



A regular series of notes highlighting recent lessons emerging from the operational and analytical program of the World Bank's Latin America and Caribbean Region.

## ARGENTINA: Provincial Maternal and Child Health Insurance A Results-Based Financing Project at Work<sup>1</sup>

### Introduction

During the early 2000s, Argentina's total expenditures on health, as a percentage of gross domestic product (GDP), placed it among the top-20 countries in the world in per capita health spending. For example, Argentina spent 8.9 percent of GDP in 2000 and 10.1 percent in 2006. The per-capita government expenditures on health (at average exchange rate estimated by WHO) was US\$382 in 2000 and US\$251 in 2006. Yet, despite sweeping healthcare reforms, relatively high public health expenditures compared to other countries in the region, and a restructuring of the country's insurance policy, quality and access to service remained a problem throughout the decade. Almost one third of the population lacked access to basic healthcare.

Although the reforms improved access to healthcare for those employed in the formal sectors, they were not enough to provide access for the poor—and they lacked the necessary incentives to improve the quality of service provision. Moreover, the poor continued to be excluded from the health insurance system and had worse than average health indicators.

With the economic crisis that began in 2001, the population living in poverty increased dramatically, inequity worsened, and more people became uninsured. As a result, health indicators, including child and maternal mortality rates, deteriorated sharply in the poorest regions and worsened the national averages, undermining the country's ability to achieve the Millennium Development Goals (MDGs) for 2015. In response, the Government of Argentina implemented the innovative Maternal-Child Health Insurance Program, known as Plan Nacer, to address the growing challenges of child and maternal health care. Plan Nacer, supported by an adaptable loan from



the World Bank (US\$135.8 million), started operations in 2004 as a provincial social insurance program providing a free basic package of cost-effective services to women and children through participating healthcare providers in the country's nine poorest provinces. In 2006, the Program was expanded to the remaining fourteen provinces with a loan of US\$300 million.

### How Plan Nacer works

#### Basic Design

The Program addresses the root cause of inequity in healthcare by focusing on the most vulnerable populations—uninsured pregnant women, and children under the age of six. The Program uses an incentive mechanism between the National Ministry of Health and the Provincial Government, and between the Provincial Government and healthcare providers, to enhance quality and accountability in the health service provision.

The National **Ministry of Health**: (i) provides the funds to the Provincial Project Implementation Units on a mixed basis

1. This note was prepared by a World Bank team led by Rafael Cortez (Senior Health Economist, LCSHH) and composed by Viviana Fridman, Phil Musgrove, Isabella Bablumian (Consultants, LCSHH), Vanina Camporeale (HD Operations Officer, LCSHS), Luis Orlando Perez (Senior Health Specialist, LCSHH), and, Gaston Blanco (Economist, LCSHS). Our special thanks to the National Ministry of Health and the Project Coordination Team for their valuable inputs.

of per capita and performance payments; (ii) sets the basic standards for service delivery; and (iii) supervises the provinces' compliance with standards and accountability to the target population.

The **Provincial Governments:** (i) identify the target population; (ii) enroll its members into the Program; (iii) contract health service providers to deliver the basic package of services; and (iv) establish Provincial Insurance Units to manage the Program.

Healthcare **Providers** provide a package of cost-effective interventions, while increasing quality to attract the beneficiary population. Provincial Units reimburse the Providers for the services rendered on a fee-for services basis. As of September 2009, the Program involves 5,481 health care providers.

