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An Overview of the Healthcare System in Portugal

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Healthcare is on every country's political agenda, especially because of the need to find solutions to the continuing increase in cost while meeting the challenge, felt by every healthcare system, to guarantee more and better healthcare to its population. In order to explain today's healthcare system in Portugal and identify opportunities for restructuring, one must first understand how the system evolved and what factors have impacted its development.

Healthcare in Portugal During the Era of Democratic Consolidation (1974-1985)

The implementation of the National Health Service (NHS) in 1979, which guaranteed "universal, general and free" healthcare, is linked to the democratization process in Portugal. At the time, two main features characterized the NHS: 1) It was funded by the State budget and 2) It integrated a number of different health services. Within a short time from the creation of the NHS, healthcare coverage of the Portuguese population went from 58% in 1974, to 100 % in 1980 (Barros and Simões 1999).

Healthcare in Portugal from 1985-1995

At the end of the 80s, debate arose regarding healthcare reform in Portugal and a number of other European countries. With public healthcare services' lack of efficiency and the public's difficulty in accessing these services, advocates increasingly defended introducing market-oriented and competition mechanisms into the system of healthcare provision. Here the private sector would take a more active role, while funding became more individualized and the NHS became subject to corporate management. Serious doubts were cast on centralized healthcare systems, such as those in the United Kingdom and Southern Europe.

In 1990, the Basic Law for Health was passed in Portugal, and then, in 1993, the NHS statute came out. Both were to play a pivotal role in this critical new healthcare strategy. The most far-reaching legislative measure was the creation of Regional Health Administrations (RHAs), which coordinate

hospitals and healthcare centers over widespread geographic areas. Also at this time, Portugal underwent its first experience of private management of a public hospital.

From 1974 to 1995, there was overall improvement in health indicators, and the country progressively converged with the average health figures for Europe. Yet in tandem, there was a significant rise in healthcare spending, an increase in human resources deployed and an upswing in the indicators for use of healthcare services (OECD 2006).

Latest Developments in the Evolution of the Healthcare System (1995-2006)

Particularly after 2002, a number of structural reforms were developed and implemented, some of which were innovative. Some of the more liberal principles from the previous period were incorporated (separating the funder from the provider), and providers were reorganized with a view to decentralization and increased flexibility of management. Some examples of this are the corporatization of a few public hospitals, and the creation of Integrated Centers of Responsibility in hospitals, which act as intermediate levels of administration, and third generation health centers.

The OECD's September 2004 Report (Economic Survey Portugal 2004) made a globally positive assessment of the reform underway and the legislation that had been passed. The key strategy for reform is combined national healthcare where public, private and social healthcare providers coexist and are regulated by an "independent and autonomous regulatory entity" that oversees issues of equity, accessibility, quality and rights of users.

According to the Ministry of Health (2004), 74% of hospital beds belong to the public network, while 23% belong to the private sector. 79% of the private sector beds belong to the private non-profit sector and 21 % to the for-profit private sector (Ministry of Health 2004). It should be stressed that, in 2001, the share of Portugal's GDP spent on healthcare was already 9.3% - while the European average was 9.0% (OECD 2006).

Hospital Care

A new hospital management law was passed for all hospitals that called for heightened management responsibility, upgraded efficiency, effective assessment of professionals and introduction of financial incentives. As a result, 34 hospitals were corporatized, with 31, more than 1/3 of all public hospitals, designated Public Corporate Entities (PCEs). In addition, two of the largest teaching hospitals have also recently been corporatized. This new legal framework allows for greater administrative autonomy and financial accountability in hospital management, while permitting greater leeway in purchasing equipment and materials and in hiring employees.

PCE hospital employees are currently covered by individual work contracts.

Other, non-corporatized public hospitals (the Public Administrative Sector hospitals, or PAS hospitals) are expected to follow suit, improving their overall performance by following the benchmarks set by the PCEs. Modern partnership models have also been adopted, in which public-private partnerships (PPPs) of the Private Finance Initiative type have been set up. This involves the construction, financing and operation of new public NHS hospitals by private entities.

Primary Care

Legislation already published opens the way to the reform of primary healthcare by means of new

organizational models. Specifically, health centers will be restructured into family health units that are functionally and technically autonomous. Legislation also allows for the management of health centers by private, social or public entities under contract, with State payments for results benefiting the population. A payment scheme linked to performance was also introduced for general practitioners.

Continuing Care

A national network of continuing care, especially aimed at the elderly, the chronically ill and people undergoing lengthy recoveries was also created. This project is still in its very early stages.

Waiting Lists for Surgery

To combat long waiting lists for surgery, the healthcare system created a per-patient incentive program, later replaced by the "Integrated System for Management of Patients Signed Up for Surgery," which makes the State more accountable to its citizenry. It also gives citizens greater freedom by guaranteeing that users of the healthcare system will undergo surgery within a clinically acceptable time period. Currently, after six months on a waiting list for surgery, patients have recourse to undergo the procedure at a private hospital at the expense of the NHS. The average waiting period for surgery in 2002 was 5.5 years. In 2004 this was significantly reduced to 8.7 months. (Pereira 2005).

Drug Policy

Portugal holds first place for expenditure on drugs. The share of the GDP on pharmaceuticals in 2000 was 2.0% (OPSS 2001). However, certain measures have been taken to reduce this type of spending. For example, the generic drug market has expanded, with the market share for generics burgeoning from 0.34% in 2002 to 9.66% in 2004, although this is still lower than the figures for the rest of Europe. (Pereira 2005).

Funding of the NHS

More than 95% of NHS funding comes out of the State budget, with the rest made up of revenue from patient co-payments, subsystems and insurance. Hospital budgets absorb 53% of NHS funding and constitute the largest share of public spending on healthcare. NHS health centers make up 11% of economic resources allotted to health while pharmacies represent 24% (Pereira 2005).

A philosophy of paying hospitals for effective "production" of acts and services rendered to users has been introduced, as opposed to the former scheme of provisional twelfths of the State budget based on previous budget histories. Thus, greater emphasis has been placed on contractualization, involving agreements signed by the paying/contracting entity (the Portuguese State through its Ministry of Health) and units providing healthcare (hospitals, health centers).

Conclusion

All the structural measures affecting the healthcare system over the last few years - namely changes in the legal status of hospitals (hospital-corporation), the creation of public-private partnerships, the reform of primary healthcare and the promotion of generic pharmaceuticals - stand to bring about effective changes in Portuguese healthcare. However, it is still too early to tell how far-reaching their impact will be.

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