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STEERING ROLE OF THE MINISTRIES OF HEALTH IN THE PROCESSES OF HEALTH SECTOR REFORM

The reform of the State and the decentralization of national life have made the redefinition of institutional roles in the health sector a priority in the countries of the Region, especially the steering role of the ministries of health in the sectoral reform processes. The essential health responsibilities of the State are undergoing significant changes in the face of the growing trend toward the separation of functions in financing, insurance coverage and service delivery. These changes demand a greater capacity to direct, regulate, and carry out the essential public health functions corresponding to the health authority. Within the context of PAHO's strategic and programmatic orientations, 1995-1998, and of the technical cooperation activities in support of the sectoral reform processes, the Pan American Health Organization will attempt to devote special attention in the coming years to strengthening and developing the leadership capacity of the ministries of health as one of the key aspects of the institutional development of the sector.

An initial version of this document was presented at the 27th Session of the Subcommittee on Planning and Programming in December 1996. The opinion of the Subcommittee was obtained on the taxonomy and description of the basic functions for the exercise of the steering role of the ministries of health and the pertinence of the proposed lines of PAHO cooperation, as well as the necessity or desirability of incorporating new areas of work for the Organization.

The present document is offered as the basis for the discussions of the XL Directing Council.

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1. Introduction

The ministries of health of the countries of the Americas are faced today with new realities in sectoral organization, exacerbated by the intense State and health sector reform processes under way in the Region. This situation has led to the need for expeditious definition of better ways to strengthen the ability of the ministries to exercise their proper sectoral steering role.

With the growing decentralization of the State and the health sector and the emergence of new public and private actors in this area, service delivery**C**especially personal health care**C**is ceasing to be the direct responsibility of the ministries of health. This is also true for the delivery of public health services and activities in sanitary regulation, where mid-level state agencies, and sometimes local authorities, have assumed responsibility for these functions.

Another type of change is also occurring in health sector reform in the Americas: the separation of the functions of financing, insurance coverage, and service delivery, as well as their transfer to one or more actors andor public or private agencies, depending on the country.

As many health sector reform processes in the countries of the Region have moved in the direction of the separation of sectoral functions, the activities in financing, insurance, and service delivery have tended to become more disaggregated institutionally. However, the dominant situation is characterized by the three functions concentrated in a single institution or a small number of institutions, a problematic arrangement that segments the population according to its mode of insertion in the labor force and its capacity to pay, with consequent differences in insurance coverage and service delivery.

This is compounded by other important, longstanding factors. Health services have not attained an harmonious, equitable, good quality, and efficient development. Added to this is a lack of coordination, duplication of efforts, and gaps**C**chiefly in rural zones and disadvantaged areas of the large cities. The health sector in many countries of the Region has been unable to provide full and comprehensive coverage to all citizens. Marginalized groups lacking access to basic health services are a reality in virtually all the countries. At the same time, there are extremely costly, high quality services in urban centers, to which the bulk of the population has little access.

Other significant factors complicate the situation: sectoral institutions are inefficient; their managerial capacity needs improvement; costs are high and rising; quality is poor; and user satisfaction is low. Emerging problems, such as AIDS, and re-emerging problems, such as tuberculosis, cholera, malaria, and dengue, together with a rise in chronic diseases and the pathologies of old age, demand more complex care that is often very expensive. Populations are beginning to have greater expectations regarding the health services. They demand higher quality and innovative costly technologies. The credibility of the public services is low, and the allied health markets are growing rapidly, thus creating the need for the State to exercise regulatory, control, and surveillance functions.

Given these challenges, the response of the State should strengthen the steering role of the ministries of health within the sector and the leadership of the health sector as a whole to work as an advocate for health and negotiate with other sectors. Leadership is needed to keep on course to promote the health of the people in the midst of the sectoral reform processes. This strengthening of the steering role of the health sector should be guided, in the final analysis, by the goal of reducing the inequities in health conditions within the framework of integrated, sustainable human development.

Some considerations on the essential functions of the ministries of health for the exercise of their steering role are presented below, together with a discussion of some types of cooperation that PAHO can adopt in the future to strengthen the steering role of the ministries in the sectoral reform processes.

2. Essential Functions of the Ministries of Health for the Exercise of their Sectoral Steering Role

The phenomena pointed out in the introduction intensify the need to reconfigure and adapt the responsibilities and operations of the ministries of health to strengthen their steering role in the sector, defining the substantive areas proper to them and nondelegable with respect to: sectoral management activities, regulating and implementing the essential public health functions linked with the exercise of the health authority, financing, insurance coverage, and service delivery, especially to guarantee universal and equitable access to quality health care.

