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Innovations in Brazil's Private Sector

HSR Conference, Liverpool, England

Brazil's private sector is large and innovating – public sector, not so much

This presentation covers:

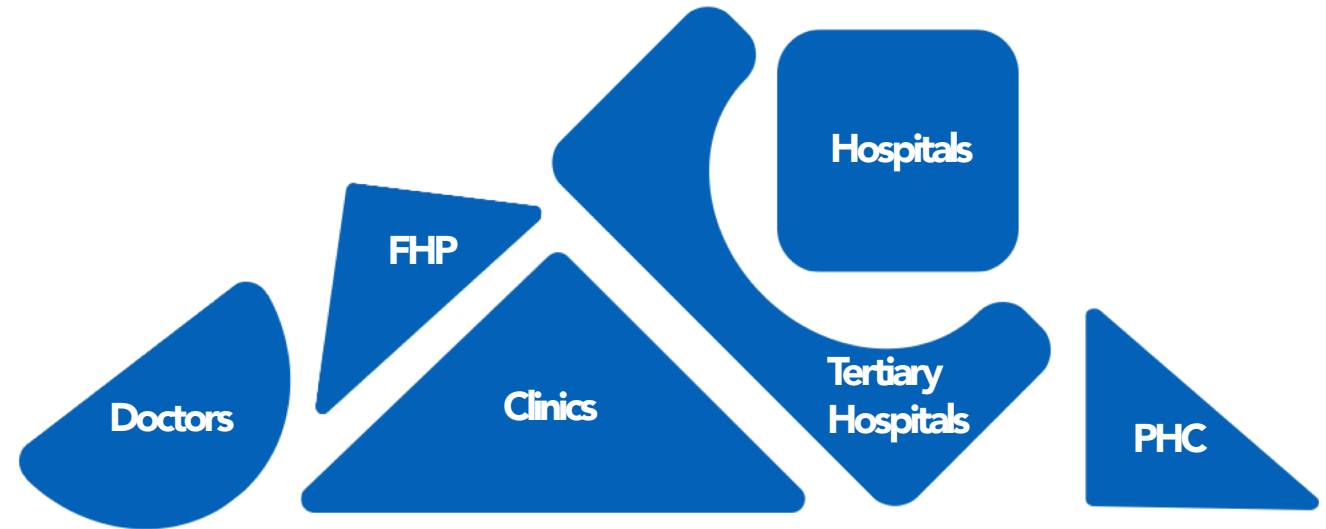
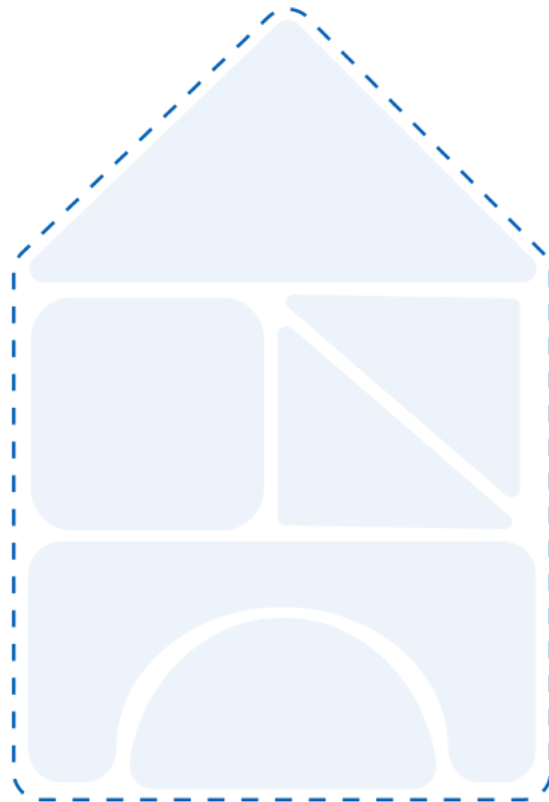
- **Challenges of SUS - public sector system**
- **Overview of the private sector**
- **Data on the size, coverage of the insurance sector**
- **Selected data on private providers**
- **Major innovators in the private sector**

Challenges in both public and private healthcare

- The two are linked but largely function separately
- The public sector serves low income households, as does the public sector, reflecting constraints in public healthcare
- Innovation in public healthcare limited and changes few since the launch of SUS in 1988
- Private healthcare has faced a sharp cost spiral, a recession and a retrenchment of enrollees – the response includes both stasis but also innovation to broaden the market, raise efficiency and control costs

Organization of SUS Today

without networks, coordination of care or accepted standards of quality



SUS – Public Sector Weaknesses

- Federal, state and municipal responsibilities fragmented
- Lack of autonomy at the local level
- Rigidity in rules
- Quality culture and quality priority missing
- Low productivity
- No oversight of performance
- Data systems separate by function
- Lack of patient focus in service delivery



