

An excerpt from:

*Better Health & Social Care: How are Co-ops & Mutuals Boosting Innovation & Access Worldwide?*

An International survey of co-ops and mutuals at work in the health and social care sector (CMHSC14)

Volume 2: National Cases

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For the research framework, the analysis of the national cases, and other research components, including a description of the research team members, refer to Volume 1: Report.

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## HEALTH SYSTEM

The health system of Ecuador consists of a public and private sector. The public sector comprises the Ministry of Health (Ministerio de Salud Pública), the Ministry of Economic and Social Inclusion (Ministerio de Inclusión Económica y Social), municipal health services, and social security institutions (Instituto Ecuatoriano de Seguridad Social, Instituto de Seguridad Social de las Fuerzas Armadas e Instituto de Seguridad Social de la Policía Nacional). The Ministry of Health provides health care services to the entire population. The Ministry of Economic and Social Inclusion and municipalities have programmes and health facilities which also provide care for the uninsured population. The social security institutions cover those who are employed and affiliated through employee contributions. The private sector includes for-profit entities (hospitals, clinics, dispensaries, clinics, pharmacies, and prepaid “medicine” companies<sup>2</sup>) and non-profit organizations – civil society and social service organizations. Private insurance and prepaid health cover about 3% of the total population (middle- and high-income households). In addition, there are at least 10,000 private physicians’ offices in the major cities, generally equipped with basic infrastructure and technology, at which medical services are available for direct payment (out-of-pocket).<sup>3</sup>

According to the government authority regulating cooperatives, the Superintendency of Popular and Solidarity Economy (Superintendencia de Economía Popular y Solidaria, SEPS), cooperatives and associations are involved in providing health and social services in Ecuador. Both are governed by legislation that defines their forms and activities. Mutuels are not a recognized form of organization.

The law governing cooperatives, the Law on the Social and Solidarity Economy of 2011,<sup>4</sup> recognizes cooperatives of the following types: production, consumer, housing, savings and credit, and service. It also notes that service cooperatives may be active in a variety of sectors and specifically cites that these can include (but are not restricted to) transport, independent retailers/sales, and education and health, and take different forms including that of the worker cooperative. The law further allows cooperatives to provide multiple services to members to satisfy their economic and social needs.

## HEALTH & SOCIAL COOPERATIVES

According to the SEPS Registry, two cooperatives and 25 associations were active in health and social services as of March 31, 2014.<sup>5</sup> It reports that information on these entities is limited to only the number of organizations active in the health and social services sector, the number of members, and assets.

Although not a cooperative itself, **Cruz Blanca** (a private company providing prepaid health insurance) is owned by the health cooperative Saludcoop Group of Colombia. Cruz Blanca has more than 25,000 users and operates a clinic in Quito, a medical centre in Guayaquil, and medical office in Santo Domingo.<sup>6</sup>

**Population** (in thousands): 15,492

**Population median age** (years): 25.83

**Population under 15 (%)**: 30.29

**Population over 60 (%)**: 9.21

**Total expenditure on health** as a % of Gross Domestic Product: 6.4

**General government expenditure on health** as a % of total government expenditure: 7.1

**Private expenditure on health** as a % of total expenditure: 55.2

### Health & Social Cooperative Data (2014)

<b>Number of cooperatives</b>	2
Types of cooperative	N/A
<b>Number of members</b>	196
Number of employees	N/A
Users	N/A
Facilities	N/A
Services offered	N/A
Annual turnover	N/A
<b>Source of revenue</b>	N/A

## SAVINGS & CREDIT COOPERATIVES

The savings and credit cooperative sector, which accounts for 14% (over 800) of all cooperatives,<sup>7</sup> has a role in providing and facilitating access to health care. It markets a range of financial products to make health care affordable, as well as offering medical services to its members and to the communities in which cooperatives are based.

A number of savings and credit cooperatives provide financial products, including loans and medical/dental insurance. Others provide medical and dental care at no cost in their own installations or during “health days” where members and the community can consult health professionals, obtain medicines free of charge, or receive vouchers to access medical care. Still others have entered into strategic alliances with private health providers for discounted rates for hospitalization, pharmaceuticals, and medical attention.

Consider the following examples.

- **Cooperativa de Ahorro y Crédito “Pablo Muñoz Vega”** provides medical, orthodontic and laboratory services to a membership of over 60,000. The services are available free of charge to all members who in this way save a minimum of \$5 USD per month.<sup>8</sup> Founded in 1964 in Tulcán, it has gained considerable prestige by providing a range of microfinance products to meet the needs of its members in the northern part of the country.<sup>9</sup>
- **Cooperativa de Ahorro y Crédito La Merced** was established in 1964. It currently operates through 16 branch offices in four provinces. In 2010, it partnered with the Health Network “Latino Clínica.” With the network membership ID in hand, La Merced’s 40,000 members can access such health services as a pre-approved hospital credit up to \$1,500 USD, free ambulance transfers to network emergency clinics, special discounts for laboratory services, pharmacy, hospital, and emergency care services.<sup>10</sup>
- **Cooperativa de Ahorro y Crédito CoopProgreso** offers members a health plan for a monthly fee of \$1.25 USD per month that entitles them to basic and specialist medical and orthodontic

care with coverage for pharmaceuticals. As part of its social responsibility mandate, CoopProgreso runs a Health and Wellness Programme. In addition to running health promotion campaigns, this Programme organizes medical, ophthalmological, and orthodontic brigades that undertake ad hoc visits to provide members, employees, and community members with free basic health care. It also supports campaigns against domestic violence.<sup>11</sup>

## INSURANCE

The savings and credit cooperative movement also established an insurance company, **CoopSeguros**, which provides health insurance products.