The changes in the organization of the health systems and the nature of the work of the health sector, coupled with a growing awareness of the importance of other sectors in improving the health status of the population, has been progressively defining a series of basic, well-differentiated functions that, taken as a whole, constitute sectoral action. There is a growing tendency to avoid concentrating all of these functions in a single institution, as in the past, creating instead a series of complementary institutional mechanisms to carry out the differentiated functions in a separate and specialized manner.

A variety of taxonomies can be adopted in this area that will always be subject to interpretations or classifications. What follows is a proposal for a division of sectoral functions into five broad areas. The breadth of the steering role of the ministries of health will depend on the degree of public sector responsibility, the degree of decentralization, and the division of labor in the institutional structure of each country. These responsibilities**C**some old and some new**C**will require the ministries to strengthen and, in many cases, retool their operations, their organizational structure, and the professional profile of their managerial, technical, and administrative staff.

2.1 Sectoral Management

Sectoral management consists of the capacity of the entities that exercise the sectoral steering role**C**in this case, the ministries of health**C**to formulate, organize, and direct the

execution of national health policy through the definition of viable objectives and feasible goals, the preparation and implementation of strategic plans articulating the efforts of public and private institutions in the sector and other social actors, the establishment of participatory mechanisms and consensus-building, and the mobilization of the resources necessary to carry out the proposed actions.

In order to accomplish this, the ministries of health need to develop andor strengthen their institutional capacity to carry out the following activities:

(a) health situation analysis and analysis of the determinants of health, with emphasis on the identification of inequities in health conditions and access to services, employing a prospective approach that takes into account the political, economic, and social determinants operating in the sector; periodic evaluation of sector activities and the operations of sector institutions; demographic and epidemiological analysis, emphasizing the impact on the population's current and future needs and demand concerning the health services; and most especially, monitoring of the effects and the dynamics of health sector reform.

(b) development of methods and procedures for prioritizing problems, populations, programs, and interventions, based on the criteria of effectiveness, cost, and impact;

(c) formulation, analysis, adaptation, and evaluation of the public policies that impact on health and the sectoral policies themselves;

(d) the building of a national consensus in the countries on the strategic development of the sector, leading to the design of a State policy in health.

(e) direction, involvement, andor mobilization of the political resources and actors in the health sector and other sectors who influence the formulation of national health policy and the implementation of activities that foster health;

(f) health promotion and encouragement of social participation in health at the national level.

(g) political and technical coordination of the multilateral and bilateral agencies of technical andor financial cooperation in health for the definition of national policies and strategies for the utilization and mobilization of international cooperation in health;

(h) joint political and technical participation with the regional and subregional agencies involved in policy coordination and economic integration that are of concern to the health sector, to promote greater sensitivity to the health interests of the population and health sector in these policy forums and arenas.

2.2 Sectoral Regulation and Execution of the Essential Public Health Functions Corresponding to the Health Authority

Exercising the steering role in health includes substantive and nondelegable tasks as

health authority. This obligation is fundamental to the work of the ministries of health as the state agencies responsible for safeguarding public welfare in this area. The main product of the exercise of health authority is the protection and promotion of health in the population, which is the core of the essential public health functions under the purview of the State. This responsibility can be delegated or shared by several levels and institutions within the state apparatus, but the basic mission of the ministries of health is to ensure that these functions are carried out as effectively as possible.

Execution of the essential public health functions corresponding to the health authority include:

(a) development of national programs for the prevention and control of disease and disability;

(b) environmental risk protection;

(c) promotion of healthy behaviors;

(d) emergency preparedness and response in disaster situations;

(e) quality assurance in service delivery and universal access to health services;

(f) the establishment of national mechanisms for evaluating processes, results, and impact, as well as the development of information systems for monitoring the health situation and for managing and operating the services;

(g) formulation and implementation of policies in health research, technology development, and dissemination of scientific and technical information that will make it possible to improve the quality and equity of the health services and living conditions.

Concerning the sectoral regulatory role, whose purpose is to design the normative framework that protects and promotes the health of the population and guarantees that compliance with the regulations, the following lines of action are included:

(a) development and refinement of national health legislation and its necessary harmonization with the health legislation of countries participating in regional integration processes;

(b) analysis and sanitary regulation of basic markets allied with health, such as public and private insurance, health services, inputs, technology, and social communication, as well as consumer goods and basic inputs, public establishments, and the environment;

(c) technical analysis and regulation of health service delivery, certification and professional practice in health, and training and continuing education programs in the health sciences;

(d) establishment of basic standards for health care; development of quality assurance and accreditation programs for health service institutions;

(e) health technology assessment.

