TPG International Health Academy
Costa Rica CEO Trade/Study Mission
April 29 – May 5, 2017 Executive Summary

**Introduction**

At the end of April and beginning of May 2017, TPG International Health Academy and its delegation of 20 healthcare executives visited San José, Costa Rica. As is often the case with the Academy's missions, many of the concerns we encountered are similar to other countries'. However, Costa Rica did exhibit both negative and positive issues that are unique to the Latin American country's health system. The delegates met with and visited a broad array of both public and private sector facilities and professionals. Many of our visits were facilitated by ProMed, which is a public/private sector consortium that promotes the health system to potential non-Costa Rican customers and advocates for the system within the country.

In addition to the usual suspects of obesity, tobacco, and alcohol, Costa Rica is confronted with a high level of trauma-related care due to the country's terrain, industries, and relatively few multi-lane highways. On the positive side, and maybe most uniquely, the government of Costa Rica outlawed the Army in 1948 and has invested most of the savings in education and healthcare. As a result of these investments, Costa Rica stands well ahead of its peer group of countries in mortality, morbidity, and access to care. Its educational attainment also is significantly better than other Latin American countries; in fact, they rank above Singapore on some UN rankings of educational attainment.

The delegates also learned a new phrase—Pura Vida. "Pure life" is a catch phrase that defines the Costa Rican outlook on life and, frankly, may contribute to some of the country's healthcare successes.

**Overview**

Costa Rica has a health system that is a mixture of both private and public institutions, and both public and private insurance. Approximately 30% of the population has private insurance and accesses the private system for some or all of their care. Private insurance offers an array of plans from full coverage to partial coverage with significant limitations as to the amount of annual benefit. Costa Rican citizens, as long as they contribute to the public system or fall into classes that are mandatorily covered (such as retirees and pregnant women), are covered for all healthcare services. The country

does have a significant number (commonly estimated at 200,000 to 400,000) of undocumented workers who are only entitled to “true” emergency care.

The public system provides coverage through a network of clinics and hospitals that serve various geographic districts. Tertiary and quaternary services are generally only available in San José. The public hospitals typically provide a complete suite of services and in-country care is available for most conditions—certain transplant and some very unique cancer treatments being the most notable exceptions. The government must approve pharmaceuticals and medical devices before they can be imported, which leads to some very expensive medications and devices not being available in the country.

As noted above, Costa Rican health outcomes compare very favorably with other countries in Latin America and generally throughout the world. WHO ranks the Costa Rican system as the 20th best in the world.

One of the more interesting facts about the system is the glut of doctors. Costa Rica produces more medical doctors and dentists than needed to support the demand for services. Of particular note, there are significantly fewer residency slots than newly graduated physicians. The country has both a national medical school and several smaller private (not-for-profit) but well accredited medical schools. This combination of factors has led to the development of a Medical Tourism Sector (or destination healthcare as it is sometimes called). This “new” sector includes foreign patients traveling to Costa Rica to get more affordable care than in their home countries. On the other side of that transaction, instead of just patients traveling *to* Costa Rica for care on their own (a passive approach), there are many Costa Rican doctors who travel abroad to recruit patients for these Medical Tourism practices deliberately (a more active approach). There is a need to seek out additional work for doctors in Costa Rica, and the Medical Tourism industry cannot simply wait for patients to come find it; it must act proactively to obtain foreign patients.

Additionally, many of the medical school slots are filled with expatriates who generally plan on returning to their countries of origin to practice. Some of the fully qualified physicians end up as cab drivers and bartenders due to the large number of new doctors trying to enter the system with so few jobs available for those graduates.

There is also difficulty in becoming a specialist in Costa Rica. While open positions for general physicians are limited, becoming a specialist is even more difficult. The existing specialists control how many new positions are available each year, and in an effort to keep their workload and demand high, they often only allow one or two new specialists in a field. So while the US faces a glut of specialists where one simply gets to become one by choice, Costa Rican physicians are severely hamstrung when it comes to choosing a specialty. This ultimately can force those doctors out of the Costa Rican system.

**Key Statistics**

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| Population | 4.8 Million | |
| Healthcare as a % of GDP | 9.3% | (OECD Avg. 9.4%) |
| Hospital Beds per 1000 | 1.4 | (OECD Avg. 4.8) |
| Birth attended by a professional | 98.0% | |
| Literacy rate | 97.0 % | |

Rx spend accounts for 9% of total health care spending.

Land mass is approximately the size of West Virginia or Denmark.

Approximately 40% of the population lives in the San José Metro area.

**Healthcare Funding**

All employed persons in Costa Rica are obligated to participate in the Social Security System. It funds both pension and healthcare provided through the governmental system.

Individuals contribute 9.5% of their wages to fund healthcare, their employer contributes 5.5%, and the government allocates 0.25%. This funding supports the public system of clinics, local, general, and specialty hospitals. In addition, various rates of workers compensation insurance are collected based on a risk corridor for each type of occupation, and a portion of the mandatory automobile insurance is used to "pay" for the care provided for work related and automobile injuries.

