

HEALTHCARE FINANCING AND REIMBURSEMENT: A GLOBAL REVIEW OF MAJOR TOPICS AND TRENDS

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LAWS AND REGULATIONS ON HEALTHCARE FINANCING AND REIMBURSEMENT

1. Please provide a bird's eye view on the healthcare economy, indicating, in general terms, the role of the government (public healthcare) and private actors (private healthcare).

Most powers and responsibilities are held by the national government, distributed between different agencies:

- Ministry of Health (MH): oversees public health policy in general and manages all national hospitals and clinics;
- Salvadoran Institute of Social Security (SISS): runs the mandatory social security healthcare system by collecting employers/employees' contributions and manages all social security hospitals and clinics; and
- Health Regulation Superintendency (HRS): authorises and registers all medicines and medical devices.

The status for health insurance is that the SISS provides mandatory healthcare insurance for all formal subordinate employees and voluntary healthcare insurance for independent workers. This is, by far, the largest provider of healthcare insurance in El Salvador. Some specific sectors (most notably, public school teachers and the military) have their own publicly run healthcare systems.

Private insurance companies provide healthcare insurance to individuals or companies who voluntarily choose to acquire their services to access private hospitals, clinics and pharmacies. Having private insurance does not exempt employers from paying contributions to the SISS.

2. Please provide a high-level overview of the legal framework regarding healthcare financing and reimbursement.

The SISS is governed by the Social Security Law and its by-laws. Because healthcare is provided directly by the SISS, there is no reimbursement scheme. Instead, beneficiaries receive direct access to medical services and medicines through SISS-run hospitals and clinics. SISS health insurance is paid via mandatory contributions by the employers (7.25 per cent of the employees' monthly salary) and employees (three per cent of their monthly salary), which are collected and paid by the employer.

El Salvador's Constitution guarantees free healthcare for low-income patients. Moreover, the Health Code entrusts the state's medical assistance obligations to the MH, which executes them directly through its network of public hospitals and clinics.

Private health insurance is regulated by the Commercial Code, with regard to insurance policies, and by the Insurance Companies Law, when it comes to the insurance companies

<p>themselves.</p> <p>The Health Code mandates that private hospitals and clinics need to be authorised by the Superior Public Health Council (SPHC).</p> <p>The authorisation of medicines and medical devices is regulated by the Medicines Law.</p> <p>The military's health insurance is regulated by the Armed Forces' Welfare Institute Law and public teacher's health insurance is regulated by the Teachers' Welfare Salvadoran Institute Law.</p>
<p>3. What are the key regulators and supervisory bodies regarding healthcare financing and reimbursement?</p>
<p>The MH directly provides healthcare at no cost to low-income individuals.</p> <p>The SISS directly collects contributions and provides healthcare to its members (formal workers and employers).</p> <p>Private insurance companies are regulated by the Financial System's Superintendency (FSS), which provides mandatory conciliation hearings as a prerequisite to file a judicial/arbitral claim against an insurance company. Insurance policies templates must be approved and deposited before the FSS to be issued.</p> <p>Judicial courts (or arbitral tribunals, when stipulated in the insurance policy) have the authority to issue final rulings on claims raised against insurance companies.</p> <p>Healthcare providers must be duly authorised by the SPHC and comply with the Law on the Duties and Rights of Patients and Healthcare Providers.</p>
<p>4. Has there been a change to healthcare financing and reimbursement as a consequence of the Covid-19 pandemic?</p>
<p>In El Salvador, this information is classified by the government as confidential, which is why we cannot answer this question.</p>
<p>5. Who has access to the healthcare system as a patient on the one side and as a medical service provider/supplier of medical goods on the other side? What are the conditions of admission?</p>
<p>There are no limits to access MH-provided healthcare. Healthcare is free and open to all ages and nationalities.</p> <p>Access to SISS's healthcare is limited to employees (subordinated or independent) and employers who are up to date with their contributions, their spouses, their children up to 12 years of age, and retired workers and their spouses.</p> <p>Private healthcare insurers can establish access limits to patients based on premium amounts. Absolute discrimination is prohibited by the Consumer's Protection Law.</p> <p>Extraordinarily, the MH and SISS can subcontract private healthcare providers to provide services to patients when public healthcare providers do not have the direct capacity.</p> <p>Special cases (treatment of residents abroad, emergency treatment of non-residents etc): There is no information on the treatment of special cases.</p>