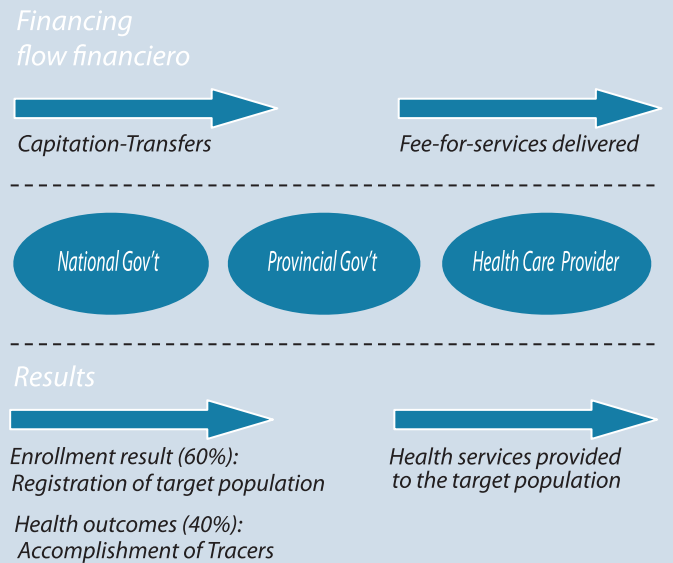
### Financing Mechanism

The Plan Nacer financing scheme provides a results-based incentive mechanism to reinforce inclusion of the target population and improvements in the quality of services. Ten indicators (called *Tracers*; see Box 1) measure program output and health outcomes, and are used by the National Ministry of Health to determine the financing to Provinces.

Targets for each tracer are negotiated annually, province by province. This is a crucial feature of the Program because it allows a province with a weaker health system to aim for a lower target than better-off provinces. "Accomplishment" of each target is all-or-nothing so the province has a strong incentive to reach the target for a given tracer (but no marginal incentive

to exceed it). This innovative approach creates competition and demand for better services. The Ministry of Health transfers the funds on a per-capita basis to the provincial ministries in two steps: 60 percent of the financing is provided only upon verification of enrollment and 40 percent after accomplishment of the tracers. The funds flow from the provinces to the contracted healthcare providers (public or private), who can use up to half of the funds to pay incentives to staff to improve productivity and quality of services.

### Box 2. Relations between the National & Provincial Government & the Providers



Plan Nacer's incentive scheme is based on two major relationships: the relationship between the National and Provincial Governments, and the relationship between the Provincial Government and Healthcare Service Providers. The National Government periodically provides capitation transfers to the Provincial Governments. The capitation-transfer is based on the established per capita payment multiplied by the number of beneficiaries registered in the databases that the Province maintains. Sixty percent of the total amount is transferred monthly based on enrollment statistics, and forty percent is added to the capitation-transfer once output of outcome results (accomplishment of the ten health indicator targets or Tracers) are presented. Box 2 illustrates the flows of funds and of services.

The second relevant relationship is between the Province and each of the health facilities. Provinces pay health care providers for services rendered to the target population. The list of services is defined by a health care services package (denominated *Nomenclador*). Prices of services in the "Nomenclador" can be reviewed twice a year.

### Supervision and Audits

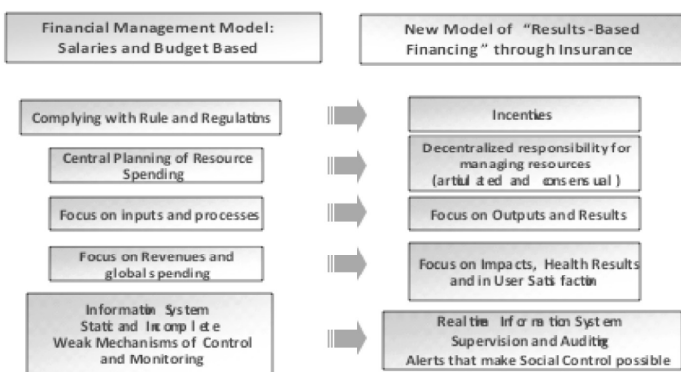
In addition to the financial incentives, management

### Box 1. TRACERS

1. Timely inclusion of eligible pregnant women in prenatal care services
2. Effectiveness of neonatal and delivery care (Apgar Score)
3. Effectiveness of pre-natal care and prevention of premature birth (weight above 2.5 kilos)
4. Quality of pre-natal and delivery care ( number of mothers immunized and tested for STDs)
5. Medical Auditing of Maternal and Infant deaths
6. Immunization Coverage (measles vaccine)
7. Sexual and Reproductive Healthcare
8. Well child care (1 year or younger)
9. Well child care (1-6 years old)
10. Inclusion of Indigenous Populations

and auditing mechanisms have been instituted to monitor the Program's progress. Legally binding management agreements signed between the National Ministry of Health and the Provincial Government, and between the Provincial Government and Healthcare Providers outline their respective roles and responsibilities and hold parties accountable. Annual Performance Agreements between the National Ministry of Health and Provincial Governments are especially important to ensure compliance to specific targets on enrollment and tracers. Internal audits verify the work performed, while independent auditors complete the process through regular (every four months) detailed reports to the National Ministry of Health, monitoring the progress of the Program. The feedback from the audits and management reports is used to correct any mismanagement, break bottlenecks, and improve the Program's functioning. The result is an innovative management mode of results-based financing program and effective control and monitoring system to deliver substantially better results in the health sector. Box 3 illustrates the differences from the Traditional Argentine *modus operandi*.

