Provisional Agenda Item 35

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STUDY OF THE RELATIONSHIP BETWEEN SOCIAL SECURITY MEDICAL PROGRAMS AND THOSE OF MINISTRIES OF HEALTH OR OTHER OFFICIAL HEALTH AGENCIES

THE MINISTRIES OF HEALTH AND THE MEDICAL BENEFITS OF SOCIAL SECURITY AGENCIES

From the time the Pan American Health Organization first added to its program the systematic incorporation, on regional lines, of medical care in local or national health services, the problem of social security has assumed special importance for it 1/. This is in line with the importance that is now being attached by some groups in the field of social insurance to the protection of new population groups with a view to ensuring that its benefits provide not merely vertical coverage for minority sectors but rather protection for the maximum number of workers 2/. It might be said that there is a meeting of minds on the desirability of coordination as a means of achieving such objectives.

Although there is a correspondence of views in the realm of ideas, in the more important sphere of action there is, however, still a long way to go before the goals of avoiding duplication of effort and expenditure and of achieving a more effective utilization of existing resources are attained.

This document, which is of strictly preliminary character, is meant to be a systematic exposition of the main data whose study should result in a more definite course of action. The information has therefore been taken from official documents in order to support the case for strengthening overall health policies.

1/ OPS. "Ideas generales para un programa complementario de atención médica." HHP-1212-60. 10 de agosto de 1960.

1. In March 1962 the Organization set up the Advisory Group on Medical Care to formulate a policy for the American Continent. The working documents submitted for examination and discussion by the group drew attention to the disparity between needs and resources in Latin American, which had led to increasing State intervention in the organization and administration of services. They called attention to the growing role of social security agencies as another factor that was contributing to the removal of medical care from private hands and its progressive transformation into a government function. They did not hide the fact that this type of organization of medical care restricted the free practice of medicine and suggested that appropriate ways should be sought, on the one hand, to protect an honorable profession and, on the other, to provide an efficient and proper service in the interests of society. 1/

2. A preliminary survey, primarily in qualitative terms, revealed to the Advisory Group that, although in 18 countries the State controlled a large share of the institutions for the care of the sick, not more than only 8 had a separately designated policy-making agency at the national level, with power to establish medical care policy and that in 15 countries medical care benefits were administered through one or more social security agencies, although administrative coordination was far from adequate. 2/

3. In its Final Report the Group could therefore reach the conclusion, with the assistance of information provided by the Social Security Unit of the Pan American Union, that medical care benefits were provided by social security agencies in 17 countries as part of maternity care; that in 14 of them these services were being provided in connection with general health insurance and that only in 5 of these 14 countries did this medical care insurance scheme come under the Ministry of Health. The typical situation was for medical care benefits to be under the administrative jurisdiction of the Ministry of Labor. 3/

4. The group recommended that there should be an overall national plan for the functioning of medical care, although the funds might be derived from various sources: public revenues, social security contributions, and donations of a philanthropic or private nature. The cost of medical care should thus be related to a national health plan instead of being subject to the decisions of separate or independant bodies providing the funds.


5. The XIII Meeting of the Directing Council of the Pan American Health Organization chose as the topic for the Technical Discussions to be held at the XVI Pan American Sanitary Conference "the present status of medical care in the Americas in relation to its incorporation as a basic service in integrated health programs". The subject was discussed on 30 August 1962 on the basis of the three working documents specially prepared for the meeting. The conclusions were incorporated in the Rapporteur's report. On that occasion, too, numerous references were made to the role of social security agencies as providers of medical care and to questions relating to their autonomous administration and to the independent management of their funds. 1/

6. Doctor John B. Grant, a zealous worker for integrated health programs, expressed the following views in his working document: "...When the country has become industrialized, Social Insurance has grown to be one of the most potent political and economic forces in the country, and constitutes the chief obstacle to the co-ordination of health care services. Even in Czechoslovakia it required six years for the health care services of Social Insurance to be transferred to the Ministry of Health." He also added: "The fragmentation of health services within a country, with the health care system under the auspices of the Social Insurance Institution and the organized services for health protection and health promotion under the wing of the Ministry of Health, is a serious obstacle to improved organization services". 2/

7. The Rapporteur's Final Report, which the Conference wished to see widely disseminated, recognized the progress that social insurance systems had made in covering physiological, pathological, occupational and social risks but noted that the reservations that had been expressed with respect to their high cost resulting from their independent administration and operation, the discrimination they created between insured and uninsured, the competition they offered in recruiting professional staffs, and the obstacle that their autonomous character presented to effective co-ordination and integration. It was agreed that regulatory and legal channels should be used to prevent or correct existing and future defects and that in an integrated system of health services such institutions or funds should be assigned the primary function of financing since the responsibility for services should belong to the appropriate Ministry. 3/

1/ OPS. "Síntesis de la información básica disponible. OPS." Publicaciones Científicas No 70. Pág. 52. Noviembre de 1962.

