Interview with Eduardo Gonzalez Pier, Financial Director, IMSS (Mexican Institute of Social Security)

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IMSS (Mexican Institute of Social Security)

IMSS is a central pillar in the Mexican healthcare system, covering all Mexicans working for the declared formal private sector. How do you assess the quality of the healthcare that is provided by IMSS?

To assess the efficiency of our services, it is key to look at the amount of resources we have available per person. IMSS covers about 45 to 50 million people with a health budget of approximately 16 billion US dollars. When you divide the available budget per person, it comes down to about 350 dollars per person per year, which is only slightly higher than Seguro Popular.
For the amount of money allocated per person each year, we provide an excellent service. We offer all levels of care, with very few restrictions. It is difficult to find an insurance scheme that is so compre-hensive with the budget constraints we have.

How does IMSS define the price of medicines it buys? What are the main criteria?

We need to differentiate between single-source drugs (mainly patented products) and generics. Prices of single-source drugs are nego-tiated yearly in a centralized negotiation process where prices are set based on some combination of cost-effectiveness criteria and competition among therapeu-tic substitutes. Other variables, including equity, social and financial protection con-cerns, can also be part of the pricing process.
For the generics or multiple-source drugs, prices are set competitively through a tender process.

Is IMSS integrating some elements of value based pricing in Mexico?

There are two types of value-based pricing we take into consideration:
Ex-ante, when the price will be set accord-ing to the health or cost saving expected gains directly related to providing the drug â??Then there is the ex-post pricing, where the final price is adjusted later on when the actual health outcomes are evaluated and thus the risks are shared. If gains are not delivered, whether they are economic or health related, then it is possible to get some sort of reimbursement and price adjustments.
At IMSS we already use the first scheme, since we purchase some drugs in accor-dance to our forecast of the benefits. We are also starting to design the contracting process for the second type. These sort of risk-sharing arrangements are new and complex; we are looking at best practices and experiences elsewhere, including the UK where there has been more experience, especially through patient access schemes.

Do you think the tender process is transparent enough? What has been done to improve it?

It is more transparent than it used to be. IMSS has implemented several new ten-dering schemes, with different price set-ting criteria, new tendering technologies, and more complete and readily available information. For the last 3 years, we have been following a set of recommendations issued by the OECD which include best practices for transparency and accounta-bility, so I believe our process has im-proved and the cost savings and other results obtained so far have been part of these new managerial efforts.

The tender process switched from a cost-per-product to a cost-per-procedure. Where do you see the impact of this shift and do you think it is more efficient?

In theory, it has been argued that payment on a costâ??per-procedure basis should bring more efficiency, but in practice contracts and the actual delivery of procedures need to be monitored more closely. The net gain comes down to whether you can actually measure the end-result or not with sufficient reliability.
When looking at the numbers associated to potential savings from more efficient tendering practices, of course this one is very attractive. But the challenging part is that once we move away from buying products in the traditional way to buying procedures and services â??which are much more difficult to monitor and prone to gaming by providers when you do not have in place the right checks and balancesâ?? we might end up in a worse scenario. It is necessary to be able to have reliable systems to measure the necessary procedures and the actual costs and bene-fits.
For instance if we want to buy a diabetic care procedure, we need to devise a marker to measure the results in terms of when are patients being properly con-trolled with effective care. But with other procedures like hypertension, it is more difficult to actually measure if a patient is being properly cared for and his disease is effectively being controlled. Indeed, in many cases of medical activity and proce-dures it is hard to check the end-result so there needs to be a careful selection of what can and cannot be contracted under different this payment scheme.

Seguro Popular is an amazing step towards universal coverage, but in terms of infrastructure, do you believe there are enough hospitals and what could be done to improve their quality?

Seguro Popular has its own infrastructure. They service their population through state-owned facilities. Each state manages its network of general hospitals and a smaller group of high-specialty hospitals. Infrastructure was insufficient when Segu-ro Popular started and both, the federal and state governments, have been build-ing their own primary care and hospital facilities. Unfortunately, the most difficult task to improve the response capacity is that the increase in infrastructure has not been accompanied by a similar growth in terms of human resources, so they are lacking highly-trained human resources, and that is why they are not able to deliver all the promised care or at the expected quality standard.

Similarly, how do you assess the qual-ity of IMSS infrastructure ?

The quality is good given the capacity we have. But we need to look at the number of physicians and nurses per thousand patients and the number of beds per thousand people to have a better idea.
In Mexico the average rate for beds is 1.5 per thousand people whereas the OECD standard is more than 4, and at IMSS our rate is 0.8 per thousand. For Seguro Popu-lar it is a bit below 1 per thousand as well. That means that IMSS and Seguro Popu-larâ??s rates are much below the national average and far from the OECD level. There are not enough beds or hospitals in the system.
Regarding physicians, the average in Mex-ico is around 2 physicians per thousand patients. The OECD average is much high-er, with countries such as Norway far above the average.

However, when you break our average down into specialty doctors and general practitioners, it is obvious that we have a problem with a very low number of spe-cialty doctors. When breaking that even further down by population and geography, we see that most of the doctors are based in urban areas and big cities. So there is a double problem: few highly-trained doctors with a bad distribution across the country, especially in small rural areas.

What could be the solution to improve the number of beds and skilled staff in hospitals ?

The government tried to build more hos-pitals, which is easy to do when more mo-nies are allocated, but then you end up with hospitals with insufficient doctors or trained specialists. There is also an issue with the scarcity of nurses at the northern border because they often get hired by hospitals in the US, especially for long-term care demands form the retired US population.
We need to get more doctors, not only in terms of quantity but also in terms of pro-file, in order to find the right mix of doc-tors with different specialties. For instance in a country like Mexico with an ageing population, we need less obstetric doctors and more oncologists, geriatricians and cardiologists. However I am not sure that the right signals are there for young stu-dents to actually specialize in what is needed.
IMSS pays the same for all specialists, so there is no incentive for them to specialize in more needed disciplines. Moreover, doctors retire very early. We are working on schemes to make them stay longer by paying them more, or by re-hiring those who have already left, while allowing them to keep their pension. This is not an easy issue for us as we need to deal with balanced incentives that address trade unions concerns, but we are really trying to find solutions for these problems.

A new government is going to be in place very soon, and there was a cam-paign promise about delivering universal social security. What is realistically going to change for IMSS ?

We are now in the governmental transi-tion phase, and soon the incoming gov-ernment will start implementing the new policy plan. There are a lot of expectations regarding what is going to happen and what it will mean for IMSS. This is going to be the major agenda of the government if it gets implemented. IMSS will have to find its place in this new project of universal social security.
There is a lot of consensus regarding un-iversalizing health care coverage, but we need to be more precise on what exactly universal health care entails.
There are 2 hot topics on the core agenda: what will be the benefits and the popula-tion groups covered. We need to include those who are not covered yet, and pro-vide more interventions currently not be-ing delivered. It will be a tough challenge because it is difficult to deliver the same level of care throughout the whole health-care sector and we need to reorganize the different health delivery schemes.
We also need to define and work on the new tools required to deliver this brand new health system. Beyond defining a common view of health care, the real challenge will lie in implementing the system in an efficient and sustainable manner.

What would be your final message regarding the future of IMSS ?

The health care system in Mexico is at a crossroads. We are working on turning a system that used to be very fragmented and inefficient into something that is more appropriate to the needs of the population, with the particular challenge of an ageing population.
Since Seguro Popular was created, and after 10 years of putting together the building blocks, now is the time to choose our direction to attain universal health care coverage and execute the next stage of the health system integration. IMSS should consider carefully what role to play in this new agenda.

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