



Department of
Health Policy

Latin America healthcare system overview: A comparative analysis of fiscal space in healthcare

LSE Workshop

Panel Discussion: Reflections on Sin Taxes and Fiscal Space in Latin America

Friday March 6, 2020

The World Bank, Washington D.C.

Prof. Jaime Espín, PhD

Key points of the Report

- Relevant topic (Fiscal Space)
- Clear in defining terms used
- Very good “Conceptual framework”
- Survey – Excellent number of answers (N=673)
- Appropriate selected examples (VAT and Tobacco)
- Well designed simulation analysis

SOME IDEAS FOR NEXT STEPS

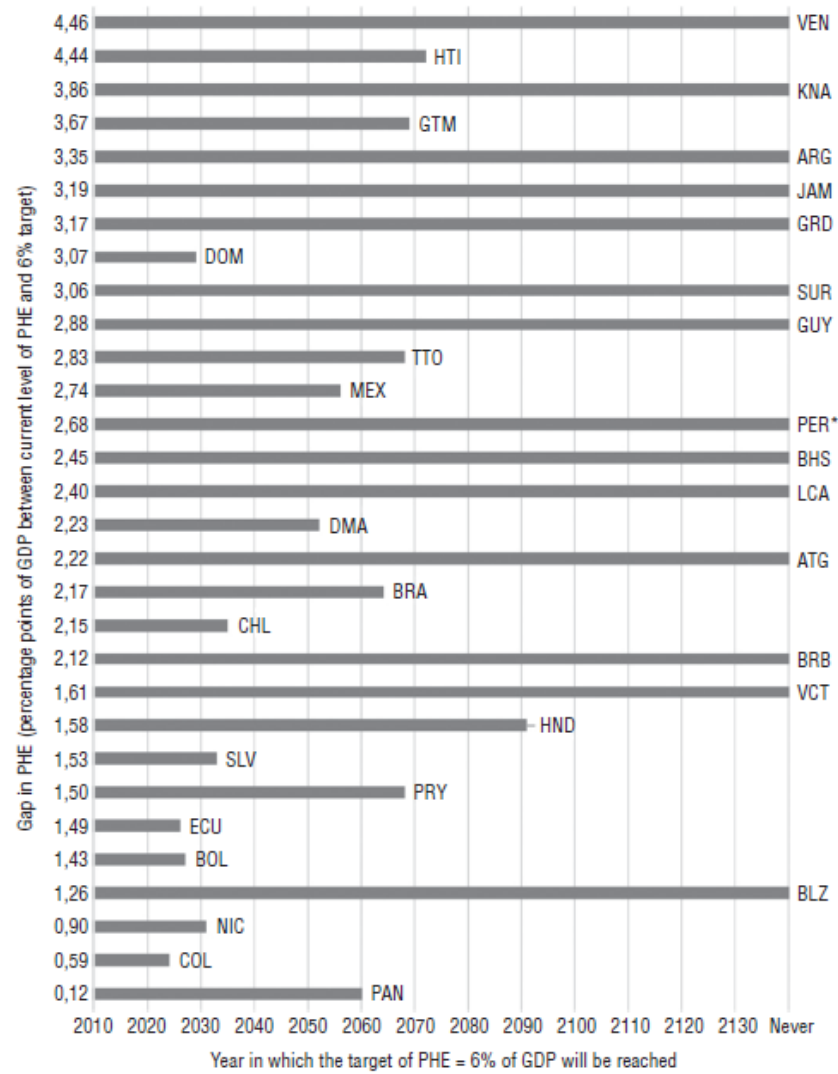
(Comparative Analysis II)

1. Why 6% of GDP in Public Health Expenditure?

. Panamerican Health Organization/World Health Organization (PAHO/WHO). Strategy for Universal Access to Health and Universal Health Coverage. Resolution 53. R14 of Directing Council of Regional Comitee of World Health Organization for the Americas. Washington D.C.: PAHO; 2014.

