

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

Peru has a decentralized health care system administered by five entities: the Ministry of Health (MINSA), which provides health services to 60% of the population; Social Security (ESSALUD), which provides services to 30% of the population; and the Armed Forces (FFAA), National Police (PNP), and the private sector together provide services to the remaining 10%. (See diagram, below.)²

The private sector consists of a broad spectrum of health care providers of different levels of complexity, from doctors' offices to specialty clinics, from clinical laboratories to basic and specialized imaging centres. The private sector generally serves the higher-income population. It includes smaller scale non-profit organizations such as NGOs, associations, cooperatives, and mutuals. The resulting system contains multiple providers of services and insurance.

In 2011 approximately 73% of population (22.1 million) were covered by some form of health insurance. Approximately 38% were covered by public insurance (Seguro Integral de Salud), 33% by social security, 2% through the Armed and Police Forces, and 1% by private insurance. Approximately 21% of the population which is not covered by health insurance currently pay for health services out-of-pocket. Of these 6.2 million people with the capacity to pay, 31% work in microenterprises and 21% are self-employed. They constitute a potential market for private health insurance.³

The ministry in charge of cooperatives, the Ministry of Production (Ministerio de Produccion), estimated in 2012 that there were 1,765 cooperatives. However, the National Directory of Cooperatives includes only 640 registered cooperatives, the majority of which are savings and credit cooperatives, followed by agricultural cooperatives.⁴ There are very few health and social cooperatives per se. However, as in other countries in the region, cooperatives in a variety of sectors provide social services, including primary health care (infirmaries and occupational health care centres). They run their own health facilities or have agreements with health care clinics so that their members may access health care at discounted prices.⁵ Health professionals have also formed savings and credit cooperatives to provide financial services, including such insurance products as disability, funeral, and hospitalization insurance.

Population (in thousands) total: 29,988

Population median age (years): 26.16

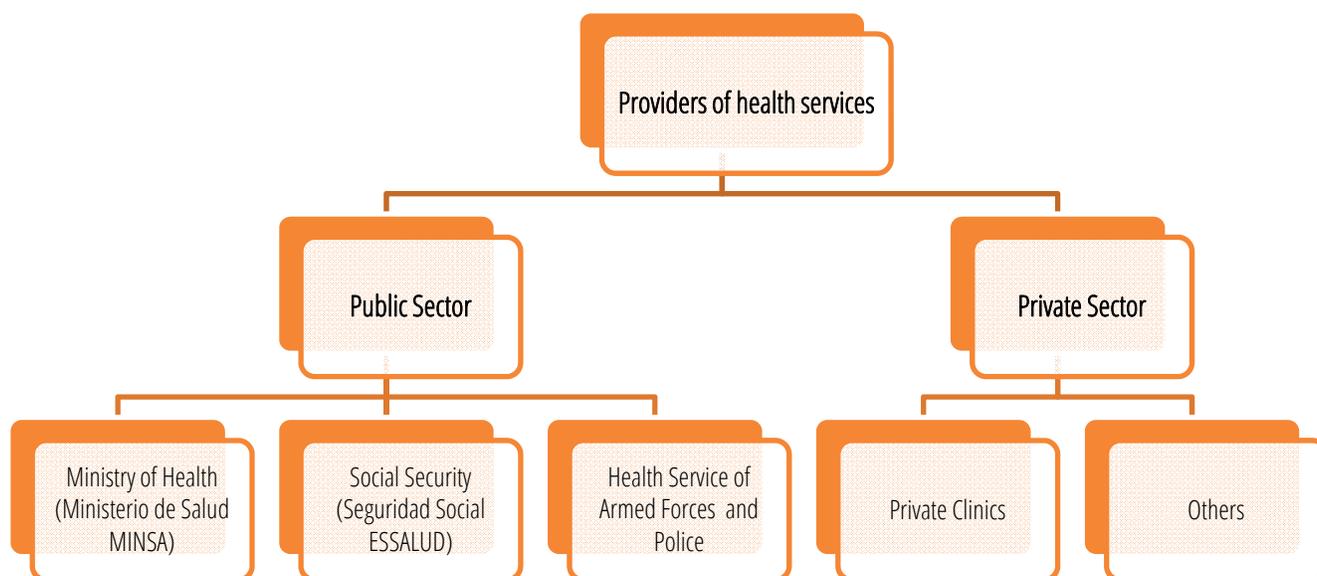
Population under 15 (%): 29.18

Population over 60 (%): 9.12

Total expenditure on health as a % of Gross Domestic Product: 5.1

General government expenditure on health as a % of total government expenditure: 18.3

