Brazil’s public health system covers all citizens. While it achieves excellent results in certain areas, it often fails to provide basic assistance to many due to a lack of financing. The private healthcare network is also challenged, with increasing numbers of people covered by health plans. In this context, Hospital Sírio-Libanês has developed expansion plans, while maintaining its participation to public-private initiatives.

On promulgation of the 1988 Federal Constitution, the Brazilian state committed itself to guaranteeing access to health services as a right of all and a duty of the state. Since then, Brazil has been greatly challenged to structure and maintain, with the necessary financial and human resources, what is named the Sistema Único de Saude (SUS), a system ensuring full universal and free-of-charge access to care for the country’s entire population. The SUS is one of the largest public health systems in the world. It includes simple assistance to outpatients, organ transplantations, and an ample network of units and services covering almost 200 million citizens, regardless of social or economic class. In addition to providing consultations, examinations, and hospitalisations, the system also undertakes vaccination campaigns and preventive and sanitary surveillance – such as food inspection and the registration of medicines – reaching all Brazilians. Such a major social inclusion project, created not long ago and in a country with well-known costing and public investment difficulties, encounters several challenges that reflect in a service of less-than-expected quality.

Currently, 75% of Brazilians do not have a private health plan and use the SUS. While it serves a greater number of people than the private sector, it relies on fewer resources. The reason for this is a lack of public resources. Healthcare spending in Brazil accounts for 8.4% of gross domestic product (GDP), which is in line with the global average of 8.5% per annum, according to a report issued by the World Health Organisation (WHO). Yet Brazil differs in terms of who is responsible for the expenditure. In Brazil, 55% of health spending is private (benefiting approximately 48.7 million health plan holders) and 45% is public - (benefiting all 190 million Brazilians). The public portion accounts for 3.7% of GDP, one third down on the international average of 5.5% of GDP (WHO, 2012). Compared with countries with similar health systems, Brazil fares even worse: it achieves excellent results in certain areas (vaccine coverage of practically its entire population, programs for transplantation, and combating diseases such as AIDS, among others), despite its unsatisfactory resources, yet due to a lack of financing, it often fails to provide basic assistance to a large number of people.

After many years of dealing with the issue of insufficient financing, in 2012 Constitutional Amendment n. 29 was promulgated. It stipulates that the states and municipalities are to allocate between 12% and 15% of their revenues to healthcare. The federal government, in turn, must invest the same volume of resources as the previous year, plus GDP variation. The specialists and the Brazilian authorities (federal, state and municipal) still wonder whether such a change to the rules will resolve the problem of funding the public healthcare network. The idea is that, little by little, the government’s share of healthcare spending will return to levels registered in previous decades.
In the private sector, the challenges are no smaller. Since mid-2000, Brazil has been undergoing an economic development process that has improved the income and employment levels of a large portion of the population. It is estimated that 20 million Brazilians have been lifted above the poverty line. This scenario has led the number of patients with access to supplementary healthcare to rise. The National Agency of Complementary Health states that 47.8 million Brazilians hold some kind of health plan, 76% of which are through collective agreements offered mainly by companies. The revenue of companies in this sector grew 11% in 2011, to reach R$ 84 billion (approx USD 40 million).

This increased demand has put pressure on the private healthcare network, impacting on private hospitals (for-profit and not-for-profit) that are at the limit of their capacity. Hence, private hospitals are experiencing a period of massive investment, seeking to expand their capacity and, thus, to maintain the quality of their services. The growth trend is expected to be maintained, and in 2012 alone, these institutions (approximately 60 hospitals) were expected to have invested approximately R$ 1 billion (USD 500 million) in expansion projects. According to Francisco Balestrin, president of the National Association of Private Hospitals (Anahp), by December, 35 out of its 45 members together had invested about R$ 600 million, twice that made the previous year. Currently at its height, the investments boom in the hospital area began about three years ago. This expansion is required as the current average rate of occupation in these hospitals stands at 77%. Above 80%, the assistance process becomes jeopardised.

The Hospital Sírio-Libanês case

A participant in this landscape is Sociedade Beneficente de Senhoras Hospital Sírio-Libanês (HSL), a Brazilian philanthropic institution founded more than 90 years ago. Given the new reality of the private healthcare sector, in 2005 the institution set off an important process of changes to its management, and implemented a new model of corporate governance and a new strategic plan. That landmark in the professionalisation process, among further initiatives, established the following: growth guidelines, new positioning, branding, and a consolidation project, all without negatively affecting the principles of human warmth and philanthropy, present since the hospital was founded.

