



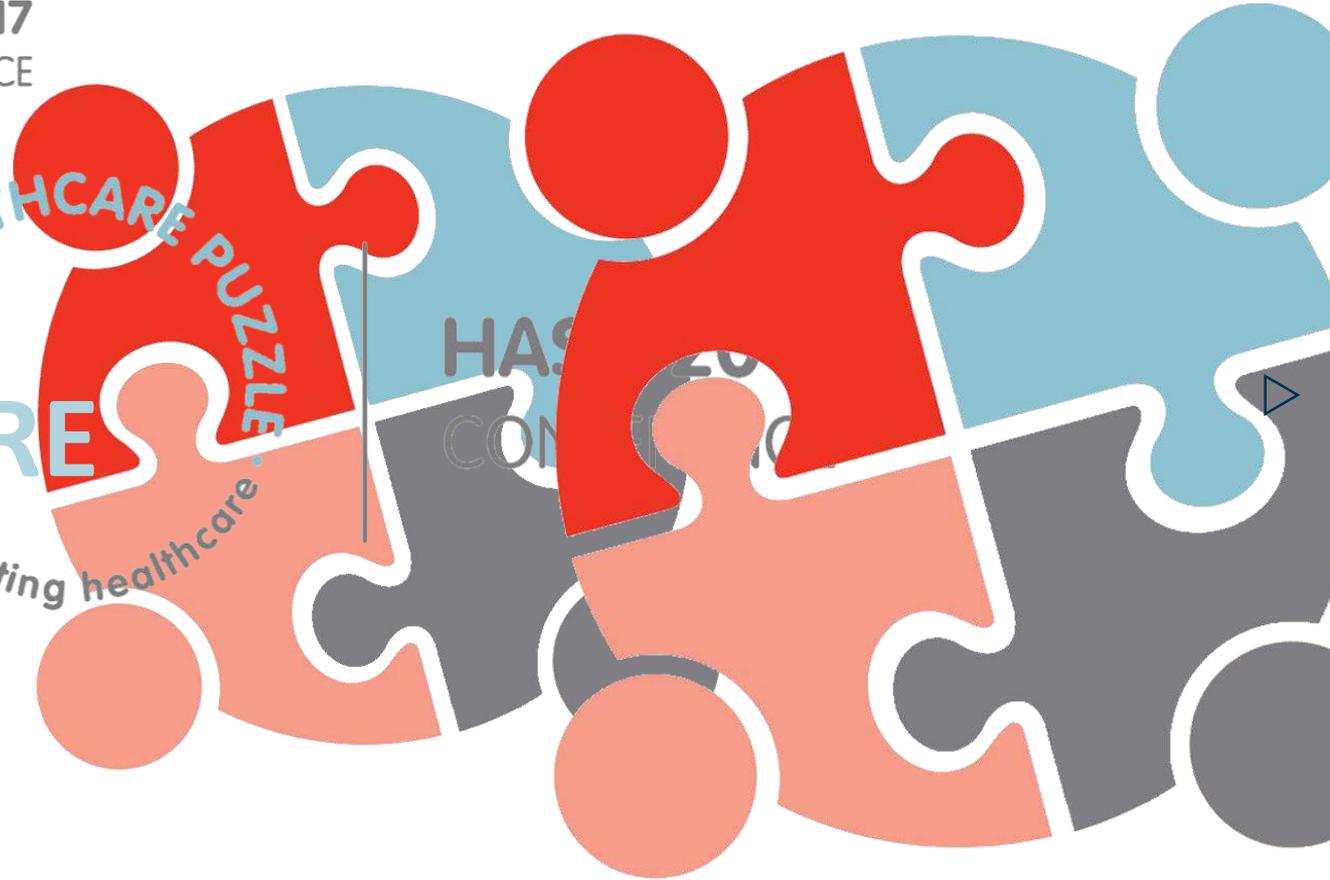
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# THE HEALTHCARE PUZZLE

integrating  
healthcare

THE HEALTHCARE PUZZLE  
integrating healthcare

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**THE**  
**IESS**  
*INSTITUTO DE ESTUDOS  
DE SAÚDE SUPLEMENTAR*  
**HEALTHCARE**  
**PUZZLE**

**PRIVATE INSURANCE IN THE BRAZILIAN  
UNIVERSAL CARE SYSTEM**

Luiz Augusto Carneiro, CEO

**integrating  
healthcare**



## ABOUT

## SOUTH AFRICA

## AND BRAZIL



### SOUTH AFRICA



### BRAZIL

DESCRIPTION	SOUTH AFRICA	BRAZIL
Population	52 million	207 million
Formally employed (non-agriculture)	9.6 million	45 million
GDP 2016 in US\$	295 billion	1,796 billion
GDP per capita in US\$ (PPP)	13,225.4	15,127.8
Tax revenue 2016 (US\$)	102.8 billion	589.5 billion
Currency vs US\$ (5 years)	2012 = 1:7.37 2017 = 1:13.22 Weakness 75.3%	2012 = 1:1.72 2017 = 1:3.14 Weakness 79.6%
Inflation rate 2015 & 2016(Aon)	5.6%   5.6%	5.5%   5.9%
Medical Inflation 2015 & 2016 (Aon)	6.3%   9.5%	18.1%   16.7%

SA Stock exchange is the 17<sup>th</sup> largest in the world by market capitalisation  
Brazil Stock exchange is the 20<sup>th</sup> largest in the world by market capitalisation



## ABOUT MEDICAL

## SCHEMES

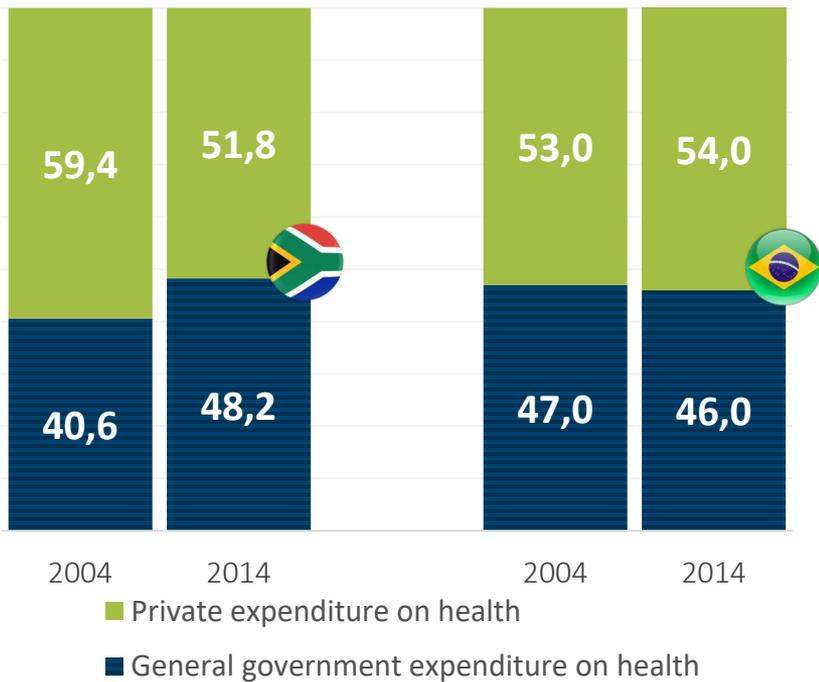
## IN BRAZIL

## AND SOUTH AFRICA

		
DESCRIPTION	SOUTH AFRICA	BRAZIL
Number of Medical Schemes (2014)	83	875
Number of Beneficiaries (2014)	8.8 million	50.4 million
Coverage rate (2014)	16%	25.8%
Healthcare benefits paid (2015)	US\$ 10.3 billion	US\$ 43 billion
Average spent per beneficiary (2015)	US\$1,200	US\$ 912



## % TOTAL HEALTH EXPENDITURE



HEALTHCARE

EXPENDITURE:

PUBLIC AND

PRIVATE



# ABOUT MEDICAL SCHEMES IN BRAZIL



# HEALTH SYSTEM IN BRAZIL

## SUS (PUBLIC HEALTH CARE SYSTEM)

### COVERAGE:

The principles: Universality, integrity and equity. There are waiting lists for all services and healthcare expenditure is subject to public budget.

### ACCESS:

All Brazilian residents.

## BRAZILIAN MEDICAL SCHEMES

### COVERAGE:

Prescribed Minimum Benefits: 3,287 procedures.

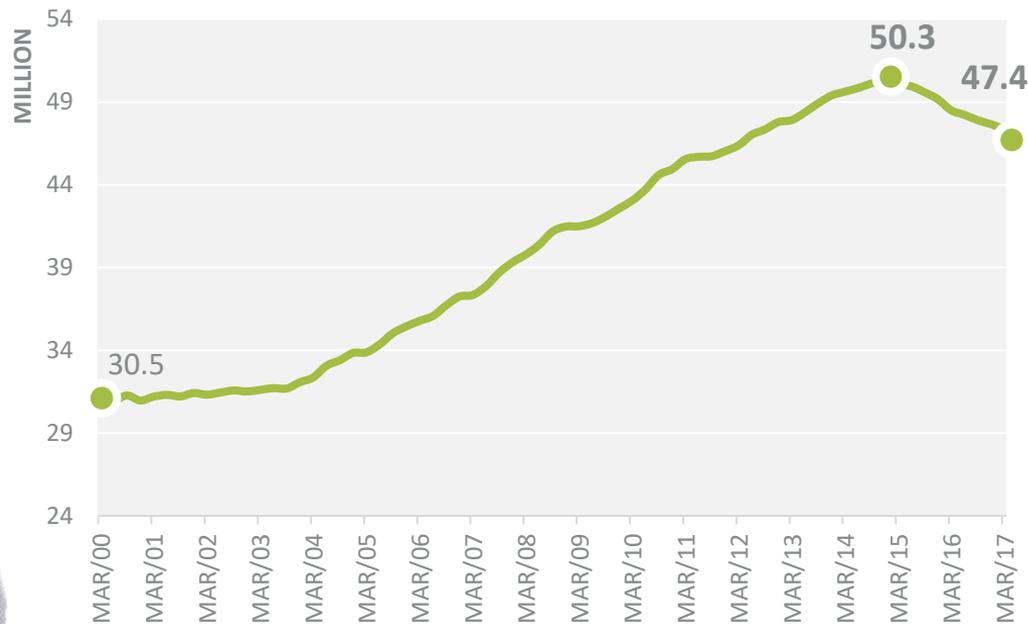
### ACCESS:

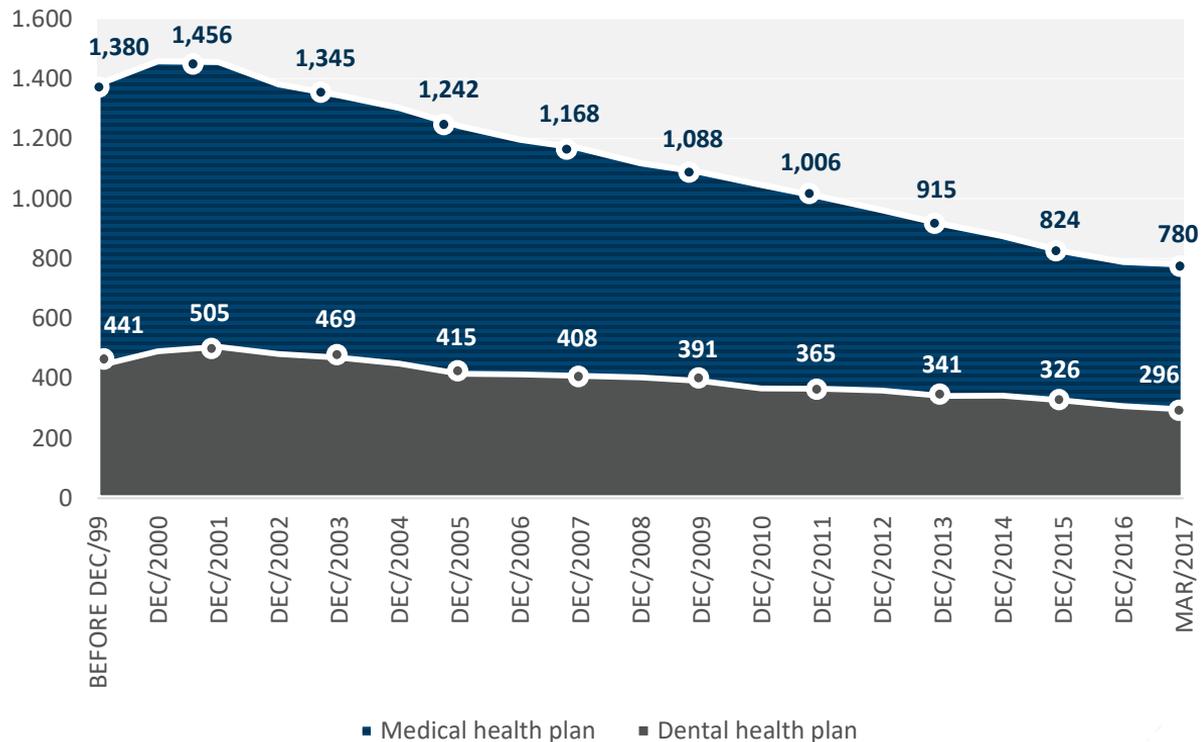
The regulatory agency established Maximum Waiting Times for services to be provided:

- Emergencies: no waiting
- Doctor visits: 07 days
- Exam/therapies: 10 days
- High complexity and elective surgeries: 21 days.



