CRC 1342 | No. 31

Social Policy Country Briefs

Ecuador

María Gabriela Palacio

The Health Care System in Ecuador

Global Dynamics of Social Policy CRC 1342

DFG Deutsche Forschungsgemeinschaft

María Gabriela Palacio
The Health Care System in Ecuador
CRC 1342 Social Policy Country Briefs, 31
Edited by Gabriela de Carvalho and Antonio Basilicata
Bremen: CRC 1342, 2023

SFB 1342 Globale Entwicklungsdynamiken von Sozialpolitik / CRC 1342 Global Dynamics of Social Policy

A04: Global developments in health care systems and long-term care as a new social risk

Contact: crc-countrybrief@uni-bremen.de

Postadresse / Postaddress:
Postfach 33 04 40, D - 28334 Bremen

Website:
https://www.socialpolicydynamics.de

[DOI https://doi.org/10.26092/elib/2415]
[ISSN 2700-4392]

Funded by the Deutsche Forschungsgemeinschaft
(DFG, German Research Foundation)
Projektnummer 374666841 – SFB 1342

María Gabriela Palacio

The Health Care System in Ecuador

CRC 1342
No. 31

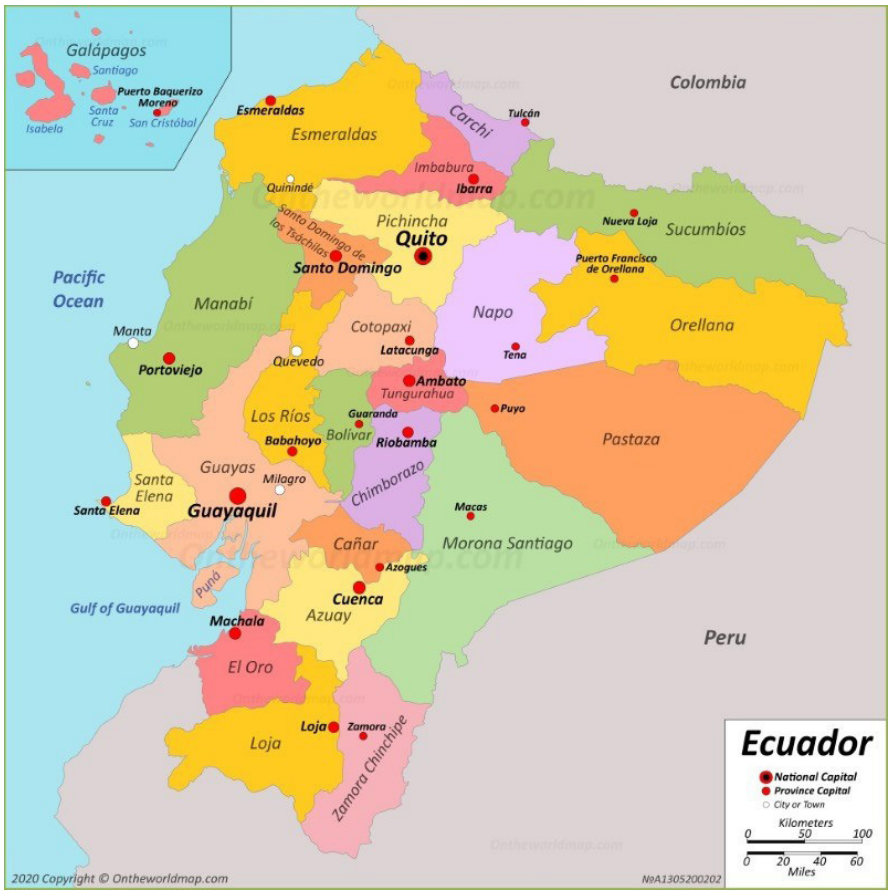
The Health Care System in Ecuador

María Gabriela Palacio*

Content

* Leiden University, The Netherlands, m.g.palacio.ludena@hum.leidenuniv.nl

1. Country overview



Source: https://ontheworldmap.com/ecuador/ (Accessed: May 19, 2021)