2/ Grant, John B. "Utilización efectiva de los recursos destinados a salud." OPS. Publicaciones Científicas No 70. Págs. 85 y 89. Noviembre de 1962.

3. Between 15 and 20 April 1963 the Meeting of the Task Force on Health at the Ministerial Level was held in Washington, D.C. and in its Final Report it gave further consideration to the problem, stating that there was no doubt but that health protection, promotion and rehabilitation measures were part of one and the same process, a fact that made it desirable for them to be associated in one institution. Few indeed were the examples of the practical realization of that doctrine in the American continent. Curative and preventive services operated independently and without co-ordination, that involved duplication of activities, waste and misuse of the very limited funds available. If the law gave the responsibility for such functions to the Ministries of Health, it was logical to concentrate in them all the dispersed activities undertaken by other public or private institutions appreciably subsidized by the State. Amongst those the medical services of social security agencies were prominent. The role of social security agencies should be limited to the financing of benefits. \(^1/\) It was essential that Ministries of Health should promote the introduction of legal and institutional measures to secure effective co-ordination, both in respect of their regulation and execution, of the preventive and curative activities of the State and also between such activities and those of semi-official, autarchic and autonomous agencies providing any form of health care: the objective was to incorporate the medical activities of such institutions, including hospitals, into the basic health services at local, intermediate or national levels with a view to securing the progressive integration of such services. Preventive and curative medicine formed a single whole. \(^2/\)

9. At the VI National Congress of Hospitals held at San José, Costa Rica, at the end of July and in early August 1963, the Organization recommended that the differences in the organization of medical care in the various countries of Latin America should be kept very much in mind. Even if those countries had a common origin and similar traditions, the events of history had continued to bring into being important differences between them. Examples of that were hardly necessary. It was sufficient to bring to mind the way in which medical care services were operated by the social insurance agencies. They ranged between two extremes: either the insurance provided medical care through state or semi-official services or it set up its own agencies to provide direct care for contributors on an autonomous basis and protected by special legislation, sometimes excluding any possibility of co-ordination or agreement. There were significant differences in everything relating to the nature of the risks covered, systems of raising capital and distribution of benefits, geographical range, system of contributions, family protection, duration of the insurance, etc. The problem had


\(^2/\) Ibid. Page 35
arisen because contemporary thinking continued to associate economic and social development more closely with one another and envisaged them as the outcome of a complete synchronization of all the sectors of national activity. That provided a further reason why social insurance would have to review its activities and procedures against the criteria of well-being and justice and within the framework of an overall health policy. 1/

10. A joint study undertaken by the Organization of American States and the Pan American Health Organization has made it possible to make a general comparison over a wide field of medical care in five Latin American countries. The differences are significant and numerous both in respect to organization and to the nature of the relations existing between the services administered by ministries of health and those directly operated by social security agencies. 2/

Much the same conclusions can be drawn from a qualitative study recently made of the countries of Zone III i.e., Central America and Panama. 3/

11. With further reference to this question, the Social Security Program of the Department of Social Affairs of the Organization of American States has been accumulating a collection of interesting data that throws more light on the matter. A recent study on social security in Latin America enumerates the following problems: (a) restricted coverage; (b) inadequate financing; (c) dissatisfaction of contributors; (d) cash benefits of old age insurance being used to supplement inadequate wages; (e) lack of any arrangements to provide for a reciprocal system of insurance covering all the Latin American countries; and (f) frequent complaints from contributors about the quality and extent of the medical care they receive. In this connection the report states: "An objective and honest survey of resources and needs in the health sector as a part of national planning for economic and social development shows that the answer lies in modifying the way in which Governments are at present providing assistance through a series of agencies, whose activities, as a general rule, are in no way coordinated." On this point Recommendation NO 13 of the Meeting of Social


2/ Roemer, Milton I. Medical Care in Latin America. OEA/OPS Studies and Monographs III. 1963.

