Overview of the Mexican health system: The role of the State's Employees' Social Security and Social Services Institute

The Mexican State's Employees' Social Security and Social Services Institute (ISSSTE) is an important public health service provider in Mexico, covering more than 12 million beneficiaries consisting of public sector employees (active or retired) and their family members. The overview describes the role of ISSSTE and the services it provides in Mexico's health care system. It also highlights how good governance practice within its public procurement system improves the health of its beneficiaries.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West bank under the terms of international law.

Good governance in Mexico's public procurement increases efficiency and savings

As in many other countries, Mexico's public health care service providers are under intense pressure to deliver more and improved services with limited resources. Procurement is key to the effectiveness and viability of this sector, as it accounts for considerable administrative and financial resources and is an essential element for service delivery. Public procurement is also considered the government activity most vulnerable to waste, fraud and corruption due to its complexity, the size of the financial flows it generates and the close interaction between the public and private sectors (OECD, 2009). As such, good governance is necessary for enhancing credibility and public trust in the capacity of the health care sector to deliver timely and effective services to the public.

The Mexican federal public administration has made considerable progress in strengthening its public procurement function in recent years. Procurement reforms have included revising the legal framework to increase flexibility, support efficiency and provide more tools; revamping the Mexican federal e-procurement platform (Compranet); and clarifying the roles and responsibilities of stakeholders. This has provided the health care sector with needed tools for improving its procurement outcomes. However, the remaining challenge resides in implementing these reforms. In addition, Mexico recently implemented the Federal Anti-Corruption Bill on Public Procurement (*Ley Federal Anticorrupción en Contrataciones Públicas*) which directly addresses issues of corruption and fraud in the procurement process.

While good governance and practices in procurement alone will not resolve all of the financial constraints facing the Mexican health care sector, it is an essential component for improving value for money and strengthening trust and credibility in order to embark on more structural reforms.

The efficiency of health care public procurement is essential for improving health outcomes

Although health indicators of the Mexican population have improved over the past two decades, life expectancy at birth remains lower and infant mortality higher than in most OECD member countries (OECD, 2011a). The OECD (2010) report, Health Care Systems: Efficiency and Policy Settings, provides statistical evidence showing a strong correlation between the level of health spending and health indicators, such as life expectancy. In fact, health spending is the variable that contributes most to health status (Figure 0.1).

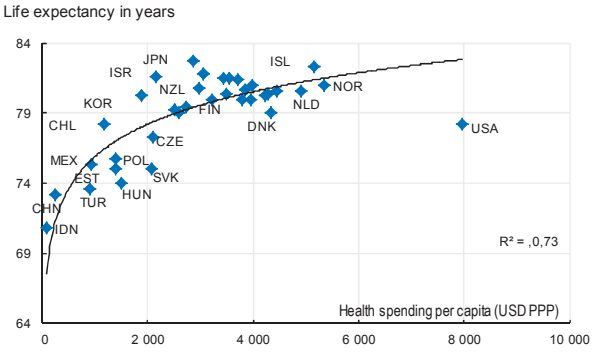
As such, Mexico's performance may be related to its relatively low health spending. In 2009, Mexico had one of the lowest total health expenditures per capita among OECD member countries (USD 918 compared to the OECD average of USD 3 223). It also had one of the lowest levels of total health expenditure as a share of GDP at 6.4% versus the OECD average of 9.6% (Figure 0.2).

Figure 0.1. Contributions of health care spending to changes in health status

Contributions of main explanatory variables to changes in health status, 1991-2003

Explained by:	Gains in life expectancy at birth		Decline in infant mortality rate
	Women	*Men*	*Deaths per 1 000 live births*
	Years		
Health care spending	**1,14**	**1,34**	-2,53
Smoking	0,00	0,12	-0,21
Alcohol	0,06	0,07	-0,24
Diet	0,02	0,02	0,03
Pollution	0,15	0,29	-0,75
Education	0,50	0,49	-0,89
GDP	0,11	0,63	-1,01
Observed changes	2,49	3,45	-4,67

