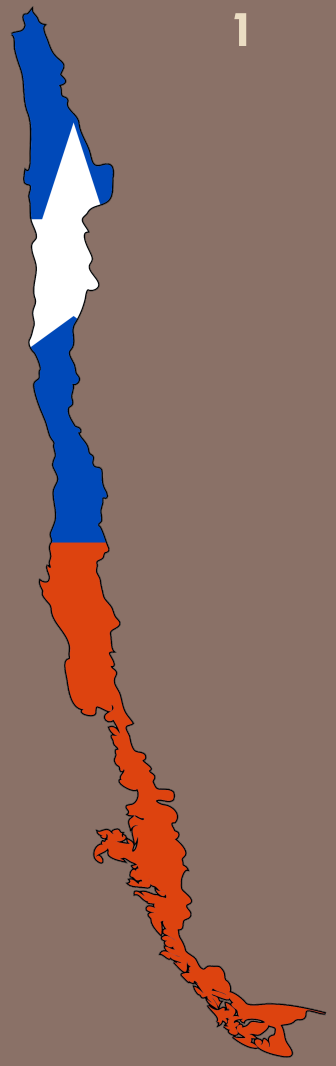
HEALTH REFORM IN CHILE 2000-2005: PATH DEPENDENCE, CRITICAL JUNCTURES AND FEEDBACK MECHANISMS



M. Soledad Martinez-Gutierrez, MD MPH, PhD (c)

Health Services and Policy Analysis, UC Berkeley

Division of Health Policy and Management, School of Public Health, University of Chile.

msmartin@berkeley.edu

FACULTAD DE MEDICINA
UNIVERSIDAD DE CHILE
ESCUELA DE SALUD PÚBLICA "DR. SALVADOR ALLENDE G."

School of Public Health

Presenter disclosures

M. Soledad Martinez-Gutierrez

(1) The following personal financial relationships with commercial interests relevant to this presentation existed during the past 12 months:

No relationships to disclose

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Outline

- Key issues
- Chilean Healthcare System at a Glance
- The Reform
- Research Question
- Methods
- Conceptual Framework
- Results
- Discussion
- Implications

Key issues

- How past system design influenced the options on the table for health care reform
- How current healthcare system design can rule out future health system designs that would provide more equitable access to quality care

Chilean healthcare system at a glance

- Governance
  - The Ministry of Health and the Superintendent of Health regulate the entire Chilean health system
- Financing
  - Compulsory payment of 7% of salary of all worker salaries
  - One public insurer: the National Health Fund (Fonasa)
  - ~20 private health insurers: Institutions of Social Security in Health (Isapres)
  - Enrollment: 74% of population in Fonasa; 17% in Isapres
- Service Provision
  - Large public healthcare network of providers and facilities
  - Private sector: facilities range from individual doctors' practices to large HMO-like organizations

The Reform

- After 17 years of dictatorship, the "Concertación", a center-left coalition rose to power in 1990.
- Eleven years later, in 2000, Ricardo Lagos, a Socialist, was elected on a platform that mentioned health reform as one of his government's main initiatives.
- The 2000-2005 reform was enacted through five pieces of legislation.

Health Reform Legislation

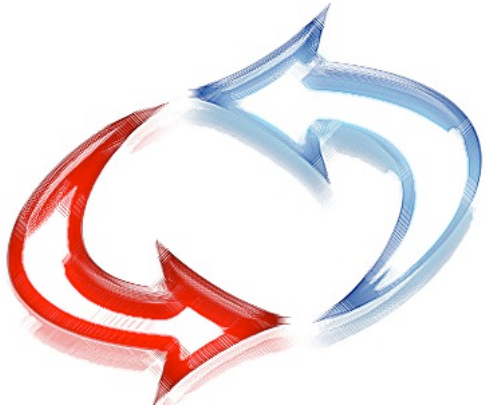
1. **General Guarantees in Health (GGH) Law:** created a system of explicit guarantees of care in defined health areas with respect to access, timeliness, quality of services and patient financial protection (caps on out of pocket costs)
2. **Financing Law:** Allocated funds for the reform, in particular for the guarantees system. Originally, it created a **Solidarity Fund.** Mandated Isapres to participate in a risk pool with Fonasa to finance the GGH Program, but separate public and private health insurance pools would continue
3. **Health Authority Law**
4. **Private Health Insurance Solvency Law**
5. **Private Health Insurance Law**

Conceptual framework

- **Path-dependence** is a social process in which "*once a country or region has started down a track the costs of reversal are very high*" (Levi 1997).