**NUMBER  
OF MEDICAL  
SCHEME  
BENEFICIARIES**



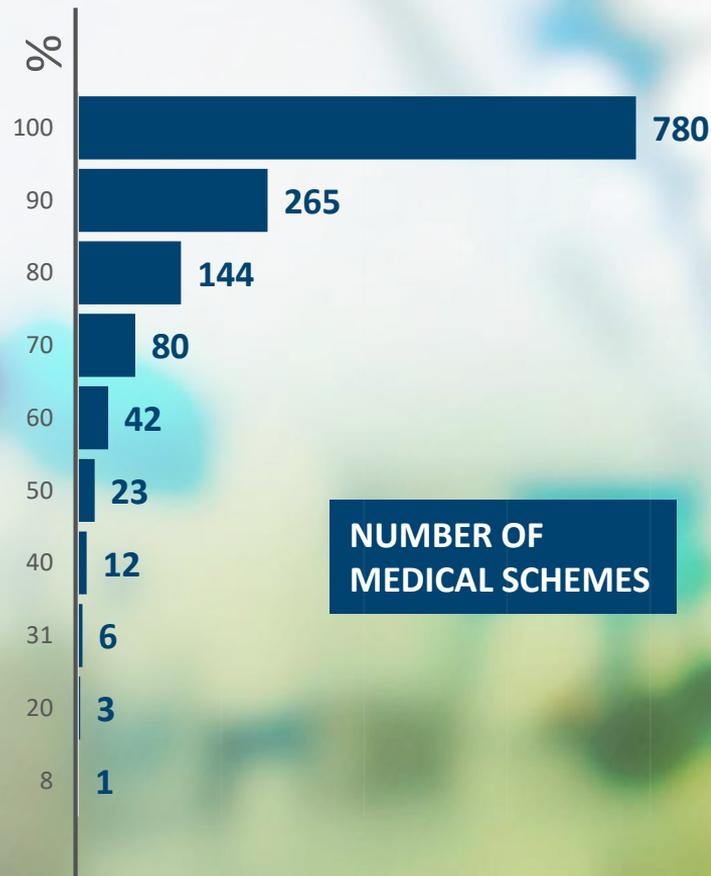


■ Medical health plan ■ Dental health plan

NUMBER OF  
MEDICAL  
SCHEMES



**BRAZIL:**  
**MARKET SHARE**  
**DISTRIBUTION**  
**IN MEDICAL**  
**SCHEMES**  
**(MAR/2017)**



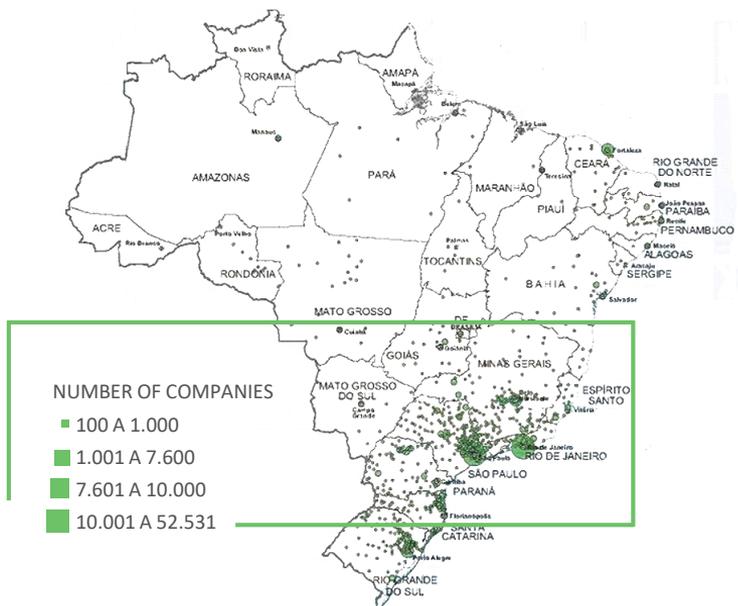
**NUMBER OF  
MEDICAL SCHEMES**



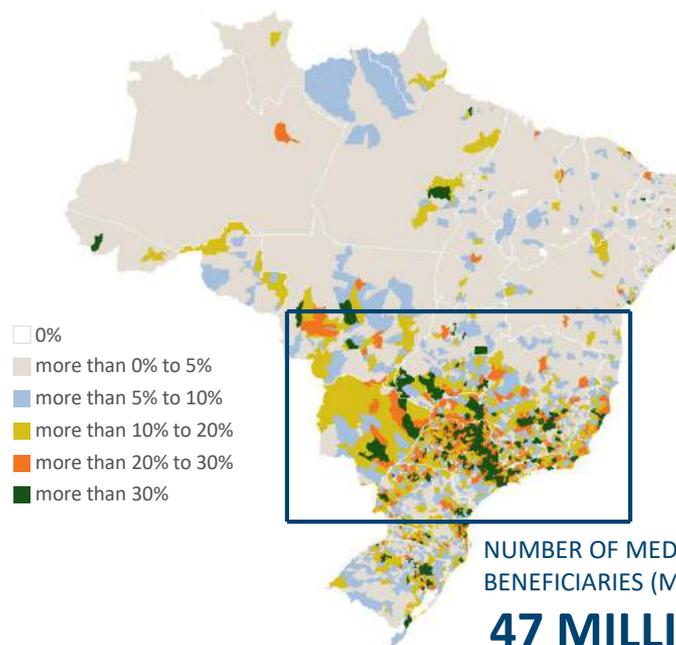
# NUMBER AND DISTRIBUTION

## OF BENEFICIARIES IN BRAZIL

GEOGRAPHIC DISTRIBUTION  
OF ECONOMIC ACTIVITY



COVERAGE RATE OF PRIVATE HEALTH CARE PLANS  
BY MUNICIPALITIES (BRAZIL - MARCH/2017)



NUMBER OF MEDICAL SCHEME  
BENEFICIARIES (MAR/17):

