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Fiscal Policies and Health Policies: Evident Tensions from the Criteria of Distribution of Shared Revenues and Methods of Determinating the Transference of Funds

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Objectives: There are two central objectives of this work. One is to describe the normative reference for providing health care in the Province of Buenos Aires. The other is to evaluate the current law concerning municipal tax revenue sharing co-participation in the province from the point of view of its impact on financing expenditures in the municipal health sector.

Methodology: Quantitative and qualitative analyses

Results: The author describes the municipal public health system, laws involving co-participation and the system used to transfer financial resources. The system to transfer financial resources is vertical. In other words, financial resources flow from the national government to the provinces and then to the municipalities. There are two criteria for the allocation of the resources: the return and the territorial redistribution. The analysis of the distribution of funds per capita by municipalities demonstrates a large disparity between them. Rural municipalities with less dense populations receive the highest average per-capita income because of certain components like number of hospital beds and the level of complexity in the health care services that they offer. Municipalities with higher population density and with higher health needs but without public clinics and hospitals receive fewer funds per-capita from the shared revenue of taxes. The author provides evidence on how, through the application of this mechanism of transference, to be poor in a poor municipality increases the inequality. Furthermore, the author indicates failures in relationship between social efficiency and the equity of the health care system because of the method of shared revenue taxation, which does not generate incentives for prevention of health problems nor for the development of new forms of health care services. Also, the method of shared revenue privileges highly complex health care services, and takes into account simply the total number of beds in health care centers without looking at the distribution of acute, chronic, or homebound patients.

Conclusions: The author concludes that the present system for the distribution of the shared-revenue tax in the health sector of Argentina demonstrates inefficiency and inequality of the allocation of resources. The author implies that the poor are more affected by the lack of access to health care than other social sectors, which results in situations of inequality in the health care system.