Drives Private
Spending and
Private
Insurance

Source: Consocial 2017; Personal interviews 2018

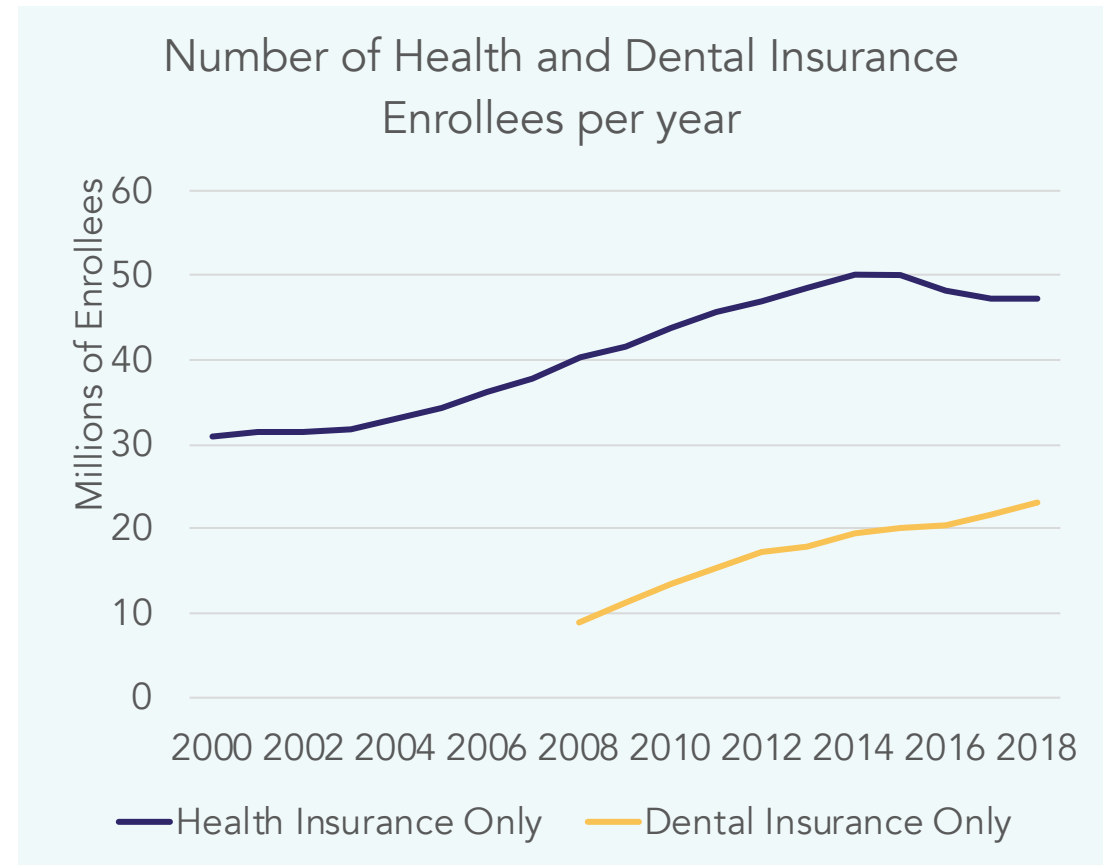
Overview of Private Sector

- 56.6% of health care spending is private
- 26% of the population has private health insurance
- Only 12 health insurers with over 100,000 enrollees
- Providers run the gamut from basic and informal to high quality quaternary care
- Both for-profit and non-profit
- Providers unregulated
- Fewer than 8% of providers accredited by national or global accreditation bodies
- Insurance and providers target all income segments with different products for different income groups