- The costs of this reversal are generated by **policy feedbacks** (Pierson 1993) given primarily by increasing returns or by the high costs of shifting to adopt alternative approaches (Pierson 2000).

Key concepts



- Policy Feedback
  - Resources and incentive effects
    - Financing: interest groups
  - Interpretive effects
    - Policy Learning: government elites, interest groups
    - Visibility: interest groups, mass publics
- Critical Juncture: "*moments… that shape the basic contours of social life*" (Pierson 2000)

Research question

- How have past policies and events in Chile shaped the debate, form and eventual passage of the two most controversial and influential pieces of health legislation of the past decade?

Methods

- Literature review in academic journals
- Search in Nexis Database for news articles in Spanish and English and TV and radio broadcast transcripts
  - Search timeframe: 2000-2010
  - Terms: AUGE, GES, health, salud, reforma salud, health reform, Chile
  - Articles retrieved: ~ 150 articles

Results: GGH

- Policy feedback: Visibility effect (prioritization vs. rationing)
  - The government presented this plan as being an evidence-based technical and a scientific exercise of **prioritization**
  - Interest groups and the mass publics understood the concept of prioritization
  - Efforts to frame the plan as **rationing** instead of prioritization failed

Results: GGH

- Policy learning effects
  - Chilean health system historical success is attributed to prioritization of child and maternal health in the 1950s (effectively rationing available resources). These priorities were translated into health programs

  - For this Reform, governmental elites devised the guarantees program (guarantees in health for a limited set of conditions) using the health programs rationale as a model.

Results: GGH

- Critical Juncture
  - Prioritization of child and maternal health services since the creation of the National Health Service in 1952
  - Some of the services provided:
    - Immunizations
    - Distribution of powdered milk
    - Birth control

Results: Financing Law

- Visibility effect:
  - General conception that individual contributions to health insurance are private payments toward health insurance rather than public funds
  - Opponents of the Bill argued, "*the Solidarity Fund amounts to a new tax whose burden will fall mainly on the middle class*" (Anon. 2001)
  - A threat to take the matter to the Constitutional Court forced Lagos to eliminate the Compensation Fund altogether from the Financing Bill
  - In this instance, the fund was described as an "*unconstitutional expropriation of health contributions*" (Duran 2004b).

Results: Financing Law

- Financing effects
  - Large financial commitments by private insurers and providers existed before the Bill
  - These commitments made any attempt to reunite the **risky** public pool with the **healthy** private pool very difficult

Results: Financing Law

- Critical Juncture I: Creation of SERMENA (1968)
  - Publicly operated health insurer that allowed white-collar workers to access privately provided healthcare, thus **effectively separating the blue-collar and white-collar's workers health insurance pools**.

Results: Financing Law

- Critical Juncture II: Creation of Fonasa and Isapres in 1981
  - Fonasa: public plan financed by general revenues and individual contributions of enrollees
  - Isapres: private health insurance companies were allowed to manage the mandatory contribution for health of anyone who chose them as their health insurance
  - **Further separation of pools**

Discussion

- The prioritization of child and maternal health in the 1950s and the consequences of this policy were crucial in facilitating the passage of the GGH Law and its eventual form

- The separation of insurance pools in two different periods of Chile's history (1968 and 1981) unleashed policy feedbacks that prevented the creation of the Solidarity Fund

Implications for Policy

- Policymakers embarking in reformist efforts should:
  - have available an historical institutionalist analysis of their proposals in order to identify feedbacks from previous policies/events
  - be aware of the fact that the policy they would be implementing could constitute a critical juncture that unleashes mechanisms of policy feedback hard to modify in the future

THANKS!