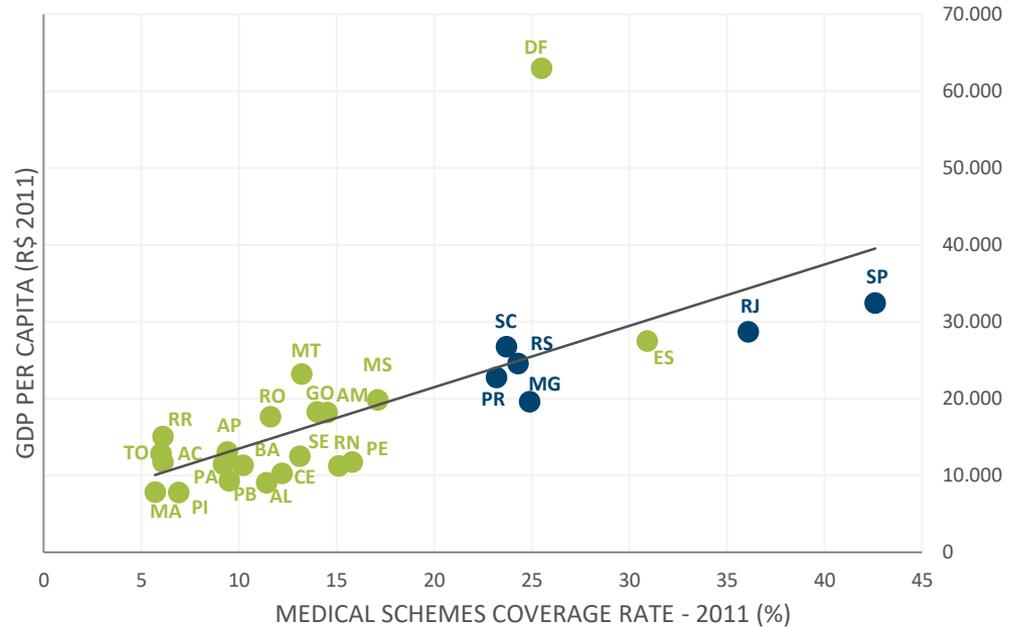
**47 MILLION**

# RELATIONSHIP BETWEEN GDP

## AND COVERAGE RATE

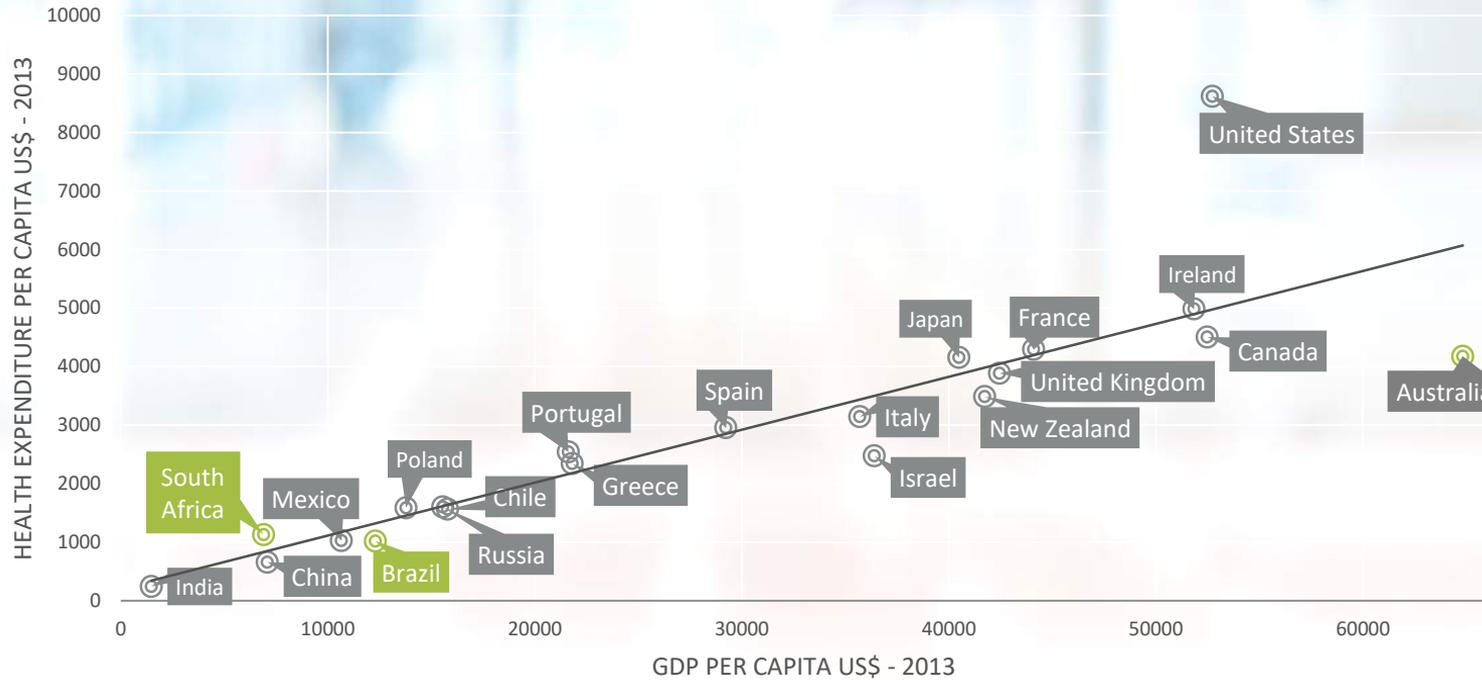


GDP PER CAPITA VERSUS MEDICAL SCHEMES  
COVERAGE RATE (%). BRAZIL, 2011



# GDP PER CAPITA AND

# HEALTHCARE EXPENDITURE PER CAPITA



# BRAZIL: HEALTH CARE INFRASTRUCTURE BY REGION

## PUBLIC - BRAZIL

Hospitals: 2,115  
Beds/1,000 people\*: 0.86  
MRIs: 440  
CT scans: 1,327

## PRIVATE - BRAZIL

Hospitals: 4,684  
Beds/1,000 people\*: 1.49  
MRIs: 703  
CT scans: 1,731

## NORTH

Hospitals: **225** **225**  
Beds/1,000 people\*: **1.14** **0.80**  
MRIs: **40** **21**  
CT scans: **87** **61**

## NORTHEAST

Hospitals: **855** **1,060**  
Beds/1,000 people\*: **1.13** **1.08**  
MRIs: **82** **63**  
CT scans: **258** **328**

## CENTRAL-WEST

Hospitals: **280** **532**  
Beds/1,000 people\*: **0.95** **1.59**  
MRIs: **32** **64**  
CT scans: **101** **149**

## SOUTHEAST

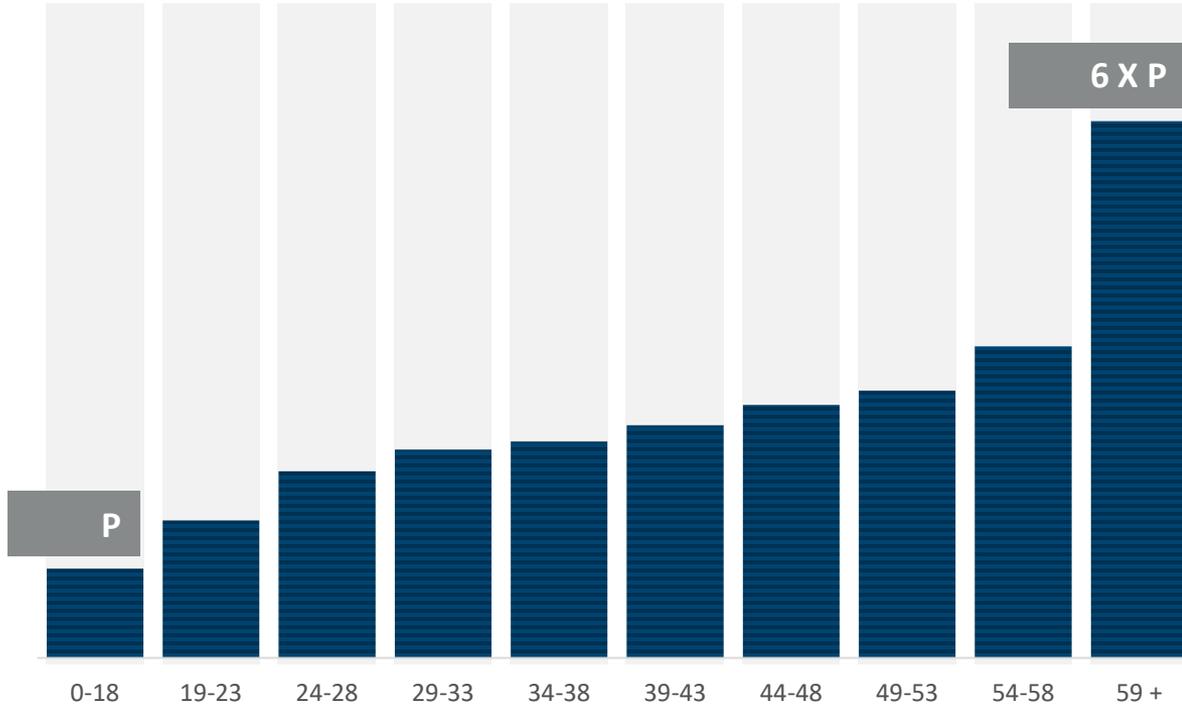
Hospitals: **506** **1,930**  
Beds/1,000 people\*: **0.72** **1.67**  
MRIs: **170** **459**  
CT scans: **581** **997**

