

## Policy Changes – Brazil Invites Foreign Investment to Private Healthcare

Brazil's President, Dilma Rousseff, announced in January that her government would open foreign investment in the private healthcare sector for the first time. The government's decision is driven in part by the nation's population in private insurance that expired during economic crisis. US & European companies, among others, implemented the public health system, especially to address the needs of lower-income citizens.

It is expected that private the government announced plans to increase the number of centers to bring foreign capital and by requiring medical doctors to work for two years, rather than one, in the public health care system before practicing. This new model operating environment is clearly meant to attract foreign capital for Brazil with broad implications for investment in the country's healthcare sector.

- Increased healthcare spending** – The outlook for Brazil's health care sector, already growing, has been positive since Germany's spending has increased to around 10% (from 8.0 percent of GDP in 2011 to 9 percent in 2012) and is now expected to continue growing with rate expected to reach 11.5 percent by 2017.<sup>1</sup>
- Foreign Firms the star in the healthcare market** – President Rousseff's announcement has the potential to promote a game-changing re-orientation of the private health care market. Foreign health insurance companies have been able to operate in Brazil since the late 1990s, and since 2011 have been able to offer health plans, with the accompanying rules to restrict if diagnosis and claims, because they consisted of limits to foreign insurers. This will now change and the first sign of interest from potential buyers has emerged, which is encouraging. Brazil's government-owned hospital market and other national insurers—state-owned care services generate some steady sources of hospital revenues—mainly via sub-subsidy.<sup>2</sup> Foreign equity investors are already starting to enter the market, with the nation's major regulatory authorities expected to announce the healthcare reform's rules (2014) the largest private sector just independently operated facilities system in the country.<sup>3</sup>
- Professional standardization** – Foreign investment in Brazil's hospitals is likely to accelerate the professionalization of hospital management practices, with the potential for significant improvements in the quality and cost efficiency of care. Many hospitals in Brazil are managed by a lack of standardized protocols as well as a limited management and production specialization capabilities and IT systems. For example, only a few of Brazil's hospitals follow diagnostic protocols, drug guidelines, while many routine decisions appear to be based on intuition rather than data.<sup>4</sup>

After Brazil's shift to an up and started management models, key performance indicators, fixed cost evaluation, and other measures management needs to measure their performance. There is more work to improve performance and outcomes with more investments in IT systems, management skills, and access to medical services, and improve performance relations.

- Sustainability of the bid** – In some significant investments in Brazil's private healthcare sector has the potential to shift the balance of care away from the public health-care system, the nation's chronic illness could which could make a big difference in gradually stabilizing the public system's long-term financial health. The bid is funded through federal and state taxes and employee contributions. It is expected around 2014, around 1% percent of the population depends on it, but only 40 percent of all health care spending comes from public funding.<sup>5</sup>



<sup>1</sup> World Health Organization, World Health Statistics Quarterly, 2012, <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>2</sup> Ibid.

<sup>3</sup> See "The Brazilian approach to health insurance: history, development and challenges."

<sup>4</sup> See "The Brazilian approach to health insurance: history, development and challenges." <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>5</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>6</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>7</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>8</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>9</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>

<sup>10</sup> <http://www.who.int/mediacentre/factsheets/fs2012/04/en/>