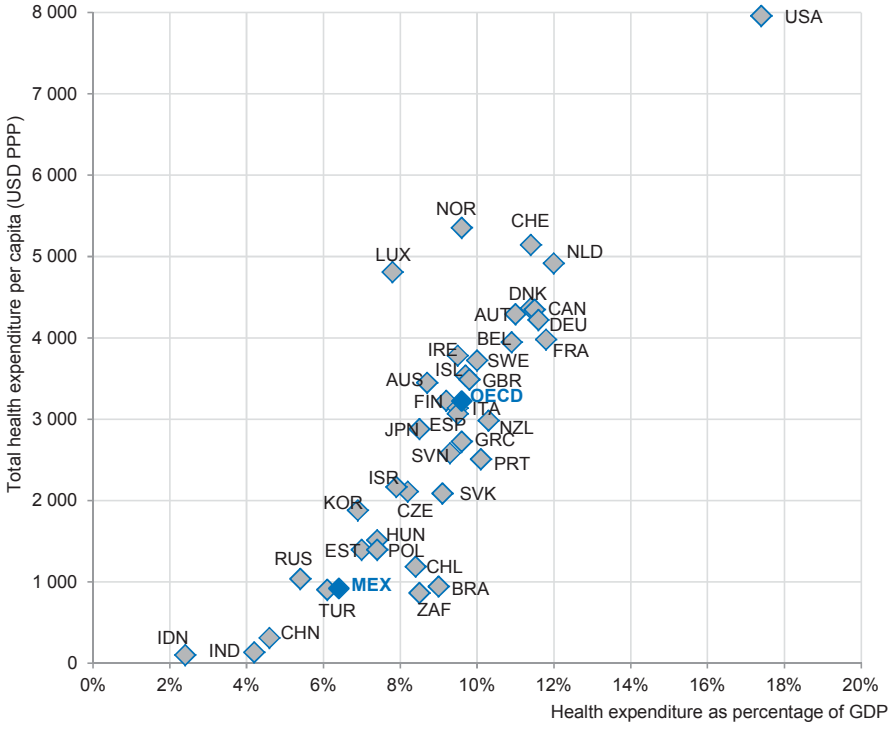
Life expectancy at birth and health spending per capita, 2009 (or latest year available)



Note: Contributions of health status determinants are calculated using panel data regressions on a sample of countries for which data were available.

Source: OECD, (2011b), How's Life? Measuring Well-being, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264121164-en*, accessed 4 October 2013.

Figure 0.2. Total health expenditure per capita and as percentage of GDP, 2009 (or nearest year)

