programas y proyectos del MSPAS*

The MSPAS will use the *sistema sanitario* as the framework within which it will develop the new *model de attention* for public health services. In doing so, the MSPAS anticipates the need to define new structures, norms, organizational manuals, and other indispensable materials and requirements for the proper functioning of each operational level. It also anticipates the need to train personnel at each level to ensure effective implementation of new functional roles and responsibilities. A comprehensive plan, and intensive training, will serve as the primary guide.

and support for establishing and adjusting the new roles of the MSPAS levels in the new health system

The MSPAS recognizes that improving the existing *model de attention* is a prerequisite for redefining new organizational roles for each level of the MSPAS system. As such, it believes that the central goal of modernization is to create improvements in MSPAS services that

- achieve substantial increases in health care coverage, especially of the poor and under-served populations,
- Increase public access to health care throughout El Salvador,
- produce improvements in the quality of health care services,
- result in improvements in user satisfaction with health services provided, and
- achieve distributional and operational efficiencies in the use of limited resources

In reality, full specification of the new *model de attention* must precede redefinition of the functions and roles of each level of the MSPAS. There is widespread agreement within the MSPAS and among the donor community that modernization cannot proceed expeditiously without further specification of the *sistema sanitario* and especially of the new *model de attention* within that framework.

Stage 2 (2001-2003) Modernization of the Health Sector

Second stage modernization will concentrate on strengthening the *sistemas sanitarios* based on the experiences obtained in first stage implementation. In addition, a key objective of Stage Two activities will be altering the payment system for hospitals, moving from global budgets to a system of payment based on outputs and incorporating incentives for productivity and efficiency.

The MSPAS envisions that financing for primary-level health provision will transition eventually to a *per capita model* to be managed by the *sistema sanitario*.

Stage 3 (2004-2006) Consolidation of the Process of Modernization of the Health Sector

In Stage Three, it is envisioned that the central level MSPAS will assume a normative and financing role with respect to the *sistemas sanitarios*, having decentralized health delivery and management functions to the integrated acute and primary care delivery systems. At this stage the *sistemas sanitarios* will fully encompass the range of health delivery organizations in El Salvador, including the private as well as the public sector.³

³ Several things remain unclear and must be developed, including: 1) the recommendations of the National Health Commission on the sectoral roles of the Social Security System, private sector providers and NGOs; 2) the enabling legal and legislative framework for implementing policy changes; and 3) the desired relationship (planning, financial, personnel oversight) between the MSPAS and municipalities.

RESULTS AND CONCLUSIONS

The Ministry of Public Health and Social Assistance

Since rejecting the recommendations of the ANSAL report, the MSPAS has continued to define the changes needed to modernize the health sector. It has been assisted in this effort by the work of IADB consultants, who helped to prepare the new IADB health sector loan.⁴ The MSPAS has decided that it needs to “set its own house in order” before it can address the modernization of the whole health sector. To get started, the MSPAS developed a pilot *Modernization Project for 1997-1999*, and requested donor support for its implementation. The project seeks to

- foster the development and application of personal and institutional incentives for competent performance,
- encourage participation of the user in the management, execution and supervision of services,
- engender institutional autonomy under the supervision of the central level
- establish explicit MSPAS-departmental management contracts, and
- define clearly institutional roles and relationships

The MSPAS has articulated its goal to be a gradual shift in the role of the central level from health service delivery to a regulatory, normative, facilitative and financing role. The intermediate level *Departamentos de Salud* are to evolve into management support units for the local level. Health service provision will become the decentralized responsibility of the local level through a *sistema sanitario*. The latter is conceived as the basic decentralized unit of the national health system, responsible for primary and secondary care for a defined population under a clearly specified and results-oriented service contract.

For now, the *sistema sanitario* schema consists of a hospital and its surrounding primary health units (public and private), with clear lines of referral and avoidance of duplication of services.

The MSPAS proposes to introduce the *sistema sanitario* in three phases from 1998 to 2006. Phase One (1998-2000) involves the organization of the first *Sistemas Sanitarios* and their requisite financing, human resources, logistics and pharmaceutical management systems, management information systems and communication strategies. In the Phase Two (2001-2003), the hospital financing mechanisms are to change from global budgets to results and/or activity.