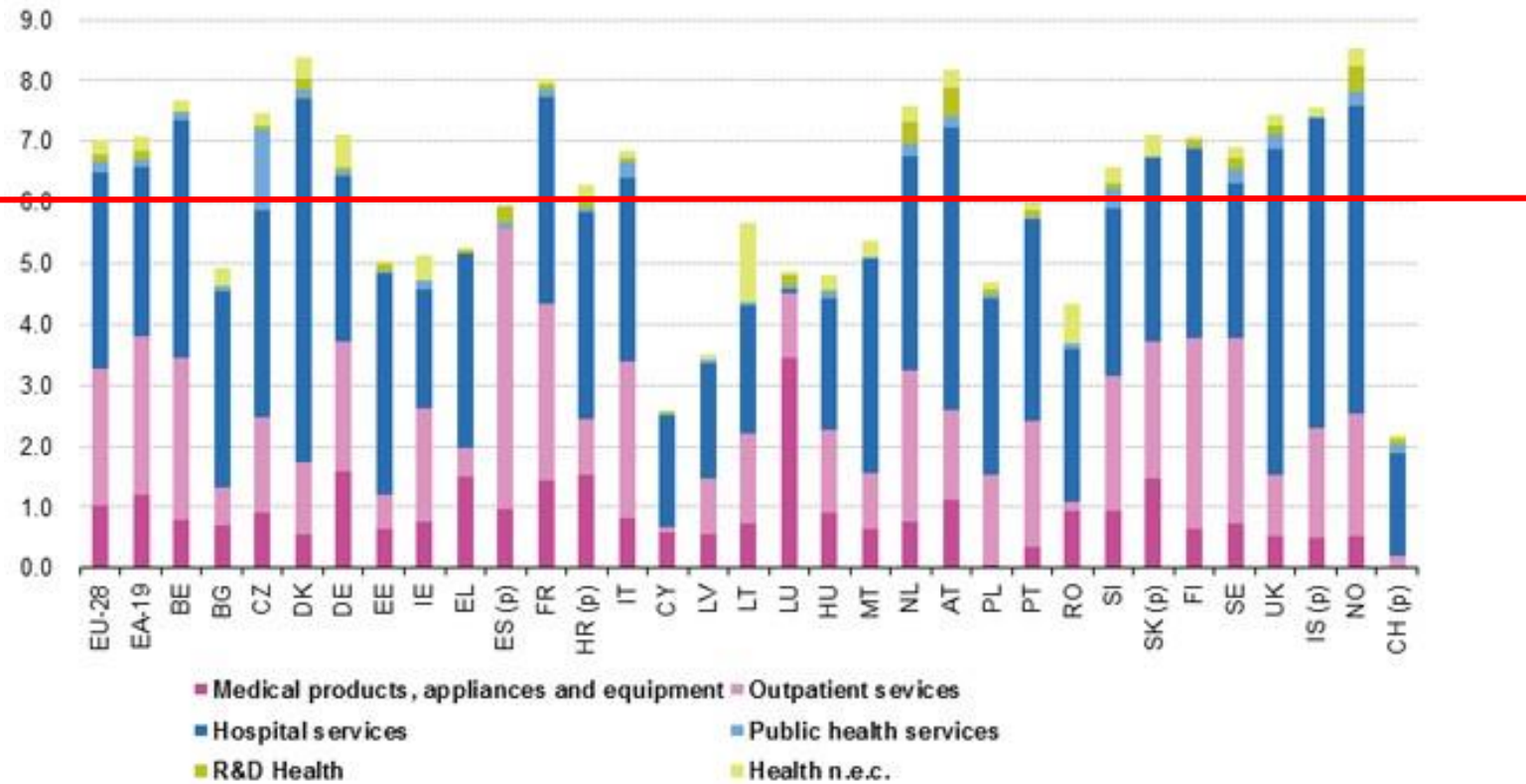
- * What about the countries that achieved the goal (Uruguay and Costa Rica)?**
- * Country-specific goal?**

FIGURE 1. Countries by gap between current and target PHE, and year in which the economic growth target would be reached



*After year 2100.
 Source: the authors.

