Commentary

Mexico’s *Seguro Popular*: Achievements and Challenges

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Abstract—In Mexico, *Seguro Popular* is a landmark government program aimed to guarantee universal access to health services, especially for the most vulnerable populations. Since its adoption in 2004, important changes have been made to improve the performance of *Seguro Popular*. In this article, we present the main changes that have been implemented in *Seguro Popular* during the current administration (2012–2018) and propose a series of considerations to improve its performance in the immediate future and thus contribute to achieving the goal of universal health coverage in Mexico.

INTRODUCTION

Mexico’s landmark *Seguro Popular* health insurance program was adopted in 2004\(^1\) in order to address the nation’s unequal distribution of the financial, physical, and human resources in public health services. The purpose was to provide a universal social health protection system for the most vulnerable populations; that is, persons of low socioeconomic status who have no formal employment and thus have no access to Mexico’s extensive social security health services provided by the Instituto Mexicano del Seguro Social (IMSS), Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (the social security system for state workers), and other similar institutions.

The goals of *Seguro Popular* (SP) were to grant ample access to public health services through a voluntary, universal insurance instrument, bound to a “catalog” or benefit inventory called CAUSES (*Catálogo Universal de Servicios de Salud*), which today includes 294 interventions (equivalent to 1,807 diagnoses of the *International Classification of Diseases*)\(^2\) plus treatment for 65 catastrophic pathologies paid through a special fund, named Fondo de Protección contra Gastos Catastróficos (FPGC), and, finally, a fund

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that covers 100% of all health conditions in children under five years of age through Seguro Médico Siglo XXI resources.

Since its establishment, SP was able to increase Mexico’s health expenditure by one point of gross domestic product (GDP). This increase in health expenditure allowed for a major extension of coverage and utilization, which, in turn, reduced catastrophic and impoverishing health expenditures and also improved equity for nearly 43.5% of Mexico’s population who previously lacked social security and had to finance their health care mostly out of pocket. Though great advances were more evident during the first years of Seguro Popular, the gradual introduction of coverage for more interventions that trigger catastrophic expenses has been maintained, so that continuous positive impacts, mainly related to reduced out-of-pocket spending, are expected.

The financing of Seguro Popular is made through both federal and state government funds, whose origin is mainly from general tax revenues but also includes, in some cases, personal or family premium payments, although these latter represent a very small share of the total. The federal government pays the so-called social contribution and a federal solidarity quota, and each state makes its own payment, called the state solidarity quota. At the beginning of Seguro Popular, this last contribution could be provided in kind; during the current administration, it was established that at least 30% of the state contribution must be paid in cash. The amount of financing provided has been based on the calculation of a capitation payment, like the premium for an insurance plan, which is then paid, according to the number of affiliated persons who were registered for Seguro Popular, to each state of the Mexican republic.

Health care provision for the SP-affiliated population was defined as the responsibility of each federal entity (state) in Mexico through their own and already available infrastructure, supplies, and human resources. Additional specific funds were also available for financing hospital construction as well as for the acquisition of medical equipment.

By the end of 2012, at the start of the current federal administration, some of Seguro Popular’s original objectives had been achieved, mainly an increase in public health expenditure, resulting in improved equity of public health spending, a reduction in out-of-pocket expenditure and catastrophic outlays, and important progress in financial equity, as well as the affiliation of a substantial sector of Mexico’s most vulnerable populations.

Despite these great achievements, a number of challenges remained. The most outstanding problems included an uncontrolled, unspecific, incomplete, and untimely expenditure of resources, which also lacked transparency. These problems in turn might have allowed illegal acts (such as negligent expenditures, fraud, corruption, nonlegitimate expenses, and price fixing, among others).

Likewise, other adverse conditions prevailed, such as inconsistencies in the census of affiliates, which defines the resources allocated for each person and are transferred to the states. Problems also existed in medication shortages, in addition to a lack of efficiency and quality in the provision of health services. Nigenda et al. identified three important findings in relation to the transfer and allocation of funds in Seguro Popular: (1) delays in the transfer of the funds at different points in the system, (2) some states did not adhere to the negotiated expenditure targets, and (3) unauthorized use of financial resources.

Consequently, during the present administration (2012–2018), important efforts have been made to address these conditions and improve Seguro Popular. This article summarizes the main changes accomplished for this important program in the last few years and describes their impacts and further directions.

