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Social Security Institutions in Mexico: Limitations and challenges

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Introduction

Unlike the Seguro Popular (Popular Insurance Scheme) which defines itself as “financial arm”, any modern health system should prevent and take care of diseases. This is its main task. This responsibility is often associated with its capacity to provide comprehensive care for the people and its community. These systems rely, firstly, on *health promotion and education* (as the free textbooks that the Ministry of Public Education distributes do) and *preventative campaigns* (National Immunization Weeks organized by the Ministry of Health twice a year). Prevention also includes other actions that intend to decrease risk factors –often related to lifestyle choices such as the excessive use of tobacco, alcohol, drugs or the presence of risky sexual behaviors– which can prevent the development of further conditions. Prevention tasks also intend to reduce accidents, homicides, certain environmental exposures and some labor emissions.

Once people have acquired the *disease*, health systems have to take care of it: diagnosis, treatment and rehabilitation.

Thus, it is important to distinguish between *users and patients* of the health system. In strict terms, users who get vaccine and mothers who

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give birth are basically healthy; however, chronic diabetes patients (under control) or a person with terminal cancer are handicapped people, in a difficult situation, victims of illness and suffering. *Users* come and go on their own, *patients* become like the Sun of the care system, organizing all of the stars that will take care of its illness.

The quality of any health system is expressed in its capacity to operate preventive policies to avoid diseases and –likewise– consistently improve the population's *health*; as well the organization, precision and scope of the doctors' and nurses' interventions they use to restore patients' health.

What to do today with Mexicans' health and social security? Where do we start? What should they offer? The following pages explore viable solutions and give a review of its current state. Firstly, the situation of two great social security institutions, IMSS and ISSSTE, is reviewed to establish the course of an agenda. All of this based on a more strategic vision, not contextual or programmatic.

ISSSTE was reformed in 2007 and this is the situation four years later

Felipe Calderón did not intend to improve State workers' social security. If this had been his intention, the contributions' increase should have exceeded the current meager 2.65%, applicable until 2012¹.

Services and public issues are worst that ever. In a strict sense, the only intention was to monopolize PENSIONISSSTE, the use of pension funds of Section B of Constitutional Article 123².

And even this was a complete failure. The combination of legal struggles and demonstrations –as well as four constitutional protections– destroyed these reforms.³ In November 2008, one million 800 workers chose the distribution scheme; meanwhile, PENSIONISTE had 294 thousand workers.

¹ Gustavo Leal F. (2011) "Tres años después de la 'reforma' Calderonista del ISSSTE. Sigue reformar esa "reforma", *Estudios Políticos*, N. 22, Novena Época, January-April, pp.139-154, Centro de Estudios Políticos, FCPS, UNAM

² Gustavo Leal F. (2008) *El ISSSTE bajo el foxismo*, DCBS-UAM-X, Colección Académicos N. 88; Gustavo Leal F. (2010) *Nueva Ley del ISSSTE. 2007-2008. Materiales*, DCBS-UAM-X, Colección Académicos Núm. 91

³ Gustavo Leal F. (2009) *RESISSSTE*, ADN EDITORES-IMAGEN-MEDICA, Temas de Salud y Sociedad Núm. 3

Besides, the financial future of the law promoted by Felipe Calderón is risky; to avoid this, more workers should have chosen PENSIONISSSTE. Individual accounts from Section B and the new contribution structure to maintain services will only grow with the addition of new workers, which is not going to happen. Seventy thousand “precarious” SSA workers wait patiently. The law is destroying itself from the inside.

By declaring 5 articles of the new law unconstitutional –among them the original proposal of provisional article 10th– the Nation’s Supreme Court of Justice ruled that all active workers that did not choose PENSIONISSSTE until April 1st 2007 would operate under a “modalized” pension regime by retirement age of the repealed 1983 Law.

This ruling was a triumph of the largest collective conflict of modern Mexico, now embodied in the *Pension Regulations* of the new law⁴, which establishes Felipe Calderon’s impact on pension issues: increase in retirement age. That’s it.

Unfortunately, this is not the case with new workers. The aforementioned law affects all of their benefits; it breaks the intergenerationality of their retirement accounts and makes them individual ones; they will work more and receive less, especially women. If they find a job, financial powers will suck the life out of their emaciated pension funds.

