

# TAX JUSTICE FOR WOMEN'S HEALTH

# THE OTHER FIGHT AGAINST CANCER



## I. CANCER: IT CAN BE PREVENTED, DETECTED ON TIME AND SAVE LIVES

Nobody should die for lack of health services; nobody should die because they don't have enough money to pay for healthcare and to buy the medications to prevent cancer. This should be secured by the State, who has the mandate to respect, protect and realize the right to health of all citizens. In order to do this, the State must "refrain from interfering with the enjoyment of the right", "prevent others from" doing so and "adopt appropriate measures towards the full realization of the right".<sup>1</sup>

In 2014 in Peru, cancer took the lives of 26 thousand women and men<sup>2</sup>. Cancer causes approximately 18% of the deaths registered annually (2, 3). Each year, 45 thousand new cases of cancer are reported<sup>4</sup>, of which women are the most affected (4,5). It is estimated that each day 64 women and 54 men are diagnosed with cancer. Each year 1200 women die due to breast cancer<sup>3</sup>. Among the types of cancer that affect Peruvian women are breast cancer, cervical cancer and stomach cancer, which also has a high prevalence among men (5). The impact of cancer is catastrophic amongst the poor population due to the high cost of treatment. Families collapse financially, and there are thousands of years lost for the country's development because of the disability that it causes. In 2012 a total of 420,024 years of healthy life were lost due to cancer. "The economic cost was equivalent to US\$900 million".<sup>4</sup>

*Each year 45 thousand new cases of cancer are reported, of which women are the most affected. Diagnoses in advanced stages as well as the discontinuation of treatment due to the lack of investment; coverage and the high cost of treatment are some of the main challenges in the fight to control cancer in Peru.*





## 2. FISCAL JUSTICE TO WIN THE BATTLE AGAINST CANCER

Tax justice seeks to redistribute wealth among all citizens. In the first place, it is expressed when everyone contributes according to their income. Those who earn more, contribute more. In the second place, the State invests these contributions aiming to achieve wellbeing for all citizens. Good tax collection is not enough; it is essential to invest it properly in health, education, social protection, etc. The fiscal system in Peru is far from that goal. In the first place, the tax load is distorted in favor of some economically powerful sectors who receive a privileged treatment. “This privileged treatment is in fact a subsidy that is paid by the rest of taxpayers”<sup>5</sup>.

Taxing inequity in Peru is expressed through the predominance of indirect taxes that everybody pays on top of direct income taxes, for instance. People living in poverty pay the same indirect tax rates than rich people when buying clothes, many foods or medications. Those are blind taxes. Furthermore, the well-to-do economic sectors – companies or persons-, whose income is not taxed in the appropriate dimension, usually enjoy other taxing benefits

### TAXING BENEFITS: LESS FISCAL REVENUE, LESS HEALTH

In Peru, tax exonerations, exemptions, deductions and other taxing benefits are estimated to add up to 16,500 million Peruvian Soles per year<sup>6</sup>. This amount is twice the budget of the Ministry of Health for 2018<sup>7</sup>. There are tax exemptions that can be justified because they have a measurable impact for the country as a whole or for specific populations within the country. But there are others that do not play a role for the country’s development and only benefit certain companies or persons. The exemptions for gambling companies (casinos) for instance, may have reached a total of 438 million Peruvian Soles in 2018<sup>8</sup>.

There are other exemptions whose justifications are declarative but their implementation does not include mechanisms to assess their impact and ratify or rectify the political will to grant that taxing benefit. This is the case of the custom duties and general sales taxes granted to medications and raw materials for the treatment of cancer, diabetes and HIV. How much does the State cease to receive because of these exemptions? Do these exemptions benefit the health system and the users? Who are the beneficiaries, the users of the health system or other agents? Has the Peruvian government assessed the impact of these exemptions?

Government sectors such as health are poorly budgeted and therefore unable to offer quality services to all citizens. This year a total of 198 primary level healthcare facilities in Lima have been declared in state of emergency because they were in a precarious state of maintenance, and the assessment declared that quality attention was not deliverable in these conditions. The rest of the country is in similar conditions, especially in rural areas..

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1 UNITED NATIONS; Frequently Asked Questions on Economic, Social And Cultural Rights; Office of the High Commissioner for Human Rights; Available at: <https://www.ohchr.org/Documents/Issues/ESCR/FAQ%20on%20ESCR-en.pdf>; seen on 04.10.2018.