**FINANCIAL STRUCTURE**

One of the first steps taken to improve Seguro Popular’s financial system was the separation of functions to break the connection between the financial and service provision entities. Starting in 2014, Seguro Popular promoted a reform that established that the responsible state organizations, called Regimenes Estatales de Protección Social en Salud (REPSS) and until then were dependent on the state health ministries, were transformed into public decentralized bodies, with their own legal personalities and patrimonies. This reform allowed the REPSS to function as autonomous administrative entities in each Mexican state. The REPSS had the responsibility of supervising health care provision services, managing the federal and state financial resources paid to the health services providers, performing promotion and affiliation activities, and, finally, generating information regarding the operation, supervision, and follow-up of the whole process.

Mexico has serious problems of fragmentation in its health system. In the previous administration, in 2006, the government sought to reduce fragmentation through the National Agreement Towards the Universalization of Health Care Services that was signed by different health care providers within the system. In 2012, additional actions were taken through agreements that made it operationally possible to reduce fragmentation. One of these agreements was aimed to bring major providers closer together and to create coordination mechanisms to achieve a system of universal health coverage in Mexico. Although Seguro Popular is not a service provider per se, its participation is important as a key role to
this goal. Therefore, recent efforts have been made to increase the service exchanges between providers, and it is expected that Mexico will have the first promising results soon.

Some other amendments to the Seguro Popular system were enacted in 2014, including the following: regularization of resource transfers (cash and in-kind) for the local management of funds; facilitation of interstate health care portability; establishment of a compulsory financial information mechanism that was required to be used by the states; and the institution of a specific felony for resource diversion.

Implementation of a major policy reform (like Seguro Popular) always requires changes and adjustments over time. Over the years, with the actual execution of reform programs, the original policy design often becomes inadequate, old problems persist, and new problems arise. As Seguro Popular was implemented, it was recognized that regulations had to be improved to avoid mismanagement of funds and to make spending more efficient as well as transparent. Therefore, in 2014, changes and adjustments were performed, organized according to three of the health system “control knobs” proposed by Roberts et al.8 (Table 1).

Other central innovations were introduced to prevent discrepancies in the affiliate census, by matching the database of IMSS (the largest social security institute in Mexico, with nearly 50% of the total Mexican population affiliated) with the databank of Seguro Popular. This database merge allowed Seguro Popular to remove more than three million registries from its listings that were duplicate affiliations (Figure 1), leading to more accurate financing of the whole system.

Two results of these policy adjustments were promptly noticed: Sistema de Compensación Económica de Servicios Interestatales de Salud allowed patients unrestricted access to health care regardless of their location, and health care providers were willing to supply the corresponding health care knowing that the expenses would later be reimbursed.

The allocation of 50% of the total SP resources provided by the federal treasury, which had to be spent in a timely manner, according to specific rules, and only for specific budget items, made it possible for these public resources to be sufficient for health care provided in a majority of Mexico’s states.

A new finance management system was implemented (Sistema de Gestión Financiera, SIGEFI), which forced REPSS to provide a stricter report of expenses that, in parallel with the established penalties, made it possible from 2013 to the present (May 2018) to create prompt reporting of spending and prevent the misuse of resources.

Ensuring that the list of SP affiliates does not contain duplicates has allowed Seguro Popular to stick to the authorized budget and to avoid the funding of unauthorized individuals.

### Table 1. Actions Taken to Improve Seguro Popular, Organized According to Three Health System Control Knobs

| Control Knob | Description |
|--------------|-------------|
| Payment (Methods to Pay Health Care Providers, Such as Fees, Capitation, and Budgets) | In each state, new financial accounts were established (federal treasury accounts) to allocate 50% of the total Seguro Popular resources, which subsequently had to be spent mainly on the acquisition of pharmaceuticals, health-related materials, and outsourcing services, as well as on salary payments |
| Regulation (Use of Coercive Efforts by the State to Alter the Behavior of Actors in the Health System) | For cases of illegal acts associated with Seguro Popular resources, new penalties and even punishment with imprisonment were established. Since 2016, a new management system, called SIGEFI, was introduced to control the annual budget of more than 40 billion MXN (about two billion USD), 40% of which was allocated for paying wages and 30% for the acquisition of medication and health-related materials |