Security Experts of April 1959 reads as follows: "The OAS should examine the relations in its various member countries between the medical services provided by social security agencies and other medical services in being". 1/

12. In the middle of 1963 one of the Member Governments applied to PAHO/OAS for joint technical assistance in undertaking a study in its country of means of improving the relationship between the medical care services provided by the Ministry of Public Health and Social Welfare and those supplied by the appropriate social security agency. As a result of the timely provision of this aid, there are promising prospects of a better understanding and for the transfer of all medical services to the appropriate Ministry. The fact is mentioned for three reasons: in the first place, to show that the background information summarized above has proved useful in strengthening the Ministry of Health of one of the member countries, both legally and administratively; secondly, as an example of a joint undertaking by two international agencies which appreciate the value of combined efforts; and thirdly, because this report has been used as the basis for a bibliographical review and a revision of concepts that may well be of value to other countries faced with a comparable or similar situation. 2/

13. At this stage a meeting of the Executive Committee of the Organization was held in Washington, D.C. In the course of the general discussion on the program and budget, the Representative of Mexico, referred, inter-alia, to the relations that existed between Ministries or Departments of Health and social security agencies and asked whether the time was not ripe to request the Directing Council to authorize the Organization to intervene in a problem that was progressively assuming more importance. The Director of PASB, for his part, referred in the course of the discussion to most of the reports summarized in the foregoing paragraphs. The proposal was endorsed by the other members of the Committee and led to the inclusion in the provisional agenda for the XV Directing Council of an item entitled: "Study of the relationship between social security medical programs and those of Ministries of Health or other official health agencies". The Director drew attention to the need for a thorough study of this question, if the Directing Council should approve the Committee's proposal. 3/

14. In consequence, the proposed agenda item should be more briefly expressed along much the same lines as the title given to the present document and worded as follows: the impact on Ministries of Health of the medical benefits provided by social security agencies.

The Ministries, committed as they are to the formulation of their short-and long-term plans for the systematic integration of the health sector in national and, it is to be hoped, continent-wide development plans, cannot do without the considerable funds contributed throughout Latin America by the social security agencies. If, in the past, special circumstances imposed special solutions, it is now essential to bring these into line. The Pan American Union has provided a clear account of this process:

"The problem is now one of recognizing that certain measures taken in special circumstances require to be modified and altered. The changes needed will call for some sacrifices, especially on the part of the relatively more privileged groups. Let us not forget that employers and the government have paid out considerable subsidies and these, together with a contribution from the workers that has sometimes been of a token character, have provided those insured with better services. As a result of a broader coverage, it is gradually becoming necessary to establish a single level of services on a more general scale, based on the rights of the individual as a citizen". 

15. But as has been pointed out earlier, it is dangerous to assume that a solution suited to one country can be applied to another. Although it is apparent that the trend and general character of social security activities are similar throughout Latin America, there are a number of special factors and problems that make it desirable to have a thorough prior knowledge of a particular country before recommending that it should adopt a particular solution. A general comparative study of social security legislation reveals the following differences and problems:

a. There are wide differences between the dates of promulgation of the respective laws and these are reflected in various gaps in experience and application.

b. There is a wide variation in the scope of the protection provided and in the groups of workers covered. In almost every case persons working on their own account, domestic servants, and agricultural workers are excluded.

c. Procedures for granting benefits in kind vary widely. There are marked differences, as regards the commencement of the entitlement, the total sum payable and the period covered in the cash benefits (allowances, grants and pensions) paid as compensation for temporary or permanent disability. Only a few systems include family allowances.

d. Very few countries have unemployment insurance and physical and social rehabilitation policies.

e. The initial shortage of resources for ambulatory medical care and hospitalization resulted in many special arrangements. These have led to a certain measure of social inequality that is in conflict with the basic right of health, and also to excessive autonomy in the administration of social security agencies and a lack of co-ordination between them and the services of the ministries.

f. There is a general pattern of failure by the State to meet its commitments. 1/

In one way or another each of these difficulties becomes a health problem and adds to the responsibilities of the ministry concerned, because major groups of the population are not covered, the benefits provided are inadequate, or the resources are wasted, co-ordination at the regulatory and operational stages is conspicuous by its absence.

It should not be forgotten here that only three countries show an acceptable index of coverage (46.1; 61.1 and 73.2 insured contributors to each 100 gainfully employed persons). In 14 of the other countries covered by the survey the figure is below 25 per cent and in five it does not reach 10 per cent of the working population. With respect to the extension of social security to rural areas, in 1962 the total number of insured contributors from rural areas in 11 countries was 1,351,375, a figure which hardly represents one tenth of the total number of contributing workers. 2/

16. With further reference to the above, it should be pointed out that the IV Congress of the Ibero-American Organization of Social Security was held at Bogota between 16 and 22 April of the present year. The Second Technical Commission, charged with undertaking a study of the possibility


of modifying the classical criteria applying to the preparation of prac-
tical formulas for extending protection to groups of workers and geogra-
phical areas at present without such protection, performed its task admi-
rably, demonstrating that the ideas that have been discussed above are
making headway in the American continent, at least in this area of social
security. *

Without prejudice to the need in principle for an overall expansion
of social insurance to rural areas, this is an objective that can only be
achieved in stages, the first of which must be to cover sickness and ma-
ternity risks and occupational hazards. It will be impossible to do this
effectively if these measures are not preceded by a process of co-ordina-
tion, unification, and integration of the health services in rural areas.
Social security agencies must seek to make their services universally
available and never lose sight of their ultimate objective of providing
complete coverage for all the members of the population.

