

TC Document

I. Basic Information for TC

▪ Country/Region:	MEXICO
▪ TC Name:	Support of the Development of a LTC System in the Mexican Institute of Social Security (IMSS)
▪ TC Number:	ME-T1439
▪ Team Leader/Members:	Aguilar Rivera, Ana Mylena (SCL/SPH) Team Leader; Ibarraran, Pablo (SCL/SPH) Alternate Team Leader; Bermudez Plaza, Neili Carolina (SCL/SPH); Bonilla Zarrazaga, Lidia (SCL/SPH); Hwang, Euisu (SCL/SPH); Park, Mihwa (SCL/SPH); Perez Maillard, Michelle Margarita (SCL/SPH); Sanmartin Baez, Alvaro Luis (LEG/SGO); Vereza Suarez, Maria De Lourdes (CID/CME)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	01 Jun 2020.
▪ Beneficiary:	Mexican Social Security Institute (IMSS)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Korea Poverty Reduction Fund(KPR)
▪ IDB Funding Requested:	US\$500,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	November 2020
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	SCL/SPH-Social Protection & Health
▪ Unit of Disbursement Responsibility:	CID/CME-Country Office Mexico
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

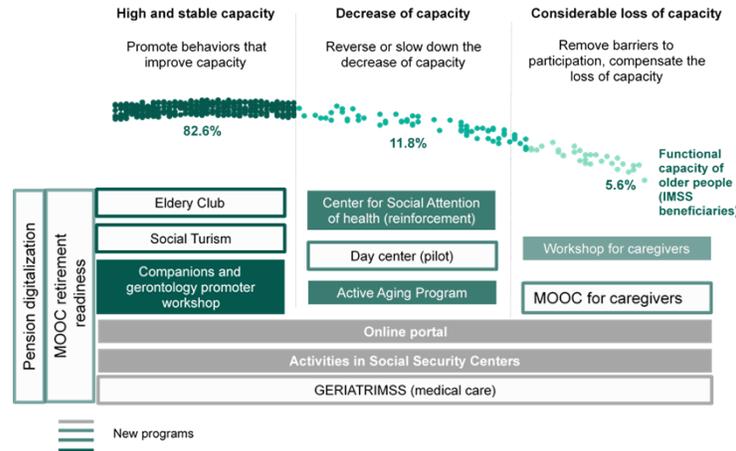
- 2.1 The objective of this collaboration project is to support and facilitate the development of a Long-Term Care (LTC) service model within Mexico's Social Security Institute (IMSS, *Instituto Mexicano del Seguro Social*), which entails the definition and provision of LTC services to benefit vulnerable elderly with functional dependency, their evaluation and the development of managerial capabilities within IMSS to build the LTC system. To meet these goals, this technical cooperation (TC) will also include a collaboration program between the IMSS and the South Korean National Health Insurance Service (NHIS). In so doing, this TC aims to improve IMSS elderly beneficiaries' access to quality care services.
- 2.2 Mexico is experiencing an accelerated ageing. Life expectancy at birth has increased from 50.7 years (52.5 for women and 49 for men) in 1950, to 76.5 years (78.9 for

women and 74 for men) in 2010¹. People 60 years and over went from representing 6% of the population in 1970 to 10% in 2015. By 2050, this group is expected to account for 21% of the country's population. Still, Mexicans are reaching older age with a more complicated epidemiological outlook, with a morbidity profile in which infectious and chronic diseases coexist, and with mortality rates where chronic-degenerative diseases predominate. As a result, according to the National Dynamic Demography Survey (*Encuesta Nacional de Dinámica Demográfica*), in 2014, over 8 million of older adults reported some kind of disability (3.4 million) or limitation (4.7 million).

- 2.3 Although these national demographic trends may be considered a success of public health policies and medical advances, they also represent a new challenge for the social and health systems, which should urgently adapt to increasing new needs. In México, the IMSS- the institution with the greatest healthcare and social protection coverage in Mexico since 1943 is facing a significant challenge on that respect. Established as a national public service for all formal workers and their families, IMSS's mission is to be the basic instrument for social security and health. In 2019, 59.4 million people were affiliated to IMSS, from which a staggering 9 million (16%) were over 60 years old. Furthermore, although almost 2 out of every 10 beneficiaries are older adults, this population group is continually increasing their use of health services and medical consultations. At the end of the last decade, this group's demand for institutional health services represented 34% of the total IMSS's medical expenses.
- 2.4 Using information reported by the Mexican Health and Aging Study 2015 (MHAS), IMSS has estimated the dependency profile of its older population, finding that 77.8% of this group is independent; i.e., able to carry out Activities of Daily Living (ADLs) on their own, while 4.7% were classified as presenting a dependency risk, 11.8% as low dependency and 5.6% as high dependency -i.e., having more difficulties for eating, bathing, and toileting. As such, older adults will continue to require medical attention which will, in turn, put pressure on IMSS's finances. In this context, IMSS is aiming at developing actions to provide social care of older adults, including improving or maintaining their functional capacity. In specific, IMSS's Department for Economic Benefits and Social Services (Dirección de Prestaciones Económicas y Sociales - DPES-) is now laying the foundations of a community-based, LTC service model, with social services as a key building block. It is DPES's understanding that social services should not replace medical attention; but rather, they should comprise of educational, preventive, and complementary actions. Figure 1 describes how IMSS envisions older adults' social care system according to their functional capacities, laying out a critical path to articulate its LTC system.