- Sub-Region: South America
- Capital: Quito
- Official Language: Spanish
- Population size: 17,643,054 (UNdata 2021; 2020 value)
- Share of rural population: 36% (UNdata 2021; 2019 value)
- GDP: 107.436 Billion USD (World Bank 2021; 2019 value)
- Income group: Upper Middle Income
- Gini Index: 45.7 (World Bank 2021; 2019 value)
- Colonial period: 1534-1809 (Spanish colony)
- Independence:
  - 1809 (Declaration of independence)
  - 1822-1830 (Republic of Gran Colombia)
  - 1830 (Ecuador becomes a sovereign state)

2. Selected health indicators

Indicator	Country	Global Average
Female life expectancy (years; 2018)	74.1	70.2
Female life expectancy (years; 2018)	79.6	74.7
Under-5 mortality rate (per 1,000 live births; 2019)	14	38.6
Maternal mortality rate (per 100,000 live births; 2017)	59	211
HIV prevalence (% population ages 15-49; 2019)	0.4	0.7
Tuberculosis prevalence (per 100,000 population per year; 2019)	46	132

Sources: World Bank (2021); World Health Organization (2019)

3. Legal beginning of the system

Name and type of legal act	Decree Number 249 (National Assembly published in the Registro Oficial No. 149)
Date the law was passed	16.06.1967
Date of *de jure* implementation	Immediately—at publication in the Registro Oficial. The Decree states that within ten days after its approval, the President will pass the newly created Ministry's organisational regulations, including the division of functions among departments and budget for its implementation.
Brief summary of content	Before Decree 249, public health was organised under the Undersecretary of Health of the Ministry of Social Provisioning and Labour, created in 1964. The creation of the Ministry of Health in 1967 managed aspects of public health, social assistance and other health-related aspects. Social Security Medical Services were first established in 1935 as part of the Instituto Nacional de Prevision (now Instituto Ecuatoriano de Seguridad Social or IESS)
Socio-political context of introduction	This was the period characterised as state-led industrialisation. The National Assembly of 1967 was tasked with drafting a new Constitution after the return to democracy following three years of military dictatorship. At the moment of its creation, Ecuador was the only country in Latin America that did not have a Ministry of Health.

4. Characteristics of the system at introduction

a. Organisational structure

- Centralisation of the HCS system: The Ministry of Health (Ministerio de Salud Pública or MSP) was created to provide universal coverage and a low level of decentralisation. As of 1970, the MSP completed its infrastructure for nationwide provisioning and became the leading supplier of health services for the Ecuadorian population and increased its coverage, reaching the rural areas. Also, in 1970, the Direction for Promotion of Health and Integral Health Attention was created, including a Promotion Unity, which was in charge of coordinating attention, prevention and promotion programmes (Organización Panamericana de la Salud (OPS/OMS) 2007; Puertas et al. 2004).
- Regional allocation of responsibilities for healthcare: It was very limited at the beginning. It was not until 1997, when under the Special Law for State Decentralisation and Local Participation (Ley Especial de Descentralización del Estado y Participación Local) that the municipalities were delegated the functions, powers, responsibilities and resources, including financial resources, to plan, coordinate, implement and evaluate integral health programmes (Goldman 2009). In practice, most attention was provided through the MSP network (47% of the medical units in the country) and the IESS network (10%).
- Eligibility/entitlement: Public health, as provided by the MSP, could be accessed based on both (registered) residency and citizenship. Yet, attention was limited. The most comprehensive health services were provided to those affiliated with the branches' social security system: IESS, ISSFA and ISSPOL (Lucio et al. 2011).
- Coverage (principal health insurance)

Percentage of population covered by government schemes	33
Percentage of population covered by social insurance schemes	20
Percentage of population covered by private schemes	20
Percentage of population uncovered	27

Earliest data available: 1987 (Carpio 2001)

b. Provision

Indicator	Value	Source
Physician density (per 1,000 inhabitants) (1960, earliest data available)	0.396	World Bank 2021
Nurses' and midwives' density (per 1,000 inhabitants) (1990, earliest data available)	1.598	World Bank 2021
Hospital beds density (per 1,000 inhabitants) (1960, earliest data available)	1.871	World Bank 2021

In terms of reliance on inpatient and outpatient sectors, after private clinics, canton-level hospitals were the most important inpatient care. In outpatient care, most of the MSP centres in urban areas operated (and continue to do so) at the level of medical dispensary whereas in rural areas there was only access to health centres with limited capacity (Carpio 2001).

