DOI: 10.1590/1413-81232021266.1.40902020

The role of the State, the private sector and the social sector in the different health political cycles in Portugal

O papel do Estado, do setor privado e do setor social nos diferentes ciclos políticos de saúde em Portugal

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Abstract *The Portuguese health system comprises three critical sectors: The State, which intervenes as a regulator of the entire system, and as a planner, provider, and financer of the National Health Service (NHS); the social sector, with a relevant intervention, mainly in continued care; and the private sector, with an essential role in the provision of some types of care. During the last forty years, the State, social, and private sectors' roles have changed either in its definition or terms of the relationship between them. In general, it is possible to identify, and we shall present them in this opinion article, eight political cycles that reflect the political contexts in Portugal, and, consequently, the ideological framework of each cycle.*
Key words *Health system, Health policies, Health partnerships*

Resumo *O sistema de saúde português é constituído por três importantes setores: o Estado, que intervém como regulador de todo o sistema, como planeador, como prestador e financiador do Serviço Nacional de Saúde (SNS); o setor social, com relevante intervenção, principalmente, nos cuidados continuados; e o setor privado, com importante papel na prestação de alguns tipos de cuidados. Durante os últimos 40 anos, os papéis do Estado, do setor social e do setor privado mudaram, quer na sua definição, quer nas relações entre eles. De um modo geral, é possível identificar, e serão apresentados neste artigo de opinião, oito ciclos políticos que refletem os contextos políticos em Portugal e, consequentemente, o enquadramento ideológico de cada um deles.*
Palavras-chave *Sistema de saúde, Políticas de saúde, Parcerias em saúde*

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The Portuguese health system comprises three important sectors: The State, which intervenes as a regulator of the entire system, and as a planner, provider and financer of the National Health Service (NHS); the social sector, with a relevant intervention, mainly, in continued care; and the private sector, with an important role in the provision of some types of care.

Four decades ago, the creation of the NHS, set the tone for the times to come. From that moment on, the NHS grew, developing, at the same time, a relationship with the social and private sector. Since then, and much depending on the dominant philosophy of the political party or parties in power, the relationship between them as varied, with more or less relevance being given to the private and social sector, despite the unquestionable predominance of the NHS as the main feature in the provision of care to the Portuguese people and, thus, of the health system. Through the thoroughly analysis of this four decades, it is possible to identify eight different political cycles that have shaped the Portuguese Health System: i) optimistic phase: the normative creation of the NHS; ii) setback in the socialist principles of the NHS; iii) approach to market ideology; iv) back to the core principles of the NHS; v) seeking efficiency in the NHS; vi) NHS efficiency; vii) the health crisis; and viii) the new NHS.

The first political cycle

"Optimistic phase: the normative creation of the NHS" followed the Revolution of April 25, 1974 and lasted until the end of the 1970s. It corresponded to the implementation of democracy. In May 1974, the program of the first Provisional Government[1] provided for the setting of the basis for the creation of an NHS, accessible to all citizens. In 1976, in its Article 64, the Constitution consecrated the right to the protection of health through "the creation of a general and free of charge National Health Service"[2]. It also established that the State had an obligation to "guide its action towards the socialization of medicine and the medical and pharmaceutical sector".

The National Health Service was created in 1979, based on gratuity and the private sector's supplementary role[3]. The law that created the NHS mentioned that access to health care within the NHS would not suffer any restrictions besides those "imposed by the limits of available financial, technical, and human resources". It also established that the NHS should assure the provision of care through its services. However, whenever that was not possible, the law planned that access could be assured by other non-NHS institutions, based on contracts or through direct reimbursement of users.

At the time, the Medical Council opposed the law, accusing it of limiting the principle of freedom of choice of the provider and turning medical doctors into civil servants. The Medical Council also considered that the law intended to sovietize the health system. Furthermore, the Medical Council was concerned about the country not adopting a social security insurance-based health system as this was the most commonly adopted type of system in more developed European countries.