2 Gianella, Camila; Exploración de las barreras para el acceso oportuno al diagnóstico y tratamiento del cáncer al cuello uterino y de mama en el Perú y su relación con la inversión pública en salud (Surveillance on the barriers for timely access to diagnosis and care of cervical and breast cancer in Peru and its relationship with health public investment). October 2018, Lima Peru.

3 Diagnóstico realizado por el MINSa para el periodo 2008-2012 (MINSa Diagnosis for the 2008-2012 period) quoted in El Comercio, October 19, 2017; Four women die from breast cancer each day in Peru; <https://elcomercio.pe/peru/peru-mueren-cuatro-mujeres-dia-cancer-mama-noticia-46685>

4 MINSa; Hope Plan. Annual Report. Ministerio de Salud, Lima Peru, 2015

5 Grupo de Justicia Fiscal Perú (Fiscal Justice Group Peru) GJF; Exoneraciones e incentivos, Un pesado gasto tributario que subsidiamos los peruanos (Exemptions and incentives, a heavy tax burden subsidized by all Peruvians); Hoja Informativa No. 02. June 2018. Edited by Oxfam America Inc. Calle Diego Ferré 365, Miraflores, Lima-Perú .

6 Gestión Newspaper, online edition May 16, 2018. <https://gestion.pe/economia/gobierno-buscara-reducir-exoneraciones-tributarias-s-9-000-millones-233807> (Government seeks to reduce tax exemptions by 5/9000 million).

7 El presupuesto del MINSa en el 2018 es de 9,900 millones de soles, conforme a la consulta en la página web del Ministerio de Economía y Finanzas (MINSa Budget for 2018 is 5/9,900 million according to a search in the MEF web page). <http://apps5.mineco.gob.pe/transparencia/Navegador/default.aspx>

8 Grupo de Justicia Fiscal Peru; op cit.



## NATIONAL INCOME IS SERIOUSLY ERODED BY TAX AVOIDANCE

### The case of four transnational pharmaceutical companies

If the current levels of tax evasion and avoidance are the same in 2018, the tax loss for tax evasion and avoidance will add up to 66 million Peruvian Soles.

A new research conducted by OXFAM reveals that four large pharmaceutical companies (**Abbott, Johnson & Johnson, Merck and Pfizer**) have systematically hidden their revenues in fiscal havens. Data shows that with these practices these four gigantic companies have been able to reduce their tax contributions by around 2300 million US dollars a year in the US and around 1400 million US dollars in other developed economies. It is calculated that they also **deprive the governments of developing countries, whose public resources are already scarce**. This avoidance practice would be depriving the economies of Chile, Colombia, Ecuador, India, Pakistan, Thailand and Peru of around 112 million US dollars. This amount could have financed vaccination programs against the Human Papillomavirus for 2 out of 3 girls in each of these seven countries.

These four corporations maintain operations in Peru and, according to this study, two of them would be avoiding paying a total of US\$ 3'804,986: **Johnson & Johnson with US\$1.920 million and Pfizer with US\$1.884 million, respectively.**

In eight developed countries, the average benefit margin of pharmaceutical companies was 7%, while in seven developing countries it was 5%. Nevertheless the companies declared global annual revenues for up to 30%. Where did they obtain these elevated revenues? In fiscal havens. In four countries where corporate tax is low or null, the profit margins of these companies reached up to 31%.

Tax avoidance limits the governments' capacity to provide public services necessary to reduce poverty, which are especially important for women. It also undermines the governments' capacity to invest in health research, which is essential to obtain medical advances.

OXFAM – "Prescription for poverty. Drug companies as tax dodgers, price gougers, and influence peddlers" (September 2018)

### 3. TAX EXEMPTIONS FOR MEDICATION

In Peru, selling and importing medication against cancer, HIV and diabetes has been exempted from taxes for 17 years. The law exempts a group of transnational laboratories from paying the 18% sales tax and 6% import duties for the medications that enter the country to attend these illnesses. The goal is to help patients by reducing the high cost of treatment, but studies conducted between 2010 and 2012 by the Ministry of Health (MINSA) and civil society organizations have revealed that the above-mentioned reduction never occurred<sup>9</sup>: the prices were not reduced in the expected proportions and, in the case of cancer medications, the companies' profit margin increased up to 64%.