Total general government expenditure on health, 2017 (% of GDP)



Source: Eurostat

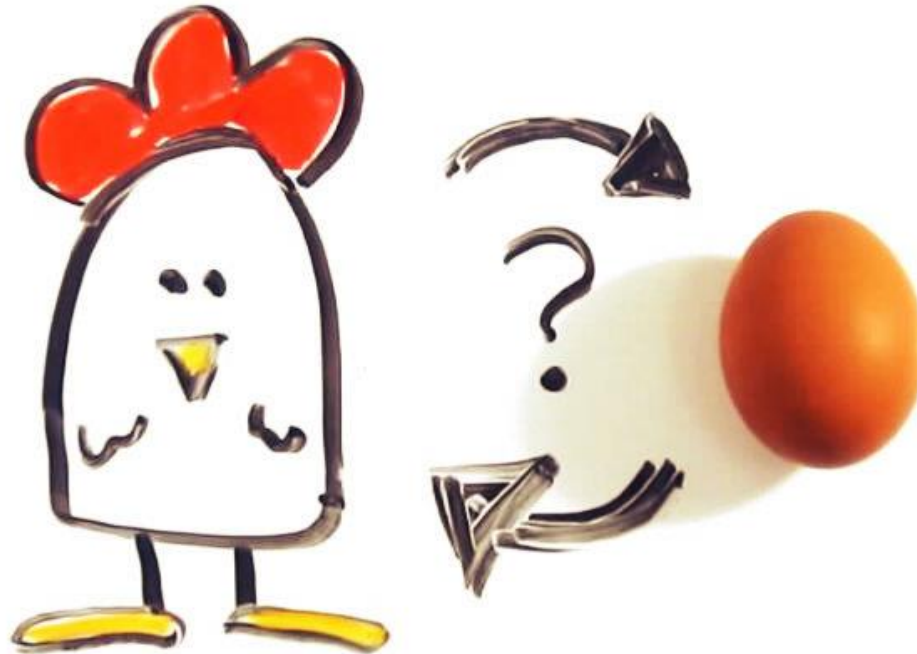
KEY IDEAS FROM THE REPORT

Despite the above trend, total health expenditure as a proportion of GDP has increased in the majority of Latin American countries (particularly in Argentina, Chile, Colombia, Costa Rica, Ecuador, Panama, and Peru) over the past 15 years, while out-of-pocket expenditure on health increased in 5 countries (Colombia, Ecuador, Panama, Peru and Uruguay), but decreased in the remaining countries (Argentina, Brazil, Chile, Costa Rica, Mexico) over the same period. Private health expenditure increased in all countries besides Argentina, Costa Rica, Mexico, and Uruguay during the same period.

1. **Positive trend** in health expenditure as a proportion of the GDP
2. **Out-of-pocket expenditure** and **private health expenditure** should be monitored

2. Increase Public Expenditure v Efficiency

Spend more v Spend better



The World Health Report



HEALTH SYSTEMS FINANCING The path to universal coverage

This report estimates that from 20% to 40% of all health spending is currently wasted through inefficiency, and points to 10 specific areas where better policies and practices could increase the impact of expenditures, sometimes dramatically. Investing these resources more wisely can help countries move much closer to universal coverage without increasing spending.



2

More money for health

- 21 Raising resources for health
- 22 But what does universal coverage cost?
- 23 Ensuring a fair share of total government spending on health
- 26 Diversifying domestic sources of revenue
- 27 Exploring sources of domestic financing for health
- 31 External financial assistance
- 33 Effect of economic downturn on development assistance
- 35 Conclusion

4

More health for the money

- 61 Using resources wisely
- 62 Ten leading causes of inefficiency
- 62 Eliminate unnecessary spending on medicines
- 64 Improve quality control for medicines
- 65 Use medicines appropriately
- 65 Get the most out of technologies and services
- 66 Motivate people
- 67 Improve hospital efficiency – size and length of stay
- 68 Get care right the first time
- 69 Eliminate waste and corruption
- 69 Critically assess which services are needed
- 70 The potential benefits of improving efficiency
- 72 Incentives, health financing and efficiency
- 75 Paying for performance
- 76 Strategic purchasing
- 77 Fragmentation
- 78 Redressing inequality
- 79 Conclusion