The two strongest motives that justified the reform were: a) relieve the pressure of public finances and b) improve services, particularly health related ones; although none of them were fulfilled. The reformed law was even more expensive than the one that was repealed. Pressure on public finances grew and services did not get any better.

The law has more extraordinary contributions and resources, but less pension burden; thus, services should be better. They happen daily in clinics and hospitals. But these improvements have not been legislated.

The Health Insurance is riddled with complaints related to the quality of care, shortages and excessive demand; even though Miguel Ángel Yunes signed the *Express Drugs Comprehensive Supply Program and National Distribution Center* with *Fármacos Especializados*

⁴ DOF, 21.7.09

(Specialized Drugs), 3 thousand 220 million pesos. The biggest contract in the history of the Federal Government.

Three years later, the Health Insurance of the new law already has an important deficit, according to the 2010 Financial and Actuarial Report (IFA-10), its resources “will be insufficient to cover expenses in the medium and long term en each of its aspects”.

IFA-10 blames for the deficit 600 thousand workers –of approximately 64 years– who retired before the reform and whose chronic treatments are very expensive. This inherited liability affected the Health Insurance and it is certain that it will continue to operate with this deficit “until the group becomes extinct in 2070”.

It is as if this group of people that retired did not justly pay their contributions to receive adequate health care and as if Calderon’s technocracy which designed this reform⁵ had not expected this “anomaly” which was detected three years after its implementation.

The incoherent growth of infrastructure is equally disturbing -although it was one of the reform’s goals- which devoured 8 thousand million pesos to construct two hospitals: Tultitlán and Emiliano Zapata in Morelos, overcrowding the country’s central area and neglecting the Northern and Southern parts. The most used pretext is the closing of the gap, meanwhile advantages of the Management Agreements and Commitments have not been seen.

PREVENISSSTE has not been a success; however, director Jesús Villalobos now advertises the benefits of an initiative that is “pioneer”: a *National Agreement for Prevention*, which overloads the first level, provides “universal coverage” and follows the gospel of self-care leaving behind the catalog of medical benefits.

The “program to offer better results to beneficiaries” and the “pioneer program to improve services” have not been launched. Nonetheless, Miguel Ángel Yunes signed a tender with *OfiStore* (managed computing, printing and digitalization of documents service) which cost 706 million pesos and Jesús Villalobos signed another one with Bestel –subsidiary of TELEVISIA– for two thousand million pesos.

⁵ Headed by José Antonio González Anaya who is currently Subminister of Tax and Public Credit.

In Social Services –after some abnormalities were discovered (2004) by the Superior Audit of the Federation on the comprehensive system of stores and pharmacies– an offer was made to restructure them and implement a distribution macrocenter, *SuperISSSTE*, to offer lower prices. Meanwhile, *funeral services*' prices increased and The Mexican National Educational Workers Union (SNTE) charged a monthly fee (\$64 pesos) to their retired workers for "Funeral Insurance" through the International Netherlands Group (ING).

TURISSSTE was also abnormally used by President Calderón and it still lacks strategic projection for its main users: senior citizens. The subrogation of Development and Child Welfare Daycares continues in some states.

After the embezzlement of money from Education Housing (Vivienda Magisterial), since 2006 FOVISSSTE only has 2 thousand million pesos to give out loans to Limited-Objective Financial Societies (SOFOLES), housing quality, numerous bank agreements signed by Miguel Ángel Yunes for construction purposes, mortgage loans for retirees, and of course the controversial use of workers' resources to finance housing in general, securitization of the fund's portfolio; all of this obviously limits personal credits and mortgage loans.

The area of *Cultural Services* (cultural, educational, training, retirees, handicapped people and sports promotion programs) needs a lot of attention. Especially in the area of retirees and pensioners which are potent institutional assets as stated in article 4 of this law.

The next step is to reform this reform. In 2011 –according to the new law's 14th article and Provisional 46th article– the Directive Board must thoroughly revise it to establish "the institute's future viability"⁶.

