What's ailing health care in Brazil

Thais Thimoteo

IMPROVING HEALTH SERVICES is the top concern of Brazilians, followed by quality education and safety. *Portraits of Brazilian Society—Issues and Priorities for 2014*, a study conducted by the National Confederation of Industry (CNI) and the Brazilian Institute of Public Opinion and Statistics (IBOPE), shows that 49% of Brazilians want the government to pay more attention to health services.

Experts point out four factors that make the Brazilian health care system dysfunctional: (1) The business model for managing and financing hospitals is profoundly fragmented, divided among federal, state, and municipal agencies and complex public, private, and nonprofit organizations. (2) Administrative costs are high as a percent of total spending. (3) Brazilians tend to seek medical care from hospitals rather than physicians in general practice, who are ideally the starting point for medical care. And (4) health care in Brazil is focused much more on emergency care and disease treatment than on preventive care and care of such chronic conditions as diabetes, alcoholism, smoking-related illnesses, and obesity.

In October in Rio de Janeiro, the Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation sponsored a seminar to discuss possible solutions for Brazil's health crisis, *Governance and Management of Public Hospitals in Brazil*. "The 1988 Constitution established our Public Unified Health System (SUS), which inherited all the problems of the previous health care system. Our arrangement is contrary to the model other

countries have developed for universal access to health care. Reform is needed. But the challenge is how to simplify the complex federal, state, and municipal structure," said Mônica Viegas, associate professor, the Federal University of Minas Gerais state. She believes that the best model is health care networks—integrated programs and services to efficiently deliver comprehensive care—but it requires a clear assignment of responsibilities, and the only way to get that is through the federal government. She said, "To reform the health care system, we need to address the fragmented management of the system," adding "Greater integration with the private health care system is also fundamental."

Eliane Gianotti, director, Department of Regulation, Evaluation and Control Systems, Ministry of Health, agreed that integration of the entities involved (managers, patients, and regulators) and definition of their functions is essential to overcome the fragmentation. But she believes management responsibilities should be shared and not so concentrated in the federal government: "It is the role of the federal administration to set macro guidelines to encourage creation of health care networks and to propose policies that address management fragmentation." She pointed out that those familiar with the day-to-day life of people providing health care services are the ones who

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Mônica Viegas

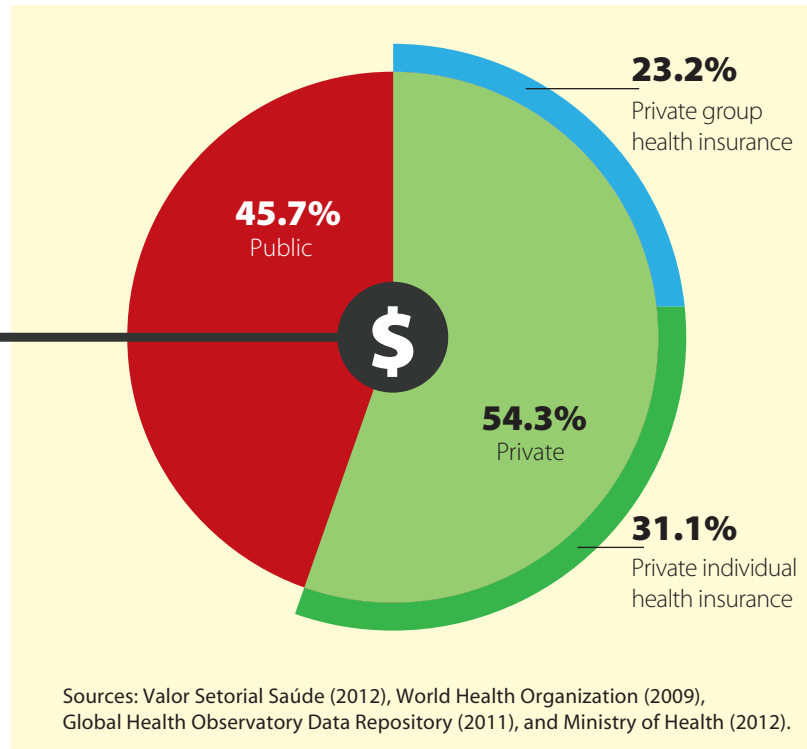


Spending little on health

Brazil spent on health services R$2,384.83 per capita in 2011 compared to the average of OECD countries of R$7,597.75 in the same year.

