# MARKET OUTLOOK

# Healthcare in URUGUAY

## No One Without It

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Population 3.4 million

Uruguay stands out for being an egalitarian society, for its high income per capita, low level of inequality and poverty and the almost complete absence of extreme poverty

Classified as high-income country by the World Bank

GDP per capita (USD) 17,014

In relative terms, its middle class is the largest in America, representing over 60% of its population.

According to the Human Opportunity Index (World Bank), Uruguay has managed to attain a high level of equal opportunities in terms of access to basic services such as education, running water, electricity and sanitation.

Institutional and political stability as well as low levels of corruption are reflected in the high level of public trust in government.

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In the 1950s, The New York Times called Uruguay as 'Switzerland of South America.' A lot has happened since then, including a military rule but, over the last decade, stable democracy, effective social policies and reforms, as well as a healthcare on par with international standards has given the country solid bases, turning it into one of the most attractive nations to investors in Latin America.

For the first half of the 20th century Uruguay and Argentina had the most advanced levels of medical care in Latin America. Military rule from 1973 to 1985 adversely affected standards nonetheless, Uruguay's strong economic growth through the last decade (4.1% average GDP growth from 2003 to 2018) has allowed its healthcare sector to flourish again and the system is today run through two types of subsectors, public and private. **In 2007, the government created an Integrated National System of Healthcare (SNIS) which oversees both the public and private sectors. The SNIS regulates the right to health protection for all inhabitants of the country through a National Health Insurance system, which is financed by the National Health Fund (FONASA).** Thus, citizens in Uruguay can opt from a variety of healthcare options as public sector hospitals and clinics operate throughout the country and those who cannot afford treatment in the private sector choose the public healthcare system instead.

Public expenditure on healthcare has increased in the years to approximately 8.6-9% of GDP, with the public sector representing over 70% of these expenditures. **The public sector comprises two main programs: direct public healthcare for people living in poverty – a program that has existed since the end of the 19th century – and the National Health Insurance System, launched in 2007, which subsidizes the private healthcare of all workers, their spouses and dependent children under 18 years as well as pensioners and retirees. It currently covers some inactive workers and is moving towards universal coverage.** Coverage of the National Health Insurance System increased from 23% of the population in 2007 to over 70%; nevertheless a percentage of the population may still fall outside either because they belong to one of the special schemes, or because they work in the informal sector of the economy and lack the resources to pay for a healthcare provider. Health sector funding is complex, mixed between public and private sources. Multiple funding comes from central government funds, user contributions and state transfers.

*Public Health* - The ASSE *(Administración de Los Servicios de Salud del Estado)* is the principal actor in the public sector, it is mostly funded by the national budget (taxes and nonbudgetary resources from sale of services), but also from healthcare premiums paid by FONASA (which funding comes primarily from employee and employer social security contributions), as well as general revenues covering imbalances. **Currently, the ASSE covers a little more than one-third of the country's population, or about 1.2 million people.** It mainly serves as a social safety net, providing comprehensive free care to low-income residents.

**FONOSA is an autonomous State entity created by the Frente Amplio government in 2007 to entitle all employees (public, private, self-employed) and pensioners to healthcare outside of the public health system.** The public system would still be free but was to be reserved for those outside of these broad categories. All legally registered employees, sole traders ("*Unipersonal*"), including the sub-category of "*Monotributistas*" for very small businesses, public employees, unions, pensioners (state and private) and retirees are entitled to private health coverage under FONASA. Coverage extends to all family members, i.e. spouses and under 18 year of age and over if they are registered as disabled. The Fund, as a direct provider of health services, also covers care for workers during pregnancy and childbirth, as well as ordinary pediatric care up to age 6; dental and orthodontic care and social welfare up to age 9. It owns one hospital and several maternal and child centers in the capital, Montevideo. In other parts of the country, the Fund contracts services to the Ministry of Public Health (MoPH) or Medical Assistance Institutions (IAMCs).

While initially private workers were not able to opt for the public health sub-system, all insured citizens can now select from either the private or public sector system.

*Private Health* – The principal actor in the private sector is the group of Collective Medical Assistance Institutions (IAMC- *Instituciones de Aistencia Medica Colectiva*). These are private institutions, but their principal source of financing comes from public funds from FONOSA. The population entitled to care under the IAMC subsystem breaks down as follows: 90% are FONASA members, 5% are individual members, which means that they pay directly out-of-pocket and 5% are collective members, who are entitled to benefits as a result of agreements between the IAMCs and other institutions.

