Public Disclosure Authorized

Public Disclosure Authorized

PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.:PID0014288
(The report # is automatically generated by IDU and should not be changed)

Program Name	*Enhancing Performance of Universal Health Insurance*
Region	Latin America and Caribbean Region
Country	*Costa Rica*
Sector	*Health Nutrition and Population*
Lending Instrument	*Program/for/ Results*
Program ID	*P148435*
Parent Program ID	
Borrower(s)	*Ministry of Finance of Costa Rica*
Implementing Agency	*Caja Costarricense de Seguridad Social*
Date PID Prepared	*February 19 2015*
Estimated Date of Appraisal Completion	*April 2015*
Estimated Date of Board Approval	*July 2015*
Concept Review Decision	*February 2015*
Other Decision *{Optional}*	*Teams can add more if they wish or delete this row if no other decisions are added*

I. Introduction and Context

II. Costa Rica stands out as a development success story that has steadily developed over the past decades. Costa Rica was an early adopter of equitable public sector policies characterized by continuous expansion of social services, including education and universal health coverage. The country boasts a dynamic open economy and a rigorous system of legal and regulatory checks and balances. The overall economic outlook is positive but there are risks associated with the global economy and fiscal policy challenges. The adoption of countercyclical fiscal policies in 2008 led to fiscal deficits that remained around 4-5 percent of GDP. As a result, central Government public debt has been expanding since 2008 from 24.7 to 35.3 percent of GDP in 2012 and is expected to trend upwards unless structural measures are implemented. A fiscal reform that was expected to generate additional revenue of 3 percentage points of GDP was approved by Congress in March 2012 but was subsequently deemed unconstitutional by the Supreme Court on the basis of procedural irregularities. In addition to the fiscal policy challenges, the main risk for Costa Rica stems from potential external shocks, including weaker than expected global growth and further decreases in the price of export commodities.

III. **In 2011 the CCSS suffered an acute financial crisis that the institution was able to overcome, but that triggered ample demand for a more transparent management of the CCSS health insurance resources and investments.** In response to the 2011 crisis, the institution commissioned PAHO/WHO with an external accounting analysis of its financial situation, which confirmed the acute imbalance of revenues and expenditures. The main source of this was found to be related to an unprecedented spike in hiring of

staff, an increase in salaries and other human resources practices. The institution quickly implemented a plan to reduce the main drivers of the increase in expenditures, which was instrumental in avoiding the deficit foreseen for 2015. However, unprecedented levels of public scrutiny were raised by the crisis, and along with long waiting lists and increased patient dissatisfaction, it triggered a more in depth internal review. As a result, the CCSS also appointed a national independent panel of experts to review the financial situation and other problems that the institution was facing, resulting in a document with more than 80 recommendations from very concrete and detailed to very broad and general. The Board of Directors requested senior management to develop a response plan for the key recommendations of the independent experts' panel. The Board and senior management started to review several different initiatives to respond to each of the key recommendations.

IV. Program Development Objective(s)

The Program Development Objective (PDO) of the proposed Program-for-Results is to contribute to: ***(i) Improving the quality of selected health services; and (ii) enhancing the CCSS institutional capacity to manage health insurance financial risks.***

V. Program Description

VI. The CCSS seeks to improve the institutional capacity to prevent, diagnose and treat non communicable conditions, strengthening the continuity of care, setting up quality control mechanisms, streamlining central management and improving budgetary and resource allocation practices. The CCSS has established three priority areas for the strategic plan of reforms: (i) The Health Care Model; (ii) The Financial Model; and, (iii) The Management Model.

(i) The Health care model: The objective of this priority area is to enhance the CCSS capacity to respond to the rapid growth of non-communicable and chronic conditions that emerge as epidemiological priorities, while ensuring that quality and timeliness gaps are reduced for those living in poverty, indigenous peoples, and other vulnerable groups.

(ii) The Financial model: This priority area seeks to improve budget and resource allocation and expand and diversify the scope of revenue collection sources and refine existing collection mechanisms

(iii) The Management model: This priority area aims at enhancing governance and accountability, with an emphasis on moving from controlling inputs to managing risks and results, which is a key guiding principle of the program. The new management model also seeks to break a culture of management in silos, and introduce some management practices to improve strategic decision-making including administrative and financial considerations in budgeting and investment policies.

VII. Initial Environmental and Social Screening

Identification Mission of Social and Environmental Screening to take place in March 2015

VIII. Tentative financing

{Same as in AUS}

Source:		($m.)
Borrower/Recipient		200
IBRD		417
IDA		
Others (specify)		
	Total	617

IX. Contact point

World Bank

Contact: Fernando Montenegro Torres
Title: Senior Economist
Tel: 202 458 1014
Email: ferxmont@worldbank.org

Borrower/Client/Recipient

Contact: Jose Pacheco
Title: Vice Minister of Finance
Tel: 506-2284-5154
Email: pachecojj@hacienda.go.cr

Implementing Agencies

Contact:Rocio Saenz
Title: Executive President of the CCSS
Tel: 506-2539-1
Email: mrsaenzm@ccss.sa.cr

X. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop