Gabriel O’Shea – National Commissioner, Seguro Popular, Mexico

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Gabriel O’Shea, National Commissioner of Seguro Popular, on how the institute generates more efficient and transparent resource allocation across Mexico as the country prepares to implement medical service exchange among the various social security institutes. Beside this step towards universal health care in Mexico, he also reveals how Seguro Popular tirelessly works on improving the quality of its services, with a heightened focus on the first level of medical attention.

When we met with you in September 2014, Seguro Popular had reached important milestones, such as having enrolled 57.3 million Mexicans and having increased the number of interventions included in its coverage from 90 in 2005 to 285 in 2014. What would you highlight as the main achievements of Seguro Popular over the last two years?

We have proceeded with important reforms with regards to our resources allocation, especially at the state level. Seguro Popular is notably in charge of allocating and distributing financial resources to the 32 Mexican states. These resources are used to hire and pay the wages of the medical and administrative staff as well as to purchase medicines that will be then locally accessible to our beneficiaries. In this regard, our objective was to ensure resource distribution between the central organization of Seguro Popular and the different states would become more efficient, while displaying a higher level of transparency.

Medicine purchasing, for instance, represents around 30 percent of the total funds we allocate to the different states and more than 17 billion pesos in total [more than USD 900 million]. In June 2014, we adapted the General Health Law and took back control of medicine purchasing, which used to be directly handled by the states. Unfortunately, this independent and scattered purchasing scheme has proven to be inefficient. As a result, we opened 32 different accounts at the Federation Treasury (TESOFE), one for each state. Consequently, Seguro Popular now directly pays for the medicine needs of each state.

Furthermore, we adapted our processes to ensure Seguro Popular's funds are more swiftly transferred from the Sectary of Finance to the Secretary of Health of each state. With our new rules, states' Secretaries of Finance now have to comply with a maximum five-day delay to allocate the entirety of Seguro Popular funds to their Health counterparts. In the past, these transfers were frequently delayed, which was hindering the quality of care available to our beneficiaries.

In 2015, we also implemented structural reforms to improve the portability of services across the different states. Beneficiaries sometimes have to receive treatments in a different state than in the one they are affiliated to, so we needed to improve the payments and reimbursement flows between the different state's administrations. Seguro Popular now ensures funds are rapidly allocated from the state of affiliation of the patient to the state where he actually receives medical attention.

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Finally, we also tremendously strengthened the legislation punishing the misappropriation of Seguro Popular's funds, with sentences that could go up to 7 years and fines amounting up to 500,000 days of Mexican minimum salary.

How many patients does Seguro Popular currently cover and how do you see this number evolving in the upcoming months?

Some people covered by the social assistance programs "Prospera" and "65 and more" (respectively targeting very low income families and elderly population) still can't access any health coverage. This year, 7.5 million people affiliated to these two programs will be registered at Seguro Popular. As their situation is critical, we need to progress as fast as possible with regards to their enrolment. In this vein, we are proud to announce that a few months after this measure was released, 60 percent of these 7.5 million Mexican have already been enrolled at Seguro Popular and can now access health coverage.

In the meantime, we continue to chase patient duplications among our beneficiaries, as some Mexicans are still registered at both Seguro Popular and IMSS or ISSSTE (the two social security institutions for the employees of the formal sector) – which is prohibited. In 2016, we expect to be able to reduce around two and half million patient duplications.

By the end of 2016, we expect around 55 million Mexicans to be benefiting from Seguro Popular's coverage. Besides being naturally impacted by demographic trends, I would also like to remind that every time a Seguro Popular beneficiary gets a formal job, he is automatically transferred to either IMSS or ISSSTE. Over the last three years, the government of President Peña Nieto has been able to foster the creation of more than two million formal jobs within our economy, which means a similar number of our beneficiaries have left Seguro Popular to join the other social security institutions.

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My dream is that – one day – Seguro Popular ultimately disappears by lack of beneficiaries. This would mean that 55 million Mexicans have managed to get a formal employment and can provide their family with a better quality of life. In the meantime, we will strive to further improve the quality of care and the scope of coverage available to our beneficiaries.

Looking specifically at the catastrophic health expenditure fund, its coverage increased from 4 interventions in 2004 to 59 in 2014, with 15 diseases in the waiting line. What have been some of the diseases recently added to this fund?

In September 2015, the hormonal treatment of the Turner syndrome, a chromosomal condition that affects development in females, was included into the catastrophic health expenditure fund. In 2016, we also added ovarian epithelial cancer to our coverage, a disease in which malignant cells form in the tissue covering the ovary. This treatment will benefit to more than 3,300 Mexican women and will require an investment of more than one billion pesos per annum [USD 53 million].

Adopting a cost-benefit evaluation process, our objective is to continue to increase the number of diseases covered by this fund year after year. By working closely with the most prestigious and respected experts in the oncology field for instance, we try to estimate what will be the next cancer treatment that we could afford to include.

In the meantime, we also add new, more modern medicines, molecules, and treatments for diseases that have been already included in this fund. For example, we recently registered new treatments for AIDS, which will impact more than 80,000 patients in Mexico.

On a yearly basis, Seguro Popular conducts satisfaction surveys among its millions of beneficiaries. What are some of the rooms for improvement that you have been able to identify and the related actions implemented to further improve quality of care?

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In 2015, we conducted a new satisfaction survey, in which around 27,000 of our beneficiaries participated. This recent satisfaction study shows that an increasing number of our beneficiaries are satisfied of our overall delivery, while we have been able to continuously decrease medical and administrative waiting times. Overall, the study confirms that we are on the right track: Seguro Popular is firmly improving the quality of its services year after year.