**Following the introduction of the private-hospital membership plans by the IAMCs, the most popular being *Mutualista*, a large number of people moved from the public healthcare system to the private medical care system with currently approximately two-thirds of the population receiving healthcare services from the IAMC sector.** *Mutualista* is an affordable private-hospital membership plan that comprises a monthly membership fee (around $100 per month) and a small co-payment when the insured patient uses hospital's services. The hospital provides members everything from routine doctor visits to emergency room care and major surgery. **All hospital plans–including mutualistas–have various drug prescription discount programs, too. Non-emergency optometry and dentistry, as well as visits to a psychologist, are not included services with most plans.** Hospitals that offer

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*mutualistas* are private companies, each setting its own standard regarding age limits and pre-existing conditions for non-employed members. In addition to private health-care options however, a healthcare plan is also available through the ASSE, the public healthcare system, by making monthly payments like a mutualista. The public system in this case is available to anyone, regardless of age and pre-existing conditions. The presence of the *mutualista* model puts less pressure on the public healthcare system in Uruguay, resulting less overcrowded and with improved quality over the years, becoming to acceptable quality. Service standards of the public hospitals in Montevideo seem to be generally lower than those in a mutualista but some citizens still use public services to have access to medications that are not available with a *mutualista*. The university hospital (part of ASSE), for example, has top medical specialists for specific diseases or conditions. Outside Montevideo, ASSE hospitals often have a better service reputation, with often more citizens using the public option. The IAMCs are independent organizations that compete with one another, they do have a high degree of autonomy. **The greatest constraint to that autonomy is that the State sets a price ceiling on monthly premiums. This might force some of them to recover the difference by charging higher prices for other services outside the "basic package".** The IAMCs are scattered throughout the country.

To a large extent, with the implementation of the Integrated National Health System, social segmentation has been overcome with regard to exercising the right to health, and there have been advances, though still insufficient, in reducing fragmentation. Nevertheless, this process is at a crucial juncture in terms of sustainability. The outcome will depend on how issues of funding, provision, care model, quality, leadership and overall regulation of the system are resolved.

*Oral Health* - Data on oral health in Uruguay are scarce however, social segmentation and fragmentation are still far from being overcome in oral health. Despite the achievements of inclusion in the health sector since 2007, with the creation of the National Integrated Health System (SNIS), the provision of dental services followed practically the same guidelines that existed before the health reform, included in the previous regulations of the Ministry of Health (Ordinance 48/1983, extended in 1987). **Thus, only a restricted set of dental procedures are included in the integrated healthcare system and the procedures laid down in SNIS are required compliance by public and private providers of SNIS. According to article 19 of Law 18,211/2007 users pay an additional value per procedure to the amount established by the government in partnership with private providers.**

At the same time though, the political change that took place in Uruguay in 2005 brought the introduction of a new format in the design and implementation of social policies and programs to meet the needs of the vulnerable population. One of these institutional changes of great importance was the creation of the Ministry of Social Development (Mides – *Ministerio de Desarrollo Social*) to ensure the full exercise of the social rights to food, education, health, housing, healthy environment, work, social security and nondiscrimination. Mides created, between 2005 and 2007, the Plan of Nacional Care to Social Emergency (Panes – *Plan de Atención Nacional a la Emergencia Social*), and, from 2008 on, the Equity Plan (*Plan de Equidad*). **Such policies aim to ensure the full exercise of citizenship rights to all Uruguayans and, especially, to those who are in a situation of social vulnerability**. This process includes the Uruguay Works (UT – *Uruguay Trabaja*), a socio-labor integration program for unemployed adults belonging to households in socio-economic vulnerability. Thanks to the subprogram Oral Health Care (*Atención a la Salud Bucal*), for a time period of 9 months, they receive support from experts from Civil Society Organizations and are entitled to comprehensive dental care not routinely provided by the Health System of Uruguay.

**The provision of dental services within the Integrated Health System is in fact only limited to consultation, preventive procedures (health education; sealants; fluorine, demineralizing agents and cariostatic agent's application), basic periodontal therapy, amalgam and resin restorations, extractions, surgery and medical imaging.** On the contrary dental care in UT social program ensures access to all dental procedures required by its participants, including prosthetic rehabilitations and more complex treatments. The care is financed by Mides via payment of a fee per participant. Since the start of the program however, it is observed that a significant number of people do not use the services or abandons the dental treatment without being discharged or, once the program ends (9 months) they are abandoned by the State itself, remaining without social protection, entailing the loss of their acquired rights.

