2013

A Step in the Right Direction: A Look at the Changes and Progress Towards Universal Healthcare Coverage in Mexico and the United States

Katherine Hekstra
Grand Valley State University

A Step in the Right Direction:

A Look at the Changes and Progress Towards Universal Healthcare Coverage in Mexico and the United States

Katherine Hekstra

Grand Valley State University

The United States of America is the richest county in the world, with more capital and power than ever in our history as a nation state. The United States is in transition, moving away from a more traditional past and into a more inclusive future. The November elections proved that our nation is full of people wanting to take strides into what the future could hold for our mighty nation. Barack Obama was re-elected to office and because of this the Patient Protection and Affordable Care Act (ACA) will live to see another day.

The ACA is better known by most as Obamacare because President Obama spearheaded the efforts to have the legislation pass into law. Many in the nation hope that Obamacare could be the answer to our nation's need for universal healthcare for all the citizens of the United States. If this legislation was placed into full effect it could bring an end to bankruptcies, insurmountable debt, insufficient care and avoidable deaths due to our current complex system.

The United States of Mexico has been wrestling with becoming an industrialized nation. With this growth and development there have been many changes in policy and how best to move forward. The country is also struggling with providing adequate health care for all of her citizens. The U.S. and Mexico have very different systems for providing care for their populations, however they have the same goal in mind.

Universal healthcare is seen by most industrialized nations as a basic human right that all States should aspire to providing for their citizens. The United Nations, World Health Organization and many nations throughout the world have publically stated their support of and efforts toward universal healthcare. Mexico is a country that has taken steps towards providing affordable healthcare for all its citizens. The purpose of this project is to look at

the healthcare systems of the U.S. and Mexico to determine if either can learn from the other.

Mexico's healthcare system structure

The Mexican system of healthcare has been described as having "multiple parallel public and private arrangements" (1) that are all working toward the desired outcome of universal healthcare coverage for Mexican citizens. In the Mexican constitution healthcare is recognized as a "social right" and several governmental programs have been established to work towards making universal coverage a reality. Even with these efforts it has been estimated that between 2.7% to 6.1% of the population have no access to regular healthcare (2) and this is an even more harsh reality for indigenous communities. These communities have an infant mortality rate that is 58% higher and a life expectancy five years lower than national averages (1). This is due to both a physical and cultural separation between healthcare and the indigenous people who often live in remote rural regions. A solution that the Mexican government has created is the employment of traditional medical people called "curanderos" to disseminate knowledge and vaccines (2). By using these traditional medical people the healthcare is better accepted and more consistent for the indigenous groups. Mexico has one of the most successful vaccination programs in the world; on average, coverage rates for many vaccines exceed 95%. For people on the top of the socioeconomic spectrum the entire healthcare system is comparable to many of the world's top countries; however for those on the bottom, such as the indigenous, the system often is only able to provide vaccines (1).

Roughly 10% of Mexican citizens are able to purchase the best available healthcare through private insurance companies. Within this private sector the

care tends to be better, wait times are reduced and elective procedures are readily attainable. Wealthy Mexicans will sometimes use the available government programs and supplement it with private insurance to cover major medical needs (3).

The Instituto Mexicano del Seguro Social (IMSS) or Mexican Social Security Institute is paid for by a combination of employer, federal and individual contributions, where the employee pays an amount based on their income. This social security system is a type of medial insurance and is not like the social security in the United States. This program covers employees working in the private sector that includes the majority of the population. For state employees a similar program called the Institute for Social Security and Services for State Employees (ISSSSE) is in place. Teachers, government employees, government hospital and social service personal are able to use ISSSSE (2). For military personnel a specialized health insurance service is in place with specific hospitals and clinics in place for active and retired servicemen. There are also specific health services for employees of Mexico's controlled petroleum industry, PEMEX. These services are concentrated in areas where high amounts of drilling and refining take place (3).