### Box 3. Management Models: Traditional vs Plan Nacer



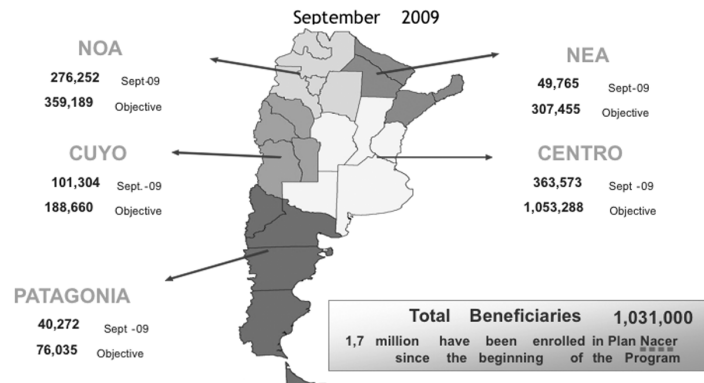
## Results of Plan Nacer

### Access to Healthcare and Health Outputs

As of September 2009, Plan Nacer has reached almost 80 percent of the target population and is currently providing access to just over one million uninsured pregnant women, and children younger than six years old, as shown in Box 4. Beneficiary empowerment is promoted through local institutional public awareness campaigns, and census work carried out by health centers. Specific tools for the empowerment of female beneficiaries are: (i) delivery cards that describe user rights; (ii) information on Plan Nacer distributed by health care providers; (iii) information on monitoring children's health; (iv) massive communication by radio and other media; and (v) promotion by a health agent.

The Program's goal to focus on the poor has significantly reduced health inequity, which improved in many specific health indicators and utilization rates. The proportion of pregnant women receiving pre-natal consultations before week 20 of pregnancy has increased from 3 to 52 percent among the target population in the poorest Northern provinces. The

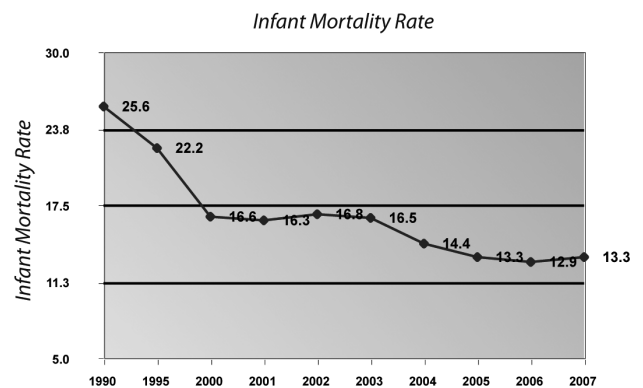
### Box 4. Beneficiaries Per Region



Source: Ministry of Health, Argentina

percentage of women receiving four or more pre- and neo-natal consultations has increased from 10 to 40 percent in the target population; national immunization rates increased from under 66 percent (1996) to over 94 percent of children under 12 months in 2007. Between 1996 and 2007, national child mortality rates declined from 25 to 15 deaths per 1000 live births and infant mortality to 13 per 1000 live births. Box 5 shows how the national infant mortality rate stagnated between 2000 and 2003 as a result of the economic crisis and then began to decline again. Decline was more rapid in the poorest provinces, so the gap with the rest of the country was narrowed. In addition, one of the Program's main contributions is the development of a service tracking system at the health facility that identifies the services received by individual beneficiaries and allows for better planning, resource allocation, and clinical governance.