IMSS was reformed in 1995-97 and this is the situation fourteen years later

This reform –as the one conducted in ISSSTE– was designed with the utmost urgency, exhibits a lot of legal ambiguities, loopholes and complexities which stemmed from hasty parliamentary approval that

⁶ Created on March 12th 2008, PENSIONISSSTE 401 (k) has been administering pension funds for State workers for three years up to March 12th 2011. From this date onwards, pensioners will be able to choose if their money remains here or they move it to another 401(k) system.

favors beneficiaries' confusion and jurisprudential rulings which came after and which did not mend the quality of its legal making; however, they do promote lack of trust of social security institutes.

This reform keeps on increasing the pockets of those who administer vast retirement resources without improving the performance and security of the owners of these funds.

Fourteen years later, IMSS is characterized by total chaos. After more than a decade of PAN government⁷, this institution still lacks clinical policies needed by its beneficiaries in light of an uncertain financial horizon.

The 2011 Income Law authorizes IMSS to transfer surplus of resources from the Disability, Life and Job Hazards Insurances to the Sickness and Maternity one all of this means this institution is, in fact, returning to its 1973 self.

After Ernesto Zedillo's (1997) reform took away the Institute's pension resources and privatized them and gave them to Managers of Retirement Funds (AFORE or 401(k)) after the deliberately misleading diagnosis made by Santiago Levy and Vicente Fox who used apocalyptic predictions and exaggerated figures to discredit the best national health teams to be able to destroy the most complete Collective Work Contract of Latin America. They also built the myth regarding the importance of the Retirement and Pensions Regime. Vicente Fox and Felipe Calderón used fresh resources taken from IMSS and invested them in the incoherent Popular Insurance Scheme (and its *petit* model Medical Insurance for a New Generation). Announcing the use of these resources gave the final blow to Ernesto Zedillo's failed reform.

This summarizes the denial of what the 1997 technocrats wielded as central argument to promote a reform that has failed completely⁸.

⁷ Gustavo Leal F. (2009) *El IMSS bajo el foxismo*, DCBS-UAM-X, Colección Académicos, N.86; Gustavo Leal F (2008) *El IMSS bajo el calderonismo. El pliego hostil de Molinar Horcasitas*, ADN-Asamblea Nacional de Trabajadores Democráticos del IMSS

⁸ These technocrats are: Gabriel Martínez who currently works as General Secretary of the Inter-American Center for Social Security Studies and his close collaborator Eduardo González Pier (Popular Insurance Scheme's designer along with Julio Frenk) who today works as IMSS' financial director.

Felipe Calderon's initiative is "barely a breather, a new generation of reforms that ensure long-term financial viability is needed", this is only a smokescreen to hide the huge chaos that permeates PAN's IMSS.

Since 2000, thanks to Fox and Levy, and especially since 2006 thanks to Felipe Calderón, José Molinar Horcasitas and Daniel Karam, IMSS is riddled with inefficiencies, omissions, non-fulfillments, favoritisms, discretionary purchases and collections, besides other problems.

The core of the beneficiaries' expectations is affected by this mess which transforms an adequate provision of services into an authentic chaos. Intolerable wait times and insulting shortages are normal.

Satisfaction surveys carried out by Mexican Transparency⁹ state that "77% of beneficiaries said they were extremely satisfied or somewhat satisfied with the attention".

The quality of PAN's administrations has created deep and unprecedented havoc. For a decade –although the situation has worsened in the last four years– services have been victims of an operation that feudalized IMSS.

This is why services are worse than in the year of "alternation" -2000- and without a chance of improving. The new generation of Felipe Calderon's reforms are intended to win time and hide the results of the worst decade IMSS has gone through.

Those alternation governments were supposed to design health policies and social security which would correct inertias and pending work left by previous PRI governments. First of all, this policy should have demanded account reports, previous managements' evaluation and transparency to improve services that had been inherited and make a new report of the current situation.

None of this was done. In return, alternation governments accepted the technocratic diagnosis of the Mexican Health Foundation¹⁰

⁹ In charge of Federico Reyes Heróles

¹⁰ Funsalud, directed by Guillermo Soberón, Julio Frenk and Doctor Mercedes Juan nowadays. Gustavo Leal F. (2006) *Planes y programas del foxismo*, DCBS-UAM-X, Colección Académicos, N.67

and imposed the Popular Insurance Scheme; meanwhile, Santiago Levy¹¹ was allowed to dismantle the institute by creating the High specialty medical units (UMAES), by giving apocalyptic reports and allowing corruption to grow.