3. Personalized ~~Medicines~~ Public Policies (country-specific public policies)

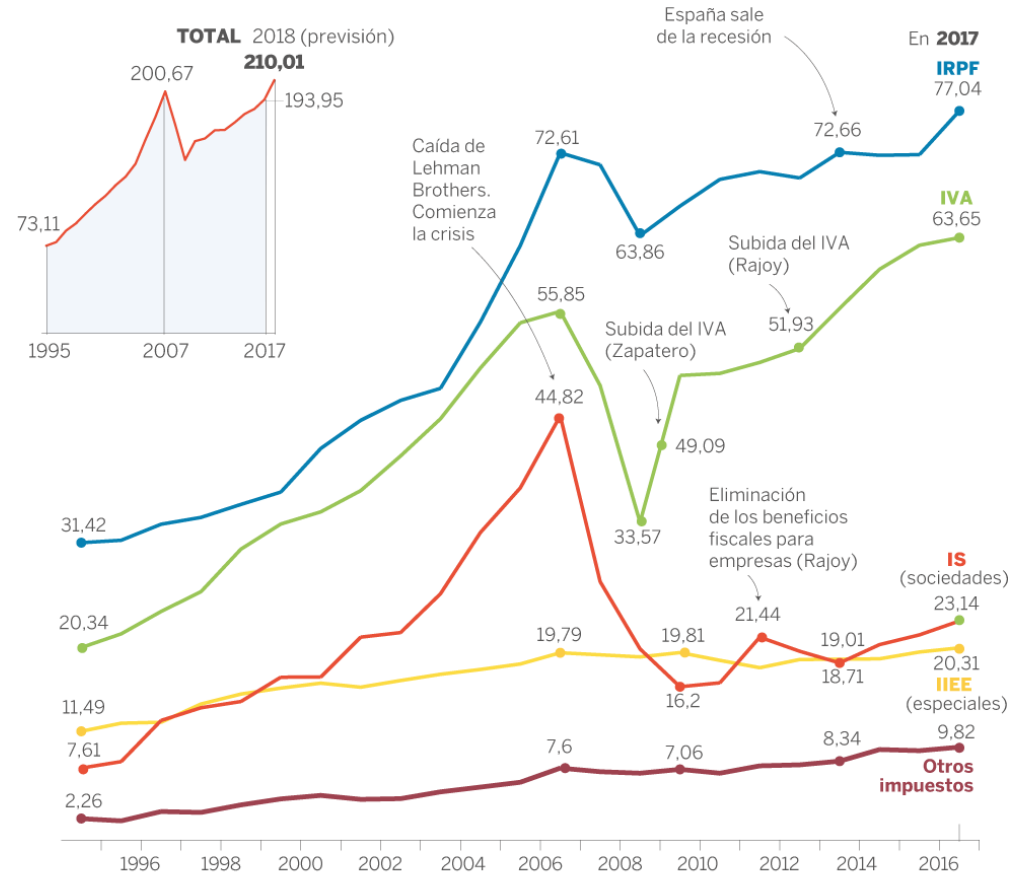
Increase VAT in Chile?



