International Labour Organization

Social Protection in Action: Building Social Protection Floors for All

2022

Costa Rica: Ensuring universal health protection

Summary

The Costa Rican public health system has been strengthened over the course of several decades and is widely considered to be a success story – one of the most successful in the Latin American region.

Costa Rican residents have nearly universal access to a full range of healthcare services and enjoy effective protection from catastrophic health costs. This translates into tangible health outcomes.

According to the 2018 annual report of the Pan American Health Organization (PAHO)/ World Health Organization (WHO), Costa Rica has the lowest infant mortality rate in Central America and is ranked 60th of the 184 countries reviewed. It also has one of the world's highest life-expectancy rates, at 79 years, according to PAHO/WHO.

The Costa Rican public health system is closing the final gaps towards the universality of protection based on social solidarity, including in its financing, while high-quality public services help enhance the delivery of social protection benefits. These characteristics constitute a few of the guiding principles set out in the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

- The social health protection model based on a social insurance scheme is a viable option for advancing towards universalization. However, it requires financial mechanisms to subsidize the contributions of self-employed workers with low contributory capacity, as well as a strong commitment from the State to fund coverage for poor people who are unable to pay social security contributions.
- The universalization of social health protection is a process that takes time – even decades – to be consolidated, owing to the complexities of financing, organization, and service provision
- The development of a comprehensive healthcare model that is provided with adequate funding and infrastructure leads to improved health outcomes.
- Costa Rica has shown that there are strong synergies between investments in health and other sectors, such as education and access to basic services, which contribute to improving the state of health of the population. This calls for attention to be paid to intersectoral coordination in social policy design.

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.

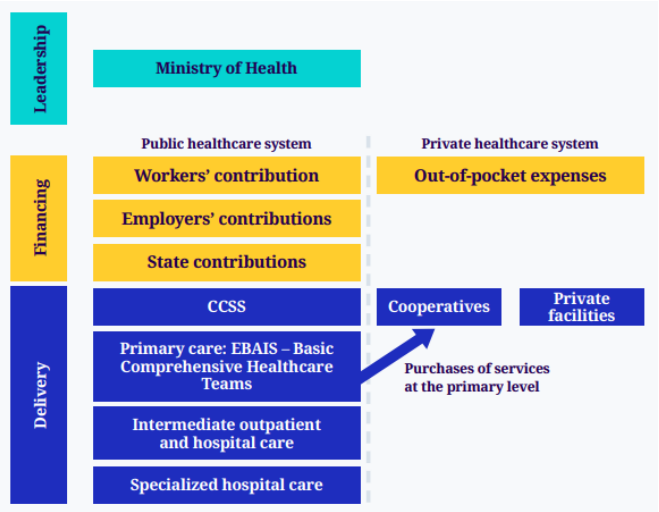
The Sustainable Development Goal 1.3, part of the UN 2030 agenda, aims to implement nationally appropriate social protection systems and measures for all, including floors, supported by the Universal Social Protection partnership (USP2030).

This brief presents a successful experience of a country in extending social protection.

How does the system work?

The Ministry of Health oversees the performance of essential health functions and takes a leadership role in the sector. The Costa Rican Social Security Fund (CCSS) is the agency responsible for public health insurance and the provision of health care services. Figure provides an overview of the CCSS.

Figure. Overview of the Costa Rican health system



▶ Source: Authors' elaboration.

The CCSS model provides access to quality health care services for all. Solidarity in financing ensures members' financial protection in case of sickness, according to their needs and not their means. Social dialogue helps build a national consensus on the design and implementation of the national social health insurance. The Costa Rican system seeks to ensure universal access to affordable, available and adequate health services using a people-centred approach.

Legal considerations

The Constitution of Costa Rica recognizes the "right to life". The General Health Act of 1973 defines the health of the population as a public good and holds the State responsible for maintaining it, through the health system.

Package of benefits

Costa Rica has one of the region's most integrated health systems, wherein the health of the population is seen as a social product and not solely the outcome of the work of health-service providers. The benefit package offered through the CCSS includes general, specialist and maternity care; hospitalization; medicine; dental; auditory and limited optometry services; and appliances (at reduced cost) (SSA and ISSA 2019).