⁴ It is reported that design of the new IADB loan did not include active participation of the Salvadoran Congressional Committee on Health Affairs. This oversight may delay ratification of this important loan. Based on the experience in other countries, the MSPAS must collaborate closely with congressional actors to ensure the right legal and legislative framework for health sector reform, including decentralization.

based budgets, with primary health services to be funded on a per capita basis. Phase Three (2004-2006) is a consolidation phase.

Progress to Date

To date, the MSPAS has identified national health priorities, divided the previous intermediate level of five regions into 18 health departments, and signed performance agreements with a few of these departments. These performance agreements specify target achievements in priority areas, but not the commitments of the central MSPAS to the departments in support. The departments are expected eventually to sign performance agreements with the *sistemas sanitarios* in their geographic area.

The two departments visited by the BASICS team appeared to have motivated staff, but had inadequate office facilities for their operation. In such a brief visit, it was not possible to assess either their ability to reach the goals of their performance agreements or their capacity for taking on the new role vis-a-vis the *sistemas sanitarios*.

The MSPAS document on the *sistema sanitario* provides a conceptual basis for the implementation of the new decentralized health delivery system. However, it needs much further development, before it serves as a practical guide for the operational details that are required to implement the new system of health service delivery. The current document describes the skeleton of the *sistema sanitario* but not the muscles, nerves and blood vessels that the system needs to reach the goals that are set for it of improved coverage, better quality, control of costs and user satisfaction.

It became obvious during this visit that relevant work to begin the definition of these muscles, nerves and blood vessels of the *sistema sanitario* already exists in different units of the MSPAS. This information, however, is not easily accessible or shared, either because it is scattered in various MSPAS documents and consultant reports, or because it still awaits documentation. For example, consultancies in strategic planning and performance agreements have been funded by the IADB. Results-oriented integrated management of childhood illness (IMCI) and the development of an executive information system at the MSPAS are being supported by USAID. Human resource information and management systems are being developed under the World Bank project through work in the Finance Ministry. Integrated local health systems are being developed under projects funded by the GTZ and PAHO. All of these experiences are important for refining the content of care to be “blended” into a new health services delivery model and its essential management structures and systems. Unless the existing information is collected, consolidated and shared, it will be very difficult to identify gaps and to avoid duplication of effort.

The definition of the essential operational details of the *sistema sanitario* and its implementation requires the commitment of the whole Ministry. While the *Grupo de Modernización* and the heads of the units interviewed appear committed to this endeavor, it was not possible to assess the commitment of the lower levels in the ministry. Experience in other countries has shown however that decentralization requires intensive effort to change the organizational culture of the central level. This “culture shift” will only happen if the operationalization of the *sistema sanitario* is done in a participatory manner, involving relevant staff of the central MSPAS in defining the details of the new system in collaboration with managers at the lower level. Many issues such as the incentive systems that the MSPAS wants to develop or the mechanisms for community participation, are quite sensitive, and must be developed with full participation of all the stakeholders.

The Major Donors

The four major donors—USAID, IADB, PAHO and GTZ—want to support the MSPAS modernization effort. To improve donor coordination, they have recently formed an Inter-agency Modernization Committee (CIM). By the time of the BASICS team’s visit, the CIM had met twice with MSPAS to identify areas that each agency could support. The donors, however, experienced difficulties in demarcating the activities to support, and at the time of the visit were awaiting further clarification from the MSPAS.

The IADB health sector reform loan⁵ was recently approved by the Bank and by the Executive Branch. As required in the Salvadoran Constitution, this foreign loan must still be ratified by the Congress of El Salvador to be effective and for funds to flow. The MSPAS-IADB project has two components: a) pilot interventions to develop an integrated health care delivery network using results-oriented financial incentives and the transformation of two public hospitals into autonomously governed model facilities; and b) modernization of key functions, such as financial management, drug procurement and distribution and human resource management systems at the central level.

Since the MSPAS had not anticipated the “quick approval” of the IADB project by the Bank, it also requested USAID to support some of the same areas that the IADB project is slated to cover once it is ratified by the Congress and after conditions precedent to disbursement have been satisfied.