4. Why about to consider another taxes in the next analysis?

INGRESOS TRIBUTARIOS

En miles de millones de euros



Personal Income Tax

VAT

Corporate Income Tax

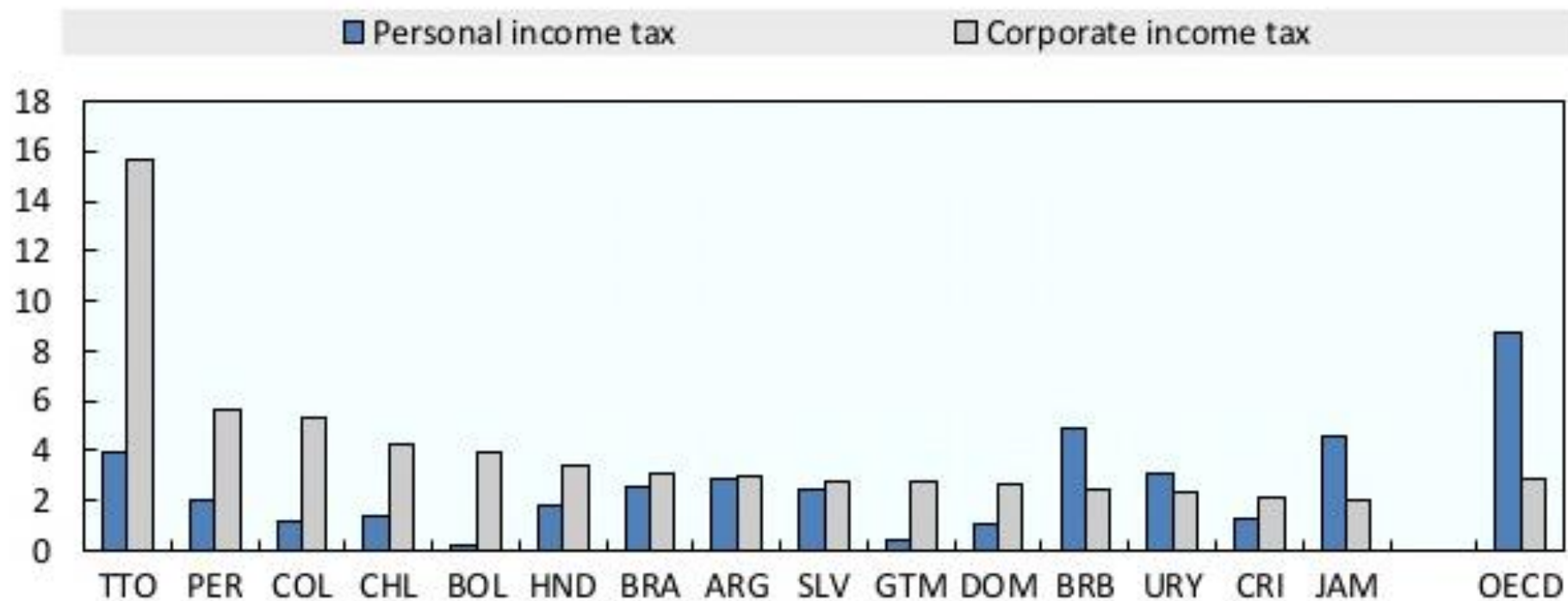
Special Taxes (tobacco)

Other

Fuente: elaboración propia.

DAVID ALAMEDA / EL PAÍS

Personal and Corporate income tax revenues in ALC countries and OECD, 2014
(Percentage of GDP)