In 2003 a program called *Seguro Popular* or the People's Health Insurance was created to help cover the poorest of the poor. It is a voluntary family health insurance program designed for the uninsured to make available publicly provided services. This program has covered 50 million (5) previously uninsured citizens and significantly reduces the amount of out-of-pocket spending, especially for the poorest of citizens (4). An article in the October 2012 edition of *The Lancet* declared:

> Mexico is reaching universal health coverage in 2012. A national health insurance program called Seguro Popular, introduced in

> 2003, is providing access to a package of comprehensive health services with financial protection for more than 50 million Mexicans previously excluded from insurance. Evidence indicates that Seguro Popular is improving access to health services and reducing the prevalence of catastrophic and impoverishing health expenditures, especially for the poor. (5)

Between 2003 and October 2012 the road to reform was anything but straight, as the government kept making adjustments based on evidence-based policy reformulations. For example, coverage of *Seguro Popular* expanded the catastrophic fund available for newborn babies and children younger than five due to an increase in funding. Another significant change was to redefine the family unit. It originally included the head of the household, a partner or spouse, dependent children and parents older than 64 years. The program now enrolls individuals not families. This change was made because the evidence showed that a larger than expected number of single-person and small families were enrolled. Some states were splitting up families living in the same household to increase enrollees and therefore transfer federal resources to that state.

Overall, *Seguro Popular* has drastically impacted healthcare coverage in Mexico. There has been a significant reduction in catastrophic health expenditure that is defined as a person only having a 30% capacity to pay for their medical bills from 3.5% of households in 1998 to 2.0% in 2010. The impoverishing health expenditure, defined as a household forced below or further below a poverty line due to medical bills, went from 4.5% in 1998 to 0.8% in 2010. By the end of 2011 almost 98% of Mexican residents had some form of medical health insurance. The changes that Mexico has made to ensure that people have healthcare are an inspiration to many nations around the world. The system is not yet perfect but the vast majority of Mexicans are able to get affordable healthcare that will save

lives both medically and financially (5).

The Unique Healthcare System of the United States

The system that exists in the United States can be described as a historical accident that has endured the tests of time. The employment-based private insurance was invented during World War II during a wage freeze as a way for companies to compete for workers. The company was able to offer a health insurance benefit package to entice the workers and the tax-free benefit became highly desirable (6). From this early beginning our system has evolved to become a very cumbersome and confusing conglomeration of programs unlike any other in the world.

For most working peoples under 65 years an employer-based system is still the norm. Employment-based insurance is available to the worker at a tax-free cost that comes out of their paycheck each month. Often the employer pays a percentage of the cost. Then if coverage is needed, the insurer picks up most of the cost of treatment. It is likely the patent will be responsible for either a co-payment or a percentage of the total cost.

For Native Americans, military personnel and veterans there are government clinics available with government employees to provide the care. These individuals are never responsible for a medical bill thanks to the TRICARE system for military needs and the Indian Health Service for Native Americans. However, at times it is difficult for members of these groups to access the governmentally provided clinics.

Medicare is available to those above 65 years and is essentially a National Health Insurance set up, similar to Canada. There is near universal participation for the defined group. Medicare has relatively low administrative costs due to the nature of the program. There is a monthly fee for the program, but it is much

lower than the cost of private insurance. There are a few other groups that are able to participate such as those with end-stage renal disease, otherwise the elderly definitely benefit from this program. There are several parts to Medicare, that all cover specific areas of medicine. Part A consists of hospital insurance, Part B supplemental insurance and Part D is prescription drug benefits. Many higher income individuals are able to have both Medicare and private insurance to fill in any gaps in coverage (7). Part D is managed by private companies to cover the prescriptions that enrollees need. The ACA will ensure that the estimated 4 Million Seniors that have reached a gap in coverage will receive a rebate for their medications, ensuring that they are still able to afford their care. (12)

Medicaid is a program available to low-income United States residents through the national and state governments. Each state has direct control of admission to the program and each state has different rules on coverage, enrolment policies and requirements. Many states have very limited admission, with income requirements so low that it is nearly impossible to qualify if a citizen is working at all. This leaves a large population who must choose between working at a low wage job with no insurance benefit or unemployment and Medicaid coverage (6,7,10). A specific provision of Medicaid is called the Children's Health Insurance Plan (CHIP) that ensures that individuals up to age 19 are able to receive medical coverage. Each state has control over how this program is provided to the children living in that state.