This decade has crowned this disorder thanks to the quality of union's leaders –who have become part of this institutional chaos by suspending workers, sacrificing the ones who have been recently hired, breaking statutes and holding on to their power– who are also PANs legislative representation.

Following Vicente Fox's example, Felipe Calderón did not address this problem as president: he was never responsible for the Nation and its main social security institution. He made this disaster –started by Santiago Levy– worse by appointing Molinar Horcasitas and Daniel Karam. The next administration will inherit this problem.

The structural damage caused by Ernesto Zedillo's law in 1997 has been worsened and riddled with more corruption during this alternation decade. The next step is to reform these reforms.

Suggestions for what not to do

1.- Do not offer "universalisms" in basic packages

Who could disagree with the preservation of our social security system's universality principle? No one. It is a desirable goal? Undoubtedly. Nonetheless, this issue has to be carefully analyzed.

Nowadays we hear diverse voices supporting it: the head of the Federal Executive Power¹², the Health Ministry¹³, IMSS¹⁴, ISSSTE¹⁵, the

¹¹ Author of the subrogation contract which ended with the ABC Daycare tragedy in Hermosillo, Sonora. Levy currently works as consultant for Manlio Fabio Beltrones and Enrique Peña Nieto.

¹² *La Jornada*, May 8th 2010

¹³ SSA (2008) "El Secretario de Salud, José Angel Córdova Villalobos, inauguró los servicios de Oftalmología, Alergias y Dermatología del Hospital Universitario de Nuevo León", *Press Release Number 221*, July 9th.

¹⁴ IMSS-Molinar Horcasitas, *Milenio Diario*, July 4th 2008; IMSS-Karam, *Informe al Ejecutivo Federal y al Congreso de la Unión Sobre la Situación Financiera y los Riesgos del Instituto Mexicano del Seguro Social 2008-2009*, Cobertura Universal en 2010, pp. 86-87

¹⁵ ISSSTE-Yunes, *La Jornada*, November 27th, 2009

PAN's Legislative Agenda (LXI Legislature)¹⁶ and even Enrique Peña Nieto, governor of the State of Mexico¹⁷.

Others promoting universalism: National development and modernization of Mexico Agreement, the 3x3 Program of the Business Coordinating Council¹⁸; programmatic documents of PRD of the faction coordinated by Jesús Ortega¹⁹; the New Alternative National Project of Andres Manuel López Obrador's social movement²⁰ or proposals made by José Narro Robles,²¹ dean of UNAM.

¹⁶ *Reforma*, February 9th de 2010

¹⁷ *La Jornada*, May 27th de 2010

¹⁸ 2009

¹⁹ PRD (2009), *Documento de Discusión para la Reforma al Programa del Partido de la Revolución Democrática*, November

²⁰ *La Jornada*, 23 de noviembre, 2009

²¹ "A reform of the Mexican health system is needed to guarantee universal access, reduce unequal access to services and improving the quality of them. It is necessary to strengthen the most vulnerable social groups. We need to have a national decentralized public health system, with universal coverage and adequate quality. One of the sector's main problems is the division into many institutions; this brings inefficiencies, excess staff, greater costs, bureaucratic procedures, absence of communication between beneficiaries' databases, little transparency in the use of public resources. We Mexicans have to be able to have a unique national health service, there is great fragmentation; on the one hand we have social security institutions such as IMSS, ISSSTE, Pemex, Sedena and the Naval Medical Center. He also recognized the advances in health financing, although he considers it necessary to invest more resources. Our public financing has grown importantly in the last six years, but it is clearly insufficient. I understand the situation is difficult, but I am also aware that health in an important area. I question inertial assignments where money is invested in states which have more infrastructures, making social gaps larger. In 2010, Mexico will spend 351 thousand 869 million pesos financing the health sector, 2.75% of the GDP. Nonetheless, most of these resources will be spent on operative expenses and not physical investment. It is also necessary to banish technological dependence and humanize medicine which has become a niche market. The health industry has become a niche market and health is seen as merchandise. This vision has grown considerably in our country and it highlights the tremendous inequalities suffered by the Mexican population.", *Reforma*, December 3rd, 2009.