Only in 2011, 10 years after the enactment of Law 27450, Supreme Decree N° 004-2011-SA<sup>10</sup> created a "permanent" Multi-sector Commission to inform "the Ministry of Economy and Finance each year about the impact of the exemption of sales taxes and import duties aiming to verify if these benefits have been destined for the population included in the scope of Law 27450..."<sup>11</sup>. To this date none of the reports that have supposedly been elaborated since 2011 are known.

9 MINISTRY OF HEALTH, Situación de los productos oncológicos de mayor impacto económico en el sistema de salud. Anticuerpos monoclonales (Situation of cancer products with the greatest impact on the health system: monoclonal antibodies) ; Dirección General de Medicamentos, Insumos y Drogas (General Direction of Medications, supplies and drugs, DIGEMID); Dirección de Acceso y Uso de Medicamentos, Observatorio Peruano de Productos Farmacéuticos (Directorate on access and use of medication, Peruvian Observatory of Pharmaceutical Products), June 03, 2015, Lima, Peru.

Meza Cornejo Edson; Impacto de las exoneraciones arancelarias y tributarias en los precios de los medicamentos ((Impact of tax and import duty exemptions on the prices of medication); Health Action International (HAI) - Red Peruana por una Globalización con Equidad (Peruvian Network for Globalization with Equality, RedGE), 2011. Lima Peru

MINISTERIO DE SALUD (Ministry of Health); Impacto de las medidas de inafectación tributaria en los precios de los medicamentos para el tratamiento oncológico (Impact of tax exemption measures on the prices of medication for cancer treatment); Dirección General de Medicamentos, Insumos y Drogas (General Direction of Medications, supplies and drugs, DIGEMID). October 2010

10. Supreme Decree N° 004-2011 SA. Aprueban relación actualizada de medicamentos para el tratamiento oncológico y VIH/SIDA libres del pago del Impuesto General a las Ventas y derechos arancelarios (Approval of updated list of cancer and HIV/AIDS medication exempted of sales tax and custom duties). El Peruano newspaper April 10, 2011. Art. 2. Creación de la Comisión Multisectorial de naturaleza permanente (Creation of the Permanent Multi-Sector Commission); DS 003-2014 SA. Amends previous SD appointing the Vice Minister of Health Services and Insurance as the representative of the health sector.

11 Idem



## WHAT THEY DID NOT CONTRIBUTE DUE TO MEDICATIONS EXEMPTIONS

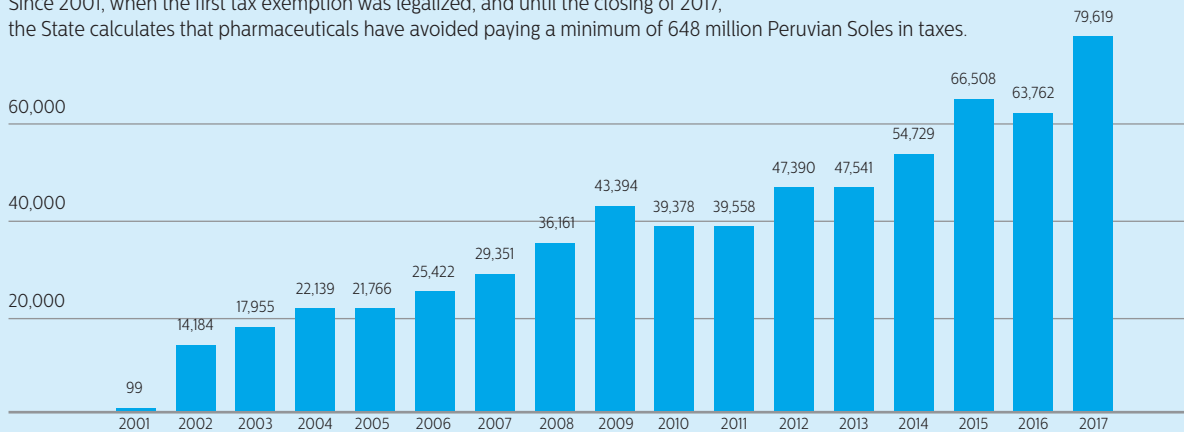
**Ojo-Publico.com**<sup>12</sup> compiled information from the National Superintendent of Taxing Administration (SUNAT), the Ministry of Economy and Finances (MEF) and Customs and found that from 2011 **until the end of 2017 the country did not collect –at least- 648 million Peruvian Soles from pharmaceuticals that import medications against cancer, HIV and diabetes**<sup>13</sup>.

