

The logo for AS/COA Healthcare Series is centered in a white rectangular box. It features the letters 'AS' in green, a slash in orange, and 'COA' in orange. Below this, the words 'HEALTHCARE SERIES' are written in blue, uppercase letters.

AS/COA
HEALTHCARE SERIES

**INNOVATIVE AND SUSTAINABLE HEALTHCARE:
THE FUTURE OF HEALTH SYSTEMS IN LATIN AMERICA**

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INTRODUCTION AND EXECUTIVE SUMMARY

Since 2018, health and industry leaders have come together through the Council of the Americas' Healthcare Series to discuss solutions to common challenges in Latin America and the Caribbean's health systems. The Council's Healthcare Series brings together key stakeholders with the goal of informing and shaping the best practices and policies needed to meet the growing demand for access to quality healthcare.¹ These fora have built a unique space for healthcare experts, government leaders, industry representatives and academics alike to engage in candid, insightful reflection on innovative and sustainable healthcare models.

This paper draws upon these discussions to highlight key challenges and growing opportunities for consideration, ensuring the alignment of private sector initiatives with national public health goals. Input from the private sector has been assembled into a high-level panorama to encourage regional governments to collaborate with the private sector, and to attract greater industry participation in the region's healthcare sector for the benefit of patients.

At a top level, challenges include insufficient investment on healthcare as a percentage of GDP and inefficient allocation of resources, coupled with the lack of optimal policy interventions aimed at health promotion and disease prevention. At the same time, the need to combat rising health issues in the region provides an opportunity to create and promote innovative health system solutions that contribute to advancing inclusion, competitiveness, and economic development.

Both the challenges and the opportunities have been made evident in regional responses to the global COVID-19 pandemic. As governments and healthcare providers harvest the long-term lessons from this crisis, it is already clear that preparation for any future events of this nature requires the whole-system and whole-of-life approaches to financing and providing healthcare that are important elements for driving efficient resource allocation, improving quality of outcomes and access and delivering affordable options. If sustainability and equity, as well as a collaborative and comprehensive system approach, were a needful focus prior to the COVID-19 pandemic, it is now clear that these should be urgent priorities for policymakers throughout the region as they seek to strengthen their health systems in this post-pandemic world.

¹ The views expressed do not necessarily reflect those of the Council of the Americas, its members, directors or funders, nor do they necessarily reflect the individual views of the Healthcare Series supporters.

Governments and the private sector must collaborate to unlock economic growth for an efficient and equitable health sector. Inefficiencies and inequities in health systems need to be addressed for healthy societies in the region to thrive. This challenge calls for greater prioritization health and innovation.

Among the key conclusions of our panels for health system stakeholders:

Governments should:

- **Consider preventative healthcare**, wellbeing and social protection as drivers for development and economic growth. Healthy populations are more productive.
- **Promote public-private sector collaboration** with the goal of delivering cost-efficient healthcare and reducing healthcare inequalities.
- **Make efforts to increase budget allocation for healthcare**, without jeopardizing long-term sustainability, focused on strategic investment in areas which provide the greatest cost benefit and public health impact.

Healthcare providers should:

- **Offer value and outcomes-based business models** by transferring select services outside of hospitals to lower cost for using innovative delivery models. Decentralized implementation of national level guidance on policy is more efficient.
- **Utilize online platforms to maintain quality** in the case of decentralized implementation, as well as to build capacity in the healthcare workforce. Medical knowledge resides in tertiary and secondary centers in major cities. Video telemedicine and shared models of care are inexpensive mechanisms to combat this.

All stakeholders must:

- **Leverage analytics and digital technology** to ensure more efficient and cost-effective healthcare.
- **Support patient-centered healthcare** so that outcomes can be optimized, with the secondary outcome being to increase confidence in the health sector.



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1 Brazil: *Innovative and Sustainable Healthcare Roundtable*, September 5, 2019. L-R: Denizar Araujo, Secretary of Science, Technology, and Strategic Inputs; Speaker: Alberto Beltrame, President of National Council of Health Secretaries/ Conselho Nacional de Secretarios de Saude (CONASS); Speaker: Luiz Henrique Mandetta, Minister of Health of Brazil. **2** *A Conversation on Venezuela with U.S. Secretary of HHS, Alex M. Azar II*, April 10, 2019. Speaker: Alex M. Azar II, U.S. Secretary of Health and Human Services. **3** *A Conversation with Chile's Minister of Health*, September 24, 2018. Susan Greenwell, Senior Vice President & Head of International Government Relations, MetLife.

INNOVATION: THE KEY TO EFFECTIVE HEALTH SYSTEMS

The relationship between the health status of a population and economic growth and productivity is well established. A healthy society has lower maternal, infant mortality and morbidity rates, less financial vulnerability to health shocks, and a higher rate of household savings.² As a nation’s competitiveness and productivity—and therefore its progress—are dependent in part on the health of its population, investment in quality health systems should be considered a national priority. Countries can benefit from promoting sustainable, affordable, quality healthcare which, when combined with the technological innovation needed to improve current health systems, can act as a driver of further economic development.