<p>Suppliers of sanitary products can access MH and SISS bidding processes, generally regulated by the Public Procurement Law (PPL), through the COMPRASAL platform (www.comprasal.gob.sv). All Salvadoran and foreign companies and individuals are eligible as suppliers, unless they have conflicts of interests or have been previously sanctioned during a public procurement process.</p> <p>In the private sector, healthcare providers and sanitary products suppliers can offer their services/products in an open-market scheme. Notwithstanding, private hospitals and clinics need authorisation by the SPHC, and medical supplies need to be authorised by the HRS.</p>
HEALTH INSURANCE FINANCING AND COVERAGE
6. How are health insurance carriers financed? How are premiums determined?
<p>SISS's insurance is mandatory for all employers and employees (including retired employees). SISS's contributions are set by statute and, currently, 7.5 per cent of employees' monthly wages, paid by the employer; and three per cent of employees' monthly wages, paid by employees. Currently, contributions are capped at \$105 per month (corresponding to monthly wage of \$1,000).</p> <p>MH's healthcare system is financed by taxpayers through the National Budget.</p> <p>Private insurance's premiums are not regulated by law and are freely set by the market.</p>
7. How is the coverage of medical services by health insurance carriers regulated? Are there differences in coverage for in-person medical appointments and telemedicine appointments?
<p>In El Salvador, insurers are free to define the coverage of their insurance regarding medical services. There is no regulation regarding minimum coverage, so the government is not involved in this aspect.</p> <p>The coverage of in-person consultations and telemedicine depends on the conditions of each insurance policy, with in-person consultations being more common in standard policies, while telemedicine continues to establish itself as an alternative.</p>
HOSPITAL SECTOR
8. How are services provided by hospitals in the stationary (inpatient) and ambulatory (outpatient) settings financed and reimbursed?
<p>In El Salvador, all public hospitals are financed through taxes and contributions in the case of SISS's members.</p> <p>In the case of private hospitals, the payment-per-service model is used, but there are criticisms because there is no regulation regarding the maximum amount they can charge.</p> <p>Alternative models, such as capitation, global budgets and pay-for-performance, could enhance the economic efficiency of the system, especially in the context of limited resources and growing healthcare demand.</p>
9. How are the prices of such services determined? How is economic efficiency controlled?

Not applicable because there is no regulation and economic efficiency is not controlled; there is free price setting. Associations do not deal with this issue.
HEALTHCARE PROVIDERS IN PRIVATE PRACTICE
10. How are services provided by physicians, therapists, laboratories and other service providers financed and reimbursed?
In the private sector, services are typically fee-for-service, with prices negotiated between providers and insurers, and patients often pay directly or through insurance, depending on the policy and the way their insurer works. The private sector often faces issues related to price inflation and lack of price transparency.
11. How are the prices of such services determined? How is economic efficiency controlled?
Not applicable because there is no regulation and economic efficiency is not controlled, there is a free price setting. Associations do not deal with this issue.
PHARMACEUTICALS AND MEDICAL DEVICES
12. How are pharmaceuticals and medical devices financed and reimbursed?
<p>In El Salvador, the financing and reimbursement of pharmaceuticals and medical devices are a mix of public and private models. Public health systems, like those run by the MH and SISS, provide essential medications and basic medical devices free of charge or at low cost, but often struggle with limited resources for specialised drugs and devices.</p> <p>Private insurance can offer broader coverage for pharmaceuticals and medical devices, but this is typically available only to a subset of the population. Patients who lack insurance often face high out-of-pocket costs, particularly for specialised medications and complex medical devices.</p> <p>Orphan drugs and early access products are particularly challenging due to their high costs, limited availability, and reliance on international programmes or private funding.</p>
13. How are the prices of pharmaceuticals and medical devices determined? How is economic efficiency controlled?
<p>For pharmaceuticals, the Superintendence of Health Regulation establishes the maximum retail price (precio de venta máximo al público or PVMP), which is the highest price that can be charged for a medication as determined by the authority. In theory, prices can be consulted on through the Comprehensive Medication Consultation platform of the Superintendence; however, as of today, the website link is not functioning.</p> <p>The Medicines Law requires the maximum retail price to be printed on the medication's packaging. The Superintendence of Health Regulation and the Consumer Protection Agency are responsible for ensuring compliance with the approved prices.</p>

For medical supplies and devices, prices are not regulated by the authority.

Criteria for pricing

Before the introduction of price regulation in 2012, the pharmaceutical market in El Salvador saw consumers using price as a 'proxy' for quality, doctors had incentives to prescribe more expensive medications and representatives of the pharmaceutical industry were part of the councils regulating medicines. As a result, El Salvador was paying very high prices for medications. With the introduction of pharmaceutical price regulations between 2012 and 2019, significant savings were estimated in the public sector and for the Salvadoran economy.

Relevance of (confidential) rebates

Confidential rebates can be used to reduce the cost of acquiring medications and even medical supplies. However, in El Salvador, it is unknown whether there is an established mechanism by the authority that operates between the government and manufacturers to procure products at lower prices for the public sector.

LITIGATION INVOLVING HEALTHCARE FINANCING AND REIMBURSEMENT

14. Please provide a high-level overview of major litigation topics and landmark cases regarding healthcare financing and reimbursement.

There is no information regarding this question.

RECENT DEVELOPMENTS AND TRENDS

15. What are the recent developments and trends for the next few years? Please outline any unresolved issues, proposed changes or trends for healthcare financing and reimbursement, and briefly indicate how these may foreseeably affect the medical sector in the near future.

There is no information regarding this question.