The following recommendations are therefore made: priority should
immediately be given to the rural areas because of their low socio-economic
and health levels; an inventory should be made of available resources to
ensure that the fullest use is made of them; the health services should
be co-ordinated, unified or integrated, as circumstances require, so as to
avoid duplication and interference; the legal status of the social security
agencies should be preserved and proper control of services maintained,
subject, however, to the signature of those agreements that are essential
to the definition of the obligations of each signatory party, medical care,
including rehabilitation, should be integrated and there should be no separa-
tion of preventive and curative medicine. In rural areas without medical
resources, services should be organized in association with the nearest hos-
pital. In countries which have no national health service planning commit-
tees, should be set up and include representatives of the major agencies
of the health sector. The committees should have the authority to make
decisions and secure their enforcement. 1/

17. There is one important problem arising out of the foregoing
that has been the subject of repeated mention by the Organization but
which has not always had the attention it deserves. This is the nature of
the understanding reached between the State in the performance of its social

* It should be remembered here that there are three international organiza-
tions covering this field: The International Social Security Association,
the Ibero-American Organization for Social Security and the Inter-
American Standing Committee on Social Security.

1/ IV Congreso de la Organización Iberoamericana de Seguridad Social.
Bogotá-Colombia, 16-22 de abril de 1964.
obligations and the medical profession in the protection of its skills and interests. Although in the Latin American countries the salaried doctor still represents the most widespread form of remuneration of medical services, this is not to say that it is the only form at the present time or that it will become the sole form in the future. This is an important factor since, in a number of the countries, the low index of coverage by social security agencies, has not given doctors or their associations any cause for concern and, in others, social security agencies have either been unable or unwilling to widen their scope because of their desire to steer clear of difficulties. There have been some disputes but none so severe as those that have occurred in European countries and the importance of the implications of these for the present and the future should not be ignored. 1/

What is most important here is to bear in mind the question posed in March 1962 to the Advisory Group on Medical Care: what is the best formula that will, on the one hand, protect an honorable profession and, on the other, provide an efficient and proper service in the interests of society? 2/

18. Between 31 May and 7 June 1964 the VII Inter-American Conference on Social Security was held at Asunción under the auspices of the Inter-American Standing Committee on Social Security and was attended by the Regional Advisor on Medical Care as representative of the Pan American Sanitary Bureau. Some of the various factors that were considered and related to the subject of this paper will be of interest:

a. The distinction that should be made between "traditional" forms of social insurance and social security as conceived today was immediately acknowledged. This was an approach that consistently called for an explicit definition of terms.

b. The inadequate coverage provided by the majority of social security schemes in Latin America was immediately acknowledged. This is why, in the discussions of the Conference, special importance was attached to subjects relating to the extension of benefits to other sectors of the population – such as wage-earning rural groups, domestic servants, those working in their own homes and operators of small independent businesses. The proposal by a representative of the Organization that the decisions made should reflect a more positive approach to the co-ordination of the activities of the bodies providing health benefits in one form or another was not given a very prominent place in the final recommendations.

1/ Revista Iberoamericana de Seguridad Social. Crónicas e Informaciones. Año XIII. N.º 1. 1964, Págs. 73, 76 y 90.

At a later stage it was recognized that social development must go hand in hand with economic development. But in one of the motions a long time was devoted to lamenting the failure of the Punta del Este Charter to lay any special emphasis on social security within the framework of social development and its wrongful inclusion in the public health sector. Social security "is not a branch of public health but of social policy: its function is not the provision of medical services but the stabilization and raising of the level of living of each family and of the community until it is adequate for their needs...Social security is not a specific area of social policy, as public health undoubtedly is, but a general field..." 1/ One of the recommendations therefore urged that "all Latin American Governments should be requested to suggest to the Ministers who would represent them at the forthcoming Third Meeting of the Inter-American Social and Economic Council at the Ministerial Level the inclusion of the Inter American Plan for the Development of Social Security in the Punta del Este Charter in the form of an annexed resolution". 2/

d. Finally, it was recognized, in connection with the present and forthcoming activities proposed by the II Meeting of the American Regional Medico-Social Commission that the need existed for a study of the following questions: the quality of medical services; the participation of social security agencies in co-ordinated measures in the field of preventive medicine; the volume and cost of medical benefits; the inclusion of medico-social education in teaching programs and the training of professional workers; the relationship between doctors and social security agencies and insured persons; the relations between social security agencies and other medico-social welfare bodies; the administration of medical services (including medical auditing as one of its aspects); the programming and planning of institutions. 3/ In the program of future activities it was decided