At the macro level, social programs are part of the concrete interventions of the (government's) social protection systems that provide coverage against risks that can affect the lives of individuals, such as illness, accidents, old age,

**Number of Health Professionals, by Department (affiliated with the University Professionals Retirement Fund, 2014)**

| Doctors | Dentists | Chemicals Pharmacists | Midwives | Nurses | Psychologists | Other |
|---|---|---|---|---|---|---|
| 16,317 | 4,974 | 2,550 | 656 | 6,198 | 5,652 | 4,365 |

Source: Caja de Jubilaciones y Pensiones de Profesionales Universitarios (CJPPU).
Note: dœsn't include members with no address information.
Includes active professionals and those that declare non-exercise of the profession.

| | |
|---|---|
| Physicians ratio to population (2016) | 3.74 /10,000 population |
| Dentists ratio to population (2017) | 14.8/10,000 population |

Source: https://2016.export.gov/industry/health/healthcareresourceguide/eg_main_116248.asp

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**National Oral Health Survey (2010-2011)**

| | 35-44-year age group | 65-74-year age group |
|---|---|---|
| Mean DMF-T | 15.20 | 24.12 |
| Mean number of decayed teeth | 1.70 | 0.66 |
| Mean number of restored teeth | 4.11 | 2.59 |
| Mean number of missing teeth | 9.36 | 20.87 |

DMF-T = Decayed, Missing and Filled Teeth

poverty; and the expansion of the coverage of dental care in the adult population in Uruguay has been accomplished by programs similar to UT. In this environment, dentistry has been inserted as something "exceptional". **As such, public oral healthcare of adults in Uruguay is the combination of access to basic services of the system with programs focused on integral care included into the social programs aimed at the most vulnerable sectors of society.** The option to expand the provision via social programs such as UT ends up reinforcing the idea that dental care is a benefit to program participants, who receive it not by their condition of citizens but for their exclusion situation. The data of the oral health condition related to dental caries (DMFT) of the UT participants who abandoned the dental treatment showed high levels of pathology, despite the free access to integral care. This result reinforces the understanding that oral health, while a necessity, is a social production, related to the individuals' social conditions of life, their historical traditions and representations about the body and the health-disease. **In addition to this, the response space to the needs in oral health starts to be market dentistry, private and liberal, to which most individuals have no ability to pay.** Incorporating integral dental care in the health system is the only possibility for Uruguay to transform oral health in effective right.

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National studies show a still precarious oral health situation for Uruguayan adults and older people as dental assistance appears closely linked to the socioeconomic status of individuals, where access to dentistry increases with income and education. According to the first Uruguayan National Oral Health Survey conducted between 2010-2011, the prevalence of caries, measured as an average on the DMF-T index, was 4.15 for young people, 15.2 for adults and 24.1 for older persons. In addition, more than two thirds of adolescents and young people (71.6%) went to the dentist in the last year (12 to 29 years). **Greater severity of dental caries and more decayed teeth are associated with lower socioeconomic status, use of public dental services and poor oral hygiene and oral conditions.** The national survey targeted Uruguayan adult population aged 35-44 and 65-74 years living in cities with ≥ 20,000 inhabitants. The samples were considered representative of the country's regions (capital area and countryside) and age groups. Despite a positive general decline in dental caries prevalence, social and economic inequalities have led to an increase in the most vulnerable groups. Subjects from the lowest socioeconomic status concentrate a higher burden of dental caries and consequently are more prone to tooth extraction. Meanwhile, wealthier individuals tend to seek regular private preventive care, with periodic routine appointments, resulting in fewer decayed teeth and lower DMF-T. **In Uruguay specifically, tooth extraction is the only treatment of caries for adults and elders provided by public healthcare services, since there are no preventive measures specifically targeting these population groups.** Since dental caries was also associated with use of public healthcare services and low socioeconomic status, the study indicates that the Uruguayan healthcare system is not prepared to treat oral health problems in disadvantaged people, even when this need is perceived. In the adjusted model, DMF-T was associated with older age, while the number of decayed teeth was higher in middle-aged adults. According to previous findings, this could be explained by the cumulative nature of the DMF-T index. Older adults probably experienced more dental caries over the course of life and treated caries according to their past needs and conditions. **Additionally, in the early 1990s, Uruguay adopted community water fluoridation and an important change in the dentistry school curriculum, focusing on a more preventive model with a humanistic and holistic approach, following the global trend.** These new circumstances may have created differences in oral health within the adult and elderly population. Presumably, the presence of more decayed teeth in adults could be explained simply by the presence of more remaining teeth, since the elders did not experience the paradigm shift in oral healthcare or the effects of fluoridation, thus being more susceptible to tooth extraction in the past, which