Source: OECD Health Data (2013).

Brazil's health spending



Sources: Valor Setorial Saúde (2012), World Health Organization (2009), Global Health Observatory Data Repository (2011), and Ministry of Health (2012).

"Hospitals have idle physical and human resources, and lack standardized clinical procedures and management, which prevents them from reducing costs and improving efficiency."

Bernard Couttolenc

know the patients better and are better able to predict situations of greater vulnerability and risk.

Where the money goes

In 2013, the Court of Audit (TCU) analyzed the Brazilian health care system and identified major flaws. Deep regional inequalities were detected. Large cities average 4.56 doctors per thousand inhabitants, for example, compared to only 1.11 in the countryside. The study also looked at 116 public hospitals, which account for nearly 27,600 beds (8.6% of total public beds in Brazil). Among other deficiencies, the TCU found that in 64% of these hospitals emergency rooms are operating far above capacity. Also alarming is that in 81% of hospitals the biggest problem is the shortage of professional staff, and in 63% employees are often absent. This situation seems to reflect management problems rather than a lack of resources. In 2011, the World Health Organization found that Brazil spent 8.9% of GDP on health, compared with 7.9% in Argentina, 5% in Bolivia, 7.1 % in Chile, 6.5% in Colombia, 8.6% in Uruguay, 8.0% in Paraguay, and 5.1% in China. Marcelo Chaves, TCU Secretary of Health Inspection, pointed out the difficulty of auditing government spending on health because responsibilities are so decentralized: "Increasingly the Ministry of Health is not directly managing health system resources, which are mostly being transferred to municipalities. We need to establish



a plan with state and municipality Audit Courts so we can have a more complete view of health care costs."

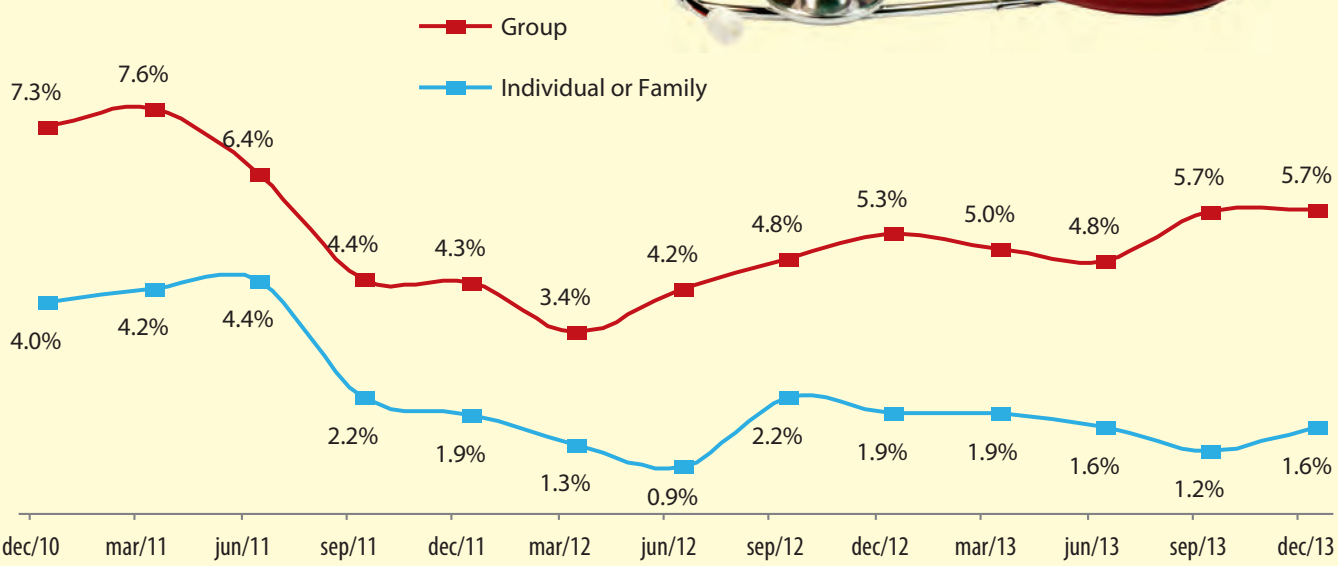
Public hospitals consume about 67% of total spending on health services according to a study of Bernard Couttolenc, director of the Performa Institute, and Gerard La Forgia, World Bank lead health specialist. Couttolenc believes that "You can do three times more with the resources that are available," which is why he considers it very important to monitor hospital performance. "Hospitals have idle physical and human resources, and lack standardized clinical procedures and management, which prevents them from reducing costs and improving efficiency," he said. "Brazilian public hospitals use twice as many employees per occupied bed than the U.S. or European countries. We hear managers complaining that the biggest problem in public hospitals today is the shortage of personnel. Looking at the data, we find there is something wrong in this story."