Source: ANS

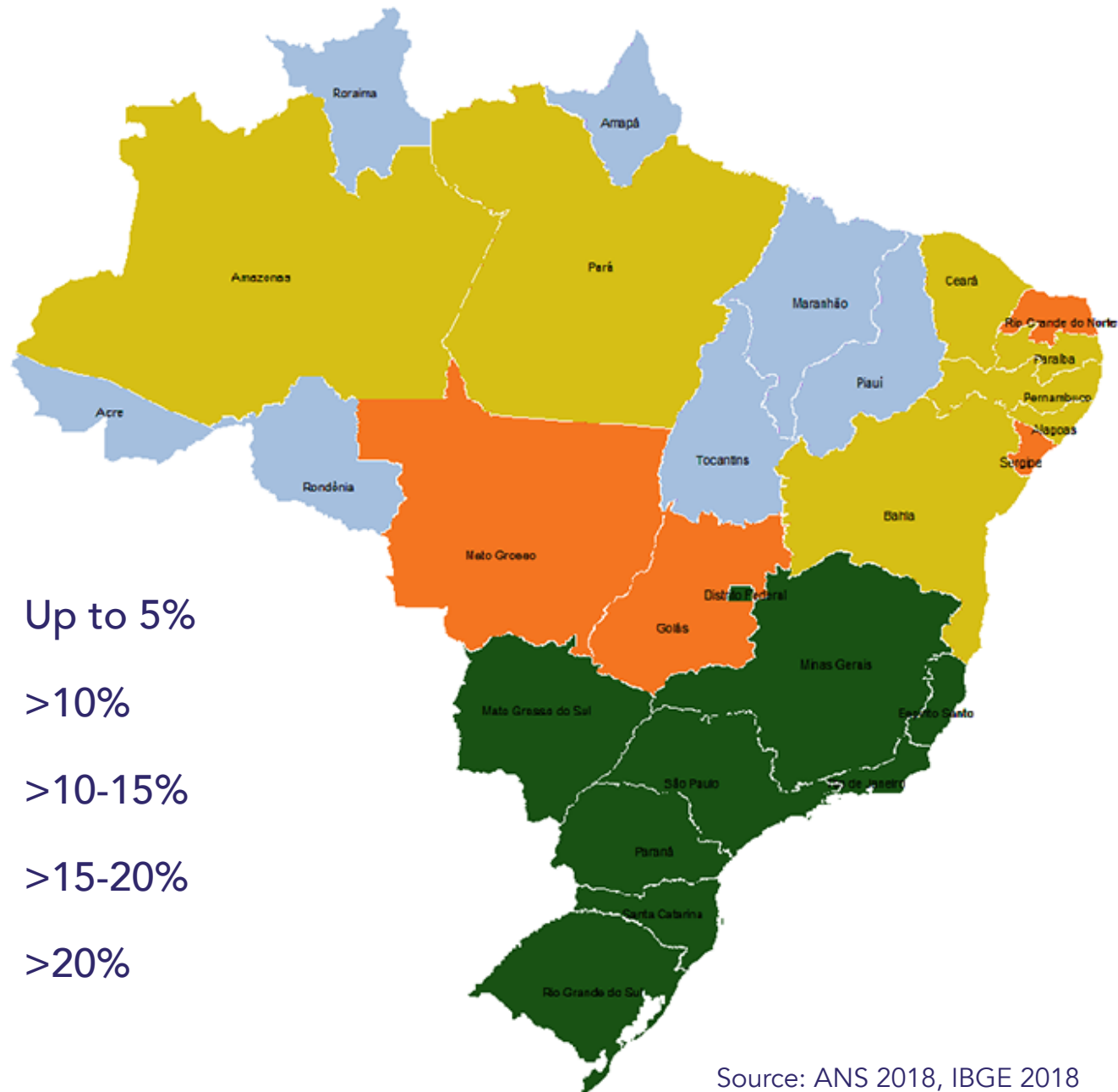
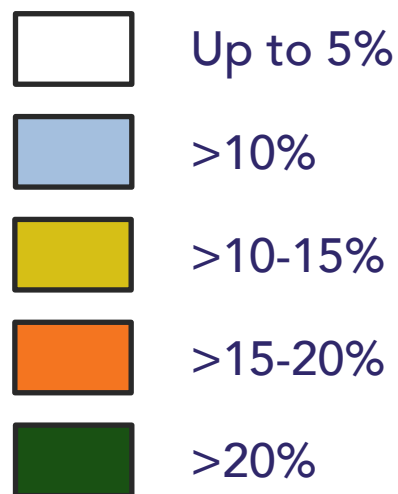
Brazil's private health insurance market is one of the largest globally

- Almost 50 million people covered by private health insurance
 - 26% of the population
- Over 23 million people have dental insurance
- US\$110 billion market
- Over 54,000 insurance suppliers
- 757 managed care organizations
- Insurers regulated by ANS (*Agência Nacional de Saúde Suplementar*)



