Healthcare in Brazil: An Overview

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ABSTRACT: This study examines the present comprehension of healthcare in Brazil, which accounts for 9.3% of GDP and is not viable in the long term. The research enhances the caliber and triumph of private healthcare initiatives in Brazil, as well as the entire Brazilian healthcare system. Our findings indicate that there are consistent concerns about the public healthcare system deteriorating due to the pandemic while the private healthcare system is seen as costly and a "necessary evil." Professionals in the Brazilian private healthcare system is encountering widespread discontent due to inadequate resources to meet the needs of the people. This research offers recommendations for future investigations.

KEYWORDS: healthcare, system; Brazil,

INTRODUCTION

This paper is a component of the doctorate dissertation authored by Pan (2022). According to the OECD (2021), the Brazilian healthcare system accounts for around 9.3 percent of the country's gross domestic product (GDP). However, due to factors such as an aging population and the rising prevalence of chronic diseases, the system could be more sustainable in the long term and is causing an increase in the GDP. Furthermore, assessments of inefficiencies or activities that do not provide value in the healthcare sector reveal a substantial potential for transforming the healthcare system to enhance cost-effectiveness, accessibility, and the quality of treatment. (OECD, 2021). This research immediately improves the quality and success of Brazilian healthcare initiatives in the private sector and indirectly benefits the whole Brazilian healthcare system. According to the Brazilian Federal Constitution 1988, which limits this work, “Health is a right of all and a duty of the State, guaranteed through social and economic policies aimed at reducing the risk of disease and other diseases and at universal and equal access.” (Brasil, 1988, Art.196)
The private healthcare system consists of individualized treatment. Individuals get financial support from service sponsors to cover their healthcare expenses. Under the public healthcare system legislation, private healthcare provision is allowed as a supplemental option. This means that citizens may have both the healthcare plan provided by the public system (SUS) and the coverage of an extra private healthcare plan without losing their SUS benefits. Furthermore, the National Health Surveillance Agency (ANVISA), which oversees the sanitary and economic regulation of the procurement and trade of inputs, together with the SBDC (Brazilian System for the Defense of Competition), must guarantee the competitiveness of the industry.

The Supplementary Healthcare system includes either health plans or insurance. The operation is regulated by the federal government via the National Supplementary Health Agency (ANS), which is under the authority of the Health Ministry. The operators include various entities, such as insurance firms that specialize in health, group medical providers, cooperatives, charitable institutions, and self-management organizations.

The entire health expenditures in Brazil in 2020 amounted to BRL 692.9 billion, which is about equivalent to US$ 120 billion. This study is restricted to the private healthcare system in Brazil. Figure 1 illustrates the spread of the healthcare system in the following manner:

![Figure 1: Public and private health care systems in Brazil. Source: IBGE, 2020](image)

Healthcare organizations must adapt more rapidly in the present than they did in previous times. In order to do this, they initiate initiatives with the anticipation of achieving desired outcomes. Achieving success necessitates the integration of project management expertise with a comprehension of the present market dynamics and client product use. Additionally, it takes a blend of technical proficiency, leadership acumen, and strategic and business management abilities. Organizations have developed to establish and execute new areas of work, with more interconnectedness across projects and advantages. Consequently, project management has
emerged as the dominant approach for executing global change, with project managers taking the lead. Future professionals will operate in decentralized settings where stakeholder interests may intersect or clash; influenced by real-time data and performance management tools; confronted with information overload and inadequate communication, and evaluated based on their capacity to provide products or services that align with short or long-term strategies, resulting in advantages.

Brazil's healthcare system consists of both governmental and private systems. The public healthcare system was established in 1988 by the Federal Constitution under articles 196 to 200 (Brasil, 1988). It is sometimes referred to as Sistema Único de Saúde - SUS (Unified Health System - SUS), as seen in Figure 1. Brazil is the only nation with a population above 200 million that has a comprehensive public health system that is entirely financed by the Brazilian Federal Government (Brasil, 1988). Brazil's healthcare system ranks seventh worldwide, boasting a medical population of the fourth biggest size, with 2.8 physicians per thousand people, over six thousand hospitals, and around two million nurses, technicians, and assistants.

METHODOLOGY

Our research follows an inductive rationale and interpretive logic, with the Brazilian healthcare system as the unit of analysis (Yin, 1988). We conducted archival research on the Brazilian government's Health Ministry and an extensive literature review.

