



EXECUTIVE SUMMARY:

Methodology and Analysis of the Financial Needs of Territorial Entities to Address the Migratory Phenomenon

Local Health System Sustainability Project (LHSS)

Task Order I, USAID Integrated Health Systems IDIQ

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Local Health System Sustainability Project (LHSS)

The Local Health System Sustainability Project (LHSS) is a USAID initiative being implemented under the Integrated Health Systems IDIQ. Its goal is to help low- and middle-income countries move to sustainable, self-funded health systems as a means for supporting universal health coverage. The project works together with partner countries and local stakeholders to reduce financial obstacles to health care and treatment, ensure equitable access to essential health services, and improve the quality of health services. Led by Abt Associates, the five-year, \$209 million activity will build local capacity to maintain strong performance of the health system, supporting countries on their path to self-sufficiency and prosperity. In Colombia, this project is known as “*Comunidades Saludables*.”

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EXECUTIVE SUMMARY:

I. DESCRIPTION

Objective

- Develop an instrument to enable the Ministry of Health and Social Protection (MSPS, per its acronym Spanish) to monitor the accounts that public, private and mixed-equity health provider institutions (IPS, per its acronym in Spanish) submit to territorial entities, considering each one's financial status and capacity to cover healthcare costs.
- Propose recommendations to improve audit processes for territorial entities and identify new sources of funding for care provided to migrants.

Problem Description

This analysis is relevant because this instrument can be used to strengthen the capacities of the MSPS and the territorial entities to respond to migration. The territorial entities are the main providers of care to migrants and where the greatest funding problems are present. Tools are required to monitor their financial status, guide MSPS interventions, and provide territorial entities with accurate information regarding their finances, resources for additional funding, and efficient allocation procedures.

It is necessary to have periodic information from territorial entities on the billing generated by the provision of emergency care to uninsured and irregular migrants for each of the different types of healthcare providers (public, private, mixed-equity) so the national government can monitor these accounts through the auditing, acknowledgement, and payment stages. Currently, the MSPS only sends requests for information to territorial entities when it requires updates to accounts. These requests are made via Excel files.¹

The methodology aims to provide the MSPS with data to determine the rate of dependence on funding from the national government to pay for migrant healthcare services, determine the percentage of each funding source used to make payments to IPS's, and determine whether the territorial entity has the resources to make the payment. LHSS applied this methodology to the four territorial entities prioritized by the project and the MSPS (Bogotá, Nariño, Norte de Santander, and Valle del Cauca). La Guajira was originally included, but later removed due to inconsistencies in the information collection.

LHSS expanded its analysis of funding sources within the selected territorial entities with an emphasis on audit processes to detect areas where efficiencies could be improved and to identify new sources of funding. This allows the MSPS to evaluate the financial sufficiency of territorial entities to pay for emergency care provided to regular uninsured or irregular migrants and to identify territories that require co-financing from the national government.

¹ This report's recommendations seek to collect information using the MSPS's Integrated Social Protection Information System platform once the technical annexes proposed for the prioritized territorial entities have been validated.

Methods

This analysis used several sources of information, including (1) a review of regulatory documents related to the resources available for paying for migrant care and audits, (2) consultations, meetings, and semi-structured interviews with the territorial entities prioritized by LHSS, (3) interviews with funding experts from the General Social Health Security System (SGSSS, per its acronym in Spanish) funding experts, (4) a review of public hospital and emergency care billing databases from the territorial entities, (5) a review of the Fiscal Feasibility Reports issued by the Ministry of Finance and Public Credit, and (6) information collected from the technical annexes proposed by LHSS Colombia to analyze territorial debt and payments made for emergency care.

Limitations

The limitations of this study are as follows:

- LHSS only conducted the financial needs analysis of the territorial entities in three departments (Nariño, Norte de Santander, and Valle del Cauca) and the District of Bogotá. We prioritized territorial entities that had a significant concentration of migrants based on the information collected in Circular Letter 029/2017 and according to MSPS priorities. The original plan was to include the department of La Guajira in the analysis, but this was not possible due to inconsistencies in the reported information. The inclusion of more territorial entities in the analysis would have allowed for a more detailed diagnosis of the financial statuses and audit processes.
- Incomplete or incorrect information was received from the territorial entities of Norte de Santander and Valle del Cauca.
- Information is based on the 2019 Feasibility Reports as this information was not available for 2020 from the Ministry of Finance and Public Credit.²

Purpose

This deliverable will be used as an input for implementing activities in the LHSS Colombia Year 3 Work Plan, specifically task 2.1.4 (ARPA task 9.3.4), under which the MSPS will be supported in applying the financial sufficiency methodology to all territorial entities. These results will be consolidated for a full analysis of the 37 departments and districts.