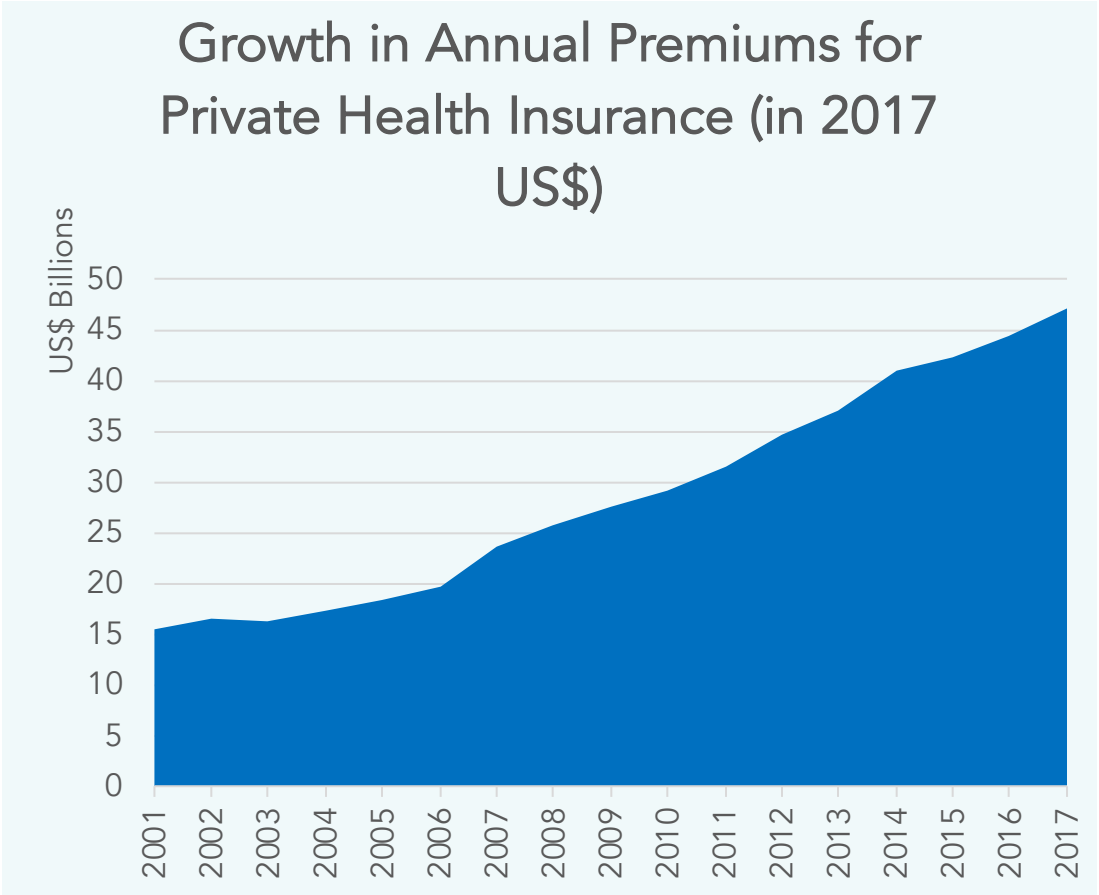
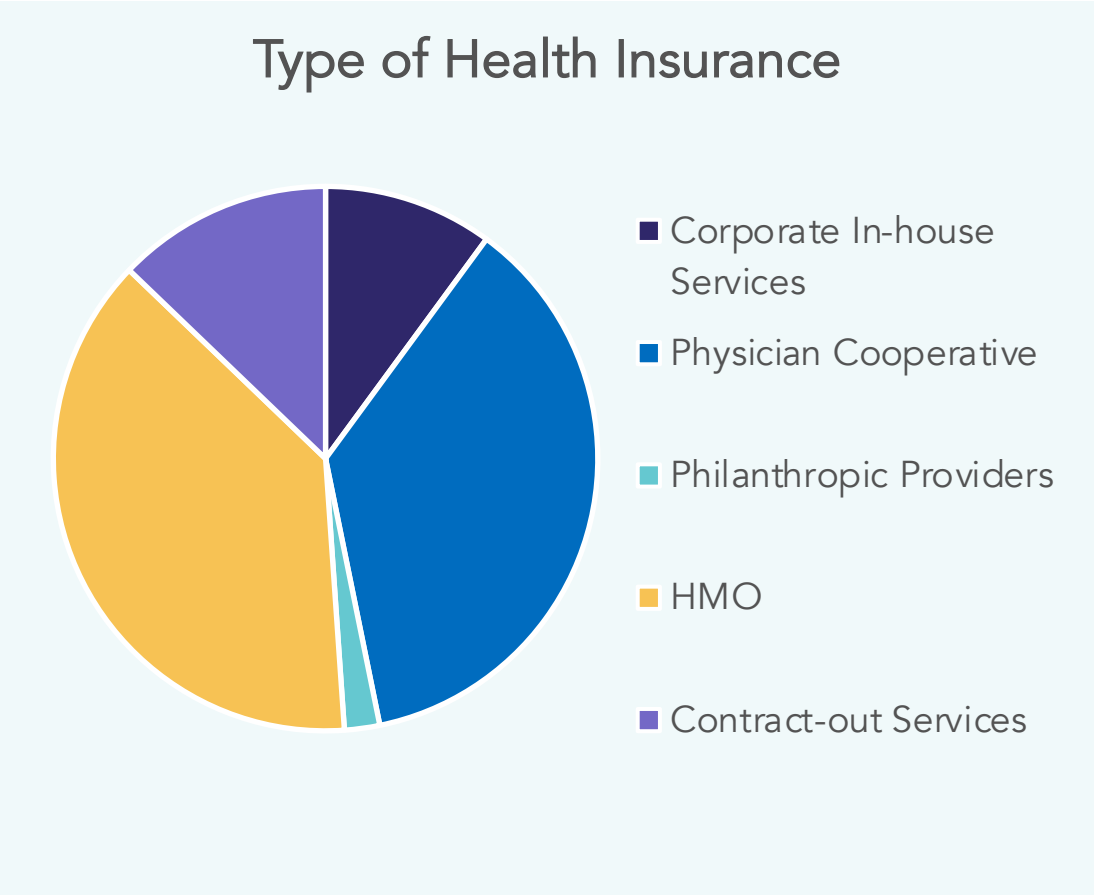
Source: ANS 2018