Increasingly, governments and corporations in Latin America are looking to respond to growing citizen demands for quality healthcare systems that respond to demographic, non-communicable diseases (NCDs) and changing life-cycle trends that are a natural outgrowth of economic development. The key takeaway from our 2019 roundtables in both Bogotá and Brasília is that innovation is critical to this response. This involves innovation both in building financially-sustainable healthcare models and in scaling up advancements in core areas, including technologies, services, treatment, healthcare delivery, health policies, prevention and education, as well as data management to monitor and evaluate progress and inform strategic policy decision making.



4 Colombia: *Disruptive Innovation for Sustainable Healthcare*, June 18, 2019. Yaneth Giha, Executive President, Association for Research and Development of Pharmaceutical Laboratories (AFIDRO); Juan Pablo Uribe, Minister of Health, Colombia.

2 “Overview.” *Inter-American Development Bank*. <https://www.iadb.org/en/sector/health/overview>.

Current trends indicate three important features of 21st century health systems:

- An emergence of superclusters of companies managing big data, investment into health infrastructure, technology and innovative ecosystems to service the health needs of various populations.
- An evolving approach to healthcare that prioritizes preventative and interventionist approaches to promote health and wellbeing – so-called ‘early intervention’ – rather than the traditional focus on diagnosing and treating the sick.
- The need for innovative mechanisms to achieve universal health coverage (UHC) that assure access to the latest innovations, procure long-term healthcare sustainability and optimize healthcare outcomes.



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5 Colombia: *Disruptive Innovation for Sustainable Healthcare*, June 18, 2019. L-R: Mario Peláez, Advisor to the National Planning Department; María Virginia Jordán, Director of Economic Regulation of Social Security MHCP; Yaneth Giha, Executive President, Association for Research and Development of Pharmaceutical Laboratories (AFIDRO); Speaker: Juan Pablo Uribe, Minister of Health, Colombia; Eric P. Farnsworth, Vice President, COA; Gustavo Morales, Executive President of the Colombian Association of Integral Medicine Companies (ACEMI). **6** *A Conversation on Mexico's Healthcare Agenda under President-elect Andrés Manuel López Obrador (AMLO)*, September 20, 2018. Speaker: Dr. Francisco Becerra, Special Adviser to the Director and Director A.I. Evidence And Intelligence For Action In Health (EIH). Pan American Health Organization/World Health Organization; Moderator: Eric P. Farnsworth, Vice President, COA.

ADDITIONAL TAKEAWAYS FROM 2019 HEALTHCARE SERIES DISCUSSIONS

Takeaway: Improve collaboration between Ministries of Health and Finance

Throughout Latin America and the Caribbean, the Ministries of Health (MOHs) and Ministries of Finance (MOFs) share responsibility for governing how and when health services are delivered. While MOHs set the national health policies and manage the delivery of services, it is the MOFs who determine budget allocation, funding levels and when the funds are released.

Roundtable participants observed the discord between these important institutions, citing that MOHs and MOFs do not share a common language, priorities, practices, systems nor incentives around healthcare financing. To bridge this gap, participants recommended that MOHs and MOFs engage in dialogue beyond official funding negotiation meetings, to determine funding priorities and what is needed to deliver health outcomes.

It is critical for MOHs to develop financial literacy skills and methods for communicating the economic benefits of health policies to MOFs. Similarly, MOFs could improve health literacy and better understand the relationship between health and economic development. Therefore, it goes beyond improving cooperation and partnership between the ministries, to improving literacy in each other's area of expertise, to make the most out of the relationship. MOHs rely on adequate financing for public health initiatives, and MOFs have an interest in ensuring a healthy population, which directly impacts workforce productivity and thus economic growth, tax revenue and government social expenditure.

To achieve the desired level of cooperation, representatives from MOHs and MOFs should convene regularly in roundtables and informal meetings, both nationally and regionally, to promote communication, cooperation and mutual understanding, with the goal of both increasing public investment in health and improving cost effectiveness of government health programs.



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Takeaway: Transition to a patient-centered care model

In order to improve both health outcomes and public satisfaction with healthcare systems, providers should shift toward a patient-centric, values-based model (i.e., one in which they are compensated based on health outcomes). Rather than the short-term treatment of disease, this model should be focused on achieving long-term sustainability of health systems through the preservation of overall health and wellbeing. Use of this model can reduce the financial and geographic health disparity in Latin America, helping to overcome common access barriers and approach UHC.

Takeaway: Shift the model from disease management to health promotion

Latin America’s health systems are traditionally based on the diagnosis and treatment of disease. Health issues need to be identified through primary care and early detection rather than through acute care in hospitals, as the ‘acute care’ model puts significant and avoidable strain on health systems. Focusing on health promotion and illness prevention will help ease the burden on hospitals and mitigate the rising rates of NCDs. This should be done using the Health in All Policies (HiAP) approach that fosters collaboration among multiple sectors to target health from multiple policy positions, with the goal of closing gaps in policymaking and improving overall health outcomes.

