

## **MECHANISMS OF SOCIAL PROTECTION IN HEALTH CARE AND FINANCIAL SHOCKS IMPACT. THE ARGENTINEAN CASE**

Health care systems in developing countries traditionally fail in providing coverage to the poor. Lack of financial resources and weak regulatory institutions do not allow reducing the existent equity gaps associate to income. Latin American countries have developed social insurance institutions in parallel to the public sector in order to improve formal coverage, increase collection of funds and avoiding families' financial limitations in receiving health care. The goal of the study is to identify, in the context of the Argentinean health care system, the mechanisms of social protection (market insurance, self insurance and self protection) used by population quintiles, establishing their effectiveness in relieving eventual financial shocks. These shocks are associated with the presence of health care expenditures by type (ambulatory, outpatient care and pharmaceuticals) that eventually increase the probability of falling below the poverty line. The comparative analysis is based on data originated in three household surveys (1997-2002 and 2003), complemented with information related to socio-demographic characteristics and to the organization of the national social health insurance system. The paper concludes that the presence of different mechanisms of social protection is not related with the individual's ability to choose among systems, but with the family income. Income defines the access to formal social insurance mechanisms and the possibility of contracting private market insurance plans. Moreover, the presence of self-insurance (saving) and self-protection (measured in terms of expenditures in sport activities) is strongly related with income. Results also show the lack of ability of market insurance schemes to control out-of-pocket expenditures, mainly triggered by induced demand in geographical areas with strong supply of health care providers. Comparisons before and after the macroeconomic crisis that followed the 2002 devaluation show the reduction of formal health coverage, as well as the limitations of alternative social protection mechanisms. In all cases the public sector, as provider of last resort, was in charge of filling the gap, especially in lower income groups and relative poorer regions of the country.

Daniel A. Maceira, Ph. D. in Economics

Senior Researcher, Center for the Study of the State and Society (CEDES)

Sánchez de Bustamante 27 (C1173AAA) - Buenos Aires - Argentina

Phone: (54-11) 4861-2126

Fax: (54-11) 4862-0805

E-mail: [danielmaceira@cedes.org](mailto:danielmaceira@cedes.org)