



European Experiences  
PORTUGAL

# PRIVATISATION OF HOSPITALS

# Portuguese Constitution: 64th article

1. Everyone has the right to have his or her health safeguarded and the duty to defend and foster it.
2. The right to the safeguarding of health shall be met by:
  - a. A national health service available to all and free of charge to the extent that the economic and social conditions of citizens require;
  - b. The creation of economic, social, cultural and environmental conditions that guarantee, specifically, the protection of children, the young and the old; the systematic improvement of living and working conditions; the promotion of physical fitness and sports in schools and among the people; the development of health education for the people and practices of healthy living.
3. In order to ensure the right to the safeguarding of health, the State has a primary duty:
  - a. To guarantee the access of all citizens, regardless of their economic circumstances, to both preventive and remedial medical care and rehabilitation;
  - b. To guarantee a rational and efficient coverage of health human resources and units throughout the whole country;
  - c. To direct its program towards the provision of the costs of medical care and medicines from public funds;
  - d. To regulate and supervise privately funded medical practice, coordinating it with the national health service so as to ensure that adequate standards of efficiency and quality are achieved in public and private health institutions.
  - e. To regulate and supervise the production, distribution and marketing and the use of chemical, biological and pharmaceutical products and other methods of treatment and diagnosis.
  - f. To establish policies for the prevention and treatment of drug abuse.
4. The national health service shall have a decentralized management in which the beneficiaries participate.

# National Health Service Act 1979

- It is created the National Health Service ...through which the State guarantees the right to health protection according to the Constitution

António Arnaut, Health Minister

# Health Law 1990: “the opening door”

## Management of Hospitals and Primary Centres

- 1 – “Management must obey , as possible, to corporation management principles and inovative management experiences may be authorized ...”
- 2 – In due terms of regulation, management contracts about hospitals and primary centres may be established with entitites other then the gouvernement or, in special agreements, to groups of doctors.

# Source of Funding in Portugal: Long cycle

	1970	1975	1980	1990	2005
% public spending	58,3	75,8	63,4	65,5	73
% of citizen spending	41,7	24,2	36,6	34,5	27

Campos AC, Health Reform , 2008

*Increase of private complementary insurance: 10% of the population covered*

# % of State Production

2000	2004
42,45%	41,85%

Campos AC, Health Reform , 2008

One Big Public Hospital runned privately until 2008

Three Public/private project finance planned

Four purely private big hospitals already working

Major restructuring of old private clinics

# Evolutionary Trends

- Recent burst of big private hospital production; Cardiology, GI endoscopy, Obstetrics, Pediatrics, Oral Health, Urology, Radiology, Chemical Pathology
- Public Sector also increased its deliverance
- Despite strong private oriented policy, the long cycle of mixed health economics with a large public funding and hegemonic production prevails;
- Recent loss of technological leadership regarding equipment in the public sector
- PRIVATE SECTOR: Shift from small private production to the big private hospitals mostly owned by Banks

# New Corporation Hospitals: reasons for success

- Increased offer , flexible schedules, major techonological investment!
- Public response was behind new and growing demands; public technological substandard due to funding restrains.
- Middle class citizen direct funding of the past has shiftd to insurance companies that purchase to new hospitals
- Public funding offered to private hospitals with new funding agreements by the government

# The New Public Management

- The “New Public Management “ was set up to contain costs
- They emulated some of market categories, disorganized the professional standards, threatened research and teaching...
- Though they promised contracted production, more autonomy and new wage incentives, what they really did was helping to further centralize the system, to keep underfunding going on and crystallized the wage system
- They failed in reforming the Health industry in terms of incorporating the new trends in organization and health care, but they were able to slow down a little the amount of spending growth

# Evolutionary Trends Driven by Private and New Public Management Policy

- Emphasis on sales and on “productivity” with unregulated increase in futile, redundant and inappropriate deliverance on the private sector and emulated on the public as well
- The new private industry has not created a new industrial paradigm nor achieved any scientific or professional new standard: lack of multidisciplinary organization, lack of proper comprehensive disease management, lack of proper articulation with primary care
- New Public Management was able to contain spending growth, though there are fears that this is not sustained; no real reorganization was done

# Performance relates to the mode of production!

	Capital	State	Partnership	Cooperation
Driving Force	Sales	Spending according to costs, not added value	"Commodification"	"work load economy"
Added Value	+++	--	++-	++
Administrative load	++ (+)	+++	+++?	+
Inovation/ Efficiency	+++	+ ou -	++?	+++
Crisis	Over-production	Lack of funding	mixed	Reduced crisis?
Social Value	-	++	-/+	++

# Corporation Discourse according to the driving force

## Capital Mode

*We need to  
increase sales*

## State Mode

*We need to cut  
costs*

## Cooperation Mode

*To solve the  
maximum of  
problems with a single  
act (Less sales, less  
futile production, less  
spending, increased  
productivity, less  
work load, "to arrive  
sooner at the  
seaside")*

# Emerging Evolutionary Trends

- Popular pressure to increase public access; the “private ideology” lost its momentum due to the recent financial crisis
- Increased professional pressure to more autonomy, accountability, diversity in organization, and in favour of a new funding paradigm with recognition of *added value*.
- Professional pressure to move away of the *wage* system in order to *link* retribution to the value of production