HealthManagement
Promoting Management and Leadership

Volume 9, Issue 3 /2007 - Country Focus:Portugal

## The Portuguese Hospital System



**The Structure of Public Hospitals**

After significant reform carried out in 2002, public hospitals are divided into three categories:

• Hospitals S.A.: public corporations with the state as the exclusive shareholder (under corporate law). They were created through the transformation of 34 public hospitals, chosen as mediumsized ones with a debt below 35% of total expenditure and having previously demonstrated some management ability. These public corporations received their own capital (the hospitals were recapitalised before being transformed into corporations so as to cover existing obligations and ensure that the hospitals had enough working capital to effectively manage their balance sheets) and took over all assets and liabilities of the former public units. They have financial and administrative autonomy. Hospital boards are independent and accountable for operational and financial results. The new regulation sets an upper limit on corporate hospitals indebtedness at 30 per cent of the social capital (board approval is required when new borrowing raises the debt above 10 per cent of the social capital). The hospitals S.A. started to operate in January 2003 with new management teams appointed by the Ministry of Health. While the hospitals S.A. remain under the supervision of the Regional Health Authorities, their development and performance have been closely monitored by a special task force (Unidade de Missão Hospitais SA), directly attached to the Ministry of Health. Benchmarking of hospitals is made on a monthly basis, with a focus on productivity and efficacy of resource management. There are plans to add quality indicators in the future and launch patient satisfaction surveys. In 2005, these establishments became trusts of the state. They represent a new model of management integrating private mechanisms, notably for personnel contracts (who are now salaried employees of a private society as opposed to civil servants).

• Public hospitals (SPA): These are public institutions with administrative and financial autonomy, but under public management (under the public sector administrative law). They concern the 51 remaining public hospitals. The modernisation of the management is essential to avoid creating a two-speed system. It started in August 2003 with the adoption of new regulations that try to replicate as much as possible the hospital S.A. experience within the public sector. New management teams were appointed at end-2003. Contract programmes will be established with each hospital, setting objectives and quantitative targets, priorities and modalities for the provision of services, quality standards, and monitoring and evaluation systems.

• Public-Private Partnership (PPP) hospitals: public institutions with administrative, financial and asset

management autonomy under contracted private management (under the public sector administrative law). Ten PPP hospitals (including eight substitutions to existing old facilities and two additional units) are planned to be built by 2010. The first one should be inaugurated in 2008 in Loures. Ten-year contracts for the operations and thirty-year contracts for the infrastructure will be granted after competitive bidding, with technical competence and economic terms offered being the most relevant criteria. Most hospitals under PPP will be linked with one university, so as to increase the number of doctors in the future. The lesson, which Portugal learned about PPPs with the Amadora Sintra pilot experience, was the need to put in place a very strong legislation as regards supervision of these PPPs, and to ensure close monitoring of the performance of these PPPs.

**Waiting Lists**

One of the most important problems which affected the hospital sector at the beginning of the decade was the very long waiting lists for non-urgent surgery. 1% of the population was on the waiting list in 2002, and it had reached six years. According to experts, these long waiting lists were due to the low productivity of public hospitals, limited doctor availability because of time spent in private practice, and lack of nurses. The

strategy of the authorities to win quick visible results also includes a special programme to eliminate, within two years, the waiting lists for surgery (Programa Especial de Combate às Listas de Espera Cirúrgicas, PECLEC). The programme relies on contracting some private (profit and non-profit, if necessary foreign) hospitals, which are being paid on a DRG basis, as well as a more productive use of resources in the public sector resulting from the changes in management, and extra financial resources provided to public services and staff engaged in the programme. (CH)

Portugal has 3,3 acute beds per 1,000 inhabitants, or a total of 33,000 beds (77% public and 23% private). It has 205 hospitals, of which 180 are for acute care. The hospitals are divided into 110 public, 11 semi-public, 40 ‘private for profit’ and 44 ‘not for profit’. The hospitals are not distributed equally across the country, and the hospitals situated in the rural and central areas have recently benefited from a programme of supplementary investment. There are 24,400 hospital doctors, which represents 73% of all Portugese doctors. The doctors working in hospitals are employed and paid by the national health system. Doctors who provide services privately at hospitals are paid on a ‘fee for service’ basis.

Published on : Sat, 26 May 2007