Extent of Health Insurance Coverage by State, 2018



Source: ANS 2018, IBGE 2018

Characteristics of Private Health Insurers

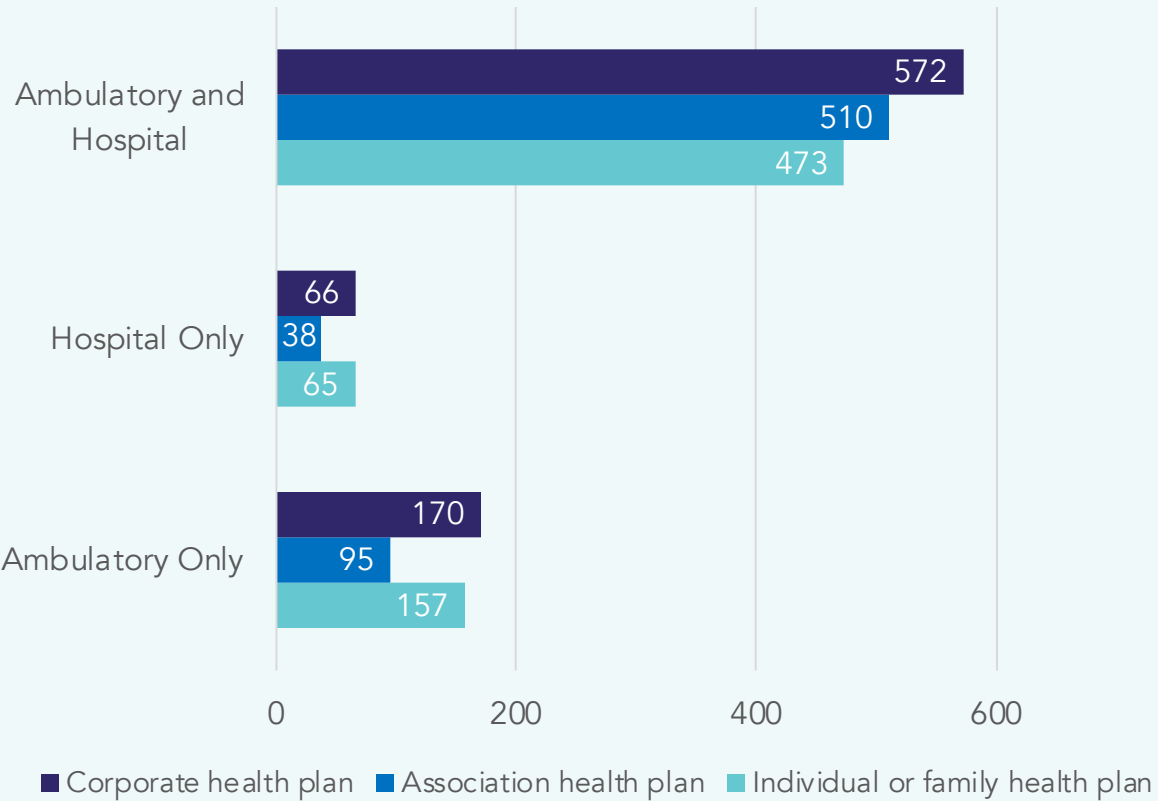


Source: ANS 2018

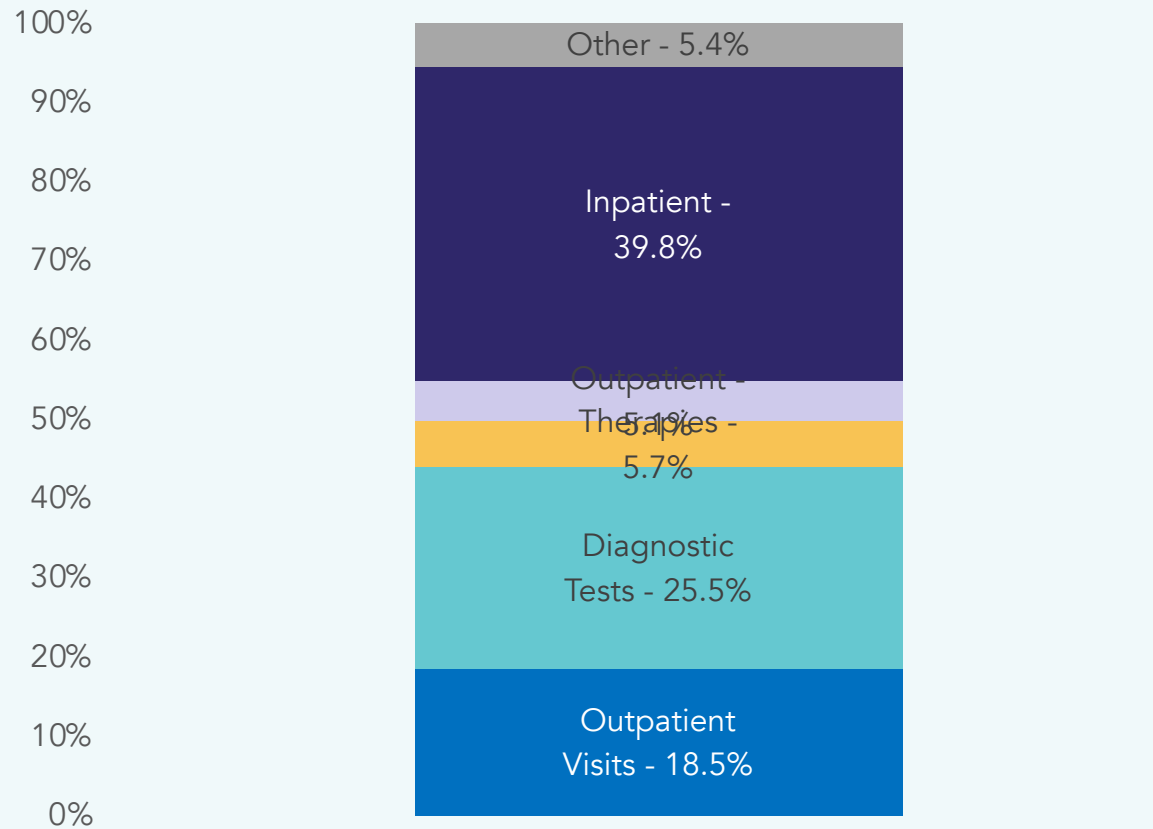
Exchange Rate: US\$ 1 = BR 3.198; Source: ANS 2018