The uncollected money equals the cost of full treatment for 17,588 women with advanced breast cancer<sup>14</sup>, because the most demanded medications for this illness have prohibitive prices. One of them is Trastuzumab, from Swiss transnational Roche, sold under the brand Herceptin at 5,210 Peruvian Soles each injection. Besides Roche, the main companies that benefit from tax exemptions are the local branches of Johnson & Johnson, Bristol-Myers Squibb and Eli Lilly, all of them of US capital; and Merck, with its headquarters in Germany.

*Since 2001, when the first tax exemption was legalized, and until the closing of 2017, the State calculates that pharmaceuticals have avoided paying a minimum of 648 million Peruvian Soles in taxes. In 2017, it is calculated that they have avoided paying 79,619 million Peruvian Soles in taxes.*

### MILLIONS OF TAXES PER YEAR

Since 2001, when the first tax exemption was legalized, and until the closing of 2017, the State calculates that pharmaceuticals have avoided paying a minimum of 648 million Peruvian Soles in taxes.



Sunat, MEF, Multi-sector Commission Law 27450; Chart: Ojo-Publico.com. Source: Ojo Publico, October 2018

12 Ojo Público. "Farmacéuticas dejaron de pagar S/ 648 mlls. por exoneraciones tributarias" ("Pharmaceutical companies avoided paying S/648 million because of tax exemptions") By Elizabeth Salazar Vega. Published on October 16, 2018. Available at: <http://ojo-publico.com/884/farmaceticas-dejaron-de-pagar-s648-mlls-por-exoneraciones-tributarias>.

13 This amount stems from the technical reports that SUNAT sent to the Viceminister of Economy between 2005 and 2017 aiming to estimate how much tax revenue the State does not collect due to the so called tax benefits, documents that Ojo Publico had access to. This data was complemented with the annual rates of medication imports registered in the Customs Affidavits (Declaraciones Únicas de Aduanas, DUA), that we obtained for cancer and HIV medication, from 2001 when the tax exemption was approved, until 2013.

14 Ojo Público. "Farmacéuticas dejaron de pagar S/ 648 mlls. por exoneraciones tributarias" ("Pharmaceutical companies avoided paying S/648 million because of tax exemptions") By Elizabeth Salazar Vega. Published on October 16, 2018. Available at: <http://ojo-publico.com/884/farmaceticas-dejaron-de-pagar-s648-mlls-por-exoneraciones-tributarias>.



## 4. TAX EXEMPTIONS AND CANCER

In 2001 the Peruvian government passed Law 27450<sup>15</sup> that exempts medications and raw materials for the treatment of cancer from paying sales taxes and custom duties. In 2011 there were 87<sup>16</sup> medications on the list of cancer treatments exempted from paying the above-mentioned taxes, and the list grew to 124 by 2016<sup>17</sup>. The process followed by the MINSA to organize the lists of exempted medications is unknown. The apparent goal was to make these medications more affordable to the population and to the health systems that offer these treatments.

### WHAT THEY DID NOT PAY DUE TO TAX EXEMPTIONS FOR CANCER MEDICATION

A recent study conducted by Health Action International (HAI) and Oxfam shows the tip of the iceberg when it comes to the magnitude of tax exemptions granted to cancer medications in Peru. Out of 124 cancer medications listed, 12 were selected<sup>18</sup>; that is 9.6 %<sup>19</sup>. Currently, cancer medications that enter the country do not pay custom duties; the importer retrieves the products from customs declaring the CIF prices, without paying any taxes, and additionally is exempted of the customs ad valorem importing rights and the sales tax (IGV), which adds to a total of 25%.

Year	Imported Amounts Nationalized prices	Ad Valorem 6%	IGV+IPM 18%	Final Total Value S/ (Taxes incl.)	Taxes not collected
2016	S/. 61,186,500.71	S/. 3,671,190.04	S/. 11,674,384.34	S/. 76,532,075.09	S/. 15,345,574.38
2017	S/. 78,298,671.44	S/. 4,697,920.29	S/. 14,939,386.51	S/. 97,935,978.24	S/. 19,637,306.80
<b>Total</b>	S/. 139,485,172.15	S/. 8,369,110.33	S/. 26,613,770.85	S/. 174,468,053.33	S/. 34,982,881.18

Between 2016 and 2017 the imports of 12 of the medications selected registered by Customs have a total value of **S/. 139,485,172.15**. If the normal corresponding taxes were applied, it is calculated that only in this period the State has ceased to perceive a total of **34,982,881.18 Peruvian Soles** as a consequence of the Law 27450 exemptions.