For example, aging populations and the rise in non-communicable diseases across the region have increased healthcare costs. As it stands, health systems are designed to treat illness rather than prevent it. A sustainable model should incentivize a system based on preserving health, not treating disease only.

7 A Conversation with Argentina’s Secretary of Health, April 11, 2019. Speaker: Adolfo Rubinstein, Secretary of Health of Argentina; Diego Ruiz, Vice President, Global Public Policy and Government Affairs, PepsiCo. **8** Colombia: *Disruptive Innovation for Sustainable Healthcare*, June 18, 2019. Siegrid Holler, Associate Partner, Instiglio; Carlos Ayala, General Manager, IQVIA.



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Takeaway: Minimize healthcare system fragmentation to improve quality

Participants in the Bogotá roundtable frequently emphasized the highly fragmented health systems in Latin America and the Caribbean, which contribute to greater administrative inefficiencies and higher costs. Variations in financing, drug formularies, and standards of care result in healthcare services that differ greatly in quality and outcomes even within the same country. This causes subsystems to sometimes operate independently of one another and often results in the poorest and most vulnerable segments of society falling through the gap. Streamlined and centralized health systems or broad portability across the subsystems (e.g., in/out of network access) will help address delays in patient care, increase diagnosis and decrease treatment costs.

Takeaway: Invest in digital intervention to strengthen the management of regional health information systems

Governments should look to ways of using electronic medical records and data sharing to reduce administrative inefficiencies. System sustainability requires integration through centralized clinical records, tech transfers and innovative models of hiring and/or reimbursement. Electronic medical records are an important mechanism to decreasing costs and duplicity of required exams. In addition, the utilization of internet-based telemedicine systems can improve access to quality healthcare outside large cities, and for specialist services.

9 A Conversation with Argentina's Secretary of Health, April 11, 2019. Speaker: Adolfo Rubinstein, Secretary of Health of Argentina. **10** A Conversation with Chile's Minister of Health, September 24, 2018. Speaker: Emilio Santelices, Minister of Health, Chile.

Takeaway: Strengthen regulatory capacity for government and industry to collaborate through public-private partnerships

Governments can benefit highly from the technological advancements in the private sector. Participants in the Brasilia roundtable pointed to state policies in Brazil to promote and regulate the development of medical products through Productive Development Partnerships (PDPs), as a tool for improving inefficiencies within the Sistema Único de Saúde. Likewise, throughout the roundtable discussions in Bogotá, as participants focused on the implementation of innovative healthcare models that would make up for past inefficiencies and drastically lower costs, most envisioned these solutions as public-private partnerships, which can work to increase predictability and delivery of health outcomes through more efficient systems.

Takeaway: Promote good governance in healthcare management

Mismanagement of the healthcare system through poor governance is a cause of inefficiencies and unnecessarily high administrative costs. One cause is the absence of professional managers in senior leadership positions within hospitals and hospital systems. Dedicated management training for physicians in administrative roles or separation of administrative and medical services within hospitals may lead to improved efficiency.

Takeaway: Develop local R&D facilities and innovation ecosystems

Globally, governments and industry are struggling with how to increase innovation and reduce pharmaceutical costs and prices. One finding is for governments to invest in local research, and development capabilities and innovative ecosystems that incentivize industry to invest in the region as a hub for research and development. This includes operational research to improve the effectiveness and efficiency of health care delivery systems. Active promotion of grants through multinational investment can help spur local public-private partnerships and technology transfer.

Takeaway: Invest in the development of health specialists and telemedicine

Leaders in the field of health pointed out the vulnerabilities in the sector due to a lack of specialists in the region. Governments need to implement strategies to increase workforce numbers and support the education of health professionals. The World Health Organization recommends 70 physicians and nurses per 10,000 population. While all 35 countries in the region met the minimum of 25 doctors and nurses per 10,000 population, there is more work to be done to improve distribution of health professionals between rural and urban areas. Due to the high population density in urban centers (or other specific geographic areas), those living in rural areas do not have the same access to health professionals and often do not receive the same quality of care. Investment in telemedicine systems is one-way countries can efficiently overcome this deficit.

CONCLUSIONS

Health is a driver of economic growth. If public health outcomes are not improved, Latin America's economic and social progress will be compromised.

- Population health is a culmination of decisions made at a political, economic and social level. The solutions therefore lie at cross-sector collaboration with diverse stakeholders both in and outside the health sector.
- Governments in the region need to increase their investment in implementing public health goals and strive to find innovative, sustainable funding solutions. Alternative funding mechanisms should focus on prevention as a priority rather than the late diagnosis and treatment of illness. This could include public health promotion on lifestyle factors, basic healthcare and disease prevention.
- Public and private sector collaboration should be encouraged at all levels to foster the innovative solutions needed. Advancements in technology and innovation should be better leveraged to improve public health impact and outcomes.

In the wake of COVID-19, there is urgency to address the inefficiencies and inequities in the region's health systems. The Healthcare Series will continue to convene regional governments and the private sector to develop policy recommendations and thought leadership on health.

We would like to thank our sponsors.



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