**Guiding Principles**

Costa Rica has adopted the following guiding principles in creating its health system:

- Universality—everyone is covered
- Solidarity—everyone pays
- Justice—everyone pays proportionally (earn more pay more)

As a result of these principles and the constitutional guarantees the system is generally supported and appreciated by Costa Ricans.

**National System**

The country is divided into regions for the purposes of both public health initiatives and delivery of care through the national health system. Every Costa Rican has access to a primary care clinic although access and availability in some rural areas is more restricted than in urban areas. Hospital care is delivered through the following:

13 peripheral hospitals--generally relatively few beds and somewhat limited services

7 Regional Hospitals with more beds and a broader (although somewhat limited) range of services

3 Large General Hospitals

5 Specialty Hospitals (all in Greater San José) –Children's, Ophthalmology, Women's, Geriatrics, Trauma/Rehab

10 Surgery Centers and Urgent Care/ER centers

Public primary care is provided through the clinic system. The clinics are responsible for an assigned population that is geographically proximate to the center. There are some private clinics that participate in the Social Insurance system. Both the government run and private run clinics are expected to manage chronic diseases, ensure vaccination and other childhood care is provided, take care of all routine care, and care coordination. The clinics employ social workers and community health workers to facility access to care and compliance with prescribed self-care and other ongoing care.

Although generally successful, the public system has some issues. The most critical is the wait time for certain procedures, notably joint replacement and certain non-critical surgical procedures. Wait times have been reported to be over a year but they typically appear to be in the four- to six-month duration. Although, many other countries have substantial wait times for ortho procedures, this is clearly an area where Costa Rica lags. In addition, complaints are heard regarding the general lack of productivity programs and the sinecure of public employment.

While generally described as "universal" coverage, individuals must pay into the system to receive care. This typically happens automatically through your employment, but the system only allows for 90 days of unemployed coverage. If you become unemployed, you are covered for three months. If you remain unemployed after those three covered months, you must choose to pay into the system directly to continue to receive public health benefits, or you lose them until you are employed again. Thus the system is tied to employment status with retirees also covered.

Similar to the US, the undocumented population presents a special problem for the public system. The laws require an ER to stabilize any patient who presents. This care becomes the equivalent of uncompensated care and there appears to be an undercurrent of negative public opinion regarding using public resources in this manner. A unique part of the problem is undocumented pregnant women who, by law, must be cared for throughout their prenatal and immediate postnatal care. A child born in Costa Rica automatically becomes a citizen so this too presents issues similar to those found in the United States. This child would only receive public health benefits until age 12, assuming the parent remains a non-citizen who is unemployed in

Costa Rica. Should the parent secure citizenship and a job, then their child would be covered as any other born to Costa Rican parents.

**Private System**

The private system consists of hospitals, surgery centers, and private clinics. The standard of care seems to compare favorably to the developed world and at a significant discount. The development of the system and the glut of practitioners (especially dentists) has led to the development of a robust medical tourism industry. The industry generated over $500 million US in revenue in 2016. Nearly 42% of the procedures are dental, but there are a large number of orthopedic surgeries including joint replacement, plastic surgery, and others. The patients are predominantly from the US, with Canadians being the second largest cohort. The system has evolved to include "rehab" hotels in the hills above San José. These facilities are essentially a hotel with on-site nursing and some rehabilitation facility access.

Many of the physicians that practice in the private system also practice in the public system. Although many clinicians find the pay adequate in the public system, by working in both the public and private sectors (mornings in a public clinic, afternoons in private practice) they can substantially improve their income. Doctors in Costa Rica do not enjoy the same earning power or potential as doctors in the United States. We were told that an average public doctor's salary in Costa Rica would be equivalent to $40,000/year in the US; hence the desire to work in both sectors. Clearly access is much faster in the private system but there are situations where a Costa Rican will use the public system for some services and the private system for others. Cost and access seem to be the determinants.

**Mission Highlights**

During the mission we visited a broad cross section of facilities and providers including:

CIMA private hospital
Metropolitano Private hospital and Medical School
National Trauma hospital
UNIBE San Pedro Primary Clinic (private clinic serving the public system)
Casa de Socorro Clinic (private clinic serving the undocumented)
Verdeza Assisted Living Facility

The delegates were impressed with all of the facilities we visited, some for very different reasons. The hospitals were all well-appointed and seemed to follow international standards for quality.

The UNIBE clinic, although more pedestrian in design than the hospitals, was very committed to its patients and maintaining their health status. One manifestation was its use of motorcycle couriers to deliver prescriptions to its patients.

The Casa de Socorro clinic was a classic bootstrap operation that provided high quality, if limited, care to an underserved undocumented population.

The Verdeza assisted living facility is the first private, for profit facility in Costa Rica. It was well designed and appeared to provide high quality care for both dementia patients and traditional assisted living residents.

**Summary**

The Costa Rican health system achieves a high standard of care and measurable outcomes through:

- Its commitment to its principles—Universality, Solidarity, and Justice.
- Its commitment to government support to maintain a high quality standard of care to all citizens.
- Its use of destination healthcare to both support and create opportunities for its health professionals.
- Its ongoing commitment to education and heathcare as pillar responsibilities of the government.