c. Financing

Indicator	Value	Source
Total expenditure for health (USD) (1997)	191.3 million	Banco Central del Ecuador (2021)
Total expenditure for health (% GDP) (2000)	0.6%	Carriel (2012); Banco Central del Ecuador (2021)
Government schemes and compulsory contributory health care financing schemes (% GDP) (2000)	30%	World Health Organization 2021
Voluntary healthcare payment schemes (% GDP) (2000)	6%	World Health Organization 2021
Out-of-pocket Expenditure (% GDP) (2000)	64%	World Health Organization 2021

d. Regulation

» As of 1967, the Ministry of Health functioned as a regulatory agency. Prior to its creation, the Reglamento de Instalación y Funcionamiento de Clínicas, by Decreto Supremo 1398 published in the Registro Oficial 153 of 04.11.1966 normed the functioning of clinics while the Reglamento de Servicios de Salud Privados, by Acuerdo Ministerial 12005, published in the Registro Oficial 882 of 16.07.1979 normed private providers. As of 1970, the Dirección de Fomento y Protección de Salud led health policies like prevention and integral care. These programmes were primarily focused on maternity and childhood. In terms of health insurance, it should be noted that the military pension scheme was set up following the Revolución Juliana in 1925, as Caja de Pensiones, which provided registered workers access to a pension and civil annuity funds. Yet, dependent workers were not granted access to health insurance, as provided by the Instituto Nacional de Previsión that primarily benefitted public sector employees. By 1937, insurance was also extended to private-sector workers with Caja de Seguro Social (Palacio Ludeña 2017).

5. Subsequent historical development of public policy on health care

a. Major reform I

Name and type of legal act	Creation of the Consejo Nacional de Salud Pública
Date the law was passed	1980
Date of *de jure* implementation	1980
Brief summary of content	Creation of the National Council of Public Health

Socio-political context of introduction	It was created following the 1979 Constitution that declared that all citizens should be granted the right to a life that guarantees health, nutrition, clothing, medical assistance and necessary social services (Jiménez-Barbosa et al. 2017)

b. Major reform II

Name and type of legal act	Free Maternity Act (Ley de Maternidad Gratuita)
Date the law was passed	1994
Brief summary of content	The law was reformed in 1998 becoming health insurance that guaranteed free health care to women during their pregnancy and after birth, also access to sexual and reproductive health. The law also guarantees access to healthcare to newborns and children under five years of age (Lucio et al. 2011).
Socio-political context of introduction	Between 1992 and 1994, reforms to the health sector got into the public debate. In 2007, the Free Maternity Act became a regular programme (Lucio et al. 2011).

c. Major reform III

Name and type of legal act	Constitutional Reform: specific section (4) on health. Decreto Legislativo No. 000. RO/
Date the law was passed	11.08.1998
Date of *de jure* implementation	1998
Brief summary of content	Section 4 guarantees health as a right and includes related policies of promotion and protection of health, food security, ensuring access to safe water and a healthy environment among others. It also indicates that health policies and programmes should be free for all and that nobody should be denied medical attention in public or private centres (Decreto 1998).
Socio-political context of introduction	Between 1994 and 1996, proposals to reform the health sector were discussed but dropped until 1997. In 1998, the Public Health Ministry and Social Welfare Ministry, the CONAM (Consejo Nacional de Modernización) and the Consejo Nacional de Salud pushed for inclusion of a section that addresses health directly.

6. Description of current health care system

a. Organisational structure

- Decentralisation of the healthcare system: As of 1998, the healthcare system is decentralised. The 1998 Constitution Section 4, Article 45 indicates that the State will organise a health care system that integrates all public, autonomous, private and communal entities of the sector. Due to administrative and political reasons, the decentralisation was not fully implemented, and the MSP (or Ministry of Public Health) kept its role as main health provider. In the latest Constitution of 2008, there was no mention of decentralisation in the healthcare system (Goldman 2009).
- Regional allocation of responsibilities: The 2002 Ley Orgánica del Sistema Nacional de Salud (LOSNS) or Organic Law of the National Health System aimed to initiate decentralisation and the regional allocation of responsibilities for healthcare. It also stated that it is the State's responsibility to allocate financial resources to the provincial departments, area headquarters, and municipalities according to their health plans and following equity, population density and epidemiological risk criteria. In practice, the law was not fully implemented. As of 2006, with the Ley Orgánica de Salud, regional allocation of responsibilities was diluted. The MSP appoints a Health Director (Director de Salud) for each province. The provinces and subareas work

as units for deconcentrating the administration and budgeting of basic health services (Goldman 2009; Lucio et al. 2011).