There is a need to strengthen the capacity of the State, in general, and of health sector institutions, in particular, to carry out the essential functions in public health linked to the exercise of the health authority, especially those that constitute public goods.

An ambitious and complete overhaul of the structure and functions of the ministries of health must also be designed and implemented to adapt the technical capacity and cumulative experience of their staff at all levels to the new demands and realities. It is through an analysis and a rethinking of the products, processes, and users of the services of their ministries of health that countries can initiate and move forward with the organizational transformation of the steering role in health demanded by sector reform.

2.3 Sectoral Financing Tasks

The structural separation of functions that is part of the health sector reform processes in the Region show three major trends as far as financing is concerned.

The first is the creation of autonomous national funds, separate from the ministries of health, that pool together public revenues from general taxes, specific taxes for health purposes (when they exist), and workers‘ andor employers’ contributions, when the social security health funds have been merged with general state appropriations for health. This may involve a single public insurance system or several insurance systems, public and private, that either compete with or complement one another.

The second trend is the increase in the share of public sector financing that comes from the taxes collected by mid-level and local State entities andor from the resources transferred from the central government as block grants and earmarked for activities in health.

The third trend is the growing role of private health insurance and some prepaid service schemes financed with resources from the beneficiaries andor their own employers, when applicable, in total sectoral financing in some of the countries of the Region, at least with respect to some types of coverage that complement the compulsory plans established by the State.

The combination of these three elements in countries that have taken steps to eliminate the segmentation of insurance coverage and service delivery produced by differentiated financing schemes (public services not linked to specific contributions, compulsory social security-type health insurance schemes based on member contributions, insurance provided by

mutual aid societies and similar organizations, and private insurance or prepayment schemes) pose new challenges and responsibilities for the ministries of health in the organization of sectoral financing.

Essentially, they make the ministry of health responsible for: (a) establishing the policies needed to ensure that the various financing modalities have the necessary complementarity to permit equitable access to quality health services for all inhabitants; (b) modulating and correcting any deviations that may occur in sectoral financing; and (c) developing the capacity to monitor the sectoral financing process.

2.4 Responsibilities in Insurance Coverage

Depending on the degree of development of the social security health system in each country (and not just the number or the coverage of social insurance programs), the State may or may not be responsible for overseeing the delivery of a guaranteed package of basic health services for all inhabitants or certain population groups (the poor, the elderly). When this responsibility exists, it generates a role customarily reserved to the ministries of health or to some of their decentralized agencies: that of guarantor of the insurance established, with mechanisms that make it possible to comply with a social mandate often found in national constitutions.

A second element that has a bearing on this sector function is one that has to do with the public, private, or mixed nature of the service providers participating in the compulsory coverage plans.

Thus, the ministries of health in countries in which this separation of functions is under way or has been consolidated have necessarily had to build the institutional framework required to carry it out. They therefore need to extend their range of capabilities to enable them:

(a) to define the content of the aforementioned guaranteed basic insurance plans that are compulsory for citizens covered by a single or several social security plans operated by the public sector;

(b) to monitor the administration of these plans by public and private health insurance andor service delivery institutions (through supervisory authorities or similar agencies), guaranteeing that no beneficiary of the compulsory social security health plans is excluded from the insurance scheme because of risks associated with age or preexisting conditions;

(c) for public insurance schemes, to develop the capacity to purchase public andor private health services through additional payment formulas that will make it possible to implement the guaranteed coverage plans included under the current social security health systems.

These three aspects of insurance tend to be poorly developed in the ministries of health of the countries of the Region, or their decentralized provincial or state agencies, which means that there is a special need to intensify national and international technical cooperation to foster

progress in this area.

2.5 Obligations in Health Service Delivery

In the past two decades, the sectoral function of health service delivery is probably the area where the changes have been most pronounced in the countries of the Region. This is the result of two simultaneous phenomena: first, the decentralization andor deconcentration of sector activities, particularly those related to the delivery of public health services and personal health care; and, second, growing private sector participation in the delivery of the health care included under the guaranteed coverage plans of the social security health systems.

With varying degrees of deconcentration,the ministries of health were accustomed to directly managing the delivery of public health services and personal health care through the hospitals and outpatient clinics of their own service networks. The ministries are now delegating or have delegated this responsibility, since this responsibility has been either partially or totally transferred to the intermediate levels (states, departments or provinces) andor local levels (municipalities or countries) of the State or to decentralized, autonomous regional agencies devoted exclusively to health service delivery.

