E5 | PERU: SOCIAL MOVEMENT AGAINST NEOLIBERAL REFORMS

Introduction

At the time when Ollanta Humala was running for president of Peru, he had repeatedly talked about the need to create a universal health system accessible to all, based on a health policy that would prioritize the public health system (Ríos Barrientos 2013). However, once he took office in July 2011, people-centred health system reforms disappeared from his priorities, to be replaced by market-led reforms (ibid.). On 8 January 2013, through a presidential decree, President Humala entrusted the Peruvian National Health Council (NHC) with developing guidelines for the proposed health sector reform (Resolución Suprema N° 001-2013-SA). By that time, the Humala administration that had taken power on a centre-left platform was effectively following the same neoliberal path the country had been on since 1992 (Tejada Guerrero 2013). This call for reform was framed as a deepening of the existing model of income-based access to health, including limited insurance packages for the poor and growing influence of health insurance and pharmaceuticals companies.

The NHC has been criticized for its lack of representatives from civil society (only one civil society representative out of twelve members) and because its decisions are advisory in nature.[1] Charging this body with developing the reform guidelines made clear that the government's intent was to avoid deep reforms to the existing system but rather to envisage more of the same model. From the outset, social movements, represented in the NHC by ForoSalud (a network of health rights organizations and activists), demanded the inclusion of all stakeholders in the discussion, as well as that the scope of reform should be defined before guidelines were developed. Both requests were rejected by the Ministry of Health (MoH) and the majority of NHC's members (essentially health service providers or funders).

Key numbers and the failure of universal health insurance

To have a better understanding of the reality of the Peruvian health system, a few numbers are useful. For 2013, the country's health expenditure was composed as follows (Torres 2013):

- Out-of-pocket spending: US$4.353 billion.
- General public government spending and insurance for the poor: US$4.257 billion (US$400 million on insurance for the poor).

- Contributions from employees and employers to the social security health system: US$2.927 billion.
- Private insurance premiums: US$650 million.
- Total health spending: US$12,187 billion.

Public spending is only around 35 per cent of total health spending. Although around 25 per cent of resources go to the social security health system, these contributions are not part of the public budget. Peru lags behind most Latin American countries in terms of public investment in health as a share of GDP, with only 1.6 per cent compared to 3.5 per cent for the continent (CMP 2013b). It also lags behind in terms of total investment in health, with only 5.1 per cent of GDP, compared to an average of 7.6 per cent in Latin America in 2012 (CNS 2013). The health financing structure itself is a barrier to achieving the right to health for all.

The main argument in favour of passing the Universal Health Insurance Law of 9 April 2009 (Law 29344) was that increasing the number of people insured would mean that more people would be financially supported in accessing their health needs. It was argued that with more insured people, there would be greater financial protection and therefore less out-of-pocket spending. However, five years into the universal health insurance programme, the reality has proved otherwise. In 2009, household out-of-pocket spending was around US$3.4 billion, and it was estimated that in 2013 families spent around US$4.35 billion (see Table E5.1). Even though the insured population increased from 40 to 70 per cent, this has not provided effective financial protection. Because of this, the government's reform plan was and continues to be the object of substantial criticism.

TABLE E5.1 Household out-of-pocket health spending, 2009–13

	2009	2010	2011	2012	2013
Household spending (billions of Peruvian sols)	8,580 ($3,400)	8,660	9,740	10,520	11,320 ($4,350)

Source: Estimates based on online database of the Ministry of Economy and Finance, cross-checked with other sources

Resistance against the reforms

In mid-2013, nearing the end of the time period given to the NHC to develop the reform guidelines, the Peruvian Medical Federation (PMF, Federación Médica de Perú, the largest doctors' association) went on a nationwide strike over pay and job security (TeleSur 2013). In recent times, the nationwide doctors' strike has been the only show of strength that has successfully put pressure on the government. This strike opened the road for several actions by different groups of health workers (see Box E5.1).

Box E5.1 Doctors' strike spreads into health workers' strikes

Peruvian doctors are among the worst paid in Latin America, with a monthly remuneration of close to US$1,000 (La República 2014). In 2012, PMF had reached an agreement with the government for a substantial pay increase following a month-long strike. Claiming that the agreement had not been honoured by the government, the federation raised the issue of pay, job security and further health sector reforms, and called for a nationwide strike on 16 July 2013. A month after the strike began, with at least 70 per cent of health services shut down in Lima and the country's twenty-six regions, the government agreed to an average effective raise of around US$550 (La República 2013c). This outcome strengthened the physicians' leadership and set off similar actions by other organizations.

While the doctors' strike was ongoing, the Peruvian Federation of Ministry of Health Nurses, FEDEMINSAP, an organization of 50,000 public sector nurses, began an action on 18 July 2013. In the midst of heightened tensions, the MoH stepped in to resolve the issues raised by the nurses, prioritizing them above the doctors. The government agreed to an increase in pay and appointment of contractual staff. A month after the end of the doctors' strike, FENUTSSA, a national federation of around 100,000 health sector professional, technical and administrative workers, went out on strike on similar lines (Alvarado 2013).

In September 2013, the government had issued Legislative Decree 1153 that 'Regulates the Comprehensive Policy on Compensation and Economic Payments for Health Personnel in Government Service'. This regulation distorts the employment relationship, replacing 'remuneration' with 'compensation', and affects professional laws and the acquired rights of health sector employees. Health workers overwhelmingly opposed this regulation and, in October, the Peruvian Medical Association challenged its constitutional standing (CMP 2013a). The law is under review by the Constitutional Court.[2]

While sparked by wage and job security demands, the health workers' strikes also included a criticism of the government's health reform agenda. The government responded to PMF demands by asserting that one of the components of the six-point health sector reform would be a comprehensive health workforce remuneration policy (Le República 2013b). Despite the government's rhetoric focused on 'providing better services to the public', the confrontation between MoH and PMF exposed the anti-people nature of the reform process and the half-truths of the government in general and the MoH in particular. The return to the bargaining table,

Image E5.1 Community monitoring of health services – ForoSalud meeting (Rafael Gonzalez Guzman)

after a month of the PMF's strike, strengthened a wave of resistance to the proposed reforms.