» Segmentation of the healthcare system: The system is highly segregated according to occupational status, which determines the entitlements, e.g., registered formal employment has access to the social insurance network (IESS, ISSFA and ISSPOL).

» Eligibility/entitlement: Though the 2008 Constitution mentions a system of universal insurance, there is no insurance scheme available to all citizens. The general scheme, IESS, provides entitlements to registered workers in formal employment, self-employed workers (autonomous), business owners, non-remunerated family workers. Other insurance schemes such as ISSPOL cover the police and ISSFA the army. The Seguro Social Campesino (created in 1968 and subsidised by the State) grants independent workers in agriculture and fisheries entitlements in terms of access to healthcare, disability and old-age pensions, thus serving rural populations.

» Coverage

Percentage of population covered by government schemes and private schemes	12.2%
Percentage of population covered by social insurance schemes (IESS)	29.2%
Percentage of population uncovered	58.6%

Source: (INEC 2019)

b. Provision

Indicator	Value	Source
Physician density (per 1,000 inhabitants) (2020)	2.344	INEC 2020
Nurses' and midwives' density (per 1,000 inhabitants) (2018)	1.454	INEC 2018
Number of surgery rooms (2018)	741	INEC 2018
Number of delivery rooms (2018)	369	INEC 2018
Number of ICUs (2018)	205	INEC 2018
Number of intermediate care rooms (2018)	204	INEC 2018

c. Financing

Indicator	Value	Source
Total expenditure for health (% GDP) (2018)[1]	8%	World Health Organization 2021
Domestic private health expenditure (% current health expenditure) (2018)	48%	World Health Organization 2021
Out-of-pocket Expenditure (% current health expenditure) (2018)	40%	World Health Organization 2021

» Financing is organised through the National Health System, in which funding comes from taxes and state royalties (central budget) and executed through fiscal transfers. Next to this, the National Insurance System is financed through social security (IESS, ISSFA and ISSPOL) contributions. The system has been increasingly commodified, as health funding is increasingly channelled to the private sector, making Ecuador having the highest out-of-pocket expenditure as a percentage of health expenditure in the region (Salgado and Fischer 2020).

1 As of 2019, there was a deficit of about USD 3.655 million (approximately 3.2% of GDP), according to Lucio et al. (2019).

d. Regulation of dominant system

- Main actors responsible for regulating the healthcare system:
- At the state level, the MSP regulates health promotion through the Dirección Nacional de Promoción y Atención Integral (OEA 2016). The Public Health Ministry encompasses about 1,340 organisations, foundations and associations directly involved in health promotion. Their participation is regulated by the Decreto Ejecutivo No. 656 of 13 April 2015, as normed by the Consejo Ciudadano Sectorial de Salud (Lucio et al. 2011).
- Regulation of providers:
  In 2000, the Ley de Medicamentos Genéricos was approved, requesting interchangeable medicines and patent-equivalent medicines in the public sector. Ecuador has fragmented access to drugs. As of 2004, the private sector's participation in medicine purchases was 88.2%, while the public sector took part in 11.8%. In the case of IESS provided health services, there is a system of regulation to maintain quality standards and reduce costs. The MSP regulates the acquisition of medicines and inputs through the Comisión Nacional de Medicamento e Insumos (Sistema Nacional de Salud; Consejo Nacional de Salud; Ministerio de Salud Pública 2011). In 2013, a new chart was released to guide the purchase and provision of essential medicines by the MSP and the Consejo Nacional de Salud: the Cuadro Nacional de Medicamentos Básicos.
- Scope of benefits:
  The system is organised in seven subsystems that amount to the Red Pública Integral de Salud (RPIS): state-MEF-MSP (60.63%), IESS-SGSFI (23.20%), MIDENA-ISS-FA (0.87%), MDI-ISSPOL (0.85%), MDTOP-ANT-SPRAT (n/a), and a private for and not-for-profit (9%). These subsystems supply different packages to the populations they serve, either under the affiliate or citizen/beneficiary's logic. Health services are either provided through their network, across networks (since 2012), or by external parties working under the Red Complementaria or RC, which are later compensated for providing health services. The RPIS, together with private providers, serves 90% of the Ecuadorian population. The private sector coverage is hard to estimate, as people in the highest income groups are usually underrepresented in the household surveys used to calculate the healthcare coverage (Lucio et al. 2011). In practice, the system is still fragmented, as not all private providers collaborate with the public healthcare network. Doctors tend to be concentrated in big cities, which poses a challenge in terms of accessibility to high-quality health services.