Private expenditure on health as a % of total expenditure: 41.1



More detailed information on the cooperative movement will be available in the future thanks to the 2014 initiative by the Ministry of Production to establish Peru's first online national directory of cooperatives. It is calling on all cooperatives to register their information online. The initiative is being undertaken in collaboration with the cooperative movement and cooperative stakeholders, including United Nations agencies. The directory will categorize cooperatives as agricultural, fisheries, mining, construction, savings and credit, multiservice, and other; it will not classify health and social cooperatives as a specific category or type of cooperative.⁶ Nevertheless, once this information is recorded, it may be easier to identify those making significant contributions to the accessibility or quality of health and social care services.

HEALTH COOPERATIVES

There are no known primary health cooperatives in Peru. However, cooperatives active in other sectors provide and facilitate access to health care.⁷ They provide preventive care, contract with provider institutions to facilitate medical and dental visits for members and

their families, or own or manage medical facilities (offices, clinics) themselves. The coverage they provide is limited, due to the range of public health services which are available. These cooperatives are found in the savings and credit, coffee, and multipurpose sectors.

There is however a cooperative central, Cooperativa Central (SERVIPERÚ), which provides both medical services and insurance products. It is considered a pioneer in the provision of cooperative health care. Established initially in 1966 as an insurance cooperative, in 1996 SERVIPERÚ changed its status to that of a service cooperative since, under a new insurance law, cooperatives were no longer allowed to undertake insurance functions. It established two subsidiary companies to provide insurance brokerage services and funeral care services. In 1998, SERVIPERÚ started its health service programme, establishing medical facilities and providing health insurance coverage. (See "Case Study," below.) SERVIPERÚ's membership consists of 103 cooperatives (primary, centrals, and a federation). The majority of its members are from the savings and credit cooperative sector. Total membership is 520,450 individuals.

Health Cooperative Data (2013)⁸

Number of cooperatives	1 central
Types of cooperative	User
Number of members	103 cooperatives with 520,450 individual members in total
Number of employees	121 in total (67 men and 54 women) <ul style="list-style-type: none"> • 85 on payroll: 32 health professionals (7 doctors, 8 nurses, and 17 aides), 17 business professionals, and 36 administrative staff • 36 health professionals on a part-time basis via reciprocal service contracts
Users	36,750 medical procedures, including 1,244 surgical procedures
Services	Ambulatory care, hospitalization, medium complexity surgery, rehabilitation, physiotherapy, odontology, ophthalmology, otorhinolaryngology, cardiology, dermatology, gynaecology, traumatology, and plastic surgery
Annual turnover	Approx. \$2,852,000 USD (8,039,273 PEN) of which approx. \$825,000 USD (2,870,824 PEN) was for health services
Sources of revenue	Payment for services, member equity, surplus from insurance operations

CASE STUDY⁹

SERVIPERÚ Central Cooperativa de Servicio was already considered a pioneer in the provision of cooperative health services when it launched the SERVISALUD program in 1998.

SERVIPERÚ is a service cooperative central which mobilizes both corporate bodies and individuals to the provision of health services, insurance, and mutual aid. It was founded in 1966 as an insurance cooperative. In 1996 it changed its status in response to a new insurance law which authorized insurance to be delivered by joint-stock companies, but no longer by cooperatives. SERVIPERÚ offers

insurance brokerage services and funeral insurance services through its two subsidiary companies, Cooperadores Corredores de Seguros SAC and Funerales Los Olivos SAC.

SERVIPERÚ has benefited from technical and financial support from SOCODEVI of Canada and the Canadian International Development Agency (CIDA), including support specifically for the expansion of SERVISALUD. It also benefited from Collaboration Santé Internationale of Quebec (Canada) which organized the donation of medical equipment from Canada.

Membership

SERVIPERÚ is a user cooperative which brings together 103 cooperative organizations, including three centrals and the National Federation of Savings and Credit Cooperatives (Federación Nacional de Cooperativas de Ahorro y Crédito del Perú, FENACREP). Its total individual membership is 520,450.