2. MAIN FINDINGS AND RECOMMENDATIONS

Findings

Improvement in territorial entity audit processes is necessary to facilitate the acknowledgement and payment of the debt generated by provision of emergency care to uninsured migrants. Examples of current shortcomings include:

- The Bogotá District Health Secretariat has no planning or methodology document to audit the accounts submitted by the IPS. This process is carried out based on current regulations issued for

² This information may not be available because of the COVID-19 pandemic.

account acknowledgement including Resolution 3047/2008, Resolution 76, and other guidelines issued by the MSPS.

- The Norte de Santander Departmental Health Institute has an audit manual and a procedure for medical accounts. However, they lack sufficient resources to hire the personnel required to complete audits on the high number of accounts filed by public and private networks and those arising from *tutelas*, Colombia’s constitutional injection to protect fundamental constitutional rights, including those related to health.
- The Nariño Departmental Health Institute reports that there are no precise dates for the auditing of accounts for health services provided to Venezuelan migrants.
- There is a handbook for performing audits subject to current legislation and regulations including Circular Letter 29. However, some territorial entities do not compare the information provided by the IPSs against this standard.

Financial sufficiency indicators at the four prioritized territorial entities rank three of them as “high risk” (Bogotá, Nariño, and Valle del Cauca). Norte de Santander is ranked as “medium risk”.

Finally, it is evident that, although the national government has allowed for the redirecting of resources from other territorial sources, these redirected funds are not used for migrant healthcare. They are typically used for territorial co-financing of other territorial needs under the Full Stop Agreement³ and needs related to the COVID-19 pandemic.

Recommendations

Recommendations from the study fall into two categories: audit processes and generation of new funding sources. The following tables contain the recommendations proposed by LHSS.

Table 1. Territorial entity audit processes

Topic	Recommendation	Entity responsible	Requires adjustments or modifications to the current regulatory/legal framework?	Justification
Audit process controls	Strengthen internal controls for accounts submitted by IPSs for emergency care provided to irregular or uninsured Venezuelan migrants.	Territorial entity	No	Ensuring the detection and proper management of different types of risks is important for proper audit management and optimal decision making.
Guidelines to improve the audit process	Publish a technical guide to ensure territorial entity compliance with the requirement to perform internal and/or external audits of health	MSPS	Yes	According to the results of the analysis performed on the four prioritized territorial

³ The Full Stop Agreement is a federal policy enacted through Law 1955/2019 (article 238) for clearing debts for services and technologies not financed by the subsidized regime capitation unit payment (UPC, per its acronym in Spanish), which made it possible for the country to co-finance payment of these debts upon compliance with certain requirements. UPC is the annual value recognized for each of the members of the SGSSS to cover the benefits of the Obligatory Health Plan in the contributory and subsidized regimes.

Topic	Recommendation	Entity responsible	Requires adjustments or modifications to the current regulatory/legal framework?	Justification
	secretariats and the departmental health institutes responsible for reviewing accounts and payments to IPSs for the provision of emergency care services provided to uninsured or irregular Venezuelan migrants.			entities, this is essential for improving audit processes.
	<p>Publish an administrative act issuing recommendations for territorial entities to:</p> <ol style="list-style-type: none"> 1. Explore the possibility of requiring a report by IPSs under Circular 29 to receive payments. This could be done in a phased project to optimize and improve Circular 29 mechanisms and improve health services provision reporting as support for billing. 2. Reiterate the need to cross-reference databases (BDUA, RUAF, RNEC)⁴ that support the identification process and enrollment verification to prevent authorizations of improper payments to ineligible individuals, for example those already enrolled in the SGSSS or who are deceased. 	MSPS	Yes	Some territorial entities do not implement these processes that prevent the improper payments.
	Issue a Circular Letter reiterating the scope and limitations of emergency care.	MSPS	No	Audit manuals need to reflect the type of health services that can be authorized for migrants (i.e., a birth requires prior health services and postpartum consultations).
Capacity development for staff responsible for the account audit and acknowledgement process	Create a virtual training platform for officials in the departmental health secretariats and departmental health institutes to receive training on topics related to auditing, bill acknowledgement and payment, resource allocation, and the	MSPS	No	The professional capacities of personnel for reviewing the audit process need to be strengthened, and periodic short courses

⁴ BDUA – Single Affiliate Database, RUAF – Single Registry of Affiliates, RNEC – National Registry of Civil Status

Topic	Recommendation	Entity responsible	Requires adjustments or modifications to the current regulatory/legal framework?	Justification
	regulatory framework related to migrant care. This technological solution could potentially be funded with resources from international funder.			can be designed for this.
Information Systems	Explore the possibility of funding a technological or software tool for monitoring the audit, acknowledgement, and payment process using resources from international funders, and standardize the information inputs for these processes.	MSPS	No	The analysis showed that several territorial entities lack efficient systematization of the audit process and are still using Excel spreadsheets. The recommendation is that working groups be established between the territorial entities for technical exchanges that will strengthen the audit process and capitalize on successful experiences, including support software.