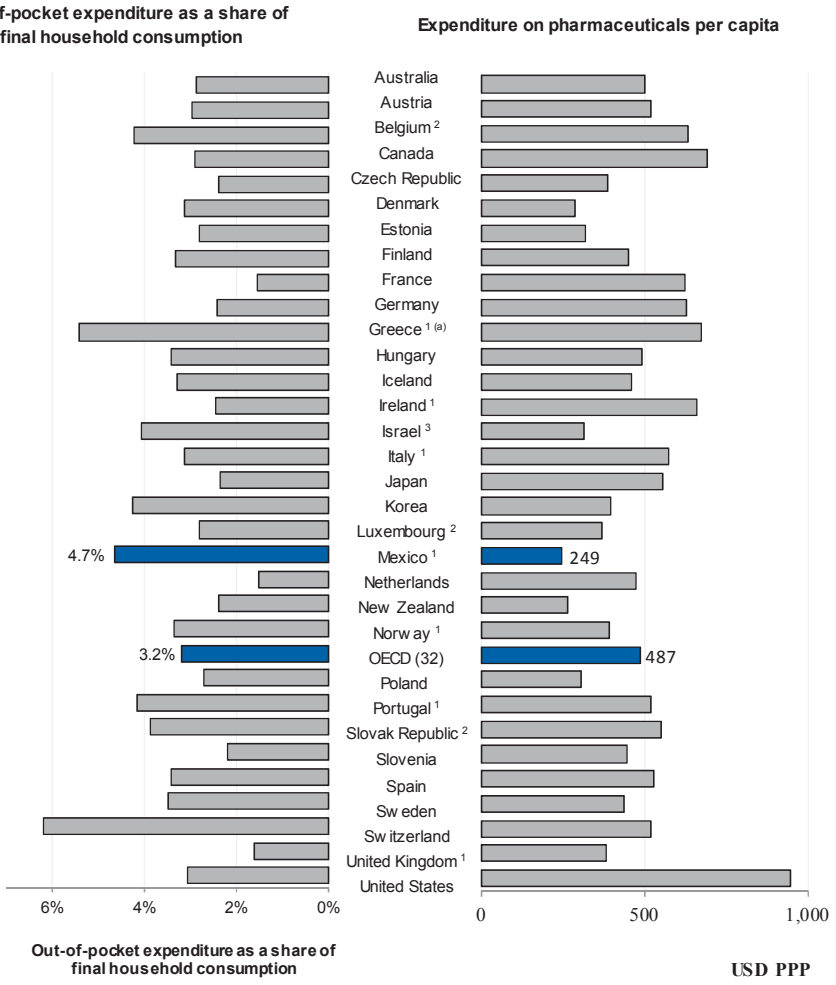


Notes: 1. In the Netherlands, it is not possible to clearly distinguish the public and private share related to investments. 2. Total expenditure excluding investments. 3. Health expenditure is for the insured population rather than the resident population.

Source: Based on data from OECD (2011a), *Health at a Glance 2011: OECD Indicators*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/health_glance-2011-en,* accessed 4 October 2013.

Similarly, even though Mexico spent a similar share of its GDP on pharmaceuticals (1.7%) compared to the OECD average (1.5%), it had the lowest expenditure per capita for such products (USD 249) among OECD member countries in 2009 (OECD, 2011a). This situation is aggravated – and potentially partly explained – by the high charge health expenditure represents to Mexican households. In 2009, Mexico was ranked as the third highest among OECD countries for out-of-pocket health expenditure as a share of final household consumption (Figure 0.3). As the financing of health care becomes more dependent on out-of-pocket payments, its burden is, in theory, shifting towards those who use the services more, and possibly from high to low income earners, whose health care needs are higher (OECD, 2011a).

Figure 0.3. Out-of-pocket expenditures as a share of final household consumption and expenditure on pharmaceuticals per capita, 2009 (or nearest year)



Notes: Out-of-pocket expenditure as a share of final household consumption: (a) Private sector total.

Expenditure on pharmaceuticals per capita: 1. Includes medical non-durables. 2. Prescribed medicines only. 3. Total medical goods. Complete data not available for Chile and Turkey.

Source: Based on data from OECD (2011a), *Health at a Glance 2011: OECD Indicators*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/health_glance-2011-en,* accessed 4 October 2013.

These issues could be mitigated by increasing public health care spending. However, opportunities to do so may be limited in Mexico's financially constrained health care sector. In this context, the procurement function is a key lever for improving the quantity and quality of products and services delivered in a timely manner, contributing to improved Mexican health indicators.

ISSSTE has an important role in the fragmented Mexican health care system

Mexico has a fragmented health care system comprised of three main types of service provider. These institutions provide specific health services to different segments of the population (Table 0.1):

1. Social security providers: mandatory for employees in the formal economy.
2. Private insurance: voluntary, with individuals paying premiums to a private insurer. Premiums are defined according to the individual's risk profile and for a mutually agreed package of health services.
3. System of Social Protection in Health (Sistema de Protección Social en Salud-Seguro Popular): reserved for citizens not covered by any other health care scheme. It is almost entirely financed by federal budgetary resources.

Table 0.1. Mexican health system

Service provider	Population served	Financing
Institutions that provide services to an open/uninsured population		
System of Social Protection in Health (*Sistema de Protección Social en Salud -Seguro Popular*)	Self-employed, unemployed, employees not covered by social security systems	Federal and state government through the System of Social Protection in Health
IMSS-Oportunidades	Vulnerable and marginalised population	Federal government
Institutions that provide services to a population with social security		
IMSS	Employees from the private sector of the formal economy and IMSS' employees	Federal government, employers' and employees' fees
ISSSTE, SEDENA, SEMAR, PEMEX	Employees from the public sector of the formal economy	Federal government and employees
Private sector institutions		
Private hospitals and clinics	Individuals with or without social insurance and with a greater ability to pay for health services	Employees and employers

Notes: IMSS: Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social*); SEDENA: Ministry of National Defense (*Secretaría de la Defensa Nacional*); SEMAR: Ministry of the Navy (*Secretaría de Marina*); PEMEX: Mexican Petroleum (*Petróleos Mexicanos*).