### Box 5. Infant Mortality Rates 1990-2007



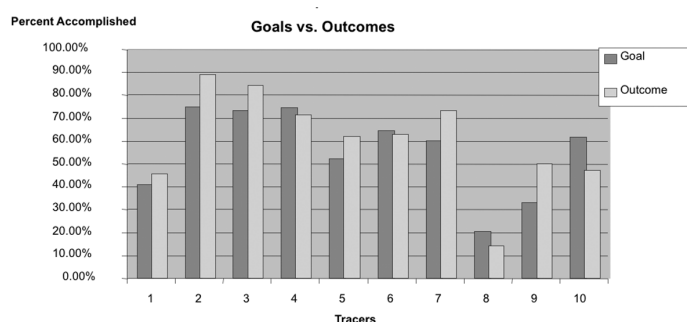
Source: Ministry of Health of Argentina, 2009 – Expressed per 1000 live births

### Institutional Changes and Effective Financing

The dual-purpose tracer mechanism produced impressive results beginning in the early years of program implementation. Most program goals, as measured by tracers, have been reached or exceeded on average by late 2009 (see Box 6 on next page).

The new mechanisms in Plan Nacer have locked in many important institutional changes and extended them beyond

## Box 6: Tracer Accomplishments



the scope of the Program to other parts of the health sector. The availability of detailed and reliable clinical as well as programmatic data has been important in monitoring and evaluation. Effective participation and active communication between national and provincial governments have made policy-making and program implementation more efficient compare to other traditional programs, while enhancing accountability and transparency. Insurance-based billing and reimbursements have not only extended services to the poor, but have enhanced governance and financial independence of health care providers compared to others not enrolled in the Program. The results based financing led by the National Health Ministry has improved its stewardship role toward, and governance guidance of, Provincial Governments in health. All of these changes were a result of over US\$50 million in annual investment.

### The World Bank and Plan Nacer

The World Bank has played an important role in providing Argentina with financial and technical support to improve the efficiency of its health system for over a decade. It has supported the government of Argentina in establishing a policy framework to reach national goals through health system reforms, insurance and other development projects. From the initial stages of design and throughout the implementation of Program, the World Bank has assisted the National Ministry of Health in integrating the results-based framework into the health system structure. To motivate all those involved to comply with program goals, Bank funds were disbursed only upon verification that targets for the tracers had been met. The external audits and the results-based financing were essential not only for program success, but also for supporting the execution of a monitoring system for program performance.

By fine-tuning policies to constantly-evolving needs and new challenges, the Bank continues to support Argentina in its efforts to achieve the Millennium Development Goals and its own national health goals. For instance, it is currently supporting efforts to update and improve the basic health package and to expand Provincial Health Insurance coverage to other population groups. The Bank has also provided technical assistance to enhance the Health Ministry's stewardship capacity in the sector.

### Conclusions and Future Challenges

Although many challenges persist in Argentina's healthcare system, the Program has achieved significantly better health indicators and major institutional improvements. The Program has demonstrated that reducing inequities in access to healthcare and improving the effectiveness of social financing is possible through programs with outcome-based funding and a focus on target populations. For example, recent administrative data analysis (of 400,000 consultations provided by the public health care facilities from 2007 to 2008) for Misiones Province shows that being a Plan Nacer beneficiary is associated with a 0.6 centimeter increase in height (in children younger than 12 months). This is preliminary evidence that the Plan has had a large and significant effect on child health.

Drastic reforms were not the key to success. Instead, the major success factors were the strategic use of financing to enroll and maintain contact with the target population, contracts with built-in enforcement mechanisms, and a results-based approach that provided incentives for desirable results. All were within the framework of an existing healthcare network that had previously failed to function effectively for the uninsured population.

In the future the Program will need to take this remarkable success and prepare to confront the many future challenges, which include: (i) strengthening the Program's financial sustainability when substantial contributions from the Provinces become necessary; (ii) strengthening the links between primary health care centers and hospitals; (iii) including more complex health interventions in the service package; (iv) developing incentive mechanisms at the health facility level; and, finally, (v) improving health indicators to monitor results under the national monitoring system.

2. Impacto del Plan Nacer sobre la Salud de los Beneficiarios: Resultados Preliminares utilizando datos administrativos de Misiones. Setiembre 2009. International Consultancy hired by Ministerio de Salud de la Nación.