## SOUTH

Hospitals: **249** **907**  
Beds/1,000 people\*: **0.57** **2.11**  
MRIs: **116** **96**  
CT scans: **300** **196**

\*Hospital beds per 1,000 people (2012)

SOURCES: Ministry of Health AND IBGE



**BRAZIL: MEDICAL**

**SCHEMES**

**PRICING BY**

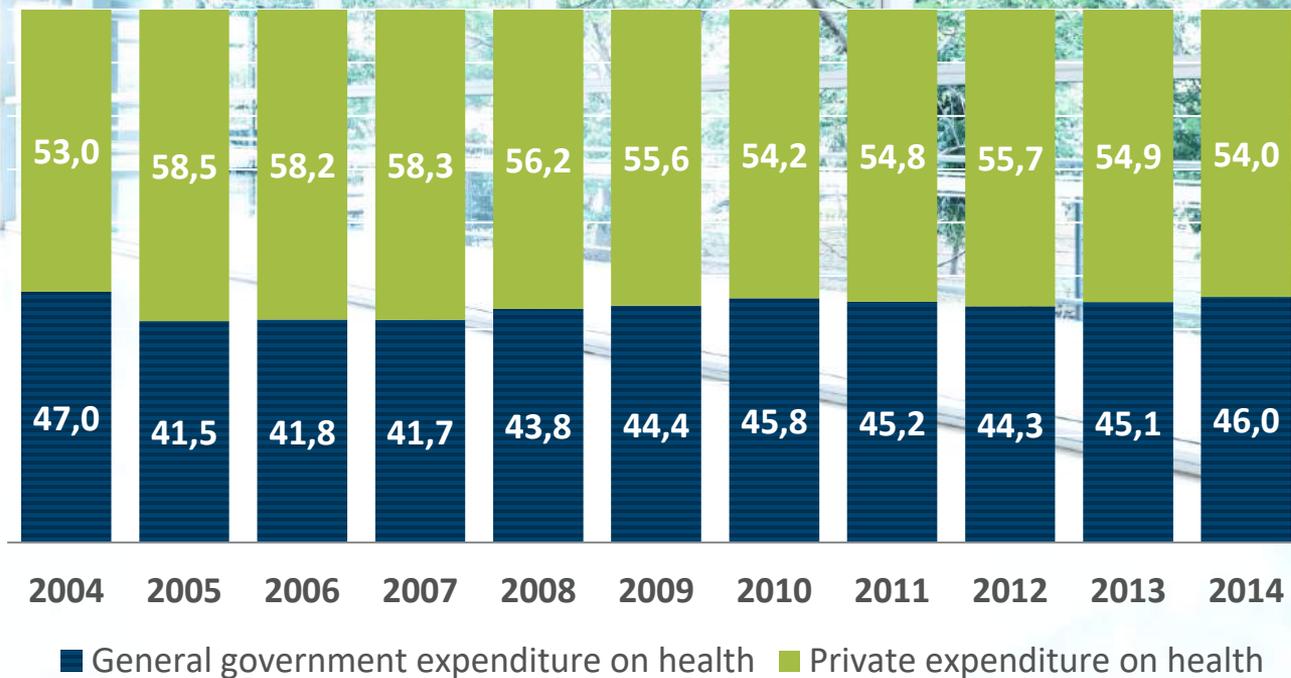
**AGE BRACKET**



## HEALTHCARE EXPENDITURE:

### PUBLIC AND PRIVATE

% TOTAL HEALTH  
EXPENDITURE  
- BRAZIL





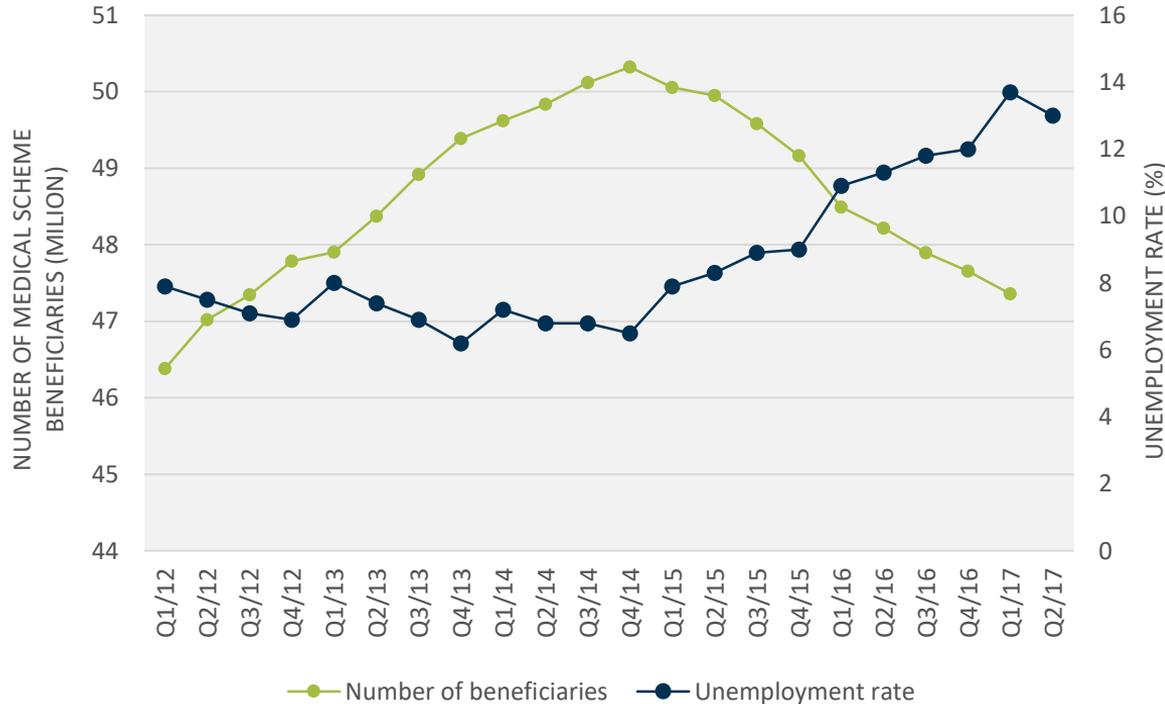
# IMPORTANCE OF THE PRIVATE MEDICAL SCHEME SECTOR TO THE BRAZILIAN HEALTH SYSTEM



## MEDICAL SCHEMES ALLEVIATE

## THE PRESSURE ON THE

## PUBLIC HEALTH SYSTEM



A DECREASE OF 3.0  
MILLION BENEFICIARIES  
( FROM DEC/14 TO JUL/17)

INCREASED DEMAND  
FOR HEALTHCARE  
SERVICES IN THE PUBLIC  
SYSTEM (SUS)