Private Health Insurance Service Coverage and Cost Distribution

Private Health Insurance by Type of Service Coverage, Dec 2017

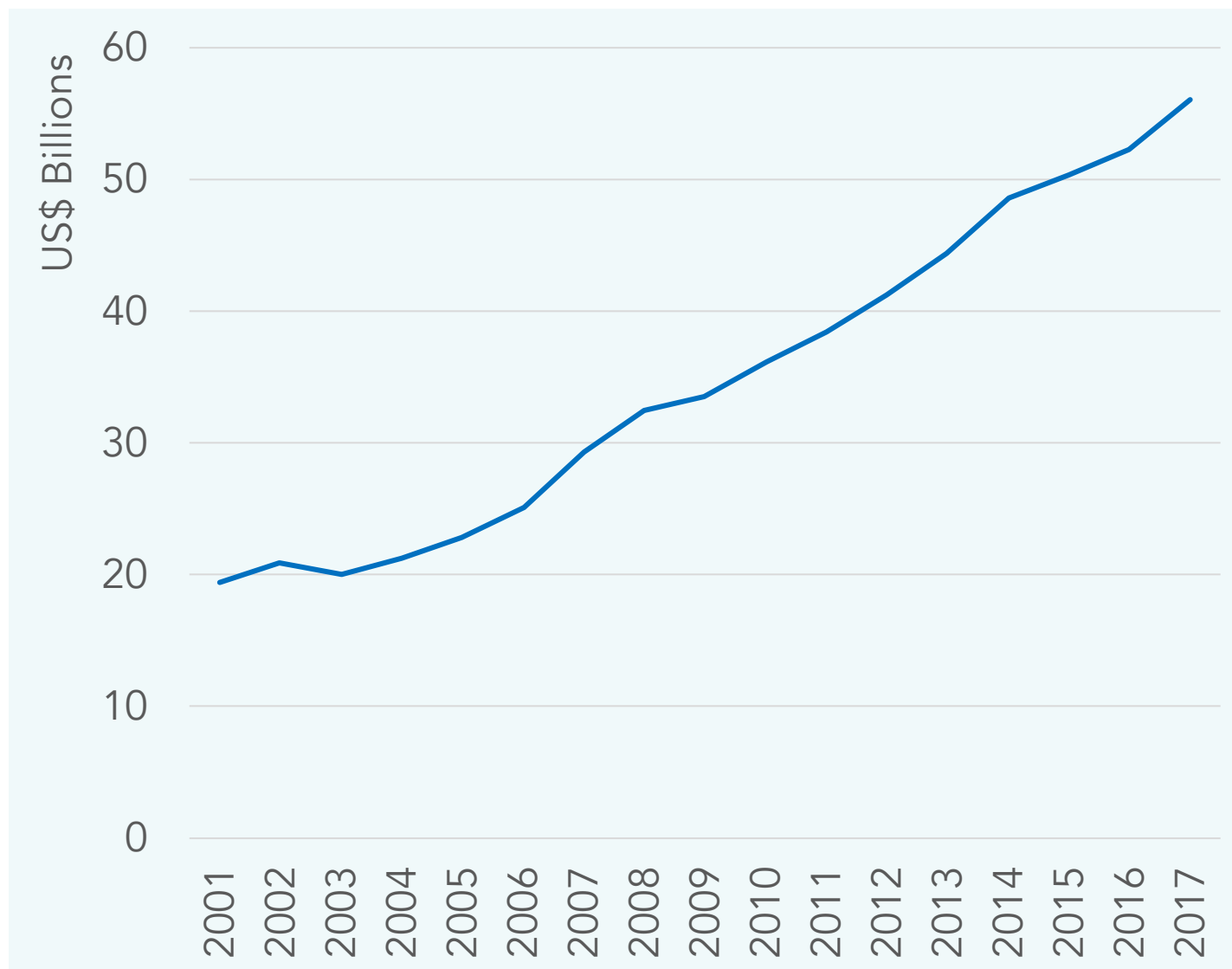


Distribution of Medical Care Spending by Private Health Insurers, Dec 2017



Sources: ANS 2018

Total Revenues of Private Health Insurers by Year, 2001-2017 (2017 US\$)



Exchange Rate: US\$ 1 = BR 3.198; Source: ANS 2018

Top 7 Health Insurers in Brazil by Number of Beneficiaries, Type of Organization and Market Share 2018

Health insurer	Type of org.	% total market share 6/2018	# of beneficiaries 6/2018	% change in beneficiaries, 2014 to 2018
AMIL Health Insurance International	HMO	7.5%	3,537,284	-2%
Bradesco Health	Indemnity Insurance	7.1%	3,349,249	-13%
Hapvida Health Insurance	HMO	4.8%	2,274,990	+32%
Notre Dame Intermédica Health Insurance	HMO	4.3%	2,034,151	+50%
Sul America Health Insurance	Indemnity Insurance	3.8%	1,773,914	+5%
National UNIMED Center	Physician Cooperative	3.1%	1,449,608	-7%
UNIMED - Belo Horizonte Cooperative	Physician Cooperative	2.6%	1,237,972	-2%

Source: ANS 2018

Summary of Innovative Practices of Private Providers

	Target low-income pop.	Integrated care model	Quality measurement	IT for management	IT performance monitoring	Efficient for patients	Insurance Payment
Amil/UHG		X	X	X		X	HMO
Bradesco Health						X	FFS
Sul America						X	FFS
UNIMED Minas Gerais/ NE		X	X	X	X		HMO
HAPVIDA	X	X	X	X		X	HMO
Prevent Senior	X	X	X	X	X	X	HMO
N. D. Intermédica	X	X		X			HMO/PPO
Dr. Consulta	X			X		X	Provider - FFS
ANAPHE Hospitals			X	X		X	Provider - Insurance/FFS

Prevent Senior – Greater São Paulo

- Patient centered organization with defined objectives, processes and support to physicians
- Risk stratification of patients and designated care givers