OVERVIEW OF HEALTHCARE IN BRAZIL

According to estimates derived from data provided by the Organization for Economic Cooperation and Development (OECD), the National Treasury Secretariat (STN), and the National Supplementary Health Agency (ANS), health expenses in Brazil in 2020 amounted to 9.30 percent of the country's GDP, equivalent to BRL 692.88 billion (in current values) or approximately US$ 120 billion (Figure 4). The whole amount was comprised of BRL 304.41 billion (equivalent to roughly US$ 55 billion), which accounted for 43.93 percent of the total and consisted of state resources. The remaining BRL 388.47 billion (approximately $ 7.6 billion) constituted 56.07 percent of the total and were derived from private sources (OECD, 2021).
In Figure 2, it can be seen that in 2020, the expected expenditures for the public sector were BRL 130.62 billion (US$ 22.6 billion) for the federal government, BRL 100.16 billion (US$ 17.3 billion) for state governments, and BRL 73.63 billion (US$ 12.7 billion) for local governments. According to the OECD (2021), households and enterprises in the private sector spent around R$ 216.97 billion (US$ 37.6 billion) for health care plans-hospitals in 2020, while private expenditure amounted to BRL 171.50 billion (US$ 29.7 billion).

The private sector is involved in both the funding and delivery aspects of healthcare. Increasingly, middle-income and high-income families have been driven to choose private health care due to limited access and dissatisfaction with public health care services.

The private healthcare system is optional and can be considered redundant as it provides coverage for medically necessary curative services that are already covered by the SUS, in comparison to other OECD countries that have a national health service or a national health insurance scheme and report having a redundant private healthcare system. Brazil's proximity to Portugal (28.1 percent) and New Zealand (27 percent) places it behind Australia's 44 percent and above Sweden's 6 percent and the United Kingdom's 10 percent, as seen in Figure 3 of the OECD Health Statistics (2021).
CAPACITY OF THE HEALTHCARE SYSTEM

The pandemic in 2020 impacted the labor market in the healthcare industry due to a surge in demand for hospital care services. In addition, this situation resulted in the expansion of the healthcare system, with a rise in the number of hospitals compared to 2019 (from 6,041 to 6,300), which is more substantial than the growth recorded in the previous five years. The growth was seen in both the private sector (from 1,860 to 1,868) and the public administration (from 2,392 to 2,644), with just one hospital decline among non-profit organizations (Figure 4) (CNES - National Register of Health Establishments, 2021).

Over the last three years, there has been a decrease in the quantity of hospital beds. There was a 9.78 percent rise in the number of inpatient and supplemental ICU beds in 2020 compared to the previous
In 2020, Brazil had around 507,000 hospital beds, resulting in a ratio of 2.3 beds per 1,000 people. This figure is almost half of the average seen in OECD countries (Figure 6). However, the density of beds is comparable to that of some European nations like Denmark (2.6), the United Kingdom (2.5), and Sweden (2.1), and higher than that of other countries in Latin America, such as Chile (2.0), Colombia (1.7), or Costa Rica (1.1). Similar to other OECD nations, Brazil also experiences fluctuation in the availability of beds throughout different regions within the country. At the state level, the number of hospital beds per 1,000 people varies by a factor of 2 in Brazil. The Northern state of Amapá has a density of 1.5 beds per 1,000 inhabitants, while the Southern state of Rio Grande do Sul has a density of 2.9 beds (Brazilian Ministry of Health, 2020).
### BENEFICIARIES OF THE PRIVATE HEALTHCARE SYSTEM

In 2020, around 22% of the Brazilian population, equivalent to 47 million individuals, had opted for voluntary medical insurance as a means to supplement their existing healthcare coverage under the SUS. This figure represents a decrease from 25% in 2014, as reported by ANS (2020). Over 700 companies and insurers provide this specific kind of coverage (ANS, 2020). The separate plans include a diverse range of services, and the businesses providing these services have different legal arrangements. The majority of insurance plans provide coverage for ambulatory and hospital care, however they often do not cover medications or highly specialized therapy. Furthermore, the number of Brazilians with dental private plans that only cover dental services and complement the coverage provided by the public healthcare system (SUS) has increased by about 100% in the last decade, reaching over 27 million individuals (ANS, 2020).

