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2015 health care outlook
Brazil

Estimated health care expenditure: $208 billion in 2013

Health care as a share of GDP: 9.1 percent in 2013[1]

The Brazilian health care market is expensive, large, and in need of improvement. Estimated health care spending in 2013 totaled $208 billion and comprised an estimated 9.1 percent GDP.[2] Three-quarters of the country's 202 million people depend on free care from Brazil's Unified Health System (SUS), the largest public health system in the world.[3] The remaining 25 percent of the population is enrolled in private health plans (many use the public system, as well).[4] Care provided under the SUS is split between public and private providers: most in-patient services are privately owned and run, whereas most outpatient care is carried out by public facilities.[5]

Brazil has approximately 6,800 public and private hospitals, 195,000 service units, and 500,000 hospital beds.[9] However, the country's estimated 2.5 hospital beds per 1,000 people is a relatively low number, and their distribution and the quality of provision are patchy.[10]

A June 2014 survey conducted by Brazil's Federal Medical Council showed that 93 percent of respondents consider Brazil's public and private health care systems to be either very bad or mediocre. SUS was rated unsatisfactory by about 80 percent of respondents. The most frequent complaints were lengthy waiting times and difficult access to complex procedures such as dialysis, chemotherapy and surgery.[6]

The SUS is funded through federal and local taxation, and through contributions from employers and employees.[7] The system is stretched financially, hindering efforts to improve the standard of care at a national level. However, the federal government has introduced a program called Mais Médicos (more doctors) to hire local and foreign doctors to work in poor and remote areas, where there are shortages. The government also allows innovations at a local level, and some regions have developed successful initiatives despite limited resources. These include the creation of health care consortia, which pool the resources of several neighboring municipalities.[8]

1 *Industry Report, Healthcare: Brazil,* The Economist Intelligence Unit, September 2014
2 Ibid
3 http://www.ibge.gov.br
4 http://www.ans.gov.br/anstabnet/
5 *Industry Report, Healthcare: Brazil*, The Economist Intelligence Unit, September 2014
6 Ibid
7 Ibid
8 Ibid
9 http://cnes.datasus.gov.br/
10 *Industry Report, Healthcare: Brazil*, The Economist Intelligence Unit, September 2014

One great challenge for the public health care sector is to strengthen public-private partnerships to expand care, improve facilities, and increase service efficiency. In 2013, the government announced a stimulus package of $4.1 billion (equivalent to 10 percent of the annual health care budget) for firms operating in the health care sector and for eight new partnerships between public and private sector laboratories to produce medicines and equipment.[11] Some hospitals, meanwhile, are forming networks to leverage shared technology and data for enhanced decision-making and to achieve greater negotiating power with the payers.

The hospital segment is also considered strategically important for the Brazilian government, but after a long period of protection, the Federal Chamber of Deputies in December 2014, approved a law allowing foreign investments in Brazilian hospitals. After approval by the Senate Chamber, the law is expected to take effect in March 2015.[12] This was an important movement to respond the large investments demands in the Brazilian private health care sindustry where foreign investments are already permitted in the pharmaceutical, health diagnosis and health insurance plan sectors.

Brazil has the second-largest private insurance market by population in the world (after the U.S.).[13] Numbers of enrollees are increasing, but plan rates and out-of-pocket (OOP) costs are rising, as well, due to an aging population, increasing incidence of chronic diseases, and a high claims level.

Health plans are also introducing cost-saving initiatives, such as preventive medicine programs for enrollees; increased marketing of pre-hospital care programs (APH) to reduce the volume of patients seeking care in emergency rooms; forming care networks with hospitals, laboratories and outpatient units; and accrediting hospitals as centers of excellence for certain specialties or procedures.

The Agência Nacional de Saúde Suplementar (ANS), a national regulatory agency linked to the Brazil's Ministry of Health, is in charge of the country's private health plans sector.[14] ANS's influence is considerable. The agency can ban the sale of health care plans by insurers who do not meet customer care requirements. In its 11th monitoring cycle, in the second quarter of 2014, ANS temporarily banned the sale of 123 health-insurance plans.[15]

Brazil's insurance market is consolidating. In 2012, UnitedHealth Group, Inc., a large, U.S.-based health insurer, purchased Brazil's biggest private health insurer, Amil Participações, for $4.9 billion.[16] Amil, with more than five million clients and a nine percent market share, had previously acquired smaller rivals.[17] In March 2014, Bain Capital LLC, a U.S. private equity (PE) group, acquired Brazilian health-insurance operator Intermedica for $851million.[18] Other major health insurers may also become targets for foreign acquisitions.

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11 Ibid
12 http://www.cnseg.org.br/fenasaude/servicos-apoio/noticias/capital-estrangeiro-podera-operar-com-hospitais-no-brasil.html
13 Ibid
14 ANS website, http://www.ans.gov.br/home-en. Accessed December 8, 2014
15 Ibid
16 "UnitedHealth to buy most of Brazil's Amil for $4.9 billion," Reuters, October 8, 2012, http://www.reuters.com/article/2012/10/08/us-unitedhealth-takeover-amil-idUSBRE8970E120121008. Accessed December 8, 2014
17 *Industry Report, Healthcare: Brazil*, The Economist Intelligence Unit, September 2014
18 "Bain to buy Brazilian insurer for $851 billion," MarketWatch, March 24, 2014, http://www.marketwatch.com/story/bain-to-buy-brazilian-insurer-for-851-million-2014-03-24. Accessed December 8, 2014

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