Health Services

The SERVISALUD programme provides services through a medical clinic in the district of Jesús María and a polyclinic in the northern zone of metropolitan Lima. Its services include:

- **Outpatient and emergency care** in 20 medical specialties.
- **Surgical and hospital services.** The clinic is equipped to handle surgical procedures of medium complexity. It has two operating rooms, 16 inpatient beds, and a surgical sterilization centre.
- **Auxiliary Services.** The clinic maintains pharmacy services and a clinical and pathology laboratory. It has ultrasound and pharmacy professionals to facilitate early diagnosis and appropriate care.
- **Preventive medical services,** including occupational health services, and health and psychological examinations for driver's licences.¹⁰

In 2013 SERVISALUD performed 36,750 medical procedures, of which 1,244 were surgical interventions.



SERVISALUD Medical Clinic, Lima



Insurance

SERVISALUD also provides microhealth, life, and disability insurance.

The **SERVISALUD Family Insurance plan** (SERVISALUD Previsión Familiar) covers members' costs of hospitalization in case of illness or accident (including reimbursement of accident-related medical expenses), doctor visits, diagnostic services, medical emergencies, and funeral services.

The insurance is provided through SERVISALUD. It contracts a corporate insurance plan with a local insurer through SERVIPERÚ's insurance brokerage firm. Plans cover members and their families (up to five persons per household). A number of plans exist for those with the ability to pay and already covered by public insurance schemes, as well as those not covered by social security and without access to private insurance (i.e., Lima's poor). In the latter case, members pay a monthly premium of \$4.25 USD (12.00 PEN) which covers them for health expenditures up to \$3,571 USD (10,000.00 PEN). In 2013, 15,626 families were covered by this insurance plan – a decline from previous years, reflecting the increased service offerings and competitive pricing of the public health system.

In order to offer the plans at affordable prices, SERVIPERÚ manages the marketing of insurance to its members, issues certificates of coverage, collects premiums, and contracts with a network of health providers to complete its clinic's service offerings. It receives a commission for the administration and 5% of the premiums to defray operating costs.

SERVIPERÚ also provides **microinsurance products** for individual members of its member cooperatives.

- **Protección al Prestatario.** Members and their families benefit from loan repayment insurance. It covers the full amount of loans outstanding in case of death or total and permanent disability due to illness or accident. As of December 2013, 211,287 individual members received this insurance.
- **Protección al ahorrista.** In case of death, members’ families benefit from a lump sum payment similar to the capital and savings held by the member at the time of death. As of December 2013, 61,885 individual members benefited from this coverage.
- **Mutual aid.** In case of death, members’ families are guaranteed compensation for the contract amount, with double indemnity if death is by accident or in the case of permanent disability. As of December 2013, 39,235 individual members were covered by this service.

Staff

SERVIPERÚ has 121 employees, 55% male and 45% female. This includes 85 persons on payroll, 32 of whom are health professionals (7 doctors, 8 nurses, and 17 auxiliary personnel), 17 are professionals in the business sector, and 36 are administrative personnel.

The central also contracts 36 health professionals to provide medical services. These are doctors, dentists, and other specialists who are employed in public and private hospitals but work with SERVIPERÚ on a part-time basis, in accordance with the needs of the service. SERVIPERÚ offers these specialists and small medical companies what are called “contracts of reciprocal service.” They commit each party to develop health services for the benefit of members and the community. The following table itemizes their contents.

Reciprocal Service Contract

SERVIPERÚ	Contractor
<ul style="list-style-type: none"> • Provide equipped medical facilities free of charge • Discounted pricing for use of operating rooms for contractors’ clients • Cover medical assistants’ and administrative fees related to the provision of health services • Cover general operating costs • Undertake promotion and marketing to increase members and clients 	<ul style="list-style-type: none"> • Attend to patients, members and clients at rates and during hours established by SERVIPERÚ • Support the design of health plans • Support the free health campaigns • Provide services to their private clients at the rates established by SERVIPERÚ

Financial Information

In 2013, SERVIPERÚ reported a sales volume of \$2,852,000 USD (8,039,273 PEN) of which approximately \$825,000 USD (2,870,824 PEN) was for health services.

SERVIPERÚ’s revenue sources are payments for services, the equity contributed by the member cooperatives, and significant surplus from its insurance operations.

SAVINGS & CREDIT COOPERATIVES

In addition to their primary function – providing financial services to persons who are for the most part outside the traditional financial system – Peru’s savings and credit cooperatives facilitate access to health services. They provide loans which help to cover out-of-pocket health care expenses. They offer a number of social protection packages that provide health care, life and funeral insurance to members and their families. They also have solidarity programmes to assist members in times of need. The National Federation of Savings and Credit Cooperatives (FENACREP) does not collect data on these activities. The following are a few examples of the services provided.