In addition, based on these adjustments, and despite national financial constraints, Seguro Popular was able to achieve several important improvements during the present administration. In January 2018, it possessed a reasonably accurate listing that included 53.5 million affiliates (23.1 million families), or 43.3% of Mexico’s national population10 (Figure 1). The share of public health expenses increased considerably, rising from 2.2% to 3.0% of the Mexican GDP (2000–2016) according to the Organization for Economic Co-operation and Development and, on the other hand, out-of-pocket expenditures declined from 52.2% to 41.4% (2000–2015) of total health spending between 2000 and 2015.11 In our view, the most important accomplishments were the reforms that led to a more transparent way to substantiate health expenditures within the states, which favored more accurate accounting and rational spending.
These achievements have also been felt at the family and personal levels. A reduction in catastrophic expenses began in previous administrations, showing a decrease from 2.7% to 1.7% (2004–2014) of households (representing a noteworthy decrease of 36%). More efficient resource management promoted in recent years favors a continuation of these positive trends. The same situation occurs with the impoverishing expenses, which fell from 3.3% to 0.8% of the population from 2004 to 2014, resulting in a significant reduction of more than 83% in outlays for the most vulnerable families. In addition, as the National Board of Political and Social Development notes, the indicator for “lack of access to health services” (defined as no formal insurance affiliation) declined from 29.2% of the population to 15.5% between 2010 and 2016 (Figure 2).

Seguro Popular has also advanced equity in Mexico. In 1995, IMSS accounted for 69% of total health expenditure in Mexico; from 2005 to 2017, this share has declined because of Seguro Popular. Today, because the SP capitation payment is the same for every affiliate, throughout the country, federal resources have been spent in a more equitable manner among the states. The administrative reforms undertaken in recent years have made it possible to address the main causes of hospital discharges in Mexico. Regarding this issue, to date, there are still significant challenges that must be overcome to match the health services provided by Seguro Popular to those delivered to the population with access to social security and then be able to reduce the outlay of personal expenses. Though, progressively, high-cost health interventions have been added (i.e., liver, heart, and lung transplantation, as well as treatment for esophageal cancer in 2018), there are some conditions that are still not financially feasible to incorporate, such as myocardial infarction for individuals older than 65 years, as well as the management of

- Scope of services covered: The provision of health care has improved significantly, mainly due to the expansion of interventions included in CAUSES (the benefit package), which have risen from 90 in 2004 to 294 in 2018. During the current administration, 142 medicines and materials as well as nine interventions were added to this catalog, making it possible to address the main causes of hospital discharges in Mexico.
FIGURE 2. Households with Catastrophic and Impoverishing Expenditures, Mexico 2002–2014 (Modified from de Salud15)
chronic renal failure with dialysis (which alone would collapse the system) (Figure 3). Moreover, the provision of ambulatory medical services at the primary-care level medicine must increase significantly, first to provide more preventive services and, second, to expand access to medical care, mainly to the most vulnerable populations, such as indigenous communities, where effective access remains very poor.

- **Health impoverishment**: Although the share of public health expenditure has increased, consequently lowering out-of-pocket expenses and thus improving financial equity for the Mexican population, it is important to continue to seek an increase in the percentage of GDP allocated to the public health system in order to approach at least the average of Organization for Economic Co-operation and Development countries.

- **Access to health services**: According to the 2015 inter-censal survey from the Instituto Nacional de Estadística y Geografía, 17.8% of the Mexican population is not affiliated with any health care service or social security system. This situation indicates that universal financial health protection has not been achieved in full in Mexico, remaining a task still to accomplish.

- **Efficiency of financial management**: Although a separation of functions (financing from provision) within Seguro Popular was effectively achieved and the subsequent enforcement of the transparency of the management of resources was well executed, the system continues to face a significant challenge related to efficient financial resources management. Mechanisms are needed to allow REPSS, for example, to exercise more cost-effective strategies for service purchasing and supplies procurement, as well as to have more authority in the decision-making process.

- **Quality of services**: With respect to the quality of health services, recent measures have been introduced by Seguro Popular to drive resources toward the “accreditation” process, rather than to operations, as occurred in the past. For example, state health services are now required to invest in infrastructure development and equipment acquisition, as well as the hiring of human resources, but mechanisms still need to be developed in order to make these tasks permanent.