Established in 1969, CoopSeguros offers insurance products to the general public with a specific product line for cooperatives and financial cooperatives. Three life insurance policies are available, one of which includes health insurance and property insurance. The health insurance benefits include health care costs in case of accident, free medical, dental check-ups, and pharmaceutical services. These are available to policyholders and their immediate families (spouses and children) through the CoopSeguros network of providers. CoopSeguros offers other insurance policies to the general public (individuals and enterprises), including a specific health insurance policy for those over 60 years of age.<sup>12</sup>

However, CoopSeguros is not the sole insurance company servicing the savings and credit cooperative sector. Savings and credit cooperatives source their insurance products to a number of private insurers based on competitive offers. Two of the major insurance companies in Ecuador report that they provide life, accident, and health insurance coverage to savings and credit cooperatives, namely **Emprendedores & Asociados (E&A Brokers)**<sup>13</sup> and **Long Life Seguros S.A.**<sup>14</sup>

## MUTUALS

No mutuals providing health care were identified.

## SOURCES

- <sup>1</sup> Special thanks to the Superintendencia de Economía Popular y Solidaria for providing statistical data for this report.
- <sup>2</sup> Prepaid medicine plans “are similar to insurance plans but are technically not insurance as they buy policies to protect themselves from unexpected expenses. Rather individuals purchase the right to reduced rates for medical services that they will likely use in the future. These programs focus on simple preventive and curative care.” The plans offer different levels of coverage depending on age and services, but are private plans normally used by the wealthy as they are accepted in high prestige private clinics. In some places, the prepaid plans allow unlimited primary and emergency health care, X-rays, lab tests, etc. They were particularly common before private health insurance companies were authorized to operate. See p. 46 in Preker, A.S., Zweifel, P. and O. P. Schellekens, eds. 2010. *Global Marketplace for Private Health Insurance: Strength in Numbers*. Washington, DC: World Bank. Retrieved September 9, 2014 ([http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/11/25/000334955\\_20091125035751/Rendered/PDF/518320PUB0glob101Official0Use0only1.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/11/25/000334955_20091125035751/Rendered/PDF/518320PUB0glob101Official0Use0only1.pdf)).
- <sup>3</sup> Lucio, Ruth, Villacrés, Nilhda, and Rodrigo Henríquez. 2011. “Sistema de salud de Ecuador.” *Salud Pública Mexicana* 53(2):177-187. Retrieved March 26, 2014 ([http://bvs.insp.mx/rsp/articulos/articulo\\_e4.php?id=002621](http://bvs.insp.mx/rsp/articulos/articulo_e4.php?id=002621)).
- <sup>4</sup> Republica del Ecuador Asamblea Nacional. 2011. “Ley Orgánica de Economía Popular y Solidaria.” May 10. Retrieved March 26, 2014 ([http://www.oas.org/juridico/PDFs/mesicic4\\_ecu\\_econ.pdf](http://www.oas.org/juridico/PDFs/mesicic4_ecu_econ.pdf)). See articles 18, 21, 23, and 28.
- <sup>5</sup> Personal communication from the Superintendencia de Economía Popular y Solidaria (SEPS), April 8, 2014.
- <sup>6</sup> Cruz Blanca Medicina Prepagada. 2014. Website. Retrieved March 26, 2014 (<http://www.cruzblanca.com.ec>).
- <sup>7</sup> Lugo, Gabriel. 2013. “6 059 cooperativas activas en Ecuador.” *Diario El Comercio*, May 16. Retrieved March 26, 2014 ([http://www.elcomercio.com/negocios/cooperativas-activas-Ecuador-SEPS-finanzas\\_0\\_920308022.html](http://www.elcomercio.com/negocios/cooperativas-activas-Ecuador-SEPS-finanzas_0_920308022.html)).
- <sup>8</sup> Cooperativa de Ahorro y Crédito “Pablo Muñoz Vega” Ltda. 2014. Website. Retrieved March 26, 2014 (<http://www.cpmv.fin.ec/>).
- <sup>9</sup> PCR Pacific Credit Rating. 2011. “Cooperativa de Ahorro y Crédito ‘Pablo Muñoz Vega’ Ltda.” March 31. Retrieved March 26, 2014 ([http://www.ratingspcr.com/uploads/2/5/8/5/25856651/ec\\_cpmv\\_1\\_informe\\_con\\_estados\\_financieros\\_al\\_31\\_de\\_diciembre\\_de\\_2010.pdf](http://www.ratingspcr.com/uploads/2/5/8/5/25856651/ec_cpmv_1_informe_con_estados_financieros_al_31_de_diciembre_de_2010.pdf)).
- <sup>10</sup> eltiempo.com.ec. 2010. “Latino Clínica y La Merced, en alianza estratégica.” October 29. Retrieved March 25, 2014 (<http://www.eltiempo.com.ec/noticias-cuenca/52499-latino-cla-nica-y-la-merced-en-alianza-estrategica/>).
- <sup>11</sup> CoopProgreso. 2014. Website. Retrieved March 27, 2014 (<http://www.cooprogreso.fin.ec>).
- <sup>12</sup> CoopSeguros S.A. 2014. Website. Retrieved March 25, 2014 (<http://www.coopseguros.com>).
- <sup>13</sup> E & A Broker’s S.A. 2014. Website. Retrieved March 26, 2014 (<http://www.eiabrokers.com/quienes-somos/>).
- <sup>14</sup> Long Life Seguros S.A. 2014. Website. Retrieved March 26, 2014 (<http://www.liseguros.com/?s=cooperativa>).