**THE RECENT  
ECONOMIC CRISIS  
HAS INCREASED THE DEMAND  
FOR SERVICES IN THE  
PUBLIC HEALTH SYSTEM**



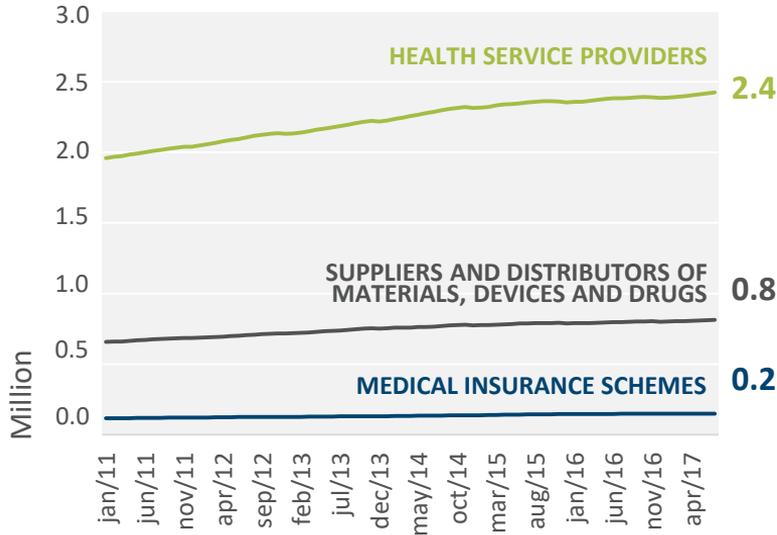


**BRAZILIAN GOVERNMENT PLANS  
TO INCREASE THE NUMBER OF  
MEDICAL SCHEMES BENEFICIARIES**

# MEDICAL SCHEMES CREATE JOBS

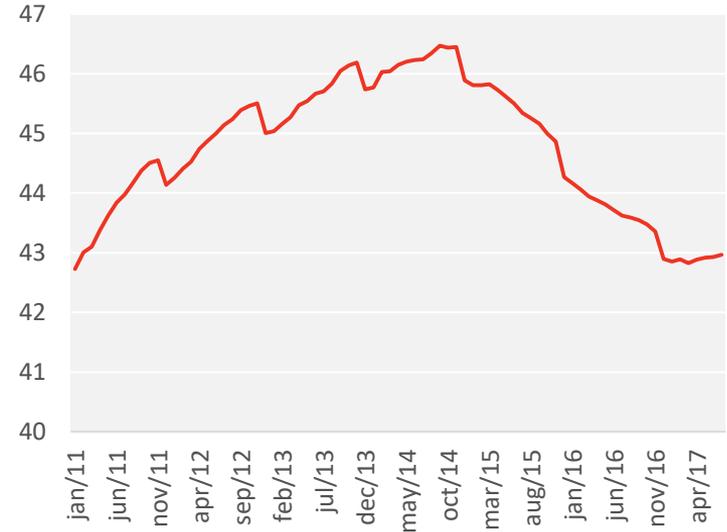
## ALONG THE HEALTHCARE VALUE CHAIN

EMPLOYMENT IN  
HEALTHCARE VALUE CHAIN



**= 3.4 million**  
jobs in  
the private  
healthcare  
sector or 7.9%  
of all formal  
jobs in the  
economy

EMPLOYMENT IN  
THE WHOLE ECONOMY



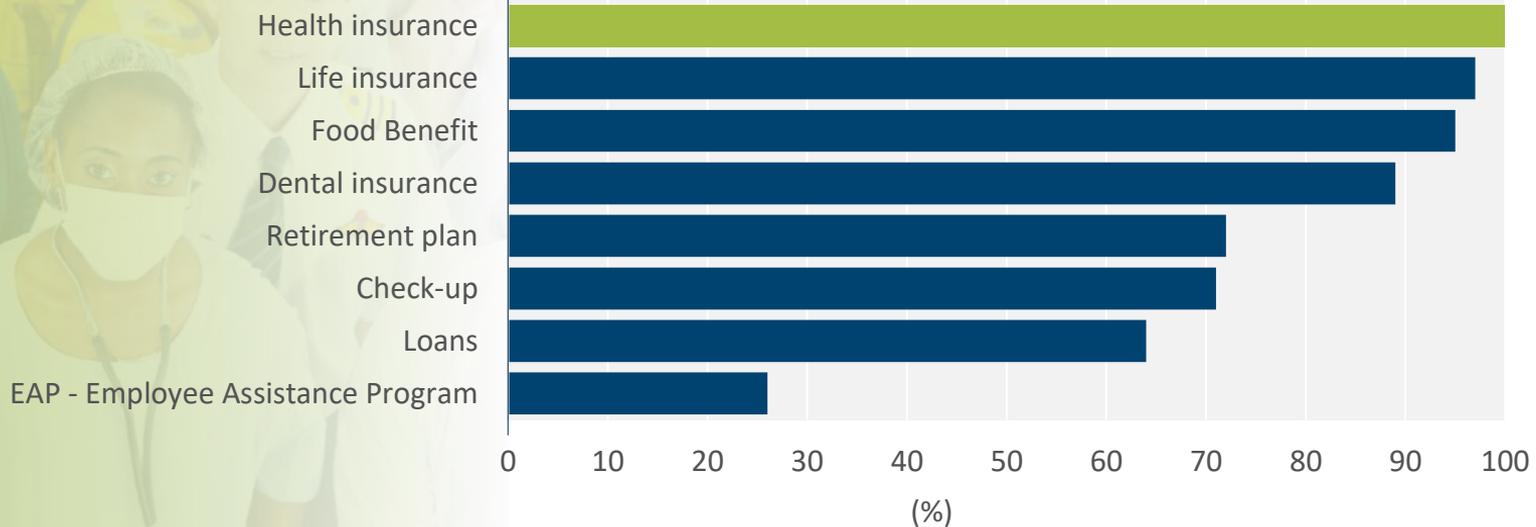
## HEALTH INSURANCE IS AN

## IMPORTANT BENEFIT FOR WORKERS

HEALTH INSURANCE PLANS IN BRAZIL  
30° SURVEY OF HEATH INSURANCE -2012

WillisTowersWatson 

BENEFIT PREVALENCE IN LARGE COMPANIES IN BRAZIL



MEDICAL SCHEME HELP TO FINANCE

THE ADOPTION OF NEW TECHNOLOGIES



# BENEFICIARY SATISFACTION SURVEY

2017

**80%**

OF THE BENEFICIARIES ARE  
SATISFIED OR VERY SATISFIED  
WITH THEIR HEALTH PLANS

**82%**

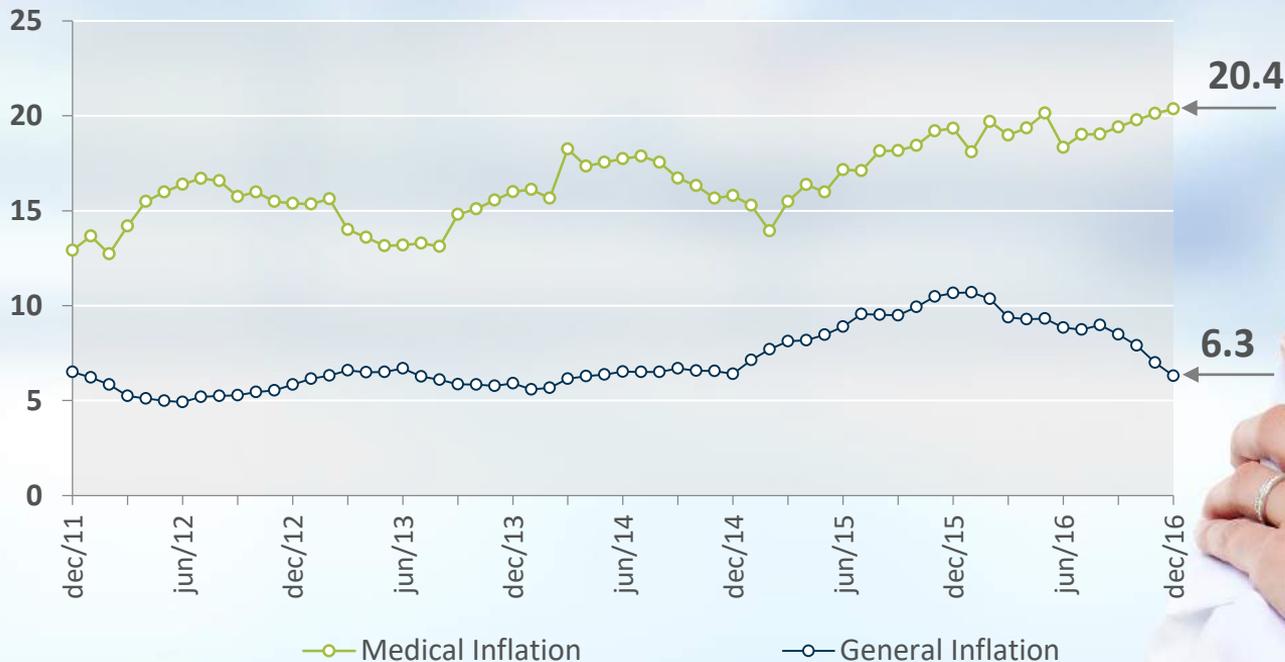
OF THE BENEFICIARIES  
WOULD RECOMMEND  
THEIR HEALTH PLANS



# CHALLENGES AND SOLUTIONS



## MEDICAL INFLATION IN BRAZIL



## MEDICAL INFLATION

## AND ITS CAUSES

FFS STILL THE MOST  
COMMON PAYMENT METHOD

COUNTRY	MEDICAL INFLATION ABOVE GENERAL INFLATION(P.P)	FFS
BRAZIL	12 P.P	YES
ECUADOR	12 P.P	YES
BULGARIA	9 P.P	YES
ARGENTINA	7 P.P	YES
GERMANY	4 P.P	NO
PORTUGAL	3 P.P	NO
BELGIUM	2 P.P	NO
HUNGARY	1 P.P	NO





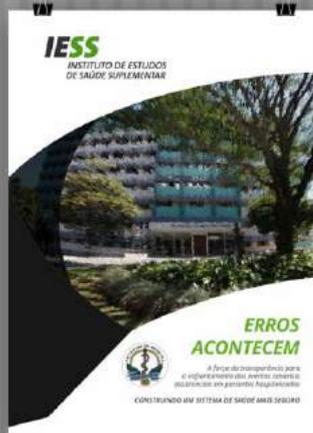
# LACK OF TRANSPARENCY ON QUALITY AND SAFETY



DEATH DUE TO

AVOIDABLE

ADVERSE EVENTS



