



Global Health Check

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Contrasting plans for Universal Health Coverage: Chile and Costa Rica

Posted by [Luis Ortiz Hernandez](#) on Jun 5th, 2014 in [Health insurance](#), [Private sector](#), [Universal Health Coverage](#) | [1 comment](#)

Civil society groups at the recent World Health Assembly criticized the continued focus on insurance schemes in the push for [Universal Health Coverage](#) (UHC), which all too often includes significant private sector participation. Evidence to support the claim for private sector involvement of this kind [remains extremely thin](#) and a [new study by the Municipal Services Project](#) shows it could jeopardize public health in the South.

The study compares health outcomes in Chile and Costa Rica, two countries that have come to epitomize contrasting approaches to ‘Universal Health Coverage’ in Latin America. Chile’s focus has been on insurance-based UHC while Costa Rica has built a single public health system. The research provides strong evidence to show that there are widespread and consistent advantages to promoting UHC through a strong public system that funds and provides all medical and preventive services to citizens rather than through a fragmented public-private mix.

It is important to note that both countries have achieved the lowest infant mortality rates and the highest life expectancies in the region thanks to major advances in primary care. But Chile’s health ‘market’ has led to inefficient use of resources, with [higher administrative costs](#) and more irrational medical procedures (e.g. [caesareans](#)) resulting from oligopolies and [collusion](#) among private providers.

One of the major goals of UHC is financial protection for poor households when they face illness. Yet Chileans systematically need to make higher out-of-pocket payments to get medical care in comparison with Costa Ricans. This situation is produced in part by the fact that Chileans pay for health conditions, services or products that are not covered by their insurance (e.g. prescription drugs).

In contrast, Costa Rica’s public health care system remains relatively affordable and more efficient, with total per capita health expenditure standing at US\$811 compared to US\$947 in Chile. Importantly, Costa Rica has also consistently prioritized preventive health care. Expenditure on prevention and public health services from 2002-2006 in Costa Rica is more than double that of Chile ([6-7% vs 2-3%](#)). This focus on prevention is more cost-effective and can yield greater public health impacts in the long term.

Using comparable data ([Latinobarómetro](#)), the Municipal Services Project study shows that twice as many people reported facing access barriers to health care in Chile compared to Costa Rica, citing distance to hospital, time to obtain an appointment, and cost of seeing a doctor as the major reasons. In addition, lack of

access to health services as a result of financial barriers in Chile still stands at 4.2% compared to 0.8% in Costa Rica.

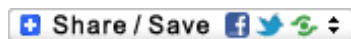
Costa Ricans continue to be [largely satisfied](#) with the quality of their healthcare services, more so than Chileans. Interestingly, [LAPOP](#) 2012 results show that most people in both countries think that government, rather than the private sector, should be responsible for health care (71.1% in Chile and 67.5% in Costa Rica).

According to the notions of “[active purchasing](#)” and “[managed competition](#)” – frequently used to promote insurance schemes – the existence of different providers competing for resources should have produced higher levels of quality at lower costs in Chile. The evidence presented in this report shows that such assumptions are not always true.

The Chilean health system is an example of how segmentation produced by the coexistence of private and public insurances is detrimental to efficiency and equity. Collusion among private providers and oligopolies are realities that are ignored in the competition argument.

Debates over the best institutional arrangements to organize universal health care are far from over, but this case study demonstrates that insurance schemes as promoted by some proponents of the UHC agenda are neither the only nor the best option.

Luis Ortiz Hernández is Professor in the Health Care Department, Universidad Autónoma Metropolitana Xochimilco, Mexico and visiting professor at Queen's University, Canada. His most recent publication, “Chile and Costa Rica: Different roads to universal health in Latin America,” is [available here](#).



One Response to “Contrasting plans for Universal Health Coverage: Chile and Costa Rica”

1.  [David Legge](#) says:
[June 13, 2014 at 10:32 pm](#)

Given this very interesting comparison it is interesting that the PAHO Secretariat has prepared for the forthcoming Executive Committee a document, CE154/12 (Strategy for Universal Health Coverage), which explicitly defines UHC in terms of a minimal package of defined services, similar to the World Bank's ‘defined benefits package’. The PAHO document comes close to excluding the Costa Rica model from the PAHO Strategy for achieving UHC. See http://www.paho.org/hq/index.php?option=com_docman&task=doc_download&gid=25711&Itemid=270&lang=en

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