¹ Own calculations based on WHO data on Life Expectancy by age.

Figure 1: IMSS's actions for the older people social care



Source: IMSS / Dirección de Prestaciones Económicas y Sociales (2019)
MOOC: Massive Open Online Course.

- 2.5 IMSS has requested the Bank's technical assistance in supporting and facilitating the development of its Long-Term Care (LTC) service model through four main activities: (i) services design, (ii) pilots' evaluation, (iii) capacity building, and (iv) LTC cost analysis. In parallel, IMSS is also interested in the learning from successful international experiences, in particular benefiting from South Korean technical assistance and knowledge transfer of their LTC Insurance (LTCI), both facilitated by the Bank.
- 2.6 The South Korean LTC model is deemed to be a good benchmark for Mexico as it is a contribution-based public insurance, similar to the one that IMSS manages. The Korean Senior Citizens LTCI program is a universal insurance plan for elderlies, in their households or in nursing facilities, who are either 65 and above, or below 65 but suffering from geriatric illnesses such as dementia and/or cerebrovascular diseases, and are unable to maintain their daily lives by themselves for more than 6 months. This program emphasizes the responsibilities of society and government for long term elderly care, rather than making an individual and his or her family liable for providing nursing services. Korea's LTCI provides three different types of elderly care services (i) related to physical activity (bathing, eating meals, washing hair, using restroom, movement, and changing patients' positions); (ii) related to daily living (preparing meals, cleaning, and laundry); and (iii) healthcare, and nursing services (aid in consultations and medical treatment related to elderly care).
- 2.7 The NHIS operates and manages the National Health Insurance (NHI) and the LTCI. It is a quasi-public organization under the supervision of the Ministry of Health and Welfare, and it is a single insurer that provides health insurance to the citizens. It is responsible for operating LTCI including managing the eligibility of the insured, collecting insurance contribution, making the medical service (insurance benefit) fee contract with representatives of health care provides, and providing health insurance benefits. NHIS also assesses applicant's eligibility based on individual's needs and disease seriousness. Applicants who are eligible are grouped into 5 different

categories. Private institutions and facilities are designated by local governments to provide care. As of 2017, 7.8% (550,672) of Koreans who are age 65 and above used LTCI, and 95.1% of the beneficiaries are 65 and above. The LTCI is financed by LTC premiums, state and local government budgets, and user payments.

- 2.8 **Strategy Alignment.** This technical cooperation is consistent with the Second Update to the Institutional Strategy (AB-3190-2) and is aligned with the development challenges of (i) Social inclusion and equality, by looking for extending access to LTC services to senior citizens; and (ii) Productivity and Innovation by looking for efficiencies in services provision through innovative interventions such as telecare. The program is also aligned with the cross-cutting theme of Institutional Capacity and Rule of Law, by including capacity building for IMSS staff so they can develop the skills to provide specific services for the elderly and by looking for institutional arrangements to roll-out the LTC system. The TC will contribute to Corporate Results Framework (CRF) 2020-2023 (GN- 2727-12) through indicators #2 “Beneficiaries receiving health services”, and #26 “Agencies with strengthened digital technology and managerial capacity”. In addition, this TC is aligned with IDB Group Country Strategy with Mexico (2019-2024) (GN-2982), through the objective of supporting equitable and sustainable access to social services, as related to improved social protection for older adults. Lastly, the TC is also aligned to priority objective 3, poor and vulnerable populations in dependency conditions can access care services that promote their autonomy and social inclusion. Finally, this TC is aligned with the Korea Poverty Reduction Fund (GN-2373-3), by benefiting the vulnerable elderly population. The purpose of the fund is to support poverty reduction and social development activities, including those related to disaster prevention and post-disaster response per IDB policy, benefiting the most vulnerable and economically disadvantaged groups in the eligible beneficiary countries.

