

Health System for the Wellbeing (from INSABI to IMSS- BIENESTAR)

Mexico City, May 12, 2023

On April 25th and 28th, the Chamber of Deputies and the Senate, respectively, approved the *Draft of Decree that amends, adds and eliminates different articles of the General Health Law, for regulation of the health system for the wellbeing* (the "Draft of Decree"), which was turned over to the Federal Executive for its publication on the Official Gazette ("DOF" for its acronym in Spanish). The most relevant subjects of the Project are:

I. Extinction of the INSABI

The Draft of Decree amends Article 7 of the General Health Law ("GHL") to replace the Health Institute for the Wellbeing ("INSABI" for its acronym in Spanish) for the Health Services of the Mexican Institute of Social Security for the Wellbeing (the "IMSS-BIENESTAR" for its acronym in Spanish), which will collaborate with the Health Ministry to provide health services, supplies and medicines to those without social security.

That said, is important to note that the Mexican Institute of Social Security ("IMSS" for its acronym in Spanish) and the IMSS-BIENESTAR¹ are different organisms, both with their own legal personality and assets; the former renders health services to people with social security in Mexico, while the latter provides healthcare services to people without social security.

The Draft of Decree establishes, among others, that the IMSS-BIENESTAR can participate in the consolidated procurement of health supplies and that the provision of services will be executed through the implementation of coordination agreements with the States. Regarding the funding, the States must transfer to the Health Fund for the Wellbeing (*Fondo de Salud para el Bienestar*), the resources to support the provision of free health services, medicines and other associated supplies, as agreed in the corresponding agreements. Also, the Draft of Decree modifies the

¹ It is relevant to specify that, the entity IMSS-BIENESTAR is different from the Program called "IMSS-BIENESTAR", which was created on May 25, 1979 (under another denomination) based on articles 214 to 217 of the Social Security Law.

operation rules of the Health Trust for the Wellbeing (*Fideicomiso de Salud para el Bienestar*), which will be funded by the Federal Budget and the resources transferred by the States.

II. General Health Council

The Draft of Decree establishes that in addition to the General Health Council, the Health Ministry, National Defense and Navy, public social security institutions, *Petróleos Mexicanos* and IMSS-BIENESTAR, or any other entity determined by the Federal Executive, will be able to participate in the elaboration of the National Compendium for Health Supplies. Some of the General Health Council's faculties established in its regulation are being included in the GHL as well.

III. No recovery fees

The Draft of Decree prohibits the collection of recovery fees for the provision of health services, supplies and medicines to any person without social security.

The Draft of Decree is awaiting publication on the DOF. Once published, the Federal Executive will have a period of 180 business days to issue the administrative and regulatory provisions required for the execution of the Draft of Decree, and for the Health Ministry to issue the provisions to carry out the transfer of INSABI's financial, human and material resources, real estate, rights and obligations to IMSS-BIENESTAR, and 90 business days to modify the Health Trust for the Wellbeing, among others.

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