"It is urgent to have a National Public Health System which includes universal coverage, based on decentralization and has an adequate quality; the current one is no longer efficient. In this sense, it is necessary to carry out great reforms. The current system has become complicated hindering its transformation. Our organizations and functions no longer work. If we study coverage, we see injustices, there are Mexicans who have double or triple coverage and the possibility of paying private medicine services and other do not have anything. This makes it impossible to say there is universal coverage; some do not even have basic services. Duplicity also affects medical attention and makes inefficiencies and high costs grow (it has become a niche market, patients are seen as clients and doctors as suppliers), other problems include technological dependence, excessive use of technology and its intrusion into doctor-patient relationships and unequal access. We need to design a National Health Service with all of the infrastructure and financial resources we have. A system of heterogeneous quality, it has extraordinary services and others that do not offer much.", *El Financiero*, December 3rd, 2009

These speeches could be endorsed by anyone; however, it would be important to know what each speaker means when he talks about universality.

Nonetheless, we run the risk like the Popular Insurance Scheme and the Medical Insurance for a New Generation to refer to a “universality” of essential basic packages: the Universal List of Essential Services (CAUSES) to a rationalized “universality”²².

Both cases do not refer to universalism, but to packages which shrink the horizon of resources, services and benefits offered to address health damages, based on technocratic²³ cost-efficiency criteria.

It is also important to consider the promotion of self-care culture which could be potentially translated as tacitly blaming citizens, users, beneficiaries or patients.

In the face of this risk it is necessary to define the contents of comprehensive universalism²⁴ which demands the immediate future of our still enviable network. If what we intend is to take care resolutely, in a timely fashion, effectively and efficiently so that universality benefits its main target: people (patients) who are suffering and knock the network’s door.

Certainly, this comprehensive approach should broaden the catalog of benefits of the Insurance and Maternity IMSS Insurance and of the Health Insurance of the new ISSSTE Law, according to the situations that make us sick and die in this 21st century.

Speaking in favor of and promoting a universal system without defining it says a lot of things and nothing at the same time. Correcting health and social security policies to include the circumstances that

²² “The first dimensión is universality, that is, how many people are ‘insured’ or ‘have access to a basic guaranteed package’, Nelly Aguilera Aburto (S/F), *El paradigma de emergente en los sistemas de salud: hacia la cobertura universal en los países del continente*, IJJ-UNAM, p.4

²³ “Without a package that guarantees universal access to “everything” established in the Constitution it will not become effective; health services do what they can with the resources they have. These insurance processes by establishing a guaranteed package of illnesses and interventions seek to give people the instruments to exercise their rights to demand these services.”, Nelly Aguilera Aburto (S/F), *El paradigma emergente en los sistemas de salud: hacia la cobertura universal en los países del continente*, Cámara de Diputados, p.5

²⁴ ILO (2009) *Social Security for All: Investing in social justice and economic development*. Social Security Policy Briefings, Paper 7, Geneva

kill and make us ill nowadays can only be done by defining precisely the catalog of benefits in the universalism proposal²⁵.

2.- Sales Tax or Value added taxes (VAT) need not to be raised to decrease current benefits

Technocracy enjoys “improving” social security to help tax reforms²⁶. This cannot be done.

According to the National Institute of Statistic and Geography (INEGI), on the third trimester of 2010 employment numbers were disappointing. 47.1 million people constitute the Economically Active Population: 44.4 were employed, 27.2 salaried employees and 2.1 were employers. 10 million worked independently. 15.7 million had social security and 28.4 did not. 18.4 micro-businesses were recorded, 6.7 small businesses, 4.2 medium businesses and 3.6 million big businesses.

Meanwhile, the Ministry of tax and public credit reported a universe of taxpayers of 33.4 million, 1.3 businesses and 32.1 individual taxpayers. 6.8 had businesses and 25.2 did not.

In the face of this situation, Santiago Levy –one of the main culprits of the situation of social security– formulated some proposals to reform social security, which could be financed by Sales Taxes (VAT) added to pharmaceuticals, food and “all kinds” of services²⁷.