While the donors are united in their desire to coordinate efforts in support of the MSPAS, this kind “support duality” or overlap presents a challenge. Furthermore, as emphasized above, the

⁵ \$ 25 million

donors are not fully aware of each other's relevant work and planned consultancies⁶ And they still differ in their assessment of MSPAS priorities in the development of the *sistema sanitario*

The Politics of National Health Care

The BASICS team's visit took place at a volatile time in national health sectoral politics Declaring that the national health system is sick, the ISSS doctors went on a strike in March, demanding a number of sectoral improvements, including changes in their own remuneration The courts initially declared the strike illegal, threatening to prosecute the leaders of the doctors' organization During this visit, the court decision was reversed, and the President of El Salvador established a tripartite committee to negotiate with the doctors These negotiations and the media attention that the physicians' demands generated placed a considerable demand on the time of the senior staff of the MSPAS

The negotiations had not reached a settlement by the time the team left El Salvador To the contrary, immediately prior to departure from the country, both the ISSS doctors and the physicians in the government's main referral hospitals went on a two-day "sympathy strike" The strike was featured prominently on the front pages of the local press, together with other articles about purported links between neonatal deaths and reduced rates of caesarian sections

In response to the doctors' claims about the "sick health system" the President of El Salvador established a National Health Commission while the team was still in the country This Commission's mandate is to prepare a national health plan to address the weaknesses of the health system and present its findings within six months Concerns were privately expressed about the Commission's membership, its access to relevant documents, and lack of support On the day of the BASICS team's departure from El Salvador, the *Colegio Medico*, the official representative of the Salvadoran physicians, published an open letter to the President in the local papers In it, the *Colegio Medico* formally withdrew its members from participating in the National Health Commission, stating publicly many of the concerns listed above

With national elections due to take place in March 1999, the political climate in the national Congress is also very active Under Salvadoran law, all foreign loans, including the upcoming IADB loan for the modernization of the health sector, have to be approved by the Congress Not surprisingly, the FMLN members of the national Congress withheld their approval of \$633 million in foreign loans in protest to certain government policies It should be noted that executive branch/legislative branch collaboration is a relatively new phenomenon in El Salvador as in other emerging democracies Legislatures throughout Latin America are no longer "rubber stamping" foreign loans designed by their executive branch colleagues and foreign donors They are demanding full participation in the design and oversight of new projects It was not clear to the BASICS team how the MSPAS would resolve this impasse

⁶ Also unclear to the BASICS team is the level of coordination within the USAID Mission among activities supporting health reform, local government and municipal development

RECOMMENDATIONS FOR A USAID/EL SALVADOR-FUNDED HEALTH SECTOR REFORM TECHNICAL ASSISTANCE WORK PLAN

It is important to note that the following proposed work plan is based on a rapid assessment conducted between March 23 and April 5, 1998, by BASICS consultants Riitta-Liisa Kolehmainen-Aitken and Josh Coburn. It is the product of meetings with the MSPAS, the USAID Mission, other donors and individuals, limited field activities, and documents made available to the consultants. The proposed work plan was not discussed in great detail with the USAID Mission before the BASICS team's departure. As such, the work plan should be regarded as preliminary and subject to discussion and negotiation between USAID and BASICS and dependent on the availability of resources.

The BASICS team conducted interviews with key stakeholders in the MSPAS and the donor community. The MSPAS officials included the Minister of Health, Secretary of Health, staff of the *Grupo de Modernizacion*, and heads of units in charge of financial management and budgets, human resources and information systems. The donor representatives interviewed included key staff at USAID, IADB PAHO and GTZ. A field trip to Sonsonate and La Libertad provided an opportunity to interview heads of the respective *Departamentos de Salud* and to visit a hospital and a *Unidad de Salud*.

Although the BASICS team is making specific recommendations for the short term, it anticipates that these short-term activities will result in the development of a coherent medium- and long-term work plan with four main stages. Key steps and activities are sketched below.

Technical assistance stages
Start up (first 6 months)
Needs assessment
Resource and task planning
Strategy development
MOH buy-in to work plan
Establish ground team
Identify technical team
Identify partners
Assessment of operational requirements for <i>sistemas sanitarios</i>
Training
Tool identification
Communications strategy development
National seminar/workshops

<p>Short term (6-12 months)</p> <p>Problem and barrier identification Develop legislative agenda Training Study tours Task planning Adapt tool sets Stakeholder needs assessment Begin technical assistance activities in Phase I <i>departamentos</i> Prepare evaluation baseline</p>
<p>Medium term (1 year - 2 years)</p> <p>Begin technical assistance activities Additional Training Second National Seminar/Workshop</p>
<p>Long term (3 years+)</p> <p>Full scale technical assistance implementation Evaluation Additional training</p>