It is at this point that the relationship between social movements (coordinated through ForoSalud) and health workers' organizations began to develop. The government argues for the continuation and expansion of the existing health insurance system. On the other hand, social organizations and health workers' organizations argue for the need to deal with the structural problems of the country's health system, including sustainable financing, equality of access and services, social participation, regulation of the health market, and decent work policies.

The reforms led to the enactment of twenty-three new health laws in December 2013. These twenty-three regulations deepen the reforms initiated in 2008, through the passing of three pieces of legislation that create a larger space for private players in the Peruvian health sector (Cuba García 2014). The most recent legislation was drafted by government officials and consultants in the Ministry of Economy and Finance (MEF) and MoH, and enacted pursuant to 'special powers' the Peruvian Congress granted the executive branch. The NHC's contribution to this process, in the form of guidelines published in July 2013,[3] can best be understood as a 'formality' required by the government to legitimize its claim that it was a participative process. Faced with the government's plans to expand a health insurance system based on 'structured pluralism',[4] social organizations and health workers' organizations have been moved to organize a coordinated movement to counter these new health laws.

Forging an inclusive social movement

The resistance to the neoliberal health reforms is being led by an alliance of social organizations and health workers' organizations. The alliance could be effectively built as a result of a number of supportive developments involving the alliance partners. The new leadership of ForoSalud (elected in November

2013) was politically committed to building a broad movement and proposed an alliance with health workers. The former president of the PMF, César Palomino, was elected chairman of the Peruvian Medical Association (PMA). He had previously headed the doctors' strike and his election marked a crucial policy shift in PMA, which had traditionally been conservative. In PMF, a leadership supportive of alliances with social movements was re-elected. The alliance also works in coordination with FENUTSSA and FEDEMINSAP.

The newly forged alliance was soon provided with an opportunity to show its collective strength. In February 2014, an 'International Seminar: Towards Universal Health Coverage'[5] was organized in Lima by the Peruvian government, the World Health Organization, the Pan American Health Organization, the World Bank and the Inter-American Development Bank. Invitees to the seminar included representatives from ministries of health of different countries around the world. The organizations of health workers, professional associations or social organizations were not invited. At the seminar, the MoH and the Peruvian government received the support of the WHO for deepening a market-led health insurance system (Chan 2014). However, WHO director-general Margaret Chan was faced by 5,000 protesters gathered outside the hotel where the seminar was taking place in Lima's financial district (ForoSalud 2014c).

The lines are now clearly drawn: on one side stands a strengthened alliance of social movements coordinated by ForoSalud, PMA and the major health workers' organizations; on the other side are the pro-insurance market operators (serving the interests of insurance and pharmaceutical companies) currently heading the MoH, ESSALUD (the social health security system), SUNASA (the Superintendence of Health) and SISOL (a municipal public–private partnership system). It is worth noting that the people who are formally in charge of the Peruvian health system come from USAID health projects carried out over the past ten years in Peru (Ramos 2013a), or are agents directly related to private insurers, as in the case of SUNASA.

The challenge today is to strengthen the alliance by involving more nationwide organizations engaged in various struggles, and for the health sector to be able to extend its relationship with the medical profession. The progress in recent months shows that, with all its complexities and underlying differences in perceptions, the resistance is expanding. This alliance has a medium-term target for the presidential elections of April 2016, to ensure that the movement is sufficiently consolidated and strong to be able to push the debate on Peru's health system on the political agenda.

Several coordinated actions by the alliance are already being organized (ForoSalud 2014a). The 6th National Health Conference of ForoSalud, held in late 2013, issued a Political Declaration[6] that rejects the reform process, and supports broad alliances and the development of a universal health system. This position found resonance in the 9th National Medical Congress of the PMA, held in Lima in March 2014.[7]

Debates on health usually focus on the healthcare system, leaving out discussions on the social determinants of health and the need to move beyond a biomedical focus. The new health laws strip the MoH of any responsibility for health promotion. The struggle for health is much more than the fight to reorient the health system. However, today in Peru, owing to the neoliberal legal barrage of twenty-three new laws, the resistance is concentrated on the defence of the public system and the need to recognize the right to health as the basis of universality, comprehensiveness and solidarity. It is no coincidence that in the midst of the reform process the government is issuing tenders to private national and transnational capital for equipment, laboratories, testing, health services and management of the main public hospitals of Lima, through public–private partnerships (Perú 21 2013). It is no coincidence that international insurance companies have partnered with Peruvian companies. It is no coincidence that banks and insurance companies are being offered the opportunity to build hospitals in different regions and run them for fifteen or twenty years through the mechanism of 'works for taxes'. These developments foreshadow the battles that need to be fought in the future.

Notes

1 See Ley del Sistema Nacional Coordinado y Descentralizado de Salud, Ley N° 27813.

2 As of March 2014, the court decision was still awaited.

3 See CNS (2013).

4 See the structured pluralism model of Frenk and Londoño (Londoño and Frenk 1997).

5 For more information, see the conference page of the MoH website, appminsa.minsa.gob.pe/cus/, accessed 22 April 2014.

6 See ForoSalud (2014b).

7 For more information, see the event webpage, congresomediconacional.org/, accessed 22 April 2014.

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