III. Description of activities and budget

- 3.1 **Component 1: Long Term Care System Service Development (US\$120,000).** The first component will finance the design of the daycare center model, the telecare model, and the support for the IMSS’ LTC pilot.
- 3.2 This component will finance the designs of both the daycare and telecare models. In doing so, the proposals will include: (a) a literature review on how successful international experiences of these type or services have been implemented, identifying key findings and lessons for implementation; (b) the definition of the set of services to be offered, and the resources required; and (c) the operational and managing architectures, including human resources processes, service quality standards, information services, financial management, etc. Activities (a) and (b) will provide the necessary information to develop the operational manual of the daycare model. For the telecare model, the proposal will also include a section describing IMSS’s steering role in the outsourcing of the telecare services, specifying accountability and efficiency mechanisms, the management of confidential information, and quality standards. To this end, the telecare model will be developed by two different consultancies: one oriented to the technical conceptualization, and a second considering the institutional arrangements to be implemented so the outsourced service is useful, efficient, and accountable.
- 3.3 Additionally, supporting pilot implementation activities will include financing the design of IMSS’ staff training in terms of skills development for the provision of new specialized services, and the tools to facilitate the change management process.

Finally, the component will finance a Study on Global Aging and Adult Health (SAGE), focusing on hip and knee replacement. The study will estimate the unmet demand for knee and hip surgery, so IMSS can include this information into their forecasted services for the following years.

- 3.4 **Component 2. Managerial capacity and definition of costing and financing parameters for an LTC system (US\$170,000).** In order to develop and strengthen the institutional capacity to build and manage a LTC system within IMSS, this component will finance activities by which IMSS can obtain, improve, document and retain skills, knowledge and tools needed to further these programs' sustainably in the long term. To improve management capacity of LTC services, this component will finance: (i) in person or virtual training for the proper implementation of the LTC pilot to daycare staff; (ii) the design and implementation of evaluations of both daycare and telecare pilots; and (iii) a cost analysis of the new LTC system model and its financial managing requirements, considering the national and institutional context of IMSS.
- 3.5 The training for daycare staff will refer to themes such as data privacy management, gerontological evaluation and intervention design, leadership and decision-making in LTC contexts, community outreach strategies, emergency response, and financial planning, including also change management among care personnel for the proper implementation of the LTC pilot.
- 3.6 The design and implementation of evaluations financed by this component will include a process evaluation of the daycare model, and impact evaluations for the daycare and the telecare services to assess the model's relevance, performance, efficiency and effectiveness on key outcomes and how should they be further implemented. These evaluations will assess the LTC system relevance, impact/results, efficiency, and sustainability. Lastly, the cost and financial analysis will allow IMSS to quantify the investment and operating expenses needed to deploy a complete LTC system in Mexico, identifying the availability of financing sources for the LTC system. The development of different funding scenarios—including copayment or insurance schemes, tax-based funding, among other, could help identify possible pathways towards a permanent funding source.
- 3.7 **Component 3. Knowledge sharing and dissemination programs with Korea (US\$145,000).** This component will fund (i) the participation of healthcare workers from Mexico in a training workshop program run by the NHIS in South Korea, and two policy notes; one on the lessons, best practices and recommendation from the Korean NHIS experience, and a second on how to incorporate NHIS recommendations into the IMSS model.
- 3.8 The prospective participants of the workshop would be IMSS employees and other related government agencies such as the National Institute of Geriatrics (*Instituto Nacional de Geriatría*, a public think-tank on geriatrics that is also involved in the development of an LTC system in Mexico). Participants will learn South Korea's experience in adopting LTC and understand how Korea was able to reach the agreements to implement such system. The course will include ways to ensure financial sources, governance relationship between NHIS and local government, quality control of services, and LTC's relationship between existing health insurance system. The component will cover travel and logistic costs of the participants. Due to the current pandemic, virtual training is being considered.

- 3.9 The policy recommendations to be provided will consider Mexico’s socio-economic circumstances, such as aging in Mexico in comparison with South Korea, as well as the healthcare system’s characteristics while developing the LTC model. It will also include the identification of best practices in which the NHIS has been involved and which may be useful for the IMSS; an IMSS daycare center model based on international best practices and, particularly, those of the NHIS, as well as the day center management model; the telecare service model; the diagnosis and change management plan for the implementation of the project; the summary of the evaluation carried out and recommendations derived from the result; and practical recommendations for the involvement of organized civil society in the care of this population, based on the Korean experience. This activity includes the elaboration of a technical note and an executive presentation of the findings and main recommendations. A second note will translate these lessons and recommendations to the IMSS model, addressing key practical variables and processes within IMSS and its daycare center and telecare services.
- 3.10 **Other costs (US\$65,000).** The TC also includes consulting services for the coordination of the TC activities. The expected result is the final design of a new service model for IMSS’s LTC system, ready to be implemented. The direct beneficiaries of this TC will be 550 elderly participating in the pilots, with a potential to have an impact of over 9 million IMSS affiliates. Besides, IMSS will be directly benefited, as this TC will strengthen its capacities to be able to provide further specialized services.
- 3.11 The total cost of this TC will be US\$500,000, which will be financed by the Korean Poverty Reduction Fund (KPR). The execution and disbursement period will be 36 months.