For example in Indiana a low-income family could be eligible for their Hoosier Healthwise (HHW) Program, which includes CHIP. HHW is available to children under age 19, pregnant women and the parents or guardians of children under the age of 18. This program provides coverage for office visits, prescription coverage, dental care, mental health care, hospitalizations, family

planning and surgeries at little to no cost to the enrollee or their family. According to the Indiana Medicaid eligibility website, starting March 1 2013 a family of two is allowed a maximum of $1,000 in assets and has a monthly income limit of $229.50 per month to be eligible for HHW. That is a monthly income for two people, in order to be below that monthly income limit one of the members of the household could work only 7.9 hours per week earning the minimum wage of $7.25 (13). One provision of the ACA will expand Medicaid to cover millions more citizens. Effective January 1, 2014, individuals earning less that 133% of the poverty level will be eligible to enroll in Medicaid. This will increase those eligible and aid the already benefiting members greatly. The federal government will provide 100% of the funding for the first 3 years, and 90% after that; by accepting this funding the states must agree to the expanded eligibility criteria outlined in the ACA (12).

For the rest of the population that lives in the United States some are able to purchase private insurance but the rest are uninsured. These people have access to care if they are able to afford the out-of-pocket cost at the time of treatment; or if the situation is desperate they are able to rely on the emergency room or a charity clinic if one is available (7).

According to the White House by June of 2012 the ACA has already helped millions of people and the provisions will only continue to help more as aspects of the act are implemented over the next two years. Already 6.6 million young adults are either newly or able to continue being insured because they are able to stay on their parent's plan until age 26. Another large improvement is that insurance companies can no longer deny or cancel a policy due to a pre-existing condition; this provision will help 129 million people starting in 2014. Tax credits will be available for middle class families and small businesses to help make insurance affordable for up to 18 million individuals. The other large

change will be the creation of state exchanges where each state will be responsible for designing a "menu" of affordable insurance for individuals and small businesses. These exchanges are going to allow them to compare and choose the best private health plan for their needs. The government is helping fund the states through grants; these exchanges will start in 2014. Each state has the ability to create and run their exchange in their own way or forgo the exchange altogether if they are able to come up with their own way of providing healthcare at a low cost. All of these provisions have the same goal of providing affordable and high quality healthcare coverage to the citizens of the wealthiest nation on the planet (8).

Discussion

According to many countries in the world universal health care coverage is a goal the government should strive to provide for its citizens. The basis or justification for providing healthcare to all is often that healthcare is a basic human right just like education. Article 25 of the Universal Declaration of Human Rights states:

> Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control (9).

To many, including myself, this statement simply reinforces what I know to be true; healthcare should be available to all humans. We are the most advanced and intelligent creatures on this planet and our talents should be used to help each other by spreading the wealth of resources that have the potential to save

hundreds of thousands of lives each year. In the United States debt due to healthcare costs is the second leading cause of bankruptcy (10). In an nation where free market, competition and personal responsibility are the way we look at our lives it is hard to imagine big business and Wall Street lending a hand to the little guys. However, I think that we need to move away from the mantra of pulling ourselves up by our bootstraps and start lending a hand to those in need.

Healthcare costs are at an all time high in an age where technology dominates over personal contact. A focus on simplicity can be a way to fix the United States' problems and we can take some advice from Mexico on that. The Mexican government has made a strong commitment to providing universal coverage to all of its citizens. In recent months there is strong evidence to show that they have achieved a level of universal care for Mexicans; the care may not be top notch but at least all of the citizens have access to care. The universal coverage was achieved basically by placing all uninsured citizens in a program called *Seguro Popular*. The simple idea of placing nearly half of the Mexican population, 50 million people, in one system is quite brilliant because of the decrease in needed administrative costs, and the large pool of monetary income from the government, individuals and businesses (4,5).