The dimension of this tax exemption is very important in a context of scarce resources that do not reach users. The total of taxes that have not been received by the State because of this taxing benefit is comparable to the total amount of the public institutions' investment in purchases of the same medications during the same period. **(S/. 33,177,858.98)**.

15 CONGRESO DE LA REPUBLICA (Peruvian Congress); Law 27450 that exempts medications for cancer and HIV/AIDS from sales taxes and custom duties.

16 SUPREME DECREE NO.004-2011 SA. Aprueban relación actualizada de medicamentos para el tratamiento oncológico y VIH/SIDA libres del pago del Impuesto General a las Ventas y derechos arancelarios (Approval of the updated list of cancer and HIV/AIDS medications exempted from sales taxes and custom duties). El Peruano APRIL 10, 2011

17 SUPREME DECREE N° 023-2016-SA Aprueban relación actualizada de medicamentos e insumos para el tratamiento de enfermedades oncológicas y del VIH y SIDA para efecto de la inafectación del pago del Impuesto General a las Ventas y de los Derechos Arancelarios (Approval of the updated list of cancer and HIV/AIDS medications that are exempted of sales taxes and custom duties); El Peruano July 9, 2016

18 Of those selected, seven medications are of biological origin and five are of chemical synthesis. Report period: 2016-2017. Import and purchasing prices obtained from official sources: Documento Único Administrativo (Customs Affidavits DUA) and purchases registered at the OSCE (Central Office for Government Purchasing).

19 Considering that the total of exempted medications adds up to 196 (including those for HIV and diabetes), the report only reports amounts exempted from 6.1% of the medications. Furthermore, the sample considered only includes final products, and not the raw materials that may have been imported for national production, in particular for cancer chemical synthesis.



## AN EASY BENEFIT?

What was not paid in taxes to cancer medication 2016-2017

As a consequence of the enforcement of Law 27450, which exempts medications and raw materials for the treatment of cancer from sales taxes and custom duties, the State has not collected a total of 34,982,881.18 Peruvian Soles for the 2016-2017 period.

With the funds that were not collected the government could have paid:

- The total amount invested by public institutions to purchase the same medications in the period covered by the study (33,177,858.98 Peruvian Soles).
- The treatment of 1116 women with cervical cancer in stage IV or 950 women with breast cancer in its most advanced stage.
- 51% of the budget requested by MINSA to implement the National Plan for the Prevention and Control of Cervical Cancer (2017-2021) and the National Plan for the Prevention and Control of Breast Cancer (2017-2021).

## WHO IS TAKING THE MONEY?

Multinational companies are the most benefitted mainly due to the high price of biologic medications that are in a monopoly situation. 92.7% of the value of the above-mentioned imports was made by ROCHE FARMA (PERU) S.A. and BRISTOL-MYERS SQUIBB PERU SA; which were benefitted by the tax exemption in the same proportion. Trastuzumab, a Roche medication used for the treatment of metastatic breast cancer was the medication with the largest import quantities (56.81%).<sup>20</sup>

### Importing companies and exempted values (according to the sample) 2016 - 2017

Company	Total Imported Value	Total Exemption
ROCHE FARMA (PERU) S.A.	S/. 114,994,086.98	S/. 28,840,517.01
BRISTOL-MYERS SQUIBB PERU S.A.	S/. 14,315,992.48	S/. 3,590,450.91
TECNOFARMA S A	S/. 3,750,784.10	S/. 940,696.65
JOHNSON & JOHNSON DEL PERU S.A	S/. 2,765,193.51	S/. 693,510.53
ELI LILLY INTERAMERICA INC SUCURSAL PER	S/. 1,028,819.48	S/. 258,027.93
MERCK PERUANA S A	S/. 1,023,172.55	S/. 256,611.68
BOEHRINGER INGELHEIM PERU S.A.C	S/. 753,945.56	S/. 189,089.55
COVANCE PERU SERVICES S.A.	S/. 363,853.26	S/. 91,254.40
MERCK SHARP & DOHME PERU S.R.L.	S/. 181,971.33	S/. 45,638.41
OTHERS	S/. 307,352.91	S/. 77,084.11
<b>General Total</b>	<b>S/. 139,485,172.15</b>	<b>S/. 34,982,881.18</b>





## 5. CLOSING THE GAPS IN THE FIGHT AGAINST CANCER

**Mortality caused by cancer is still a problem in Peru.** The **diagnosis in an advanced stage** and the **discontinuation of treatment** are two of the main challenges faced in the fight against cancer. Even if Lima's hospitals official data show little improvement in early diagnosis, the majority of new cases of cancer (75%) are still being detected in stages II and III with limited chances of healing (1) (5).