- Integrated, comprehensive IT and data system encompassing EHRs, and hospitals, clinic and physician performance
- Strong management across the system
- Services based on team structure and coordinated patient care
- Protocols and continuous education for physicians
- Just-in-time clinical back up to reduce wait times for patients

Value of Prevent Senior:
Model of care emphasizing integrated care and prevention, clear incentives and strong management based on data analytics

Sources: Fagundes Parrillo 2018; HBS 2016

UNIMED – Belo Horizonte

- Physician-run cooperative and insurance company with >1.2 million beneficiaries and network of 350 providers
- Pioneered pay-for-performance (P4P) programs in their network in 2005
- First health insurer in Brazil to apply DRGs for management in 2007
- GUIA initiative (Management and Service Delivery Indicators) has used data for management since 2015
- UNIMED Pleno, insurance product launched in 2013, links patient to PCP responsible for patient coordination and tracking

Value of UNIMED-BH:
Continuous experimentation with incentives to improve quality and efficiency across levels of care

Sources: Borem et al. 2010; Morato de Castilho 2016

Hapvida – Northeast, Amazonas, Pará

- Managed care chain targeting (lower) middle class in the poorest states in the NE, Amazonas and Pará, offering medical and dental plans
- Exclusive network of hospitals, clinics, and emergency
- Fully EHRs – and electronically obtained from external network providers
- Patients can schedule follow-up appointments online
- Focus on quality - dedicated team to review surgical standards using electronic analytics platform

Value of Hapvida:
Rapidly growing
HMO in poorer
states with EHR/IT
and data driven
management