Source: Instituto Mexicano del Seguro Social (IMSS) (2011), *The Mexican Institute of Social Security: Evolution, Challenges and Perspectives*, IMSS, Mexico City.

The **Mexican State's Employees' Social Security and Social Services Institute** (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*, ISSSTE) was created by a presidential decree in December 1959 as a decentralised entity. While not as significant as IMSS and the Ministry of Health (Table 0.2), ISSSTE

remains an important health service provider of the fragmented Mexican health care system as it covers more than 12 million beneficiaries consisting of public sector employees (active or retired) and their family members.

Table 0.2. Services provided in the Mexican health sector by service provider (percentage, 2010)

Service provider	Consultation				Discharges	Surgeries	Auxiliary diagnostic services		
	General	Specialty	Emergency	Dental			Laboratory	Radiology	Other
IMSS	47.0	39.1	61.9	29.5	39.1	44.4	52.3	54.2	59.5
ISSSTE	7.6	15.8	3.6	9.0	6.9	7.0	9.1	8.6	12.8
Ministry of Health	42.1	32.0	26.2	54.6	47.4	44.4	32.6	30.0	18.6
Other	3.3	13.1	8.2	6.8	6.6	4.2	6.0	7.2	9.1

Note: Other includes university hospitals, Mexican Petroleum (PEMEX), Ministry of the Navy (SEMAR) and Ministry of National Defense (SEDENA).

Source: Information provided by ISSSTE, obtained from the Ministry of Health

ISSSTE has a complex structure composed of nine groups of entities providing a different set of services (Figure 0.4).

Figure 0.4. ISSSTE's general structure

Through these entities, ISSSTE provides a wide range of services to its beneficiaries including:

- medical services (ISSSTE central, 35 delegations, 12 regional hospitals and the National Medical Centre “20 de Noviembre”);
- 278 facilities for social and cultural services including cultural centres, libraries, training centres, sports (ISSSTE central, 35 delegations);
- 113 child care centres;
- 12 facilities for funeral services (ISSSTE central, 35 delegations);
- 242 discount supermarkets and 90 pharmacies (SuperISSSTE), also available to the general public;

- 36 travel agencies and hotels (TURISSSTE);
- insurances through the programme ISSSTE Asegurador;
- mortgage loans (FOVISSSTE); and
- pensions (PENSIONISSSTE).

However, medical services are ISSSTE's main activity and are provided through almost 1 200 medical units distributed between 35 regional delegations across the Mexican territory (Table 0.3).

Table 0.3. ISSSTE medical infrastructure (2011)

Delegations in charge of medical units	35
Medical units by level of service	1 180
First level	1 049
– Family medicine clinics	92
– Family medicine units	879
– Auxiliary practices/offices	78
Second level	118
– Specialty clinics	20
– Hospital clinics	73
– General hospitals	25
Third level	13
– Regional hospitals	12
– National Medical Centre "20 de Noviembre"	1

Source: Information provided by ISSSTE.

In a typical day, ISSSTE therefore provides more than 100 000 medical consultations, cares for more than 120 000 children in day-care centres and pays more than 800 000 pensions every month (representing 20% of Mexico's total number of pensioners) (Table 0.4).

Table 0.4. ISSSTE's daily operations (January-December 2011)

Indicators	Total
ISSSTE's user population	12 206 730
Population assigned to family medicine units	9 629 133
Daily medical services	
Total medical consultations, including:	**102 084**
Family medicine consultations	*64 225*
Specialty consultations	*31 765*
Dental consultations	*6 094*
Emergency care	3 010
Hospital discharges	1 067
Patient days	4 943
Surgical interventions	1 119
Child births attended	113
Clinical tests	127 985
Radio-diagnostic studies	9 188
Other services	
Pensions paid at the end of the month	842 489
Number of children attending day-care centres daily	22 775

Source: Information provided by ISSSTE.

References

Instituto Mexicano del Seguro Social (IMSS) (2011), *The Mexican Institute of Social Security: Evolution, Challenges and Perspectives*, IMSS, Mexico City.

OECD (2011a), *Health at a Glance 2011: OECD Indicators*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/health_glance-2011-en, accessed 4 October 2013.*

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