7. Co-existing systems

The State also recognises and promotes traditional and alternative medicine, as mentioned in the article 6, numeral 36 of the Ley Orgánica de Salud. The Norma Técnica de Articulación de Prácticas y Saberes de Parteras Ancestrales en el Sistema Nacional de Salud recognises the work of ancestral midwives according to collectively agreed norms at the level of communities.

8. Role of global actors

- The IMF has provided funding to support the country's stabilisation and recovery programme: USD 6.5 billion Extended Fund Facility arrangement on 30 September 2020.
- The cutbacks in public healthcare expenditure were exacerbated by the International Monetary Fund's or IMF's call for fiscal adjustment, including a significant layoff of public healthcare workers who could have supported the necessary responsibility of the healthcare system. (Naciones Unidas 2020), in the framework of the Extended Arrangement Under the Extended Fund Facility of 2019 (IMF, 2019). The new Extended Facility of 15 December 2020 called for further fiscal adjustment equal to 5.5% of the gross domestic product (Progressive International 2020).
  The World Health Organization (WHO) is another actor that should be mentioned. The Cooperation Strategy 2018-22 determines the priorities of technical cooperation between the WHO and the Ecuadorian government to contribute to the objectives of the Development Plan 2017-21 and the Sustainable Health

Agenda for the Americas 2018-30 (ASSA). Among the areas of cooperation, it should be noted the emphasis on strengthening the National Health System to achieve universal access to health, the application of International Sanitary Regulations, and attention to early mortality for chronic diseases and attention to vulnerable groups following a rights-based logic (intercultural and gender-aware).

» The Pan American Health Organisation and WHO are important actors operating in the country. Until late 2019, Cuba was an important international actor in the health sector, under a bilateral cooperation framework that allowed for Cuban doctors' participation in health provisioning in the country.

» Historically, the Catholic Church has played an important role in the provision of healthcare. However, its function is negligible now except for a few hospitals and clinics, which are now part of the National Health System even if privately funded.

9. List of additional relevant legal acts

Name and type of legal act	Constitution declares access to health as a human right and the universality of access to social security
Date the law was passed	2008
Date of *de jure* implementation	Registro Oficial 449 de 20-oct-2008.

Name and type of legal act	Creation of the Modelo de Atención Integral Familiar Comunitario e Intercultural de Salud
Date the law was passed	2011
Socio-political context	Introduced in the context of Plan del Buen Vivir together with the Agenda Social del Desarrollo Social and the Millennium Development Goals

Name and type of legal act	Universalisation of the social security system coverage of health
Date the law was passed	2018
Socio-political context	It also led to a new policy discussion on how to finance two parallel schemes using available funding sources. A (Beveridge) scheme based on taxes, e.g., tax income and VAT, now complements the System of Universal Insurance (Sistema de Aseguramiento Universal) based on contributions (Bismarck).

References

Salgado Ana Lucía Badillo, and Fischer Andrew M. 2020. "COVID-19 | Ecuador, COVID-19 and the IMF: how austerity exacerbated the crisis." Bliss (blog), April 9, 2020. https://issblog.nl/2020/04/09/covid-19-ecuador-covid-19-and-the-imf-how-austerity-exacerbated-the-crisis-by-ana-lucia-badillo-salgado-and-andrew-m-fischer/.

Banco Central del Ecuador. 2021. "Boletín Anuario." Boletín Anuario por Años. Accessed April 15, 2021; https://www.bce.fin.ec/index.php/component/k2/item/327-ver-bolet%C3%ADn-anuario-por-años.

Carpio, Nancy. 2001. "Alcance y proceso de las reformas de los sistemas de salud en Ecuador." Revista de Salud Pública 3 (1s): 95-115.

Carriel Mancilla, Jorge. 2012. "Public expenditure in health in Ecuador." Medicina (Universidad Católica de Santiago de Guayaquil) 18 (1): 53-60.