Network of healthcare providers

The CCSS is the sole public agency responsible for providing health services to different population groups (SSA and ISSA 2019). It has an extensive network of hospitals, clinics and medical professionals that provide healthcare at individual and community levels. It is organized by levels of care and is divided territorially into seven programmatic regions. Primary and emergency medical care are guaranteed for all in Costa Rica; for the other levels of care, registration under some form of health insurance, whether contributory or non-contributory schemes, is required. Primary-level care constitutes the gateway to the health services system, where comprehensive healthcare services are offered. Basic comprehensive healthcare teams (EBAIS) are in charge of primary care. Secondary health services consist of specialized consultations and essential surgical treatment. The tertiary level provides specialized healthcare, such as complex medical and surgical treatments, in national hospitals.

Since the late 1980s, the CCSS has also been indirectly providing almost 7 per cent of first-level outpatient consultations through agreements with private-sector health cooperatives. This collaboration has set in motion strategies for improving effective coverage by reducing waiting lists, leading to improved health outcomes.

Health insurance financing

The system comprises two social health protection regimes: a contributory regime for insured persons, including employed and self-employed workers and pensioners, as well as any dependent family members; and a non-contributory regime for persons on low incomes. Overall, approximately 90 per cent of the population is insured.

The contributory regime is financed through tripartite contributions on labour income: 5.50 per cent from the worker, 9.25 per cent from the employer and 0.25 per cent from the State, making for a total contribution rate of 15 per cent. The non-contributory regime for vulnerable groups is financed via general taxes, such as through special duties on electronic lottery gambling activities and the sale of cigarettes and alcohol. In the case of low-income self-employed workers, a State subsidy that accounts for their individual capacity to contribute is in place. The

insurance system is universal for all workers receiving an income, including those in the informal economy.

In 2019, domestic general government health expenditure as a share of GDP was 5.3 per cent. Income from social contributions hovered around 5.1 per cent of GDP, representing approximately 70 per cent of current health expenditure (CHE) for 2019 (WHO 2020). The share of household out-of-pocket payments has also decreased in recent years, falling from 32.7 per cent of CHE in 2005 to 22.3 per cent of CHE in 2019.

How was this progress achieved?

The health sector has been the subject of a process of continuous improvement, which began with the introduction of public health programmes and the creation of the Ministry of Health early in the twentieth century.

During the last 30 years of the twentieth century, Costa Rica made successive efforts to improve the coverage and scope of social security services in an integrated manner, including through the comprehensive health system reform launched in the 1990s. The Decentralization Act of 1998 created Community Health Boards to oversee the delivery of local health services, which increased community responsiveness and engagement in establishing health-related priorities and performance targets at the local level. Efforts to establish the EBAIS community primary services teams represent a successful example of ambitious reform, although many challenges remain. Primary care functions as a solid foundation for the rest of the health system and serves as a positive model for other health systems at all stages of development.

What are the main results in terms of impact on people's lives?

Social health protection is nearly universal in Costa Rica and its health outcomes are comparable to those seen in most developed countries. In 2019, life expectancy at birth was 82.9 years for women and 77.7 years for men (UN 2019). The country has performed remarkably well in terms of infant mortality, with a rate of 7.5 deaths per 1,000 births in 2019.

The high level of public expenditure on health, coupled with the emphasis on universal coverage and primary care, have contributed to this significant achievement. Nonetheless, waiting lists for specialized services remain a challenge and negatively affect user satisfaction and public confidence.

Challenges and way forward

Despite all the progress made, key challenges must still be overcome to guarantee an equitable, sustainable and high-performance healthcare system for present and future generations. Key challenges include the following.

- Ensuring financial sustainability. Although social health protection coverage is near- universal, compliance in paying contributions needs to be improved, with 15 per cent of the taxpayers evading contribution payments.
- Improving effective access to quality health care for populations living in rural areas.
- Due to long waiting lists and perceptions of low quality, some beneficiaries choose to visit private facilities and pay out of pocket. Enhancing quality, reducing waiting lists and increasing the satisfaction of public health services could reduce the amount of out-of-pocket expenses and increase public support in the system.
- Limited social dialogue in policy design. It is crucial to systematically engage with social partners on the design of policies, including for social health protection. The need to increase social dialogue was also noted by Michelle Bachelet, the United Nations High Commissioner for Human Rights, during a visit to the country in 2019 (OHCHR 2019).

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