DEFINING A NEW HEALTH CARE SERVICES DELIVERY MODEL (*MODEL DE ATENTION*) AND SPECIFICATION OF OPERATIONAL REQUIREMENTS AND TECHNICAL ASSISTANCE NEEDS FOR FULL IMPLEMENTATION OF THE *SISTEMAS SANITARIOS*

In the view of the MSPAS and the donors, the highest priority of the MSPAS and the task most urgently requiring technical assistance is the need to define the new health care delivery model as the basis for completing operational specifications for the *sistema sanitario*. Development of a new health care delivery model is the central goal of modernization and defining it is a prerequisite to determining the roles of each level of the MSPAS (central, departments, local delivery units). The activities associated with this task are designed to document and assess the current state of modernization throughout El Salvador and to identify promising initiatives and reform experience that should be incorporated into the *sistema sanitario* operational framework.

Key goals for technical assistance during the initial project start-up and implementation phases of the proposed work plan (Q1-Q2) are to

- define the attributes of a new health care delivery model designed to meet the goals of modernization,

- specify the operational requirements for implementation of the *sistema sanitario*, with the new health delivery model as a foundation, and
- define MSPAS needs for technical assistance from BASICS to support implementation of the *sistema sanitario*

Q1-Q2 assessment and technical assistance activities will provide the basis for a more detailed specification of the scope and activities of a longer term USAID/ES technical assistance work plan to support modernization of the health sector

The technical assistance activities proposed seek to answer the following questions

System-wide

- Given that the modernization process has been underway for several years, what progress has been made and what has been the experience at different MSPAS levels in achieving the goals of reform?
- What are the primary changes that have occurred in the MSPAS health care system since the advent of modernization? What changes have occurred in the last year?

MSPAS System Structure

- At the central level, what roles and functions have been transferred to the departments?
- How are decentralization decisions made at the central level?
- What legal or regulatory changes have been required to implement decentralization initiatives undertaken to date at the central level?
- What legal or regulatory barriers have been identified that may require GOES intervention?
- What aspects of management (planning, budgeting, controlling) have been decentralized from the central MSPAS level to the departments, for the following functions
 - budgeting and resource allocation,
 - human resources management,
 - drugs, supplies, and materials management, and
 - programmatic decision-making?
- What modernization initiatives have been undertaken at the departmental level? What has been the experience of the departments in modernizing? What has been the result of these initiatives in helping achieve the goals of reform?

- What central-level and departmental-level modernization initiatives should be incorporated into the specifications for the *sistema sanitario*?
- What barriers have impeded the progress or success of these initiatives?
- Given the experience with modernization to date, what legal, regulatory, and policy changes are needed to achieve the goals of modernization?
- What technical barriers exist to modernization?
- Considering the current MSPAS structure, what changes in roles, responsibilities, and functions are needed to achieve the goals of modernization?

A New Health Care Services Delivery Model

- What are the characteristics of the current health delivery model? What are its strengths and weaknesses regarding supporting achievement of the goals of modernization?
- What are the perceptions of health system users (patients) of the current health care delivery model?
- What are the needs and preference of health users regarding the new health care delivery model?
- What changes are they seeking in the current delivery model?
- What changes in the delivery model are needed to meet users' health care needs?
- Are local health service delivery systems prepared to meet users' health care needs?

The BASICS team recommends that short-term technical assistance goals in the start-up phase include the following

- evaluate critically the rationale for anchoring modernization plans on the *sistemas sanitarios* identifying expected benefits and the mechanisms for achieving those benefits
- identify and evaluate experience to date with all aspects of health sector modernization,
- integrate existing information and knowledge into the development of a strategy and preparation of an implementation work plan,
- identify operational components and technical requirements for implementation of the *sistemas sanitarios* that meet the goals of the MSPAS modernization plan,

- identify key barriers to implementation and full development of MSPAS' modernization program and of the *sistemas sanitarios*,
- define and establish a strategy for implementing *sistemas sanitarios*
- establish a USAID-funded work plan for supporting an implementation strategy, and
- maintain close collaboration and coordination with the other major donors—IADB, PAHO, GTZ and World Bank