Of course, we also identified some remaining rooms for improvement. In this regard, we want to concentrate our efforts on the first level of medical attention. 80 percent of all diseases could normally be treated at the primary care level, and strengthening our capacity in this regard should help us to reduce our dependence on hospital care and improve of early diagnosis of chronic, degenerative diseases.

Thanks to our yearly assessment study, we noticed some important frailties when it comes to the level of diagnostic equipment available across the country. As a result, we are currently purchasing the missing equipment to ensure diagnostics can be conducted with the same level of precision in all public health centers of the country. At the end of the year, we expect that 80 percent of all health centers will have received the diagnosis instruments they still lack.

Among the money distributed to the different states by Seguro Popular, 40 percent is used to recruit doctors, nurses and administrative staff; 30 percent is allocated to medicine supply; 20 percent for preventive care, and the remaining amount goes to the central administration of each state. Considering the current health budget cuts decided by the government, how can we expect the breakdown of resource allocation to evolve in the upcoming months?

Overall resource allocation will not change: I believe we already managed to reach a sound equilibrium that can allow us to steadily improve the quality of our services. Nevertheless, we are perfectly aware that at 8.7 percent of the total health spending, Mexico displays the highest rate of administrative cost among all OECD countries. As a result, we decided to modify resource allocation dedicated to medical and administrative staff, which represents 40 percent of our total spending. 85 percent of these resources will now be exclusively allocated to hire medical human resources, and only 15 percent will be used to strengthen our administrative staff.

We understand the Mexican Health system is currently progressing towards universal health care and an exchange of services among the different social security institutions. Earlier this year, an initial package of 100 medical interventions (corresponding to 700 diseases or services) was announced. How are you progressing with regards to the implementation of this crucial first step?

We have been working on this important project over the last two years. The main challenge we face is that the different social security institutions, IMSS, ISSSTE and Seguro Popular, display very different intervention costs for any given medical service. As a result, we have to find a consensus on the cost of each and every medical intervention among the different institutions, while also fostering knowledge transfer with regards to patient referral, billing, and payment collections for these 700 services.

Huge progress has already been achieved, but around 100 exchanges of services still need to be evaluated and discussed. Although it was initially announced that exchanges of services would start in June 2016, I am confident our country will be effectively able to implement this ambitious first step towards universal health coverage before the end of the year. After this initial package of 100 medical interventions, I would like to continuously add new medical interventions to this exchange between the different institutions. Step by step, we could then hope to steadily build a true and comprehensive universal health system.

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Nevertheless, the current economic context and recent budget cuts might hinder our ability to reach this next step, while it is already challenging for Seguro Popular to expand the scope of coverage available to our beneficiaries. To face this budget constraint, which is also affecting IMSS and ISSSTE, we are left with no choice but to implement innovative ways to finance and develop our health infrastructures. The new oncology center in La Paz, whose construction started a few weeks ago, is a perfect example of how we should proceed to further strengthen Mexico’s health system. Although Seguro Popular finances this oncology center, Seguro Popular, IMSS, and ISSSTE beneficiaries will use it. In this regard, it proudly stands as the first true universal health center in Mexico. In the meantime, Seguro Popular is building an ophthalmology center in the state of Mexico, which will also be accessible to other social security institutes’ beneficiaries. We start to increasingly develop and implement this collaborative approach, and I would like to see it

replicated in other health centers across the countries.

In 2014, you described the collaboration between Seguro Popular and the private sector as a slow but steady process. In which specific areas do you identify interesting potential to increase public-private collaboration and partnerships?

In 2016, we count 30 private medical units that already closely collaborate with Seguro Popular. Public-private partnerships are negotiated on a state basis, depending of their local needs, as soon as private companies appear to be more cost-effective than the public system. In this regard, Mexico's public sector holds a lot of unmet needs where the private sector could play a crucial and critical role in tackling them. As a result, I firmly believe a greater collaboration between the public and private sectors and a larger involvement of private players in general – as soon as it respects our cost constraint – certainly represent the future of our country's health system.

Looking at the specific areas where a greater collaboration would be needed, we should concentrate our efforts on oncology, which represent the largest share of the total expenses of our catastrophic health expenditure fund. Furthermore, diabetes should also be a priority, and particularly the creation of specific clinics for diabetic patients affected by kidney failure. With thirteen million diabetic patients in total in Mexico, we have to be ready to handle the complications what will face the eight million diabetic patients who are still undiagnosed or whose disease isn't under control.

What are you main priorities for the next two years?

We have to further increase the quality of medical attention that our 55 million beneficiaries receive on a daily basis. When we look at the funds distributed by Seguro Popular to the different states, there is still a substantial gap between the quality of services that is actually delivered and the quality level that could be objectively expected. In at least 15 states, I estimate that quality of care received isn't acceptable with regards to the amounts spent by our institution. As National Commissioner, my objective is to find new ways to ensure that our beneficiaries actually receive the quality of services Seguro Popular already pays for.

In this regard, I already increased the total number of quality controllers to 1800, who are visiting all health centers and hospital in the country to verify patients can actually access the quality of services and the scope of coverage they are supposed to. Over the next two years, I want to increase the number of controllers to 2500: these employees and the amazing work they do is the only way to control that the money we spend fully benefits to our beneficiaries**.**

It is an honor to be in the position to work on this first step towards universal health care in Mexico.

You have been National Commissioner of Seguro Popular since 2012. What would you like to be seen as your legacy to the institution?

We used to face important problems with regards to resources allocation, so I am particularly proud of our upgrade of the General Health Law, and the heightened transparency and efficiency it brings to our public health system. Finally, the implementation of exchanges of services among the different social security institutions has been long awaited by all Mexican stakeholders and patients: it is an honor to be in the position to work on this first step towards universal health care in Mexico.

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