Table 2. Generation of new funding sources

Recommendations	Justification	Implementation considerations
Make the legal allocation of tax revenues from domestic spirits and beer more flexible	Once the process of implementing the Full Stop Agreement is completed, allocation of these resources could be made more flexible and used to fund emergency health services for uninsured, irregular, or pendular migrants.	Through an act of law by the MSPS.
Establish other uses of transferred revenue	Make the use of resources allocated to health secretariats more flexible so they can be used to fund emergency health services for uninsured, irregular, or pendular migrants.	Through an act of law by the MSPS.
Use of surpluses in master accounts	Confirm whether there are surpluses in the master accounts of territorial entities from previous periods that could be used to fund emergency health services for uninsured, irregular, or pendular migrants.	Responsibility of the MSPS Directorate for Sectoral Financing.

Recommendations	Justification	Implementation considerations
Draft a bill to make permanent the paragraph added to Law 1816/2016, article 16 by Decree 800/2020, article 5, that refers to the allocation of revenue garnered from alcohol purchases.	Permanently enable the use of these resources to fund emergency health services for uninsured, irregular, or pendular migrants.	Responsibility of the MSPS Financing Directorate together with the Epidemiology and Demographics Directorate.
Include a section within the Ten-Year Public Health Plan (2022-2031) that includes emergency care for irregular migrants as a public health priority.	Include this topic in the Ten-Year Public Health Plan as a criterion that would make it easier for public health resources allocated to the territorial entities through the General Participation System to be used to fund emergency health services for uninsured, irregular, or pendular migrants.	Management for inclusion in the current discussion of the Ten-Year Public Health Plan by the MSPS.
Create a General Royalty System	Create investment projects to re-establish health rights for migrants, which will allow paying off debts related to the provision of emergency health services to uninsured, irregular, or pendular migrants.	Through a bill drafted by the MSPS.
Create investment projects within the MSPS's general budget that define payments and conditions of payment for debt resulting from the provision of emergency health services to uninsured, irregular, or pendular migrants.	An investment project provides a financing alternative for paying off debt.	Design the project and register it with the National Planning Department as was done with the Victims' Plan.
Design a Full Stop strategy for funding emergency health services for uninsured, irregular, or pendular migrants.	Considering that the Temporary Statute for Migrants will affect SGSSS enrollment, payment could be made for all debt resulting from services provided to that population through 2021.	Something similar to the Full Stop Agreement included in the 2018-2022 National Development Plan should be developed. Payments for pendular migrants after 2021 would remain pending, so an alternative solution covering that period would be required.
Resume the financial plan exercise for each territorial entity, which requires that the MSPS issue guidelines for financial plan preparation through the Directorate of Sectoral Financing. This tool can be used for planning and budgeting healthcare finances (sources and uses) both within the territorial entities and throughout the country.	This tool would allow for the projection of expenses and subsequent budgeting of resources for health care provision to unenrolled, irregular, or pendular migrant populations.	Management of this process is the responsibility of the Directorate of Sectoral Financing.
Bilateral or multilateral bank loans	Greater resources are required from the national government. These could be in the form of bilateral loans or loans from international banks that provide funds for each migrant enrolled in the SGSSS.	Managed by the MSPS and the Ministry of Finance and Public Credit.

SUSTAINABILITY / DELIVERABLE USE

Some steps to promote the sustainability of this works are highlighted below:

- It will be essential to institutionalize the data collection instrument developed with the MSPS (through an administrative act) for periodically reporting the territorial entities' accounts payable related to emergency care for migrants. With information from all territorial entities, the MSPS will have a full overview of the financial sufficiency of territorial entities and can use the proposed indicators to make decisions regarding financing.
- A preliminary analysis to understand the results of implementing the recommendations on new funding sources for responding to migration will be a starting point for discussion with the Ministry of Finance and Credit to evaluate the possibility of reallocating resources.

These products have been shared with the MSPS's Directorate for Sectoral Financing, which is the beneficiary of this study.