- **Listing of affiliates**: To maintain the affiliate registry with no duplication (for any social security organization) is a major undertaking. The formal workforce in Mexico is very unstable and the SP affiliation period is three years (but ceases to be valid when a person enters another health insurance system). A significant proportion of the total workforce enters or leaves IMSS every year. This turnover in IMSS affiliation makes it necessary to establish tools that would allow Seguro Popular to have access to the databases of the social security organizations, so that these institutions can be charged for services provided and paid for by Seguro Popular.

Seguro Popular is the first public insurance program in the history of Mexico aimed at the most vulnerable populations, seeking to grant them access to health services. This massive effort to affiliate 54 million inhabitants with Seguro Popular has brought the country close to achieving universal health coverage.

For the near future, the Mexican health system, and therefore Seguro Popular, faces two major additional challenges:

a. Financial sustainability is not guaranteed in the long term because:
   i. The health system is becoming more expensive by the day due to epidemiologic changes in the Mexican population, which combine the characteristic illnesses of a developing country with the chronic degenerative diseases of an aging population.
   ii. The FPGC is losing its financial basis and is predicted to run out of money in ten years.

b. Mexico faces potential political challenges and changes in the July 2018 presidential election, and the results of that election could endanger the continuity of Seguro Popular.

Mexico needs to execute financial strategies and public policies that will guarantee the financial sustainability and continuity of Seguro Popular in the long term. Measures to do this could include the following:

- Positive and specific health impacts will have to be linked to financing in order to drive the system to more efficient resource administration and allocation.
- Seguro Popular possesses a contributive premium-based membership regime and a subsidized membership regime, although only the second one is applied in practice. It is estimated that almost 30% of affiliated households are able to pay a personal or familiar contribution as a premium but do not currently do so. This source of funding, if collected, could provide significant new revenues for Seguro Popular.

CONCLUSIONS

The most significant results of Seguro Popular are the ability to maintain positive trends of in reducing in catastrophic/
FIGURE 3. Evolution of CAUSES over Time (Modified from Comisión Nacional de Protección Social en Salud, Secretaría de Salud\textsuperscript{2} and Unidad de Análisis Económico, Secretaría de Salud\textsuperscript{14})
impoverishing costs, in reducing lack of access to health care services, and decreasing out-of-pocket expenses.

In recent years (from 2013 to 2018), Seguro Popular coverage has been expanded, with the addition of 61 pathologies grouped into nine interventions and 61 medicines and materials to the CAUSES catalog; the FPGC component, during the same period of time, also increased to include six new pathologies.10

The most important changes were those regarding the reforms to the law in 2014, which promoted a more transparent administration of the federal resources allocated to the states. These reforms included methods to transfer money to the REPSS, limiting how they spend the resources, introducing ways to render, validate, and substantiate expenses through the SIGEFI system and establishing mechanisms with penalties for illegal acts. In addition, the listing of affiliates was revised, removing duplicate memberships with other programs or institutions.

The results of these reforms were improved administrative adherence to a legal framework, which promotes better management of resources. During the current administration, Seguro Popular resources have been provided and used in a timely, orderly, as well as a correct manner; this, in addition to the elimination of three million affiliates who held duplicate affiliation with other institutions, made it possible to adhere to the authorized budget.

There are many challenges for Seguro Popular in the future. These include ensuring financial sustainability and promoting the allocation of more resources for the health system to increase the proportion of GDP destined to this area. In addition, the provision of health care has to increase and improve in terms of quality, so that out-of-pocket expenses may decrease and access to health care increases.

In the coming years, the Mexican health system will face significant epidemiological and financial challenges, described above, as well as political challenges of who wins the upcoming presidential election. The next administration will have to be able to implement cost-effective actions for the provision of health care; design realistic policies based on evaluation, evidence, and strategic planning; and create new financial sources to secure the future of Seguro Popular.

NOTES

[a] MXN indicates Mexican pesos.

[b] At the current time, it is possible to check social security membership during the affiliation process with Seguro Popular but not when seeking medical services listed under CAUSES. This means that if a person who is affiliated with SP gets a formal job and joins IMSS, hospitals and clinics have no way to know this and therefore the patient is covered under SP benefits. As a result, patients who seek medical care for CAUSES interventions, using SP, are not recognized if they are affiliated with IMSS or ISSSTE. On the other hand, because catastrophic expenses are charged after services are delivered, it is possible for “active” affiliates with IMSS or ISSSTE to be considered for reimbursement to SP.

[c] This article was accepted in June 2018, before Mexico’s presidential election occurred.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

No potential conflicts of interest were disclosed.

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