



► Social Protection in Action: Building Social Protection Floors for All

2022

El Salvador: Extension of social security to Salvadoran migrants

Summary

Under the Salvadoreño Seguro programme, the Salvadoran Social Security Institute (ISSS) provides social security coverage for Salvadorans living abroad and their families.

In 2017, the Special Health Regime for Common Risks and Maternity, for Salvadoran persons residing abroad and their beneficiaries, was created by decree. It is administered by ISSS and provides coverage to Salvadoran migrants and their family members who continue to reside in El Salvador. The programme came into effect in October 2018 and is currently known as the Special Regime for Salvadorans Abroad (Salvadoreño Seguro programme).

The programme marks a milestone for the Salvadoran social protection system, which historically has been targeted exclusively towards salaried workers and protects only 30.6 per cent of the employed population (2020). Following the launch of this programme, in order to further expand coverage, the ISSS launched the Special Regime for Self-Employed Workers in 2018 to provide this group with access to healthcare benefits.

Main lessons learned

- Even for middle-income countries with high rates of migration, opportunities exist for extending social protection to nationals living abroad and their family members who have decided to remain at home.
- To improve the effectiveness and uptake of programmes designed for the outmigrant population, it is important to understand migration dynamics, the migration status of targeted individuals, the levels of remittances sent and the profile of remittance recipient households, among other information.
- The adoption of digital technologies is key to providing services for this diverse group, improving accessibility and reducing indirect costs.
- Political will has played a key role in the implementation of these initiatives, as well as in their financial sustainability.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

The experience of El Salvador in extending social protection coverage to its outmigrant population promotes social inclusion, in particular of persons in the informal economy, one of the key principles set forth in Recommendation No. 202.

Context

Relative to its population, El Salvador experiences significant outmigration. According to the Ministry of Foreign Affairs, in 2020 an estimated 1.6 million Salvadorans lived abroad, mainly in the United States (91 per cent of all outmigrants; of this group, 53 per cent have an unauthorized migrant status). This is a considerable amount for a country of 6.7 million people (ISSS 2020)¹.

In line with these high rates of outmigration, remittances to El Salvador have increased in recent years, reaching a total of US\$7,551 million in 2021, representing over one quarter of GDP, an increase of 32 per cent compared with 2020. The amount of remittances for 2021 is even higher than the country's exports in the same year, which reached US\$6,695 million (BCR 2021). By comparison, the total wage bill in the country for 2020 was US\$6,111 million, according to ISSS data.

In 2020, 25 per cent of Salvadoran households received remittances, at an annual average of US\$2,163 per household and with a remittance frequency that was generally monthly. However, 84 per cent of the people living in households that received remittances do not have social security coverage, primarily due to the main source of their income residing abroad.

Programme description

In 2017, the ISSS launched the Special Regime for Salvadorans Abroad, also known as the Salvadoreño Seguro programme (formerly known as Salvadoreños en el Extranjero (SALEX)), a voluntary coverage extension programme for Salvadoran migrants and their families, including members who continue to live in El Salvador.

In general, in El Salvador the ISSS provides coverage for healthcare, maternity benefits, sickness benefits and occupational risk benefits. Disability, old-age and survivors' benefits are not provided through the ISSS but have been administered by the private financial sector through pension fund administrators (AFPs) since 1998.

According to the approved regulations for the Special Regime, the contributors to the programme are Salvadoran nationals residing abroad between the ages of 18 and 60,

as well as their direct dependants, including their spouses or life partners and their children under the age of 12.

The programme provides protection against common illnesses and maternity risks, granting the same medical services that the ISSS offers to its other insured members in the general regime, which is defined by the Social Security Law and its regulations. Benefits include medical consultations, dental consultations, hospitalization and surgical interventions, emergency care and access to medicines, as well as laboratory tests and diagnostic studies. Unlike general regime benefits, persons covered under the Salvadoreño Seguro programme are not eligible for financial assistance in case of disability or to cover funeral expenses.

There is a six-month qualifying period before benefits are paid for certain illnesses, such as renal failure (stages 4 and 5), cancer, coronary heart disease and elective surgeries.

Financing. Access to the Salvadoreño Seguro programme is financed exclusively through social security contributions. Through actuarial studies prepared by the ISSS, the contribution rate was set at 9.32 per cent of wages (and is fully paid by the insured member), which is lower than the rate of 10.5 per cent applied in the general regime to reflect the lack of disability benefits and a funeral grant. In addition, considering the difficulty of collecting salary information for migrant workers, a fixed reference wage is used, currently equal to double the minimum wage in the Salvadoran commerce sector, which was equivalent to US\$365 in 2021 (Ministry of Labour and Social Welfare 2022). Thus, access to the programme has a monthly cost of US\$68.04 for 2022.