This has resulted in a considerable gap between the ministries‘ new functions in service delivery and the traditional structures and professional profiles, which correspond more to the current functions of the intermediate, local, or regional entities responsible for managing service delivery. Given today’s trend toward the decentralization, deconcentration, and privatization of health service delivery, the ministries of health need to undertake a series of new tasks that can be summarized as follows:

(a) define the criteria for allocating the resources to be channeled to the decentralized or deconcentrated public agencies andor establishments, based on the criteria of need, performance, and impact, which can be accomplished by direct transfer or the definition of criteria for resource allocation by the ministries of economy, finance, or the treasury;

(b) harmonize the plans of action and management of the various decentralized or deconcentrated public health service delivery agencies in the country;

(c) define the content of the basic package of public health services for which the State is responsible and, based on the criteria of complementarity, define the distribution of responsibilities and resources among the various spheres of public action (central, intermediate, and local);

(d) furnish technical cooperation to the decentralized or deconcentrated service providers to guarantee a streamlined process for the transfer of authority and the development of the institutional capacity necessary for the full exercise of their functions;

(e) define mechanisms for the redistribution of current and capital expenditures to compensate for any inequities generated by the decentralization processes;

(f) establish mechanisms for contracting or for service agreements that will serve as the basis for resource allocation, based on series of performance measurements expressed in terms of processes and results.

The foregoing establishes the ministry of health as the harmonizer of the work of the decentralized or deconcentrated public agencies that act as service providers and not direct administrators of service delivery—a definition that demands the rapid development of new institutional capabilities.

3. PAHO Cooperation for Strengthening the Steering Role of the Ministries of Health in the Sectoral Reform Processes

In the framework of the strategic and programmatic orientations for the period 1995-1998 and the technical cooperation in support of the sectoral reform processes, PAHO will attempt to devote special attention in the coming years to strengthening the steering role of the ministries of health as one of the key aspects of the institutional development of the sector.

To this end regional and country programming efforts will concentrate on activities geared toward:

(a) the construction, dissemination, and promotion of a conceptual and operational framework for the steering role of the ministries of health, within the new context of a modernized State and health sector reform;

(b) orientation and technical support for the reorganization and institutional strengthening of the ministries of health in the member countries, to enable them to serve as leaders in the face of new sectoral realities;

(c) the development, dissemination, and promotion of guidelines, methodologies, and specific tools to consolidate the institutional development of the ministries of health of the countries of the Region, which will enable them to fully exercise their responsibilities of sectoral management, regulation, and execution of the essential public health functions corresponding to the health authority; articulation of service delivery; monitoring of insurance coverage; and compensatory redistribution of sectoral financing;

(d) information exchange and dissemination of information on national experiences in the exercise of the steering role of the ministries of health and institutional development toward this end.

Through these efforts, it is anticipated that the ministries of health of the countries of the Region will strengthen their sectoral and intersectoral steering role in health promotion through advances in:

- strengthening their regulatory role, allowing the necessary flexibility for the identification and solution of national and local problems, within the framework of decentralized service delivery;

- helping to make social participation a permanent reality in the community and in the different agencies linked with health in our societies that make up the health sector;

- promoting and making more effective use of the mass media to foster healthy behaviors and lifestyles and prevent health risks;

- instilling a technical, scientific, and comprehensive approach to the formulation and implementation of public health policies and services in the Americas;

- formulating and implementing policies that will make it possible to improve equity in access to, use, and financing of health services, promoting social solidarity in the solution of health problems;

- making forecasts that will facilitate the formulation of health policies whose application will lead to results that are economically sustainable and socially irreversible;

- promoting policies that will permit a steady improvement in the quality of the services in order to meet the needs of the population;

- utilizing research for decision-making and technological improvement of the health system;

- using health situation analysis to formulate more precise policies in search of equity;

- promoting public health research, especially health services research for targeting health policies in search of equity;

- assessing the degree of satisfaction among the population, with a view to evaluating the impact of policies on the users of the services;

- developing the capacity for analyzing the demands and conflicts in civil society and the responses offered, together with the consequences of these actions for public policy in health.

These tasks demand new professional capabilities, broad development of the necessary legal instruments, and a reorganization of the structure and operations of the ministries of health to enable them to fulfill their responsibilities. In many cases it is not only a matter of administrative reorganization; it will demand a profound reengineering that will require institutional strengthening and well-targeted investment to become a viable undertaking.

In the coming years, in its efforts to support health systems and services development and the sectoral reform processes in the countries of the Region, PAHO should assign the highest priority to cooperation activities geared toward consolidating the exercise of the steering role of

the sector by the ministries of health through the strengthening of their institutional capacity to this end.