In 2020, the number of individuals benefiting from private health care plans, including dental coverage, rebounded after a decline in 2019. The total number of beneficiaries reached 47.62 million, indicating a 1.24 percent rise compared to the previous year (Figure 9). While the variance is positive, it is still smaller than the recorded variation between 2009 and 2014. The pace of increase in the number of beneficiaries remained positive and exceeded 2 percent (Figure 8) (ANS, 2021).
Brazil will have a difficulty in managing the future demands for extended care in a society that is becoming older. Upon examining the participation of health plan beneficiaries based on age groups, it is evident that the most significant changes in this distribution, between 2008 and 2020, are the rise in the number of beneficiaries aged 30 to 44 years and the decline in the number of younger beneficiaries, aged 15 to 29 years (Figure 9). Additionally, there has been a rise in the involvement of recipients within the age brackets of 60 years and beyond (ANS, 2021).
FINANCING MODEL FOR PRIVATE HEALTHCARE SYSTEM EXPENSES

Healthcare in Brazil is funded by a diverse array of stakeholders. The primary contributors to healthcare funding are the state Sistema Único de Saúde (SUS), private health insurance systems, and direct contributions made by individual households. Although Brazil's total health care expenditure surpasses that of many comparable nations, the country significantly depends on funding from the private sector, either via voluntary private health insurance or direct payments made by families (Figure 10) (OCDE, 2021; WHO, 2020).
Approximately 70% of Brazilian recipients get their private health insurance as a work-related perk, which gives them access to private healthcare services provided by recognized healthcare companies. Private insurance may provide reimbursement to individuals for healthcare services that they have bought. Brazil allocates 0.5% of its GDP towards tax exemptions for private healthcare, with the main objective of providing subsidies to individuals who purchase private health insurance. Both individuals and legal companies have the ability to subtract healthcare insurance charges from their taxable income. Additionally, they may use their taxable expenses to cover the price of healthcare services, medications, and medical supplies (Massuda et al., 2020).

The majority of health plans are employer-based group policies that are included in employment contracts, with companies making payments. However, there are other options for individuals or collective insurance. A key characteristic of the Brazilian private insurance system is that individuals may deduct their payments from their taxable personal income. This implies that those with higher incomes have a greater reduction in their net taxes (Thomson, Sagan, and Mossialos, 2020). In 2020, the distribution of healthcare plans shows that the group medicine market and medical cooperatives have the biggest number of beneficiaries, with 39.83 percent and 36.52 percent respectively (see Figure 13). In comparison to 2016, the only method of medical treatment that had a rise in market share was group medicine. It rose from 36.63 percent in December 2016 to 39.83 percent in December 2020, indicating a growth of 8.68 percent in the number of individuals benefiting from this modality. In the given time, there was a decrease in participation for the other modalities (medical cooperative, insurance, self-management, and philanthropy), with the self-management modality seeing a more substantial decline of -15.64 percent (ANS, 2021). This information is shown in Figure 11.
Medical insurance plans exhibit significant diversity based on the range of services they cover, such as "hospital and ambulatory," "hospital only," and "reference," as well as the kind of contract, such as "group insurance" provided by an employer or a "individual/family contract." Furthermore, a wide range of entities have the ability to provide private insurance coverage. These entities encompass non-profit medical cooperatives, employers operating under the self-management model known as "autogestão," philanthropic institutions, networks of healthcare providers, or "medicine de grupo," and healthcare insurance companies. In 2019, there were 711 businesses in Brazil that provided medical coverage plans to beneficiaries. These organizations offered a total of over 36,000 policies, according to the ANS (2020). This indicates that the insurance industry is characterized by fragmentation, with several tiny businesses. According to the ANS (2020), 6 percent of insurance companies provide coverage for 50 percent of insurance policyholders, whereas almost two-thirds of all companies only cover 10 percent of beneficiaries.

**DISCUSSION: AGING OF THE BRAZILIAN POPULATION**

The demographic phenomenon of population aging also contributes to the rise in healthcare expenditures. According to demographic forecasts from the Brazilian Institute of Geography and Statistics (IBGE), the percentage of older individuals aged 65 and over in the Brazilian population will continue to climb by more than 8 percent in the coming years. In 2020, the proportion of older people in the Brazilian population aged 60 and above was 10.13 percent. It is projected to increase to 13.44 percent in 2030, 17.58 percent in 2040, and 26.77 percent in 2060 (Figure 14) (IBGE, 2021).