### WOMEN'S CHALLENGES: CERVICAL AND BREAST CANCER

**Cervical cancer is the second cause of death among women** and the first cause of death among women between 15 and 44 years of age in Peru. The mortality rates for cervical cancer in Peru are above the regional average. According to data provided by the Ministry of Health, 3 out of 10 women diagnosed with this illness (36%) die each year. Furthermore, mortality caused by cervical cancer varies according to the regions in Peru. The regions with the highest adjusted mortality rates due to cervical cancer for each 100,000 inhabitants are: Loreto (18.0%), Huánuco (12.8%), Ucayali (10.3%), with rates that are above those of Lima (4.2%).

The early diagnosis test coverage rates are below regional levels and they also vary according to the region. Only 10% of the cases are diagnosed in Stage I of the illness, which is where the healing rate reaches 90%. In 2017, only 28.9% of new cervical cancer cases were detected through screening.

In the case of **breast cancer**, mortality rates show differences according to place of residence and ethnic identity. Studies show that indigenous women in the Amazon are more prone to suffer from breast cancer at a younger age, including more aggressive forms such as triple negative breast cancer.

Mammography is still the main diagnosis tool for breast cancer. In 2017 17,1% of women between 40 and 59 years of age had had a mammography in the last 24 months. This percentage represents an improvement in relation to the two previous years. There are regional differences in the coverage of mammography. In the case of Metropolitan Lima, in 2017 25,7% of women between 40 and 59 years of age had had a mammography in the last 24 months, which represents a reduction from the 2016 reports, year when 29,6% of women reported having been tested. In the case of the Amazon region, this proportion only reaches 9,4%, and in rural areas it is 4.8%.

*"I have been tested when there was a campaign conducted by SIS, but they don't give you the results until 8 months later, almost one year. If you pay 5 soles the results arrive in one month or even 15 days".*

*(Interview with a user. Satipo. May 2018)*

The low **coverage of mammography may be contributing to the late diagnoses.** It is estimated that 53.7% of the cases diagnosed in Peru each year are at an advanced stage of the illness (III and IV). In 2017, only 3.1% of new cases of breast cancer were detected through screening mammography.



## SIS: ADVANCES IN COVERAGE EXPANSION, BUT WITH SERIOUS BUDGET LIMITATIONS

In 2009, the Integral Health Insurance (SIS by its acronym in Spanish) started offering cancer coverage to its beneficiaries. At the beginning it covered five types of cancer and later it reached a total of 7 cancer types which are the ones with higher prevalence and mortality rates in the country<sup>21</sup> (16). In 2010 the Cancer Prevention and Control Program was created, and the program was implemented in 10 regions one year later, with an initial budget of 30.5 million Peruvian Soles. In 2012 the program was extended to all 25 regions of the country and the budget assigned reached S/125.8 million (7). That same year the Plan Esperanza (Hope Plan) was created with funds from SIS and the Fondo Intangible Solidario de Salud (Intangible Solidarity Health Fund, FISSAL) that grants extra funding to the Health sector in order to provide care to high cost illnesses.

The changes in the coverage of SIS and the launch of Plan Esperanza in 2012 recognize that the country's impoverished population has the right to have cancer coverage. One of the strategic objectives is to improve access to early detection and cancer treatment for the impoverished population at the national level.

In 2018, SIS has more than 16 million insured users<sup>22</sup>. It is calculated that in 2018 it will serve 7,489 cases of cervical cancer, which implies a public investment of 54,428,321.21 Peruvian Soles. For the fiscal year 2018, MINSA, SIS and INEN (National Cancer Institute) received a total of S/28,464,861 -47% of what is required- to treat the projected number of cases of this cancer. FISSAL is expected to provide the rest of the necessary funds; the situation is of special concern if we include treatment for other types of cancer besides those considered as priorities.

*Yesterday I went there and I found an exceeded hospital, where nothing works and people suffering with cancer are also mistreated. I have donated blood in Ica, I have been at the Rebagliati and 2 de mayo Hospitals many times and this (INEN) seems to be the worst of all. Attention should be decentralized. Why do they have to come all the way from Tumbes to be treated in Lima?"*

*(Interview with a relative. Lima. August 2018).*

## INVESTMENT AND QUALITY OF PUBLIC SPENDING IN HEALTH

Peru's public spending in health as a percentage of total GDP is still below the average among OECD countries (5.8 vs. 8.9) and of Latin America (7.11 average in Latin America). Between 2015 and 2017 there was a reduction in the percentage assigned to the health sector and SIS. The out-of-pocket spending is still high (28.6% of the total health spending, among OECD countries the average is 19.4).