Investments were intensified and, seeking to embrace its new profile, Hospital Sírio-Libanês expanded its relationship with the financial markets. First, a R$ 20 million (USD 9 million) credit line was approved in 2009 by the National Bank for Social and Economic Development (BNDES) and Banco do Brasil. Next, its search ensured support from important multilateral institutions (for USD 40 million), in addition to a further R$ 430,6 million (USD 200 million) of finance from the BNDES and Banco do Brasil. A business plan in line with the strategy had to be structured to allow for an ample long-term vision.

If all of the resources invested in the current structures and in the projects for capacity expansion are added, HSL is due to invest approximately R$ 1 billion (USD 500 million) in the period between 2009 and 2014. Investments should double its existing assistance capacity by 2017, when the institution will be offering 710 beds. And like HSL, most Brazilian private hospitals are undergoing transformation towards professionalisation.

Private growth associated with philanthropy and public health

In addition to expanding their structures to serve patients within their existing profile, the growth of institutions such as HSL is reverberating and strongly effecting the development of the public healthcare system. HSL is one of the six Brazilian healthcare institutions classified by the Ministry of Health as a ‘Hospital of Excellence’. This classification, established by the federal government, sets the standard for the new model of investment of resources in philanthropic ventures. Thus, since 2009, 100% of the tax relief awarded has been fully returned to Brazilian society by means of projects that are part of the SUS Institutional Development Program PROADI-SUS (see box). Had it
not been deemed a ‘Strategic Hospital’, HSL would have been considered a ‘Philanthropic Hospital Institution’ and would have had to either invest 20% of its assistance revenues in free-of-charge care or provide assistance to SUS patients. To this end, the relevant institutions’ growth also ensures an increased volume of resources invested in projects.

The agreements entered into with the BNDES and Banco do Brasil stipulate an investment of 5% of total credit in projects of interest to the Ministry of Health. In the first triennium of operation of this new philanthropy regulation (2009-2011), HSL invested almost R$ 180 million (USD 85 million) in these projects, engaging approximately 50,000 professionals in the public health network from all over Brazil.

Investments in management-oriented courses and training aim to meet the large demand from the public sector. Yet integrating the healthcare networks and using the available human and financial resources more efficiently are major challenges. In this area, the public and private sectors can jointly make mutual gains and an important exchange of experiences aimed at improving the services provided to their patients. For this reason, in addition to the programs for the PROADI-SUS, the private sector has also sought to contribute to the public network by forming the body Social Health Organisations (OSSs), made up of private institutions of proven experience in the provision of healthcare services. The OSSs are institutions in charge of the management of public healthcare units and, for this, are paid an amount set out in an agreement entered into with the prefectures or states, who oversee meeting the pre-established targets. This model has shown that services can be improved by the private sector transferring its knowledge and contributing to resolving a major setback in improving quality for the public sector: labour management. Because they are private, the OSSs are able to handle staff employment and dismissal with greater agility, ensuring that targets are met and that quality services are provided to the population. This is a gain that can be seen in the units managed by HSL in São Paulo. Studies made by the Fernando Henrique Cardoso Foundation show that, on a budget only a little bigger than those of the hospitals directly administered (an 8.1% variance), their average cost was significantly lower (around 25%).

Successful examples of partnerships between public authorities and private administrators show how this mediation between the two sectors can contribute towards overcoming the challenges posed by healthcare in Brazil. The advances achieved so far are a great incentive for all government and private entities connected with healthcare to pursue the attainment of the goal of service universality and equity. In this picture, the private sector has a key role to play. Finally, if the private sector can contribute to its public sector counterpart, knowledge will be gained by private hospital managers, irrespective of how advanced their structures and technologies may be.

**Public-private partnership for health**

The PROADI-SUS (Programa de Apoio ao Desenvolvimento Institucional do Sistema Único de Saúde) is a partnership between the Ministry of Health (MS) and health entities holding a Certificate of Beneficiary Entity of Social Assistance in Health (CEBAS-SAÚDE) and of Recognised Excellence, which is regulated by Federal Law n. 12.101, issued on 27 November 2009, for the development of projects within the following areas:

- Studies on technology assessment and incorporation;
- Empowerment of human resources;
- Research on health of public interest;
- Development of techniques and management operation in the health services.

The program contributes by developing, incorporating and transferring new technologies and experiences in management; generating new knowledge and practices, through partnerships between health entities of recognised excellence and the SUS managers; and acting jointly to overcome challenges to improve and define strategic areas in the management and provision of the public health service in the country.

The Ministry of Health defines and annually discloses the themes and priority objectives for projects supporting the institutional development of the SUS. The projects are presented by the
health entities to the Ministry, which analyses them through its competent secretariats or associated entities. Once approved, they are accepted in terms of an Adjustment Instrument, which is effective for three years. The health entities execute these projects by using resources from the fiscal relief (social contributions) they are entitled to due to their CEBAS-SAÚDE status.


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