Source: OECD

TOBACCO

COUNTRY	2018										
	PRICE OF A 20-CIGARETTE PACK OF THE MOST SOLD BRAND				TAXES AS A % OF PRICE OF THE MOST SOLD BRAND						
	IN REPORTED CURRENCY	CURRENCY REPORTED *	INTERNATIONAL DOLLARS (AT PURCHASING POWER PARITY)	IN US\$ AT OFFICIAL EXCHANGE RATES	SPECIFIC EXCISE	AD VALOREM EXCISE	VALUE ADDED TAX/SALES TAX	IMPORT DUTIES	OTHER TAXES	TOTAL TAX %	
Antigua and Barbuda	8,00	XCD	4,67	2,96	0,00%	0,00%	13,04%	0,00%	0,22%	13,26%	
Argentina	60,00	ARS	4,04	2,18	0,00%	71,20%	5,02%	0,00%	0,00%	76,22%	
Bahamas	...	...	...	...	...	...	...	...	...	...
Barbados	** 14,65	BBD	7,52	7,33	32,22%	0,00%	14,89%	0,00%	0,00%	47,11%	
Belize	4,00	BZD	3,51	2,00	32,50%	0,00%	11,11%	0,00%	0,00%	43,61%	
Bolivia (Plurinational State of)	11,50	BOB	3,58	1,66	25,27%	0,00%	11,50%	0,00%	0,00%	36,78%	
Brazil	** 5,00	BRL	2,45	1,33	30,00%	10,00%	32,00%	0,00%	10,97%	82,97%	
Canada	3** 11,81	CAD	9,78	9,07	55,35%	0,00%	9,00%	0,00%	0,00%	64,35%	
Chile	** 2 700,00	CLP	6,86	4,23	36,39%	30,00%	15,97%	0,00%	0,00%	82,36%	
Colombia	** 4 003,00	COP	3,03	1,39	52,46%	10,00%	15,97%	0,00%	0,00%	78,43%	
Costa Rica	** 1 900,00	CRC	4,87	3,35	24,62%	20,19%	8,67%	0,00%	1,63%	55,11%	
Cuba	12,50	CUP	...	12,50	0,00%	70,00%	0,00%	0,00%	0,25%	70,25%	
Dominica	4,60	XCD	2,42	1,70	10,52%	0,00%	13,04%	0,00%	0,00%	23,57%	
Dominican Republic	** 200,00	DOP	9,39	4,03	26,08%	9,78%	15,25%	0,00%	0,00%	51,11%	
Ecuador	5,40	USD	10,06	5,40	59,26%	0,00%	10,71%	0,00%	0,00%	69,97%	
El Salvador	2,89	USD	6,00	2,89	15,57%	20,46%	11,50%	0,00%	0,00%	47,54%	
Grenada	** 8,90	XCD	4,79	3,30	0,00%	29,39%	13,04%	0,00%	1,58%	44,02%	
Guatemala	20,00	GTQ	4,90	2,67	0,00%	38,27%	10,71%	0,00%	0,00%	48,98%	
Guyana	** 380,00	GYD	3,25	1,82	13,16%	0,00%	12,28%	0,00%	2,11%	27,54%	
Haiti	...	...	...	...	...	...	...	...	...	...
Honduras	** 50,00	HNL	4,25	2,09	18,14%	0,00%	15,25%	0,00%	0,00%	33,40%	
Jamaica	** 1 223,00	JMD	16,59	9,10	27,80%	0,00%	14,16%	0,00%	1,66%	43,62%	
Mexico	50,00	MXN	5,49	2,70	14,00%	39,20%	13,79%	0,00%	0,00%	67,00%	
Nicaragua	** 45,00	NIO	3,81	1,42	27,13%	0,00%	13,04%	0,00%	0,00%	40,18%	
Panama	4,50	PAB	7,59	4,50	0,00%	43,48%	13,04%	0,00%	0,00%	56,52%	
Paraguay	2 000,00	PYG	0,80	0,35	0,00%	8,31%	9,09%	0,00%	0,00%	17,40%	
Peru	** 16,00	PEN	9,81	4,89	33,75%	0,00%	15,25%	0,00%	0,00%	49,00%	
Saint Kitts and Nevis	8,00	XCD	4,80	2,96	0,00%	4,03%	14,53%	0,00%	1,21%	19,76%	
Saint Lucia	9,00	XCD	5,05	3,33	39,11%	0,00%	11,11%	0,00%	0,97%	51,19%	
Saint Vincent and the Grenadines	10,00	XCD	5,90	3,70	3,10%	0,00%	13,79%	0,00%	0,00%	16,89%	
Suriname	** 25,00	SRD	7,91	3,35	39,39%	0,00%	8,23%	0,00%	0,00%	47,62%	
Trinidad and Tobago	** 30,00	TTD	8,42	4,43	14,60%	0,00%	11,11%	0,00%	0,00%	25,71%	
United States of America	6** 6,86	USD	6,86	6,86	37,76%	0,00%	5,19%	0,00%	0,00%	42,96%	
Uruguay	** 140,00	UYU	6,17	4,58	48,04%	0,00%	18,03%	0,00%	0,00%	66,08%	
Venezuela (Bolivarian Republic of)	300,00	VES	2,81	...	0,00%	67,57%	3,47%	0,00%	2,00%	73,04%	

In 1999 World Bank made a recommendation that tobacco should be tax around 67% of the final price (source – WHO Technical Manual on Tobacco Tax Administration, World Health Organization, 2010)