



INNOVATIONS FOR SUCCESSFUL SOCIETIES

Balancing Health Needs & Fiscal Capacity in Colombia

In 2012, Colombia's public health system was headed for bankruptcy. The country had made significant progress on important public health priorities: expanding immunizations, reducing infant mortality, and attaining near-universal insurance coverage. But a Constitutional Court ruling that the government had to pay for almost all health services and technologies for those it subsidized, combined with rising pharmaceutical prices, was pushing the budget into deficit. Economist Alejandro Gaviria became minister of health and social protection amid that simmering crisis. To contain spiraling costs while enabling the sector to focus on some of its priorities, he worked to create new legislation that would limit the services the government would cover, regulate the drug market, and adjust an incentive structure that had lowered accountability and encouraged excess. In parallel, budget officials in the health ministry, the Ministry of Finance and Public Credit, and the National Planning Department tried to improve financial management of the system in order to increase efficiency and reduce costs. In the end, Gaviria's efforts began to pay off and the ministry averted immediate insolvency, but as of 2018, ensuring the continued financial viability of the health-care system remained a challenge, even as performance indicators improved.

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Colombian Minister of Health Alejandro Gaviria outlines the need for drug price regulation.

Featured ISS Interview

Alejandro Echeverri discusses the strategic urban development projects that

transformed the city of Medellín, Colombia, and the strategies he used to focus the largest public investments in the poorest and most violent parts of the city. He explains how the government worked with community leaders to organize forums which enabled the community to weigh in on urban development projects, giving them a degree of ownership over the process.

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