

ANNEX 1: RESOURCING OPPORTUNITIES

Resource	Opportunity Legal Framework	Opportunity Size/Considerations	Barriers
<p><u>Sub-National:</u> Royalties Fund</p>	<p>Sub-National governments co-finance subsidized regime insurance scheme (Law 1438/ 2011)</p>	<ul style="list-style-type: none"> – <u>Substantial size</u>- The Royalties Fund balance is substantial - \$6.25 trillion pesos in Departments and \$3.97 trillion pesos in municipalities (balance as of May 2019). Resources get added every 2 years and after the 2012 reform (Law 1530/2012) are more evenly distributed across all municipalities and departments. – <u>Under-used</u> - These funds do not get properly executed and there is an opportunity to incentivize sub-national governments to co-finance new vaccines introductions into the insurance platform. – <u>Project-based</u> – As per the Constitutional Reform, all money has to be executed through Projects and approved by the Board. Projects can be for 6-10 years or even longer period but need to be seen as an investment (i.e. finite time, need-based and not recurrent expenses). Two main strategies for these resources – i) Position as an investment - For example, vaccines need to be positioned as a cost-effective investment (refer to Evidence point) and as filling a gap. ii) Local engagement - Formerly, the projects had to be introduced by local governments but according to a 2017 amendment to law 1530, the national government can propose projects. However, politically, it is very important to engage local governments and also to aim for matching funds from national level (as an incentive for sub-national resources). – <u>Matching Funds</u> - Central Government can also propose projects with matching funds and it is also interested in a better execution. An opportunity to influence/align project proposals towards a national scope. – <u>New use for Non-PBS funds</u> – Currently, some of this money is used for non-PBS services and this will no longer be applicable 	<ul style="list-style-type: none"> – <u>Alternate use</u> - Pressure for these funds to be allocated to pay off debts for non-PBS services delivered till December 31, 2019 (Departments debt as of Dec 2018 was \$1.45 trillion pesos). – <u>Not-earmarked</u> - This money is typically used across sectors, not limited to health. It is not earmarked for anything but funded on a project by project basis (investment projects), approved by the Board (includes NPD, Department & Municipality Representatives). <ul style="list-style-type: none"> ○ Lack of political will. ○ Immunization is not strongly prioritized among sub-national health/social investments. – <u>Project-based</u> - Health projects have been a very small portion of the funded projects. Across all areas, regions have struggled to structure good projects. Lack of local capabilities to properly design and propose investment projects. The investment projects funded are regional or local in scope and tend to be for finite period (Not national and not permanent). – <u>Long-term implications</u> - Sustainability concerns, since these are investment projects aimed at solving specific challenges over a finite period but not permanently. Although could be proposed over and over it is difficult to maintain political support from changing local governments.

from 2020 onwards. This will further release pressure on these funds at Department level (as ADRES will be the payer for non-PBS for 2020 onwards) and is an opportunity to re-allocate for immunization.

Stakeholders Summary on Royalties Fund: Opportunity for vaccines as an investment. Could be at national level, covering all regions, or at the sub-national level, i.e. aimed at preventing diseases whose at risk population is geographically concentrated in specific regions of the country, e.g. Dengue.

HIGH IMPACT OPPORTUNITY & LOW FEASIBILITY

(Low feasibility could be overcome through a reform to the Royalties System National Law)