## 434,000 deaths per year in Brazil

Deaths in the public health system: 256 thousand  
Deaths in the private health system: 178 thousand

Deaths due to avoidable adverse events in  
the USA: **251 thousand** (2013)

**Avoidable adverse  
events are responsible  
for 30% of the cost  
of hospitalizations**

SOURCE: RELATÓRIO IESS/PESQUISADORES DA FACULDADE DE MEDICINA  
DA UFMG – 2016 and [HTTPS://WWW.WASHINGTONPOST.COM/NEWS/TO-YOUR-  
HEALTH/WP/2016/05/03/RESEARCHERS-MEDICAL-ERRORS-NOW-THIRD-LEADING-CAUSE-OF-  
DEATH-IN-UNITED-STATES/?UTM\\_TERM=.C73966587E03](https://www.washingtonpost.com/news/to-your-health/wp/2016/05/03/researchers-medical-errors-now-third-leading-cause-of-death-in-united-states/?utm_term=.C73966587E03)

**HOW TO**

**CHANGE IT?**

**INCREASE THE TRANSPARENCY OF  
QUALITY AND SAFETY INDICATORS**



**INCREASE THE TRANSPARENCY  
ON PRICES IN THE HEALTHCARE  
VALUE CHAIN**



**INCREASE CONSUMER  
EMPOWERMENT**

**IMPACT OF FRAUD AND  
WASTE IN MEDICAL SCHEMES**

**19% OF THE TOTAL  
HEALTH EXPENDITURE  
OF MEDICAL SCHEMES**

**2016**



# NEW HEALTH TECHNOLOGIES



## IN BRAZIL

Health Care  
Doctor  
Hospital  
Pharmacist  
Nurse  
Dentist  
First Aid  
Surgeon  
Emergency

MEDICAL

MEDICAL

MEDICAL

The regulatory agency **reviews the benefits every two years** through a public hearing process.

The regulatory agency **does not make a regulatory impact assessment** before the addition of new benefits to the Prescribed Minimum Benefits (PMB).

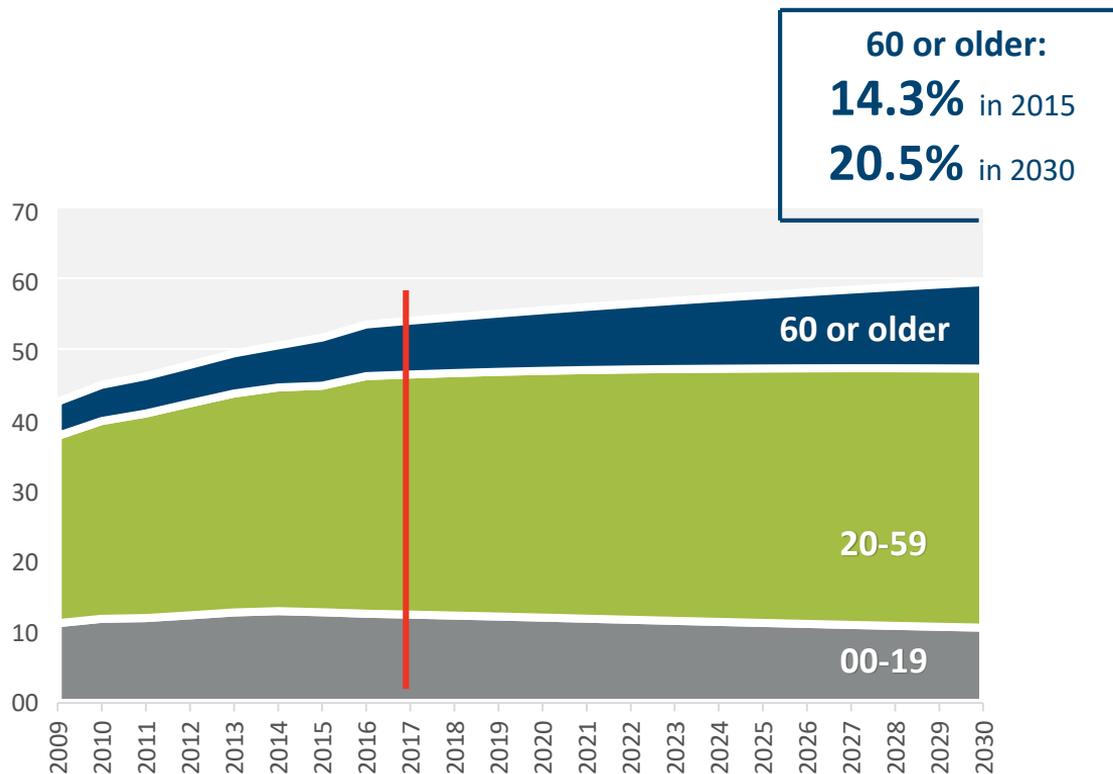
**No cost-effectiveness analysis** is done to decide on the adoption of new health technologies.