2/ VII Conferencia Interamericana de Seguridad Social. Conclusiones al Punto Cuarto de la Orden del Día, "La Seguridad Social en el marco del desarrollo económico y social del continente".

to attach special importance to "Relations between social security agencies and other social welfare institutions" in response to the views that had been expressed in the discussions. 1/

With reference to the final point above, the present summary report would be incomplete without indicating that on more than one occasion the subject with which it is concerned was explicitly discussed by the delegates. One of these observed that the Pan American Sanitary Bureau was making it difficult for countries by advocating that the role of social security agencies should be limited to the collection of contributions and by desiring to see the health ministries given responsibility for medical benefits. The representative of the Organization stated that it acted solely as the representative of Member Governments and it was they who decided its policy. As Pan American Health Organization, it maintained the most cordial relations with the Ministries of Health and had recognized unequivocally their right to determine the overall health policy in each country and advocated the reinforcement of their powers, on both the juridical and administrative levels, to enable them to draw up and issue the necessary regulations. It was at present trying to find means of achieving effective coordination - as he had already had occasion to point out at the inaugural session 2/ - when he had referred to some of the attempts made. The representative of the Organization of American States made, at various stages, a number of observations on similar lines, stressing the wide measure of agreement that existed between the two organizations on the need to obtain better indices of coverage.

The many delegates who spoke subsequently stressed the years of experience that lay behind the medical services of the social security agencies, the better quality of the medical attention they provided for their contributors, the status they had achieved, their sense of responsibility for their many beneficiaries and the general agreement that existed among them to defend their achievements.

19. With the foregoing summary, the Secretariat believes it has completed the task of indicating to the Directing Council why the most recent Executive Committee decided to include in the provisional agenda an item relating to the need to carry out a study on the relations the Ministries of Health should establish with the social security agencies. The principal objectives of such a study are the following: the reinforcement of the organizational structures of the Ministries of Health; the formulation, on a more extensive basis, of national and local plans for the

1/ VII Conferencia Interamericana de Seguridad Social. Programa de actividades futuras de la Conferencia Interamericana de Seguridad Social.

health sector; the encouragement of the technical integration and adminis-
trative co-ordination of activities; securing the maximum utilization of
existing resources and, lastly, ensuring that an increasing number of
patients receive a constantly rising standard of medical attention by im-
proving the organization and administration of services, hospitals and
other centres for the protection and care of health, as laid down in the
Punta del Este Charter.

From the information provided in the present document it will readily
be seen that such a study will not be easy to complete and that, in under-
taking it, it will be essential to gather and organize, inter-alia, the
following material:

A. MINISTRIES OF HEALTH:

a. Legal powers to lay down an overall health policy.

b. Types of services administered by the Ministry.

c. Legal and administrative powers over other services.

B. SYSTEM OF CO-ORDINATION:

a. Ministry to which the social security agency is responsible.

b. Nature of relationship between the Ministries of Health
   and the social security agencies.

c. Preventive measures covering mothers and infants.

d. Co-ordinated action in support of the family as a working
   unit.

e. Common policies for the training, recruitment and remunera-
   tion of staff.

C. SOCIAL SECURITY AGENCIES:

a. Overall summary account.

b. Higher administration and direction.

c. Description of the agency or agencies.

d. Risks covered by the agency or agencies.

e. Benefits in cash and kind.

f. Special note on health benefits.
g. Number of contributors and groups of workers covered.

h. Financing systems.

i. Staff.

j. System of remuneration for doctors.

Much of this information has already been collected by the Organization of American States, and will be extremely useful for the proposed study. It merely needs to be arranged in accordance with the outline given above.

20. Finally, as a first step in that direction, OAS and PAHO propose to hold a joint meeting of a study group of experts to promote an initial exchange of views between representatives of ministries of health and of social security agencies who believe that only through co-operative efforts will it be possible to arrive at solutions which can conciliate the viewpoints of the bodies providing medical services and which satisfy the needs of the population.

At the time of writing arrangements are already being made to hold such a meeting.