This initiative completely destroys IMSS-ISSSTE’s benefits comprehensiveness, substituting it with a universalism of minimum pension packages –retirement, medical, life and disability insurances and daycares– like the ones in the Popular Insurance Scheme. One of the Universal Social Rights Insurance includes work risk insurance –only for salaried employees– and another modest unemployment one which replaces severance payments.

This “minimum social floor” equals 5 GDP points. To implement it, it would be necessary to raise homogenized taxing, 15% sales tax for

²⁵ OIT (2009) *Bolsa Familia en Brasil: Contexto, Concepto e Impacto*, Ginebra, marzo, The Economist (2010) “How to get children out of jobs and into school”, July 31st, pp. 19-20

²⁶ “La discusión sobre subir o bajar impuestos, o exentar algunos productos de tales gravámenes, carece de sentido si no está vinculada a una reforma fiscal, la que, a su vez, debería estar atada al tema de la seguridad social”, Santiago Levy, *La Jornada*, February 4th, 2011

²⁷ “Good intentions, poor results. Interview with S. Levy”, *Nexos*, February, 2009.

all goods and services, no exception, those 5 GDP points. This tax would be named “contribution for universal social rights”.

The main problem is to guarantee retirement pensions (Managers of Retirement Funds), they would equal 37% of the last salary earned and medical insurance would be rationalized like UMAES or Popular Insurance Scheme.

Elites have grown tired, they repeat the same formulas from the old days, and their lack of imagination is palpable. They insist on using families’ meager income to tax food and pharmaceuticals –which would affect most families who spend most of their money on these– instead of implementing an alternative growth model to face informality and increase collection on traditionally protected groups.

All of this to return some rights that merely forecast a country of senior citizens without effective health services.

Suggestion: reform these “reforms”

After the unfortunate episode regarding labor reform; the new generations of reforms have to include social mobilizations that demand the government not to make changes in health and social security regulations.

This task will have to be fulfilled by the new Executive who wins the 2012 elections; a profound and inclusive debate has to take place in regards to this crucial and strategic social cohesion policy. This debate has already started, it is time to expand and democratize it.

It would be inconceivable to have the same people who destroyed the social security model in the 20th century to pretend to “rescue” it. Unless the strategy entails decreasing the wellbeing (pensions and health) of active workers and strip young workers who have just been hired of social protection; this is why it is essential to design great reforms and implement new policies.

Evidence shows that 14 years after IMSS was reformed, workers who have worked 40 years and have paid their contributions approximately 22 years, can receive pensions that equal 25% of their last paycheck.

Why? The answer is easy: the density rate of their contributions would be of 56%. Ernesto Zedillo ignored labor insecurities, low wa-

ges, informal employment and unemployment periods which prevent workers from paying their contributions to achieve decent pensions. This design did not adequately connect savings funds with employment reality: workers have low wages, can pay low contributions and are not able to have a decent pension.

The AFORE-model does not include the negative impact of contribution density, or its effect on lifetime earnings, it also gives its members inaccurate balances: in the medium and long-term they are unreal and impossible.

The system, including Section B and IMSS and CFE's new employees, does not even guarantee 20% of the last paycheck: four minimum salaries even if we consider the SAR92 contributions.

Why? This stems from the unreal hypothesis of this model: wage mobility, effect of commissions, interest rates and level of yields.

Let's not forget that Managers of Retirement Funds only benefit themselves: commissions are way too high and authorities benefit these companies and not workers by declaring their savings will not be affected.

Clearly, the problem is these assumptions as well as the nature of these individual accounts, commission structure and the unnecessary financial intermediation they represent.

To summarize: the problem is that Mexican "individual capitalization" which sometimes cannot provide a decent pension, unlike others like the Swedish one.

Adopted political decisions have clearly been a disaster; however, some legislators of the current public arena still say "this model is viable". Viable for whom?

It is a fact that there will not be a decent pension level because of the current level of job generation, the growing job insecurity and the effects of outsourcing.

We have to reform these reforms. But how?

Minimum agenda

Contemporary global economy is characterized by financial hegemony; this means that any serious health and social security reform

in Mexico would have to be based on the following idea: economic growth with distributive vocation for majorities, capable of generating formal employment, without the use of *outsourcing*.