Indicative Budget (US\$)

Activity/ Component	Description	IDB Funding	Total Funding
Component 1. Development of Services for the Long-Term Care System	1.1 Knee and hip surgery assessment	10,000	10,000
	1.2 LTC daycare pilot design	50,000	50,000
	1.3.a Telecare model design - technical	20,000	20,000
	1.3.b Telecare model design – institutional arrangements	25,000	25,000
	1.4 Training and management of change strategies design for LTC services and telecare	15,000	15,000
Subtotal Component 1		120,000	120,000
Component 2. Managerial capacity and definition of costing and financing parameters for an LTC system	2.1 IMSS staff training and change management for LTC service delivery and telecare	20,000	20,000
	2.2.a Design and implementation of daycare services' impact evaluation(s)	50,000	50,000
	2.2.b Design and implementation of daycare services' process evaluation	10,000	10,000
	2.3 Design and implementation of telecare services' impact evaluation	70,000	70,000
	2.4 Costing and financial analysis and recommendations for a new LTC service model	20,000	20,000
Subtotal Component 2		170,000	170,000

Component 3: Knowledge sharing and dissemination programs with Korea	3.1 Logistic costs of Workshop and on-site training in South Korea	30,000	30,000
	3.2 Travel expenses between Mexico and South Korea for health and social workers	70,000	70,000
	3.3.a Analysis and recommendations from NHI to IMSS - South Korea's framework	30,000	30,000
	3.3.b Analysis and recommendations from NHI to IMSS – Mexico's context	15,000	15,000
Subtotal Component 3		145,000	145,000
Other costs:	Evaluations' results dissemination	10,000	10,000
	Project Management and Supervision	55,000	55,000
Subtotal other costs		65,000	65,000
Total			500,000

IV. Executing agency and execution structure

- 4.1 At the request of IMSS, considering the operational limitations that it is facing due to the pandemic context and its need to channel institutional resources to this end, the Bank, through the Social Protection and Health Division in Mexico, will execute this TC (See ¶2.9). The Bank's execution will allow greater efficiency and flexibility in execution and responses to project requirements. Through its extensive experience in project design, implementation and evaluation of LTC systems, the Bank, will be able to provide relevant technical expertise while guiding the collaboration with South Korea counterparts, and facilitating the share of experiences and activities between Mexico and the later country.
- 4.2 All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services. The TC foresees financing two consultancies (1.3a and 3.3a), under a single source modality, to the NHIS for a total amount of US\$50.000. The Korean NHIS operates and manages the NHI and the LTC in South Korea, becoming a specialized agency with exceptional experience in understanding the country's LTC model and provide operational recommendations.
- 4.3 NHIS is responsible for managing the LTC insurance scheme in South Korea (See ¶2.11). In particular, the model aims at helping healthy and comfortable aging in improving the quality of people's lives by supporting physical activities or housework for the elderly who have difficulty in taking care of themselves due to old age or geriatric disease -a similar model that the IMSS is aiming to implement as a day-care model.
- 4.4 Under IDB execution, the financial management of the TC will follow the Bank's internal financial procedures and will not include the contracting of external auditing services. There are no previous conditions before disbursement and the project does not foresee any reimbursement of expenses.
- 4.5 The monitoring arrangements include the continuous supervision of all contracted consultants and firms, revision of their products and payments, bi-monthly supervision meetings with the beneficiary as well as the elaboration of annual reports on the TC execution progress and performance.

V. Major issues

- 5.1 Risks related to this TC are of two types: those related with the production of high-quality inputs financed through the operation, and those related with the process of developing a community-based LTC system at IMSS. To mitigate these risks, the Bank, along with IMSS, will closely monitor the production of outputs at different stages to ensure quality and relevance. The selection of the LTC system building processes to support was based on a realistic assessment of the opportunities and constraints in the current fiscal and legal scenario in Mexico, however, an inherent risk is present due to the COVID-19 sanitary emergency that has impacted the public health budget and can reduce available resources for the implementation of the project. The project team has already adapted the implementation plan of the activities to reduce costs and ensure its feasibility.

VI. Exceptions to Bank policy

- 6.1 This TC does not include any exceptions to Bank policies.

VII. Environmental and Social Strategy

- 7.1 The ESG classification for this operation is "C". Considering that the project will not finance construction works and the procurement of goods but rather exclusively includes consultant and non-consultant services and travel costs, potentially negative social and/or environmental impacts have not been identified (See [SPF](#) and [SSF](#) filters).

Required Annexes:

[Request from the Client - ME-T1439](#)

[Results Matrix - ME-T1439](#)

[Terms of Reference - ME-T1439](#)

[Procurement Plan - ME-T1439](#)