SIS estimates that during 2018 it will attend to 7,489 cases of cervical cancer, which requires a public investment of S/54,428,321.21. For the fiscal year 2018, MINSA, **SIS** and **INEN (National Cancer Institute)** received a total of **S/28,464,861, 47% of what is required.**

21 Breast, cervical, prostate, lung and stomach cancer, lymphomas and leukemia.

22 Data shows that access to cancer treatment services was expanded in Peru, and out-of-pocket expenses for cancer were reduced in the population served by public health services such as the National Cancer Institute (INEN). This spending went from 58.10% in 2009 to 7.33 % in 2014..





To improve **cervical and breast cancer care by 2021, it is necessary that the Peruvian state assign extra funds to the health sector. In the case of breast cancer the projected amount is S/16,679,151, and S/49,572,586 is projected for cervical cancer. These amounts are not available.**<sup>23</sup>

Besides **late cancer detection**, treatment in advanced stages is more costly for the health system (12, 13) and the available resources are not enough. Cancer medication is very expensive. It is estimated that in Peru treatment with Trastuzumab for advanced and metastatic breast cancer costs 83,706.40 Peruvian Soles (90 minimum living wages). In the case of Erlotinib, medication used for the treatment of metastatic lung cancer, the annual cost per person adds up to 79,967.85 Peruvian Soles, equivalent to 85 minimum wages. The collateral expenses intensify the families' impoverishment.

Some measures could be taken by the Ministry of Health to improve spending and hopefully reassign some resources. In the case of SIS, recent studies found weaknesses in that institution's management, which allow the discretionary use of SIS money for public providers, the outsourcing of hospital services to the private sector. The SIS has weak capacities to audit the accounting.

## THE DRAMA OF SERIOUSLY CENTRALIZED HEALTH SERVICES

The decentralized services capacity is extremely basic or null in some cases. In the case of advanced illnesses, cancer patients use their own money to travel to Lima to be treated.

An alarming example is the Hospital of Satipo in the Junín region. It does not have capacities to make breast cancer biopsies causing patients to be referred to the INEN in Lima in order to have a definitive diagnose. In the case of cervical cancer the patients can be treated in Satipo depending on the stage of the illness, but they are usually referred to Lima or Huancayo.

### Underestimating the gaps: Deficit of facilities and equipment

One of the main barriers for the early diagnosis of breast cancer is the lack of equipment in public facilities located far from Lima. When that happens, women who have enough funds have to go to other cities to have an ultrasound or mammography in a private center.

Another problem connected to coverage is access to cancer services. The offer of cancer care is concentrated in Lima. The challenge is to substantially increase coverage for the prevention and control of cancer. INEN in Lima and the IRENS (regional facilities) in Arequipa and La Libertad are not enough. The limited availability and geographic accessibility to cancer services generates travel and living expenses that many times are the main cause why persons affected by cancer do not receive or pursue treatment (1). Even if the offer of cancer services has been increased, these are not available in the majority of regions.

According to data provided by the Ministry of Health, there is a **deficit of 12 mammography devices at the national level (MINSa 2017)**. Even if this is not a high number, this calculation is not enough as it does not consider geographic accessibility. For instance, women who live in Satipo, in the Junín region, have to travel to La Merced with their own money. This is more serious for indigenous women such as the women living in the community of Rio Tambo, who have to travel at least 10 hours and spend more than 100 soles, despite the fact that they are living under the poverty line.