The demographic transition will not only result in a higher prevalence of individuals with chronic ailments like diabetes but will also lead to an increase in the number of individuals requiring long-term care. These individuals will require assistance in carrying out daily activities and acquiring essential life skills (WHO, World Bank, 2019).
Like in OECD nations, the healthcare system in Brazil encounters several issues that may impact the long-term sustainability of healthcare expenditure.

Disregarding any disruptions caused by COVID-19, the OECD health spending projection model indicates that, under the baseline scenario, health expenditure in Brazil is projected to reach 12.6% of GDP by 2040 (Figure 15). In comparison to 2017, there has been a rise of almost three percentage points, which is more noticeable than in the majority of OECD nations. The average allocation of economic resources to health in the OECD is projected to increase by 2 percentage points, reaching 10.8 percent in 2040, compared to 2017. In 2040, Brazil is forecast to have a larger growth in health expenditure compared to Chile and Colombia. In Brazil, health spending is projected to reach a higher percentage of GDP than in Chile (11.4 percent) and Colombia (9.5 percent).

![Figure 13 Health spending as a share of GDP, Brazil and OECD countries, 2017-40](source: OECD estimation based on Lorenzoni et al. (2019), p. 73)

According to Lorenzoni et al. (2019), Figure 13 illustrates that as the population ages, there will be a greater need for health and long-term care due to the rise in chronic illnesses linked with aging.

**IMPLICATIONS AND FUTURE RESEARCH**

A final possibility to address the projected increase in health spending is to generate efficiency gains and reduce wasteful spending within the health sector. Getting “more value for money” could soften the emerging spending pressures by making sure the proper intervention is carried out in the right setting, by using the most cost-effective and evidence-based input mix to treat diseases, and by limiting the diversion of financial resources in the health system that are not used for promotion of health, prevention of conditions and the treatment of patients. (OECD, 2017).
The management of healthcare projects is very complex (Aubry, Richer, & Lavoie-Tremblay, 2014). It goes beyond planning and managing the construction or modernization of existing sites. It also involves re-examining the management of clinical care. Issues include service process reorganization, information technology, human competence development, and change management (Richer et al., 2013).

Organizational project management can be defined as a new sphere of management where dynamic organizational structures are articulated to implement strategic objectives through projects to maximize value (Aubry, Hobbs, and Thuillier (2007). Once limited to construction, engineering, and information technology, project-based work is now spreading to various sectors (Morris, 2013), including healthcare (Dwyer, Stanton, & Thiessen, 2004). One study showed that healthcare professionals are involved in two to five projects simultaneously (Chiocchio et al., 2010). In part due to the need to improve organizational processes (Tucker & Edmondson, 2003), most projects undertaken by healthcare professionals have to do with reengineering of interprofessional collaboration services (Suter et al., 2012), organizational innovation, and management. (Ovretveit et al., 2012) and implementation of patient-centered approaches (Carlström & Ekman, 2012).

Our research aimed to provide recommendations on how to improve the healthcare system. These recommendations aim to assist other decision-makers and policymakers in enhancing their skills in health care. Furthermore, we aimed to contribute to the academic community by offering innovative perspectives and pertinent concepts for future research. These results have many implications for research in other fields, including (i) systematic literature reviews (Dias et al., 2023; Dias et al., 2023; Fernandes & Dias, M., 2024; Dias et al., 2024); (ii) negotiations with governmental agents (Araujo, C.; Dias, M., 2022; Correa et al., 2022; Dias & Navarro, 2018); (iii) debt collection negotiations (Dias, M., 2019, 2019b; Dias, M., 2022; Teles et al., 2023; Schmitz et al.; M., 2023); (iv) retail business negotiations (Dias, M. et al., 2015; Dias, M. et al., 2015, 2014, 2012); (v) industrial negotiations (Dias et al., 2013, Dias, M., et al., 2014; Dias, M. et al., 2013; Dias et al., 2018); (vi) interbank negotiations (Dias, M.; Pereira, L; Vieira, P., 2022); (vii) business lobbying (Fernandes & Dias, 2024); (viii) virtual negotiation (Santos & Dias, 2024, 2024b, 2024c).

FUTURE RESEARCH
We encourage further studies on the growing digitization of healthcare data, which presents benefits, yet there are concerns that these opportunities are still inaccessible. The study on processes established by electronic health record (EHR) suppliers and hospital information technology (IT) regulations aim to achieve scalability, dependability, uniformity, and security is encouraged. Also,
the study on the risk to innovation lies in the fact that these processes often restrict systems, hence constraining trials to discover novel methods to use data is motivated.

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