

May 29, 2013

**Response from IDB on Approval by Mail: Colombia: Energy Efficiency Financing Program for the Services Sector (IDB)**

Dear all

Please find enclosed our responses to this second round of questions.

Regards

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IDB

**Responses to Questions from the United Kingdom on the “CTF Colombia: Energy Efficiency Financing Program for the Services Sector (IDB)” Proposal  
Second Round<sup>1</sup>**

*Prepared by the Inter-American Development Bank (IDB)*

29 May 2013

We would like to thank the government of the United Kingdom for the written questions. Please find below our responses.

### Questions

*We still have a number of issues that are unclear and make it difficult to approve the project. It would be helpful to understand the structure of the Colombian health sector. What is the proportion of public to private health facilities? What proportion of the population use private vs public health facilities? Is it a predominantly private health care system? What are the demographic profiles of the users of the private vs public health facilities? While we realise that this is a private sector initiative, in what ways will the public health facilities benefit from the programme? Will the public health sector follow the lead of the private health sector? If so, how does the project facilitate this?*

### Responses

**Characteristics of the Health System.** In Colombia, every citizen must have a health insurance package and can choose freely among insurers (the EPS). Public and private EPS compete for members and must meet a minimum quality standard in the provision of services (the POS). More information about the mandatory health plan can be found [here](#).

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<sup>1</sup> Key points as discussed during conference call of 29 May 2013.

Employed persons, pensioners and the self-employed must enroll the Contributory Scheme and must make a monthly contribution equivalent to 12.5% of their income. The *poor and vulnerable* population joins the *Subsidized Scheme*, with any of the existing EPS and the State is responsible for paying these insurers the amounts corresponding to the cost of the benefits package. More information about requirements and obligations of EPSs is found [here](#).

**Structure of the Health Sector.** The health service can be provided by public or private health care provider entities under the regulation of the state. These providers range from individual physicians to large hospitals or clinics. Public hospitals have largely become state enterprises and their financing, which was done through subsidies, is now made through the sale of services, seeking self-sufficiency. More information is found in the [Report on the Fourth Forum on the Health System in Colombia \(2012\)](#).

According to the [Unified Database of Affiliates \(BDUA\)](#), in 2013, 92.02% of the Colombian population was affiliated to the system. About 48.34% belonged to the subsidized scheme, 42.84% were affiliated to the contributive scheme, 0.83% belonged to the special scheme and the remaining 7.98% of the population was not affiliated.

**Demographic Profile of the Subsidized Scheme.** According to the [Management Report 2002-2010](#) of the Ministry of Social Welfare published in 2011, about 90.1% of those receiving health services (of high and medium level of complexity) under the subsidized scheme were identified as potential beneficiaries of social programs (such as conditional cash transfer programs).

**Private Sector Participation.** According to the [Special Registry of Health Care Providers](#) of the Ministry of Health and Social Protection, in 2012 the Colombian health system had recorded 1,099 public health care providers and 9,586<sup>2</sup> private. Therefore, about 10% of all health care service providers (IPS) in Colombia are public and 90% are private.

Type of Entity	Legally Registered Entities				Individuals	Total
	Mixed	Private	Public	Subtotal	Private	
Health Care Providers - IPS	20	9586	1099	10705	19	10724
Individuals and others types	11	806	110	927	29573	30500
Transportation of Patients	0	355	7	362	1	363
Total	31	10747	1216	11994	29593	41587

*\*The IPS include all institutions that provide medical services (doctors' offices, hospitals, clinics, and intensive care units)*

**Trends in Private Sector Growth.** Between 2007 and 2012, the total number of private IPS increased 59% from 6,005 to 9,586 and the number of public IPS increased 15.6% from 950 to 1,099. This demonstrates the growing importance of the private health sector in serving the Colombian population, inclusive the poorer individuals.

<sup>2</sup> There is a minor difference between figures presented here and the ones in the POD-IDB Loan Proposal Document. Although both use official figures provided by the Ministry of Health for 2012, the POD mentions 9,605 private health providers and data presented here mentions 9,586. This minor difference corresponds to the number of "private individuals", which should not be considered IPS (medical facilities).

**Private Sector Participation in Serving the Subsidized Scheme.** According to data provided by the national association of private insurers, the Colombian Association of Integrative Medicine Business (ACEMI), in 2010, its members assisted the equivalent to 11.3% of the total population affiliated to the subsidized scheme. Moreover, it is estimated that the private initiative served more than 18 million health services for people in the subsidized regime in 2010. The full report can be found [here](#).

**Government commitment to private sector support.** Supporting the development of private sector hospitals in Colombia is a national development priority for the government as stated in the [National Development Plan 2010-2014](#) “Prosperity for All”, the [Colombian Ten-Year Health Plan \(2012-2021\)](#) and Revised CTF Investment Plan for Colombia endorsed at the meeting of the CTF Trust Fund Committee in Washington D.C. on May 2-3, 2013.

In recent years, the Government of Colombia has demonstrated a growing commitment to honoring contracts and payments to the private health initiative. Although government payments are guaranteed by law, there are some difficulties faced by the public finances for their effective operationalization, especially the subsidized regime, as stated by the Attorney General’s Office in the book entitled “Financing of Social Protection and the Health Systems”, 2013. (See the [Online version of the book](#)).

Often, private IPS are the ones who have to bear the costs of the delay of payments, generating further pressure on them to stop authorizing the provision of services under the subsidized regime. This is a major challenge and the Government of Colombia has recently adopted measures to optimize the financial flow of subsidized resources and enacted provisions to the time of submission, receipt, referral and review of invoices, among others. [Link to Law 1438/2011](#).