Affiliation and contribution collection. Providing social security to a population that does not necessarily reside in the country introduced challenges. In response, the ISSS has created differentiated administrative mechanisms to facilitate the expansion of the Salvadoreño Seguro programme.

Enrolment and affiliation procedures are carried out entirely through a website, on which the Salvadoran migrant completes different forms and attaches documents for verification by ISSS officials. The Institute also has agreements with the National Registry of Natural

¹ DIGESTYC (2020).

Persons and the General Directorate of Migration and Foreigners to verify the information submitted by the applicant. Once the registration process is completed, applicants will be provided with access to the web platform through a unique log in.

In the event that the insured person permanently moves back to El Salvador, the ISSS provides them with a six-month transition period to change their status and register under the general regime.

The payment of contributions can be made either in person (in El Salvador) or online through several commercial banks with which the ISSS has an agreement in order to simplify the payment of contributions. For in-person payments, migrant workers usually send the contribution amount to one of their dependants in the country as a remittance, which allows them to make the contribution payment in Salvadoran territory on the worker's behalf. In order to reduce the costs associated with such remittances, the ISSS allows beneficiaries to pay their contributions up to one year in advance. Payment in advance does not, however, affect the six-month qualifying period required for some healthcare benefits.

Scheduling medical appointments while abroad. Due to the fact that the insured person lives abroad, the ISSS allows them to request their medical appointments online. However, the person needs to schedule the appointment at least three months in advance (in case of emergencies, beneficiaries can access care without an appointment, although availability may be limited in practice). This can be done through the web portal of the ISSS.

Proactive communication strategies. Prior to the launching of the programme, the ISSS built a communication and information dissemination strategy, based on the promotion of the initiative to migrant workers abroad, as well as to potential beneficiaries who continue to live in El Salvador.

Results

After four years of operations, the Salvadoreño Seguro programme has enrolled a total of 217 Salvadorans abroad. According to the ISSS, from January 2017 to February 2022, 148 men and 69 women contributed to the programme. The contributors maintain their residence mainly in countries such as the United States of America, Sweden, Italy, Spain and Australia. In addition, through these 217 contributors a further 90 beneficiaries are covered as dependants, which brings the total number of people covered to 307.

During the design of the Salvadoreño Seguro programme, a target enrolment of 5,000 people each year during the first three fiscal years was envisioned. However, the actual results are well below the target. It is important to highlight that the contributable salary (twice the minimum wage) for this programme has increased substantially since the beginning of the programme, from a value of US\$600 in 2018 to a value of US\$730 by 2021. That is, the cost of the programme has increased from US\$55.92 to US\$68.04 by 2022.

Three reasons may be advanced for the low rates of affiliation. First, migrants may prefer to use private healthcare facilities, often due to perceptions of superior care being offered, which they are willing to pay for out of pocket. Second, the myopia of migrants when considering their health needs, combined with the voluntary nature of the programme, may lead them to underestimate the risks and costs of serious health issues and therefore decide not to affiliate. Lastly, there may be a lack of awareness of the Salvadoreño Seguro programme among migrants. Further research into these areas would be useful for understanding migrants' decision-making process in order to identify suitable strategies to improve coverage.

Main recommendations

- Review and monitoring of the programme's financing model and its progressive harmonization with the general scheme. It is necessary to review the formula and criteria used to calculate the social security contributions. Contributions are expressed in a fixed percentage of the Salvadoran minimum wage. It may be better to analyse the cost drivers of the programme more accurately to ensure that its contributions and expenditures are well balanced.
- Facilitate easy online payment systems, for example by allowing for payment by debit and credit cards or through mobile applications.
- Continue to modernize the web portal in order to further simplify the processes of affiliation, contribution collection, tax control and validation of rights, among other possible improvements. In addition, the three-month period required to book appointments in advance may be reduced to improve effective access to care.
- Strengthen communication and outreach strategies with the target population, through the consulates and embassies and organizations of Salvadorans in host countries.

- ▶ Improve coordination between the Salvadoreño Seguro programme and other social security schemes. For example, coordinate the benefits provided through the Salvadoreño Seguro programme with the disability, old-age and death benefit programmes administered by AFPs, thereby increasing the joint service offering and strengthening the incentives for Salvadorans abroad to join the programme.
- ▶ The programme should seek greater coordination with other Salvadoran international agreements regarding social protection, including the Ibero-American Multilateral Agreement. The lack of an agreement to provide coverage to migrants in the United States is particularly worrying, considering that it is the main destination of Salvadoran outmigrants.
- ▶ Monitor the operational activities of the Salvadoreño Seguro programme and improve understanding of the beneficiary group and their needs. Such studies will help to increase the programme's attractiveness for Salvadorans abroad and could provide a base for expanding membership.

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