23 Gianella, Camila; Exploración de las barreras para el acceso oportuno al diagnóstico y tratamiento del cáncer al cuello uterino y de mama en el Perú y su relación con la inversión pública en salud (Surveillance on the barriers for timely access to diagnosis and care for cervical and breast cancer in Peru and its relationship with public health investment). October 2018, Lima Perú



## 6. RECOMMENDATIONS: TAX JUSTICE FOR WOMEN'S HEALTH

Overcoming the described deficiencies to effectively improve the fight against cancer, particularly those affecting women, requires a huge effort from the Peruvian State in financial and management terms, as well as from the practices of the private sector. Some of the key elements for this agenda are:

### a) Tax Reform: Improved tax collection for a higher and better investment in women's health

- **Rationalize taxing benefits (tax exemptions):** Ensure that taxing benefits have a direct impact on the population. In order to do that the Executive sector (Ministry of Economics, SUNAT, etc.) as well as the Congress need to assess the existing benefits and strengthen the regulations in order that each taxing benefit policy:
  - a. Is based on **impact assessment studies**, that include a cost-benefit analysis, securing a positive impact on the population;
  - b. Includes **transparency mechanisms in its design and approval process**, with a public access calendar of validity;
  - c. **Its total exempted amounts are public and periodical, by sector and by beneficiaries.**
  - d. Has a transparent and periodical impact assessment and monitoring system, in order to secure its implementation.
- **Assess tax exemptions granted to medicines, correcting the existing distortions in order to include mechanisms to secure its impact on users and patients. In order to do that:**
  - a. The **Executive sector** must conduct a thorough review to verify if the original intentions that drove the passing of these laws have been achieved in the 18 years of exemptions.
  - b. The **Permanent Multi-sector Commission** (MINSA, INDECOPI, MEF y SUNAT) created by Decree N° 004-2011 SA in order to report every year if the application of Law 27450 has benefitted the population must: make its operations transparent, fulfill its periodical mandate to make its annual reports public and secure a real scrutiny of the regulations.
  - c. The **Legislative Power**, who penned the exemptions, must act responsibly: c.1) Promoting auditing actions, ensuring transparency and participation in the legislative procedures to pass new regulations; c.2) Limiting the creation of new exemptions that do not have a proper cost-benefit analysis, and ensuring the positive impact of these norms on the population..
  - d. In order to do that, **the Executive and the Congress** must assess the **creation of mechanisms that correct the current distortions** and ensure that tax exemptions for medications are translated into an opportunity to increase the coverage of national public spending in medication purchases.
  - e. The **private sector must transparent** its price fixing practices and ensure that tax benefits are a mechanism to make medication prices more accessible to final users.
- **Limit fiscal fraud by regulating tax avoidance and prosecuting tax evasion.**

**b) Monitoring and transparency of the medications' price fixing mechanisms and public purchases:**

- The **Executive** must examine the price fixing mechanisms of the companies that import and produce medications for cancer, HIV and diabetes in order to avoid an unjustified imposition of high prices that put pressure on health systems and people who have to buy this medication with their own money.
- The **companies** that import such medications and raw materials must make those mechanisms transparent as a counterpart to the benefits they receive.

**c) Fiscal Justice: Efficient and quality investment in health, for women and girls in particular.**

- Fiscal justice demands that assignments to sectors such as health should be sufficient to respond to the challenges it poses. More investment and effective and transparent spending are conditions to secure a quality and effective coverage.
- **Women require particular attention that should be prioritized in resource allocation.** Cancer particularly impacts on young and adult women, and there should be an **acknowledgement of the vulnerabilities of this population** and coordinate all sectors' actions in order to reduce them.
- **Improve the MINSA operations, securing the necessary resources and their efficient use to improve health coverage and early prevention and cancer treatment in particular.** SIS should also strengthen its management to improve spending and promote transparency in the management of its allocated budget.

**d) Prioritize and allocate the necessary resources for the National Policy for the Prevention and Control of Cancer.**

- Secure **enough funding for the prevention, care and increase of SIS coverage and Plan Esperanza**, in particular for the cases of cervical and breast cancer.
- **Increase and decentralize services and care: more public facilities accredited for cancer detection and that are accessible to impoverished populations are necessary, especially in rural areas.**
- Efforts to promote **early detection of cancer must be accompanied by public investment to guarantee timely referral and attention of cases** to avoid tardily detection, with serious impacts in the life of people and devastating consequences in public spending and out of pocket expenses.
- **Adequate equipment and trained personnel** must be provided in the areas of promotion, prevention, detection and treatment of cancer. Securing the delivery of an integral service instead of seeking to reach numeric goals regarding fragmented services that do not guarantee people's health.
- The **costs of auxiliary tests** –even if they are not specific to cancer– and the incidental costs incurred by patients **must be totally covered by SIS** in order to secure effective therapy, avoid discontinuation of treatment and reduce mortality rates.
- **Incorporate an intercultural approach** in health services and develop plans to strengthen healthcare personnel capacities to provide culturally relevant prevention and treatment services, respecting the language rights of indigenous peoples.



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### For more information

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