APPENDIXES

APPENDIX A
Persons Contacted

**Appendix A
Persons Contacted**

USAID	Mr Terry Tiffany Dr Raul Toledo Mr Jack Dale
IADB	Dr Julie Feinsilver
GTZ	Dr Martin Kade
PAHO	Dr Jorge Luis Prospero
MSPAS	Dr Eduardo Interiano, Minister of Health and Social Affairs Dr Carlos Alfredo Rosales Argueta Director General of Health Dr C Alcides Urbina Director, Grupo de Modernización Ms Judith de Lopez, Grupo de Modernización Dr Jorge Cruz Grupo de Modernización Ms Maria de los Angeles Morales de Turcios, Director, Hum Res Director, Health Fin Unit Dr Alfredo Salvador Galan A , Director, Departamento de Informatica Monitoreo y Evaluacion
Dept of Sonsonate	Dr Leonardo Lopez Vigil, Departmental Director Hospital Director, Hospital San Juan de Dios
Dept of La Libertad	Departmental Director
Private consultants	Dr Jens Herrmann Ms Ana Evelyn Jacir de Lovo

APPENDIX B
Scope of Work for Technical Assistance on Health Reform

Appendix B
Scope of Work
Technical Assistance on Health Reform

- 1 Provide technical assistance to the Planning Department of the MOH to identify specific functions to be decentralized to the Department level (e.g. budgeting and financial management, drug and supply management, etc.)
- 2 Develop a detailed implementation plan and schedule to initiate decentralization functions identified, including development of necessary policies, protocols, guidelines, operations manuals, etc., as well as training and technical assistance requirements
- 3 Identify technical assistance from BASICS needed to assist the MOH in implementation of the decentralization process
- 4 Identify possible areas of available information, research and candidate countries for study tours related to health reform and decentralization useful to the MOH in its own health modernization process

APPENDIX C
BASICS Technical Assistance on Health Reform
Draft List of Priority Modernization Activities and Tasks

Appendix C
BASICS Technical Assistance on Health Reform
Draft List of Priority Modernization Activities and Tasks

Specification and Operationalization of a Health Services Delivery Model

- Development of a new health delivery model requires definition regarding method and process
 - an important principle for development of the health delivery model adoption and adaptation of an “evidence-based approach to the design of health services that is based on clinical results and patient outcomes where possible
 - identification and integration of a wide variety of work in progress and experiences throughout El Salvador, including child health — *Atencion Integrada de las Enfermedades Prevalentes de la Infancia (AIEPI)*
 - there are many examples of positive experiences in modernizing the health delivery model that are important to identify and incorporate into the definition of a new health delivery model
 - development and refinement of a new model and criteria for maternal health services
 - development and refinement of a new model and criteria for adult health, with special emphasis on health problems associated with aging
- Identification and synthesis of current “knowledge” regarding health delivery models, health reform, modernization, *sistemas sanitarios* literature, previous studies and reports based on ES health system, international experience, local health care reform successes (what has worked)
 - Assessment and inventory of national experience
 - Contributions to data book
 - Establish library
- Identification and synthesis of the experience in El Salvador with regard to implementation of *sistemas sanitarios* local (departmental) health care reform initiatives
 - inventory and assessment of national experience
 - identification of key elements requiring further development
 - development of operational requirements to support the goals of modernization incorporating the need to support the new health delivery model
 - development of guidelines for implementation of the *sistema sanitario*

- Identification of health system goals, stakeholder issues, benefits, model requirements qualitative and quantitative assessment
 - providers, health professionals, promotoras
 - parteras, other
 - pharmacists
 - consumers
 - community leaders
 - other provider organizations
 - others

- Key tasks in development of the *sistema sanitario* and in development of a system of referrals and counter-referrals perform an empirical and qualitative assessment of hospital role in delivery system
 - current hospital products
 - volume and cost of inappropriate hospital use
 - volume and cost of appropriate hospital use
 - targets for reducing inappropriate hospital use
 - alternative strategies for reducing inappropriate hospital use
 - hospital role as required to support model delivery system
 - required hospital capacity under model delivery system
 - required hospital infrastructure under model delivery system
 - cost analysis of problem, projected cost of solution(s)

- Development of system of referrals and counter-referrals for patient management in the *sistema sanitario*