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may appear as higher DMF-T. **This study was the first to indicate that public dental services in Uruguay need to focus on vulnerable groups, with a preventive approach, as dental care reflects a practice based on surgical solutions to biological problems, especially in the poor.**

*Medical Market* - Uruguay imports almost all its medical equipment, as there is little local industry. Major market opportunities are for new, technologically advanced supplies and equipment. Medical device imports amounted to $80 million in 2018, 3% directly by the government and 97% by more than 400 companies from the private sector (including hospitals, labs and clinics). **Future demand should remain stable as, compared to other Latin American countries, Uruguay has an aging society with 15% of the population being 60 years of age and over.**

The USA is the main supplier of medical devices in Uruguay, with 31% of the market share, followed by China (11%) and Germany (9%). Other important suppliers, but with less than 5% of the market share, are Switzerland, Costa Rica, Ireland, Argentina, Mexico, Japan and Brazil. Most international medical device and technology providers do not have subsidiaries in Uruguay and work with local representatives or distributors which serve both hospitals/clinics pharmacies/wholesalers shops etc. Uruguayan customers are increasingly purchasing through internet, mainly from the eCommerce platform Mercado Libre. To export a medical device to Uruguay, the device needs to be registered with the Uruguay Ministry of Public Health (MoPH) by a local representative (i.e. manufacturers, representatives, distributors and/or importers of the products). The import company must be registered at the MoPH. Importation of medical equipment of high or medium size needs prior authorization granted by the same entity and needs approval to be sold in the local market. Uruguay has a national policy on health technology that is part of the National Health Program. The National Health Technology Management Unit is the department which plans medical equipment allocation. This department must approve any incorporation of new technology, either for the public or private sector, considering the scientific information available, the need for its use and the rationality of its location and functioning. The registration takes around 12 months, expires every five years and is renewable with payment of a fee.

**Uruguay is a smaller market, compared to other Latin American countries, but with high purchasing power and little local competition. It has a favorable import climate and could be an interesting hub location for the export to other countries within South America.** Although Uruguay is member of Mercosur and there is a common external tariff (CET) applicable to imports from countries outside Mercosur, the country has its own tariffs on certain products, called exceptions to CET. These exceptions are applicable to medical devices and represent a reduction to the common external tariff and therefore to the importing costs on these products.

**USEFUL CONTACTS**

- Uruguayan Dental Association (la Asociación Odontológica Uruguaya, AOU) www.aou.org.uy/
- National Chamber of Commerce and Service - www.cncs.com.uy/
- Ministry of Public Health - www.msp.gub.uy/
- Uruguayan Customs - www.aduanas.gub.uy/innovaportal/v/7250/3/innova.front/decreto-n%C3%82%C2%B0-165_999.html
- Registration procedure www.gub.uy/ministerio-salud-publica/tramites-y-servicios/tramites
- List of products considered high or medium size by the MoPH - www.msp.gub.uy/publicaci%C3%B3n/registro-de-productos-nomenclator

*Among main sources:*
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*-"Healthcare & Healthcare Systems in Uruguay", by David Hammond: https://internationalliving.com/countries/uruguay/health-care/*
*-Quality Health Care at Affordable Price in Uruguay, By InternationalLiving.com: https://www.huffpost.com/entry/quality-health-care-at an_b_5621826?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAEm8t6kq6Zpw_ZyClF0g_MXVvBKIJiCil7B-jU4f6gLszVSNjR4JslXMx8SbOlsMVDaN_6BZYRWkThcdNcjGA7ylR7GeFQ4-UYY7QI67Mvg69vp7v7Wqv5PyNi4G7sPaLX9M1BHNStvch8Dkg0fSPMcp02g85l4IIcEKdKxkNzhnr*

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