"The current disease situation requires an integrated system that operates continuously, rather than occasionally, and proactively promotes prevention, cure, and rehabilitation."

Eugênio Vilaça



Private health insurance is expanding.
(% growth)



Source: Ministry of Health

What people die from

Public health consultant Eugênio Vilaça, told at the seminar, "To understand management of the health sector, we have to consider what people die from, and what incapacitates them. Brazil has a triple disease burden: 66% of the diseases are chronic, 23% are infectious and maternal and prenatal causes, and 10% have external causes, such as pollution and violence." Vilaça explained that these diseases are being addressed incorrectly because the model for health care evolved in the mid-1950s, when acute conditions prevailed. In fragmented health care systems, he added, primary care physicians do not speak with specialists, and hospitals are organized according to hierarchy. They are reactive, responding only when the patient seeks care, and services are paid by the procedure, not by results. In his opinion, "These systems are a universal failure in the management of chronic conditions."

To turn around this situation, analysts agreed, Brazil needs to turn to health care networks. Vilaça emphasized that networks can improve outcomes for chronic conditions, reduce referrals to specialists and hospitals, increase the efficiency of health care systems, produce better services at lower cost, and increase customer satisfaction. "The current disease situation requires an integrated system that operates continuously, rather than occasionally, and proactively promotes prevention, cure, and rehabilitation—a system no longer centered on the doctor but [calling on] a multi-professional team," he said.

What has been changing

The public-private balance: Although hospital-centered health care persists, since the early 2000s there have been some changes. For instance, there are fewer private hospitals and more public hospitals, according to the 2009 National Registry of Health Facilities of the Brazilian Institute of Geography and Statistics (IBGE). World Bank economist André Médici explained that this change is related to efficiency: Small private hospitals have closed because they are less efficient and get less financial support. In general, however, the productivity of Brazilian hospitals is very low. According to the 2014 National Registry of Health Facilities, 58% of hospitals had less than 50 beds and only 20% have more than 100 beds. Médici commented that "public hospitals are so inefficient that 90% of them could cease to exist. Hospitals should be large enough to operate [efficiently]. This is complicated because the SUS has to meet small town demand, creating inefficient hospitals with occupancy rates of less than 30%."

Private health insurance: Encouraged by the rise of the new middle class, the supply of health insurance significantly increased between 2012 and 2013, according to the National Health Agency (ANS). Last year, 25% of the population was insured: 50 million had health insurance and 21 million dental plans. Most are covered by corporate group health insurance plans; individual health policies make up less than 20% of total health insurance. However, despite its growth, health insurance profitability has deteriorated. In 2013, revenue from private health insurance increased by 9.5% to R$108 billion over 2012, but expenditures have risen rapidly: for every R$100 in revenue, R$83 goes to pay hospitals, clinics, and medical and laboratory services. "Although the market is growing, profitability is declining. In 2013, the average was 7.1%, the worst result since 2009, when it was 12.9%," ANS director Leandro Fonseca da Silva pointed out.