# POPULATION AGING AND THE RISE IN THE DEMAND FOR HEALTHCARE



**PROJECTION  
OF THE NUMBER  
OF MEDICAL  
SCHEMES  
BENEFICIARIES**

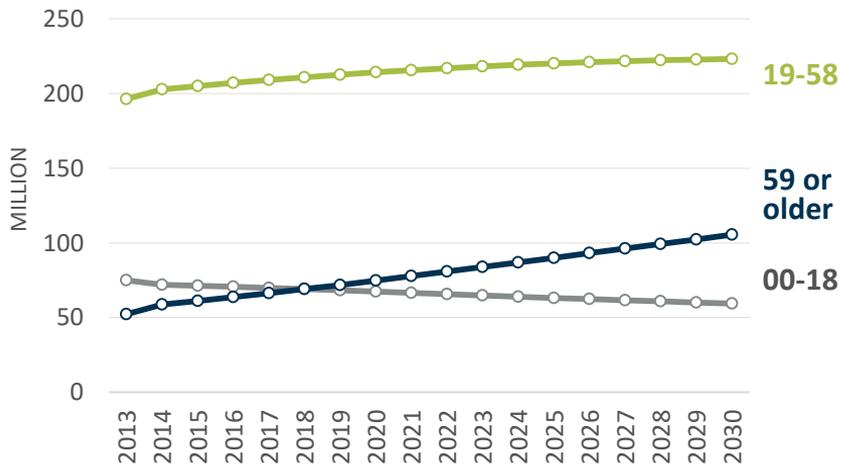


SOURCE: IESS TD N 57 – ATUALIZAÇÃO DAS PROJEÇÕES PARA A SAÚDE SUPLEMENTAR DOS GASTOS COM SAÚDE DIVULGADOS NO RELATÓRIO “ENVELHECIMENTO POPULACIONAL E OS DESAFIOS PARA O SISTEMA DE SAÚDE BRASILEIRO”

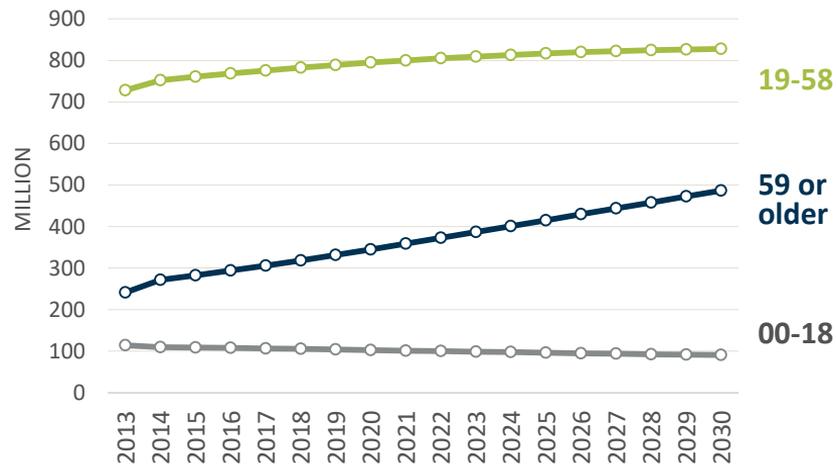


# PROJECTION OF THE NUMBER OF HEALTH SERVICES PROVIDED BY MEDICAL SCHEMES BY AGE IN BRAZIL (2013-2030), IN MILLIONS

### NUMBER OF DOCTOR VISITS



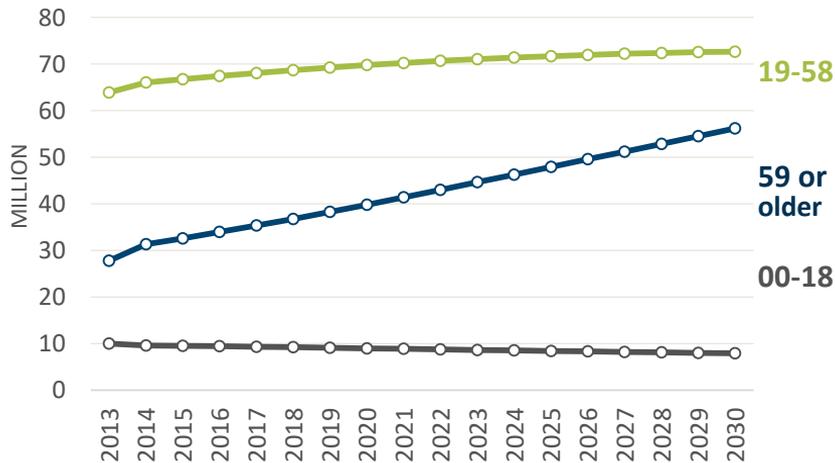
### NUMBER OF DIAGNOSTIC TESTS



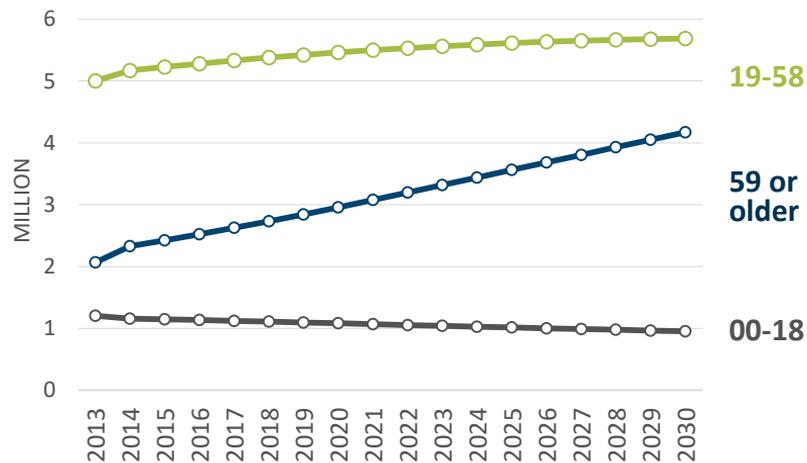
# PROJECTION OF THE NUMBER OF HEALTH SERVICES PROVIDED BY

## MEDICAL SCHEMES BY AGE IN BRAZIL (2013-2030), IN MILLION

### NUMBER OF THERAPIES



### NUMBER OF HOSPITALIZATIONS



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*INSTITUTO DE ESTUDOS  
DE SAÚDE SUPLEMENTAR*

**LUIZ AUGUSTO CARNEIRO**

**CEO**

**CONTACT**

**contato@iess.org.br**

**www.iess.org.br**



**/IESS.org.br**



**@IESS\_BR**



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LUIZ AUGUSTO CARNEIRO,  
CEO - IESS

**THANK YOU**

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