Resource	Opportunity Legal Framework	Opportunity Size/Considerations	Barriers
<p>Sub-National: Public Health Master Accounts (non-executed resources from previous years)</p>	<p>Art 233 of Law 1955/2019 and Art 42.13 of Law 715/2001 allow the use of non-executed public health resources for NIP procurement</p>	<ul style="list-style-type: none"> – <u>Reasonable size</u> - The Public Health Master Accounts balance is \$255 billion pesos in Departments and \$130 billion pesos in municipalities (balance as of Dec 31, 2018). Resources get added every year but only 1.2 trillion pesos. – <u>Under-used</u> - There is a lot of money at the sub-national level that does not get executed. There is need for additional analysis of the reasons behind under-spending and should be explored going forward. – <u>Earmarked</u> – These resources are specifically earmarked for public health (promotion and prevention activities according to the Collective Interventions Plan - PIC of each municipality and Department) and not for any other sector. Immunization program is part of this PIC. In addition, non-executed resources from previous years in the public health master accounts can be used to procure vaccines. – <u>Channel exists</u> – For NIP vaccine procurement (Law 1955/2019 and Law 715/2001) but so far only done through Municipalities (Bogotá and Cali added Pneumococcal vaccine to their PIC) and not through Insurance. 	<ul style="list-style-type: none"> – <u>Alternate use</u> - Pressure for these funds to be allocated to pay off debts for non-PBS services delivered till December 31, 2019. This could substantially diminish the available balance. – <u>Channeling for insurance</u> - These resources are used by Municipalities/Departments and not by the EPS. Need to figure out how to transfer to Insurance for procurement. Currently, not directly connected to insurance scheme. This money (Public health master accounts) is only for promotion and prevention activities in the PIC. The PIC is a sub-national level responsibility. The money that is used for insurance for subsidized regime is the “Subsidized Regime Master Account” where sub-national levels independently manage and register all funding for subsidized regime.

Stakeholders Summary on Public Health Master Accounts: Opportunity to pursue two-pronged approach to create incentives for sub-national governments to co-finance new vaccine introductions into the insurance platform.

MEDIUM-HIGH IMPACT OPPORTUNITY & MEDIUM FEASIBILITY

(A MOH Decree is needed to connect these public health resources to insurance)

Resource	Opportunity Legal Framework	Opportunity Size/Considerations	Barriers
<p>Sub-National: Sin Taxes Reallocation</p>	<p>Sub-National governments co-finance subsidized regime insurance scheme (Law 1438/ 2011)</p>	<ul style="list-style-type: none"> – <u>Size</u> – Currently, Departments allocate \$700 billion pesos of Sin tax resources for non-PBS reimbursement payments every year. – <u>Re-allocation</u> - From 2020, ADRES will be the sole financier of non-PBS payments, unlocking the department budgets previously dedicated to supporting these costs. <ul style="list-style-type: none"> ○ Sin-taxes previously funding non-PBS payments could be reallocated to co-finance new vaccines introductions into the insurance platform. – <u>Earmarked</u> – Hard earmarking for PBS for subsidized regime (and for Non-PBS till 2019). – <u>Channel exists</u> – Sin Taxes are already used for Subsidized regime (so need to find other ways to finance for Contributory regime) – <u>Opportunity</u>: If expanded schedule is established to be procured through insurance, then Sin Taxes are unlocked for the subsidized PBS (UPC). 	<ul style="list-style-type: none"> – Lack of political will. <ul style="list-style-type: none"> ○ Immunization is not strongly prioritized among sub-national health investments. ○ Departments could consider that vaccines procurement is a Central Level responsibility. – Scope could be national but requires approvals across 32 departments as sin taxes are collected exclusively by departments and they decide allocation across health potential uses. <ul style="list-style-type: none"> ○ To overcome this challenge, an MOH Decree is needed.

Stakeholders Summary on Reallocation of Sin Taxes: Opportunity to pursue two-pronged approach to create incentives for sub-national governments to co-finance new vaccine introductions into the insurance platform.

LOW IMPACT OPPORTUNITY & LOW FEASIBILITY

(Low feasibility could be overcome through an MOH Decree).