Then we will be able to venture strategically in the “engine room” in which services are produced. This task has been abandoned since Zedillo’s, Fox’s and Calderon’s governments.

This work has to begin with health teams of IMSS, ISSSTE and SSA which provide adequate attention²⁸. Institutional proposals and intelligence will improve services without raising taxes.

As the Confederation of Mexican Workers (CTM) states: “the growth of institutional infrastructure has not been proportionate to the needs of a more demanding and growing population”. Surveys show that up to “23%” of beneficiaries are not satisfied. “This 23% represents thousand that wait every day for hours, use saturated emergency services and live chaotic situations”²⁹.

This minimum agenda includes:

- *Pensions*. It is necessary to adjust the current Mexican individual capitalization scheme to an emergent model –with economic growth and the creation of formal employment– which guarantees a public redistributive sustainable pillar, fiscally protected by the State³⁰. It can be accompanied by

²⁸ James Banks, Michael Marmot, Zoe Oldfield and James P. Smith (2008), *The SES Health Gradient on Both Sides of the Atlantic*, NBER, Washington. DC; José Manuel Freire, José Ramón Repullo, Luis Angel Oteo, Manuel Oñorbe (Editores) (2011) *Libro blanco de la sanidad de Madrid*, Madrid; Adamo-Jacochi (2008) *Factores que frenan el desarrollo de las ISES*, México, DF.

²⁹ José Luis Carazo, CTM’s representative before the Technical IMSS Council, *Reforma*, November 4th, 2010

³⁰ Similar to Felipe Calderon’s 2008 reforms of the Mexican Armed Forces Social Security Institute Law (ISSFAM). These reforms included the exact opposite of IMSS’ and ISSSTE’s reforms: the amount of annual contributions on assets, pension for members of the Armed Forces and their families made by the Government were increased (from 11% to 15%). They argued they were trying to “increase the quality of life of retired personnel because most of them cover their basic needs without having decent living standards”. An increase of 70%-80% was approved to pensions and awarded people with 30 or more years of service a factor to calculate the amount of retirement considering that retired military personnel can rarely rejoin productive life. This initiative also included an increase (from 0.5% to 3%) in minimum pensions of Armed Forces’ personnel to maintain financial viability of the Collective Retirement Insurance. In the Armed Forces, payments and pensions depend on rank, seniority, position or area where they work. These pensions can be up to 90% of their salaries. This initiative was approved in October 2008. Something similar occurred years before in Chile.

another pillar: optional, additional and voluntary that includes individual complementary savings. The third pillar guarantees, also fiscally, a minimum pension.

- *Regulation.* The emergent model should include a new regulatory device adapted to its triple structure.
- *Audits.* Before reforming the Retirement Savings System (SAR), the Congress of the Union must audit (through the Superior Audit of the Federation) retirement funds administered by IMSS until 1995 and by ISSSTE until 2007 so as to determine responsibilities.
- *AFORE and CONSAR.* Before the SAR is reformed, Congress has to analyze the performance of the Managers of Retirement Funds (AFORE) and National Commission for the Retirement Savings System (CONSAR) and their managing of Mexican workers' pension resources since July 1997.
- *Medical attention and health.* Besides adjusting the pension scheme, a new health policy is established, the latter takes into account morbidity and mortality profiles that sicken and kill Mexicans. This new policy substitutes basic packages for comprehensive updates of medical benefits' catalogs established in IMSS and ISSSTE laws. All of the resources of the National Social Health Protection System and its operation arm: the Popular Insurance Scheme and the Medical Insurance for a New Generation shall be integrated into the Illness and Maternity Insurance (SEM) of IMSS and the Health Insurance of ISSSTE.
On the other hand, SSA and State Health Systems (SESAS) shall adjust their current catalogs to the changes of IMSS' Law.
- *IMSS-Opportunities.* All of the resources of the SSA Health Caravans shall be integrated into the federal IMSS-Opportunities Program.
- *Daycares.* All of SEDESOS' resources of Child Daycare Systems shall be integrated into the social benefits' stocks of IMSS and ISSSTE which operate comprehensive daycare systems in compliance with NOM 167 (1997).