Portugal did not follow the health system Bismarckian model of central European countries (e.g., France or Germany) based on social insurance. A social insurance system is, in general, managed by social entities, subject to the supervision of public bodies, but provision might not cover all citizens as is the case in countries such as Portugal, which have a national health service model.

The option for an NHS-type health system in Portugal resulted from doctrinal choices that date back to the early 1970s and marked the following decades, namely, strengthening state intervention in health policies and prioritizing health promotion and disease prevention. Additionally, even after the 1974 Revolution, much of these orientations subsisted, given that many of the leaders and stakeholders were still involved in health policy and planning and development of the health system. This resulted from the fact that these solutions, which emerged in 1971, were based on political and technical assumptions advanced for their time and far removed from the political practice of the previous authoritarian regime, which explains, in part, the absence of any visible break in the development of the system after 1974.

When analyzing the results from this period, we can observe that, despite the system's fragilities, the population coverage almost doubled in the second half of the 1970s. There was a significant improvement in the PHC indicators and the resources allocated to health. In 1974, only 58% of the Portuguese population was covered by some health insurance. The coverage rose to 100% in 1978, thus reaching the NHS objective of universal coverage.

The responsibility of the State for hospitals was significantly reinforced: the proportion of public hospital beds hiked from 45% to 83% during the 1970s with the recognition and integration of district and council hospitals of the Misericordias in the network of NHS pub-

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lic hospitals. It was a clear sign of the strategic nature of the sector and its control by the State[4].

Concerning infant mortality, Portugal experienced a substantial improvement during this period, recovering from 37.9 deaths per 1,000 live births in 1974 to 24.3 in 1980. This recovery was a mean annual decrease of 7.2% and a global decrease of 36%. Perinatal mortality significantly improved, dropping from 32.2 to 23.9 deaths per 1,000 births, with a mean annual recovery of 4.8% and a global improvement of 26%. On the other hand, life expectancy at birth improved in this period, up from 68.7 to 71.5 years[4].

In conclusion, this phase was characterized by a central and dominant role of the State in the health system, while the private and social sectors assumed a supplementary role.

The second political cycle

The second political cycle corresponded to a short period, between 1980 and 1983[1], called "Setback in the socialist principles of the NHS". During this period, in a more consistent and determined way, from an ideological viewpoint, the possibility of developing an alternative to the NHS, through the revision of the Basic Law of the NHS and the withdrawal of the central role of the State gained during the last cycle, was considered. The country invested less in health, and the State proportionately decreased health expenditure while private spending increased, which reflected the political commitment to limit the State's financial responsibility, despite the recent inception of the NHS. Thus, during this period, public health expenditure decreased by 7.5% while private spending increased by 45%[4].

The third political cycle

The third political cycle (1985-1995) can be called the "approach to market ideology". After the interval of the Central Block government, that occurred between 1983 and 1985, and during which the Social Party (left-wing) and the Social Democratic Party (right-wing) ruled, the Social Democrat Party came into power and started a series of health policies aiming at reforming the health system[1]. In those policies, the private sector would assume a more active role, with higher individual accountability for health funding and the enterprise like the NHS orientation. This prolonged the previous cycle consistently.

The reforms of this period were strongly influenced by market ideology, mainly regarding competition between providers, to gain efficiency, and prioritize, ration, and limit public health care. From the normative activity of this cycle, we highlight the possibility of privatizing the provision of care, with the State promoting the private sector's development and allowing for the private management of public health services. Additionally, privatizing care funding with incentives to private health insurance and the possibility of creating alternative health insurance was offered.

From the pool of political intentions from this period, the most relevant was the first public hospital experience with private management, with the Fernando da Fonseca Hospital, in Amadora, which was a precursor of health public-private partnerships of the following decade[5].

With the second revision of the Constitution in 1989, the wording concerning the NHS changed to "a universal, general, national health service, tendentiously free, according to citizens' economic and social conditions", and the radical drafting of socialized Medicine and pharmaceutical sector was abandoned[6].