- **Cooperativa Ahorro y Crédito San Cristobal de Huamanga**¹¹ was founded by 14 members in 1960. It currently brings together 80,000 members and provides a wide range of financial services for both individuals and enterprises. It also provides social services, one of which is a social welfare fund entitling members under the age of 69 to medical care. To take part, members make an annual payment of \$12 USD (35.00 PEN) and a monthly contribution of \$3.45 USD (10 PEN). Children can be covered for an annual fee of \$5.10 USD (15 PEN) and a monthly fee of \$1.70 USD (5.00 PEN). This entitles them to 10 medical visits including general medicine, paediatrics, internal medicine and obstetrics, six sonograms, and psychological consultations. It also makes available dental care, including a yearly cleaning, two extractions, two fillings, and two fluoride treatments for children. All care is provided through their own medical clinic, Centro Medico San Cristobal.
- **Cooperativa de Ahorro y Crédito Crl. Fransisco Bolognesi**, a savings and cooperative serving the armed forces of Peru, was established in 1970. It provides its 14,000 members (2011) with financial and non-financial services, including free and subsidized health care.¹² Members and their families benefit from no-cost, personalized medical and dental care, a vaccination service, blood pressure and diabetes screening, advice on family planning, nutrition, dental check-ups,

psychological care, physical therapy, and access to a gym. It also has service agreements with suppliers, including optical stores.¹³

- **Cooperativa de Ahorro y Crédito Tocache (COOPACT)**, one of the 30 largest cooperatives in the sector, has 17,000 members. It operates a programme called CSalud, a social welfare fund (Fondo de Previsión Social) which entitles members and their families to medical and dental health care, indemnities for maternity, disability, and death. COOPACT insures medical and dental service delivery by health providers (clinics and medical centres) with which it has service or contractual agreements.¹⁴

The savings and credit cooperative movement in Peru encompasses 167 savings and credit cooperatives which together total more than 1.25 million members (53% men and 47% women). The majority (70%) live in urban areas.

OTHER COOPERATIVES

Coffee and cocoa production cooperatives provide essential health care services to rural populations in the inter-Andean high forest areas. Due to their remote location, the small producer members often lack easy access to public health services. Appropriate medical attention is rarely to be had at poorly-staffed and -equipped medical outposts where a doctor may only be available once a month.

To address this problem of access, a number of these cooperatives provide health care for their members and communities. Cooperative education committees often promote and manage these activities. A number of coffee and cocoa production cooperatives run and operate medical offices or medical dispensaries of varying quality, and offer preventive health campaigns. The more economically successful cooperatives have created special funds to cover health care-related costs. Some have established their own savings and credit cooperatives to address financial risk. Cooperatives seeking or operating under Fair Trade certification also are encouraged to invest surplus in improving the

health of their members and to provide some forms of health care.¹⁵

The sector brings together more than 50,000 families (approximately 250,000 people) in 78 coffee cooperatives and 180 small producer associations. Their activities thus have an impact on a potentially large segment of the population with limited access to health care.

Cooperatives in other sectors, particularly those categorized as “multipurpose,” also provide health care services.

SOCIAL COOPERATIVES

Social care cooperative data are not collected by public authorities. To collect such information would require an extensive investigation of cooperative areas of activity. However, initial research revealed that cooperatives do provide elder care and care for persons with disabilities. Housing cooperatives, for example, provided residential care facilities for the elderly. The National Council for the Integration of Persons with Disabilities (Consejo Nacional para la Integración de la Persona con Discapacidad, CONADIS) promotes worker cooperatives which create sheltered employment opportunities for persons with disabilities. Two cooperatives of persons with disabilities are currently registered with CONADIS: *Cooperativa de Servicios Especiales de Trabajadoras y Trabajadores con Discapacidad Victor Raul Haya de la Torre* and *Cooperativa de Producción y de Trabajo Talleres Electro Multiples Fe Limitada N° 36*.¹⁶

MUTUALS

Some mutuals of professional organizations facilitate access to health care by providing members with a number of social protection services. Generally, they provide life and funeral insurance, but in some cases hospitalization plans as well. This is the case of the Mutual Association for Air Force Personnel, *Asociación Mutualista de Técnicos y Suboficiales de la Fuerza Aerea del Perú*, which provides hospitalization insurance.¹⁷

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