According to the World Health Organization in 2010 the total expenditure on health as a percentage of gross domestic product for Mexico was 6.3%. For the United States the percentage of gross domestic product spent on health was 17.9% (11). This is a drastic difference in the amount of money being spent on healthcare in each country and clearly spending more money on healthcare does not guarantee a better outcome. If Mexico is able to reach near universal coverage with less than half of the amount of spending as the United States then the US needs to take a close look at where all of that money is going. Clearly there is no need to spend as much as we do on healthcare to then have a

mediocre result. The Affordable Care Act is a step in the right direction, however the multiple aspects are confusing in nature and could potentially add to the already cumbersome system. However the ACA does not address the most cumbersome and high cost aspect of our system; our system is working as a business model, we work for a profit. If our entire healthcare system was approached as a service to our citizens as opposed to a business that is here to make money, insurance companies, the government and United States citizens would not need to pay so much for the care that they receive (7,10).

Moving Into the Future

Both Mexico and the United States need to continue to improve the systems they have in place, in order to work towards their goals of providing quality and affordable healthcare to all citizens. I suggest that Mexico should continue to enroll the poor, uninsured citizens in the *Seguro Popular* program but they need to now focus on what care is available with the program. The quality of care, especially in rural areas, should be the main area of concern and improvement.

The United States needs to focus on simplifying their system; if the system is simple more citizens will be able to utilize what is available to them. When people are able to afford the care, it is some of the best available in the world. We need to work towards allowing more of the citizens of the US the ability to tap into the great resource of healthcare. With each step in the subsequent years, ACA will help more and more citizens of the United States, which is ultimately our goal.

References

1. Barraza-Lloréns, Mariana; Bertozzi, Stefano; González-Pier, Eduardo and Gutiérrez, Juan Pablo . Addressing Inequity In Health and Health Care In Mexico. *Health Affairs*, 21, no. 3 (2002):47-56
2. Squires, Allison P. . Home Health Care in Mexico: An Overview. *Home Health Care Management Practice* 1998 11:38
3. De Haro, Ana Paula Ambrosi; Guzmán, Silvia Dolores Zárate; Saragoza, Alex M., Health Care System. *Mexico Today: An Encyclopedia of Life in the Republic Volume one.* Santa Barbra, California
4. Homedes, Núria; Ugalde, Antonio. Twenty-Five Years of Convoluted Health Reforms in Mexico. *PLoS Medicine.* 6, no. 8 (2009)
5. Knaul, Felicia Marie; González-Pier, Eduardo; Gómez-Dantés, Octavio, et. al. The quest for universal health coverage: achieving social protection for all in Mexico. *The Lancet.* 380 (2012):1259-1279.
6. Sarpel, Umet, MD, Bruce C. Valdeck, Ph.D, Celia M. Diviano, MD, and Paul E. Klotman, MD. "Fact and Fiction. Debunking Myths in the US Healthcare System." *Annals of Surgery* 247.4 (2008): 563-69.
7. Reid, T.R. The Healing of America: A Global Quest for Better, Cheaper and Fairer Health Care. New York, New York. The Penguin Press. 2009. Print.
8. Office of the Press Secretary. The White House. FACT SHEET: The Affordable Care Act: Secure Health Coverage for the Middle Class. June 28, 2012.
9. The United Nations. The Universal Declaration of Human Rights.
10. LeBow, Robert H. MD and C. Rocky White, MD, eds. Health Care Meltdown Confronting the Myths and Our Failing System. Chambersburg: Alan C. Hood & Company, Inc, 2007. Print.
11. World Health Organization. Global Health Observatory Data Repository.

12. "Key Features of the Affordable Care Act, By Year" *HealthCare.gov.* U.S. Department of Health & Human Services, 2010. Web.
13. "Eligibility Guide." *Indiana Medicaid for Members.* March 1, 2013 edition. Indiana Medicaid, 2010. Web.