Resource	Opportunity Legal Framework	Opportunity Size/Considerations	Barriers
<p>National: ADRES budget line for immunization</p>		<ul style="list-style-type: none"> – <u>Small size</u> - According to the 2019-ADRES Budget, the budget line: "Health Promotion and Prevention Programs - Vaccines" ("Programas de Salud de P y P – Vacunas") has an allocation of \$57 billion pesos. All of this has been used as contingency fund to financing shortfall in NIP procurement in 2017 and 2018. Unclear use of these resources in 2019. – <u>Earmarked</u> – It is entirely used for NIP procurement of vaccines, only in the years of shortfall in NIP budget. – <u>Channel</u> – Currently, ADRES overall budget covers Insurance but this budget line has been only for Promotion and Prevention budget outside of insurance. – <u>Opportunity</u> – Scope is broad to include Contributory and Subsidized regime (a limitation with sub-national resources but not the ADRES budget). 	<ul style="list-style-type: none"> – A shortfall in the NIP budget would take precedent for these resources. This contingency fund under ADRES could finance the procurement of new vaccines only if current NIP schedule is financed by the traditional MOH-NIP budget. – Immunization burden from Venezuelan migration is likely to still be critical and would take precedent for these resources. – This budget line belongs to a broader Public Health Budget that the MOH decides how to specifically allocate and spend. MOH may prioritize other promotion and prevention activities: – Lack of Political Will (MOH)
<p>Stakeholders Summary on ADRES budget line for vaccines: Opportunity to pursue two-prong approach to use these national resources for contributory regime and to create incentives for sub-national governments to co-finance new vaccines introductions into the insurance platform.</p> <p>MEDIUM-HIGH IMPACT OPPORTUNITY & HIGH FEASIBILITY</p>			
<p>Out of the pocket: Co-Pays</p>		<ul style="list-style-type: none"> – <u>Opportunity</u> - A comprehensive co-pays reform could attract MOF and MOH support as a measure to strengthen the health system’s financial sustainability. – It is a potential funding source for contributory regime (that will balance the comprehensive package approach mentioned in the earlier section as all previously mentioned subnational level resources are potential funding sources for subsidized regime) – Based on global learnings to bring to the Colombian need. 	<ul style="list-style-type: none"> – Current Co-pays regulation (Agreement 260/2004 from the National Council of Social Security in Health) does not apply for vaccination delivery (all promotion and prevention services are excluded from co-pays). – In the scenario of a comprehensive co-pays reform it is likely that only the Contributory Regime beneficiaries will be able to afford and could result in an equity issue if not tiered.

	– There is room for co-pays discussion as OOP accounts for only 15% of Health Expenditure.	– Lack of political will to support the needed reform in co-pays regulations as it is an unpopular measure.
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Stakeholders Summary on Co-Pays:

LOW IMPACT OPPORTUNITY (if proposed reform’s scope is exclusively vaccination)

MEDIUM-HIGH IMPACT OPPORTUNITY (if proposed reform’s scope is comprehensive across health services)

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LOW FEASIBILITY (mainly because of the Lack of political will to support the needed reform in co-pays regulations as it is an unpopular measure)

Referential Figures according to 2019 ADRES Budget:

PBS Budget:

- Sub-National Level funding for Subsidized Regime: 9.55 trillion pesos:
 - SGP - Subsidized Regime transfer to municipalities: 8.42 trillion
 - Departments: 1.04 trillion (mainly sin-taxes but the disaggregation is not available in ADRES budget)
 - Other Resources from Municipalities: 82 billion pesos
- Total Subsidized Regime budget: 21.59 trillion pesos (to be transferred to Contributory Regime EPS according to insurance premiums and number of beneficiaries)
- Total Contributory Regime budget: 23.69 trillion pesos (to be transferred to Subsidized Regime EPS according to insurance premiums and number of beneficiaries)
- Total Insurance Scheme Budget: 45.28 trillion pesos

Non-PBS Budget: 4.61 trillion pesos to be reimbursed to Contributory Regime EPS (from 2020 onwards this will be allocated to each EPS from both Contributory and Subsidized regime)

Referential figures on non-PBS debts (balance as of 2018, according to the MOH):

- ADRES Non-PBS Debt – Contributory Regime: \$5.29 trillion pesos (for services delivered until Dec 31 2018)
- Departments Non-PBS Debt – Subsidized Regime: \$1.45 trillion pesos (for services delivered until Dec 31 2018)

Referential figures about the annual cost of NIP current schedule procurement (2019 budget figures):

- NIP budget: \$386 billion pesos (Budget Allocation to MOH-NIP from the Investment Budget that is managed by the National Planning Department)
- Vaccines procurement accounts for 95% of this budget allocation (\$365 billion pesos, according to Diego Garcia’s workshop presentation)
- Just as a reference to try to size the financial impact of what we are assessing: If current NIP schedule procurement (\$365 billion) was funded into the insurance platform (\$45.28 trillion), it would require only an additional 0.8% budget of current Insurance Scheme Budget. What could be the cost of new vaccines procurement?