Dr. Consulta – São Paulo, Rio de Janeiro, Belo Horizonte

- Chain of “one-stop shop” outpatient clinics with on-site lab, diagnostics, and and specialty care
- Target low-income earners
- Located in poor neighborhoods and high-end neighborhoods to be near employers of the poor
- Providers paid on a fee-for-service basis
- Patients pay out-of-pocket at flat-rate fees
- Digital patient records, and online patient portal app for patients for results and feedback
- Harnessing technology (e.g. cloud, AI) to manage costs and supply chain, and moving toward utilizing machine learning algorithms and predictive analytics

Value of Dr. Consulta:
Fast-growing low-cost, high-volume delivery model focused on accessibility and affordability for patients

DRG Brazil

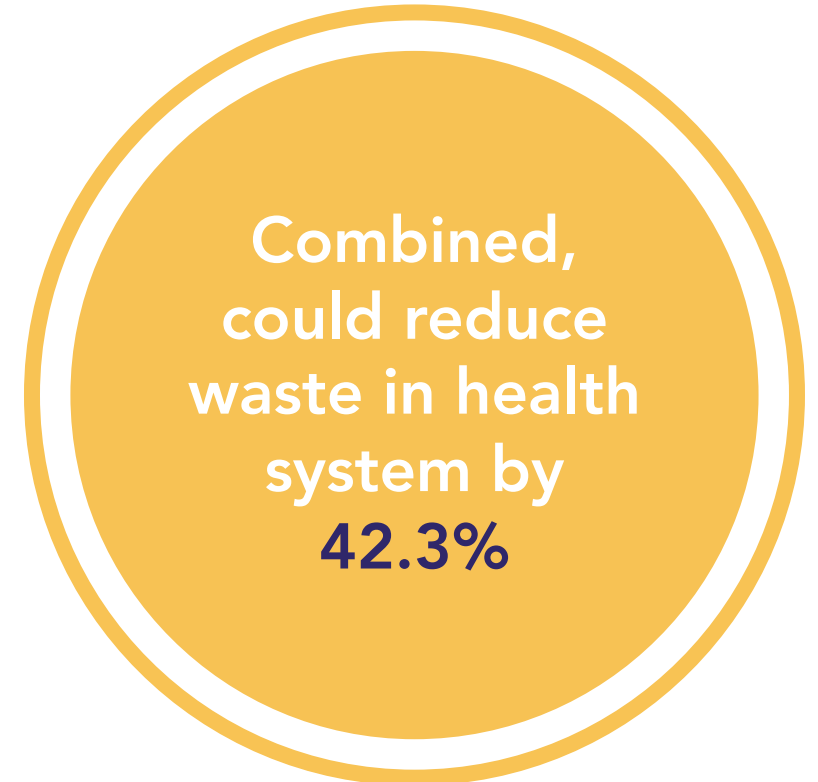
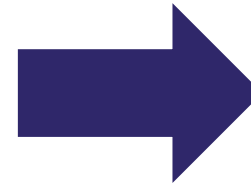
- Developed DRGs for Brazilian private sector based on US/CMS DRGs and their algorithms
- Major tool for quality assurance, management data, and only source of Brazilian data on hospital adverse events
- Implemented DRG for managed care company (UNIMED) as a tool for quality, management, data control and cost containment
- Adapters have raised performance, reduced costs and improved outcomes in service delivery
- Working with Belo Horizonte municipal Health Secretary on adapting to public hospitals

***Value of DRG Brazil:
Only reliable national source
of data on performance,
costs and adverse events;
highly effective management
tool***

Source: Grilli 2018

Analysis of 2017 DRG data reveals opportunities for substantive efficiency gains in private health care

<h3>Reduce Length of Stay</h3> <ul style="list-style-type: none">• Private: 28% of cases above median ALOS• Public: 80% of cases above median ALOS	<h3>Reduce Avoidable Admissions</h3> <ul style="list-style-type: none">• In private sector, 5% of total inpatient days due to avoidable readmissions
<h3>Increase Hospital Safety</h3> <ul style="list-style-type: none">• Adverse events in private hospitals cost R\$10.9-15.6 billion• Adverse events increase patient ALOS by 6.9 days	<h3>Reduce Avoidable Hospitalization</h3> <ul style="list-style-type: none">• 26% of hospitalizations in private sector avoidable• Account for 23% of total inpatient days



Source: Couto 2018

Conclusions

- The private sector is driving innovation in the Brazilian health sector
- Multiple models for delivery and finance that target different delivery challenges
- Payers target all income groups; plans and benefits vary
- Regulation of payers important for consumers and the industry
- Providers unregulated and not accredited --undermining quality and performance
- Data on providers scarce
- Payer regulation would benefit from restructuring to promote efficiency and quality, and reduce number of insurers

Source: ANS



Thank you.

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