Goldman, Matthew. 2009. La descentralización del sistema de salud del Ecuador: un estudio comparativo de „Espacio de Decisión" y capacidad entre los sistemas municipales de salud de Quito, Guayaquil y Cuenca. Quito: FLACSO-Ecuador.

INEC. 2018. "Registro Estadistico de Recursos y Actividades de Salud." Presentation. Accessed April 15, 2021; https://www.ecuadorencifras.gob.ec/documentos/web-inec/Estadisticas_Sociales/Recursos_Actividades_de_Salud/RAS_2018/Principales_resultados_RAS_2018.pdf.

INEC. 2019. "Encuesta Nacional de Empleo, Desempleo y Subempleo (ENEMDU). Indicadores Laborales Marzo 2019." Presentation. Accessed April 15, 2021; https://www.ecuadorencifras.gob.ec/documentos/web-inec/EMPLEO/2019/Marzo/032019_Mercado%20Laboral_final.pdf.

INEC. 2020. "Boletín Técnico No. 01-2018-RAS." Registro Estadístico de Recursos y Actividades de Salud - RAS 2018. March. Accessed April 15, 2021; https://www.ecuadorencifras.gob.ec/documentos/web-inec/Estadisticas_Sociales/Recursos_Actividades_de_Salud/RAS_2018/Boletin_Tecnico_RAS_2018.pdf

Jiménez-Barbosa, Wilson Giovanni, María Luisa Granda-Kuffo, Diana Margoth Avila-Guzmán, Leidy Johanna Cruz-Díaz, Julián Camilo Flórez-Parra, Luisa Silvana Mejía, and Diana Carolina Vargas-Suárez. 2017. "Transformaciones del Sistema de Salud Ecuatoriano." Universidad y Salud 19 (1): 126-39.

Lucio, Ruth, Nilhda Villacrés, and Rodrigo Henríquez. 2011. "Sistema de salud de Ecuador." Salud Pública de México (Instituto Nacional de Salud Pública) 53 (2): 177-87.

Naciones Unidas. 2020. "Plan de Respuesta Humanitaria Covid-19 Ecuador." Naciones Unidas - Equipo Humanitario de País. Accessed April 15, 2021; https://reliefweb.int/report/ecuador/plan-de-respuesta-humanitaria-covid-19-ecuador-equipo-humanitario-de-pa-s-abril-2020.

OEA. 2016. Informe Nacional sobre la implementación del Protocolo de San Salvador. Washington, DC: Misión Permanente del Ecuador ante la Organización de los Estados Americanos.

Organización Panamericana de la Salud (OPS/OMS). 2007. La equidad en la mira: la salud pública en Ecuador durante las últimas décadas. Quito: OPS/MSP/CONASA.

Palacio Ludeña, María Gabriela. 2017. "A matter of choice? Cash Transfers and Narratives of Dependence in the Lives of Women in Southern Ecuador." PhD diss., Erasmus University Rotterdam.

Progressive International. 2020. "IMF austerity is strangling Ecuador - again." Accessed April 15, 2021; https://progressive.international/wire/2020-12-14-the-imfs-austerity-is-strangling-ecuador--again/en.

Puertas Donoso, Benjamín, Marco Herrera Herrera, and Gabriela Aguinaga. 2004. "La Promoción de Salud en el Ecuador." In La Promoción de Salud en América Latina: modelos, estructuras y visión crítica, edited by Centers for Disease Control, 1-18. San Juan: Universidad de Puerto Rico.

Sistema Nacional de Salud; Consejo Nacional de Salud; Ministerio de Salud Pública. 2011. Comisión Nacional de Medicamentos e Insumos: Manual de Procedimientos. Quito: MSP.

UNdata, United Nations Statistics Division. 2021. "Ecuador." Accessed May 18, 2021; https://data.un.org/en/iso/ec.html.

World Bank, World Health Indicators. 2021. "Ecuador." Accessed May 18, 2021; https://databank.worldbank.org/source/world-development-indicators.

World Health Organization. 2019. "The Global Health Observatory: explore a world of health data. Ecuador." Accessed April 15, 2021; https://www.who.int/data/gho/data/countries/country-details/GHO/ecuador?countryProfileId=e7b60e30-efb8-470b-9014-98cfb08567ea.

World Health Organization. 2021. "Global Health Expenditure Database." NHA indicators. Accessed April 15, 2021; https://apps.who.int/nha/database/ViewData/Indicators/en.