- Drug and supply purchasing and distribution systems in a decentralized health service delivery system to support the new health delivery model and meet the goals of modernization
 - characteristics and performance of current purchasing and supply system
 - evaluation of impacts of local purchasing
 - requirements to support health delivery model
 - alternative strategies and models e.g., group purchasing

- Financing/payment system(s) to support health delivery model alternative models
 - fee-for-service
 - capitation
 - per case payment
 - insurance
 - mixed models
 - role of user fee-based cost recovery

- incentives advantages and disadvantages of each model
 - strategies to mitigate adverse/negative incentives and outcomes
 - management implementation scenarios
 - revenue sources
 - funds management
 - transfers
 - contracts and contracting system
 - control
 - oversight and evaluation
 - feasibility assessment
 - data and systems requirements
 - technical requirements
 - human resources capacity
 - cost of implementation
- Quality and certification standards (accreditation) how will the quality of facilities and services be managed?
 - Identification of issues and technical barriers to modernization, identification of legal and regulatory barriers to modernization
 - Produce a data book baseline and trend data on public health system and operational units for normative use
 - Establish a library of materials and information related to modernization, health reform, and modernization

Development of Management Systems Needed to Support Modernization

- Data and information standards
 - for new health delivery model
 - for implementation of the *sistema sanitario*
 - for national monitoring and evaluation of the health sector
- Development of standardized, output-based costing and management information systems
 - Unidades de salud
 - Hospitals
- Adaptation of managed care principles of cost and quality management
 - Population-based health care management
 - Primary care management
 - Hospital utilization management

- Development of an integrated performance measurement system
 - performance goals (see “stakeholder” assessment above)
 - enumeration of measures to capture important dimensions of health system
 - population measures
 - system-wide measures
 - hospital performance measures
 - health delivery units performance measures
 - consumer satisfaction and health needs survey systems
 - technical design of performance measurement system (see Attachment)
 - analysis, display, and distribution of measures
 - updating measures based on changes in health care system requirements
- Development of contracts based on performance measures

Human Resources Development and Training

- Modular training systems integrated into work processes
 - training through full participation in activities based on this work plan
- Development of permanent, local training capacity within the MSPAS and in the private sector
 - training needs
 - sources of knowledge and materials, adaptation to needs and requirements
 - local resources
 - alliances and partnerships
 - market for training services
 - organization and financing
 - marketing

Public Health Program Model

- Evaluation of policy alternatives for modernization and decentralization of key public health management functions

Policy Development Initiatives

- Data book
 - data, no interpretation
 - institutionalize standard reports and annual process of publication
 - distribute to key stakeholders

- MSPAS communication and information activities and policy dialogue events
 - seminars
 - conferences
 - publications
 - cross sectoral
- Communications development re stakeholders
 - identification of stakeholder requirements, benefits, etc
- Development of strategies for social participation
- Health financing and insurance market assessment
- Assessment of opportunities and strategies for private sector participation in public sector

Annex to Appendix C
Overview of Technical Attributes of Proposed Performance Measures
for Management, Monitoring, and Evaluation of Modernization

- 1 General measure attributes
 - measure name
 - set name
 - subset name
 - batch name
 - clinical rationale for the measure
 - description of the numerator and denominator in words
 - clinical events associated with the numerator and denominator

- 2 Constructing the denominator
 - method of patient identification
 - denominator data source
 - sampling used
 - inclusions and exclusions to the denominator

- 3 Constructing the numerator
 - numerator data source
 - type of numerator criteria
 - time window reviewed for occurrence of numerator event

- 4 Measure purpose
 - health service delivery model for which the measure was developed
 - type of review for which the measure was developed

- 5 Measure content
 - data type (outcome, proxy outcome, process)
 - For outcomes data
 - applicability of outcome measure
 - scope of outcomes(s) assessed
 - source of outcome data
 - outcome data format
 - type of outcome assessed
 - processes of care explicitly linked to outcomes
 - For process data
 - type of process measure
 - age groups covered by measure
 - care needs
 - care setting

- 6 Analysis considerations
 - allowance for patient factors in analysis procedures
 - aggregation/scoring
 - interpretation of results
- 7 Standards & Norms (Source of Comparison)
- 8 Reliability and Validity Testing
 - reliability testing
 - validity testing
 - procedure used to identify criteria
 - extent of testing to date
- 9 Current Use
 - part of ongoing measure system
 - extent of use to date
 - cost of implementation