Concerning health outcomes, during this cycle, Portugal leaves the last place on the list of the European countries regarding infant and perinatal mortality, one of the most important milestones of that period. Life expectancy also improved from 73.7 years in 1987 to 74.9 years in 1996. Additionally, public health expenditure increased from 3.3% to 5.5% of GDP, which corresponded to an increase of 66%, probably resulting from the cost of the new retributive system for civil servants[4].

Nevertheless, private health expenditure did not reach 10% during this period, which means that, contrary to what happened between 1981 and 1986, the State was the primary funder of health care costs[4].

The fourth political cycle

In the fourth cycle, entitled "Back to the core principles of the NHS", between 1995 and 2001, the Socialist Party's Governments[1] drifted between maintaining a robust public provision sector, with a more regulating and less direct provider State. During this period, the first attempts to separate funding and provider functions emerged by setting regional contracting agencies, essential parts of the regulatory activity.

However, the model advocated by the first socialist Government was highly ideological and stopped the growing distance of the State

towards the health sector, which had been the rule in the previous cycle. The investment in the potential of the NHS became a priority.

Then, one of the more significant interventions was the creation of a *tertium genus* in hospital management, with the new legal statute of the Hospital de Santa Maria da Feira[7,8], that was followed by the Local Health Unit of Matosinhos[9,10], where private sector management rules were adopted in the management of human resources and the procurement of goods and services while maintaining the status of a public hospital and public management. Another initiative was creating the mission structure "Health Partnerships" that would become the basis for celebrating agreements between the public and the private sector to fund, plan, build and manage health units, which later became known as public-private partnerships[11].

During this cycle, Portugal experienced a progressive improvement in infant mortality, coming close to the European Union average and overtaking Greece, the United Kingdom, and Ireland. Concerning perinatal mortality, Portugal already had, in 1999, a value better than the average of the European Union Countries. In Portugal, men's life expectancy at birth was lower than in other European Union countries during this period. However, women's life expectancy at birth was higher than in Denmark and Ireland[12,13].

In a nutshell, the good results concerning health and socioeconomic indicators support the thesis that health determinants transcend those of the health system. Employment, the fight against poverty, education, and economic growth are essential drivers for higher health status.

The fifth political cycle

In the fifth cycle, called "seeking efficiency in the NHS" (2002-2004)[1], the center-right coalition Government advocated for a hybrid system based on the complementarity between the public, the private, and the social sectors. This new National Health System would base its organization and functioning on the articulation between primary care networks, hospitals, and continued care. The idea of a national health system where public, private, and social initiative would coexist and be regulated by an independent and autonomous entity, without the NHS assuming a lead role, prevailed and led to the creation of networks of primary care, hospital, and continued care.

In 2002, the Health Basic Law[14] was changed to allow for the celebration of private law work contracts as the generic employment regime of health professionals working in the NHS. Hospitals were classified as anonymous societies and hospitals of Public Administrative Sector. Accordingly, thirty-one hospitals were transformed by decree-law in anonymous societies of exclusively public capital.

In 2002, a diploma that defined the principles and tools for establishing health public-private partnerships (PPP) between the Ministry of Health and other entities, with a private regime for management and funding, was published[15,16]. In this document, it was stated that the object of the PPPs was a long-lasting association of private and social sector entities for the provision of health care within the NHS, which could include primary health care, differentiated care, and continued care. The PPPs involved one or more activities of conceptualization, funding, conservation, and exploration of services integrated or to integrate into the NHS. This framework allowed the use of PPPs in the first unit (for rehabilitation) in April 2007 (São Brás de Alportel) and, later, in hospitals (Cascais in 2009, Braga in 2011, Vila Franca de Xira in 2011, and Loures in 2012)[13].

The private sector's role increased during the first decade of the 21st century, changing from a supply model mainly based on specialized medical visits and diagnostic and medical treatment services to an investment in progressively more differentiated health services, capable of competing with public health services in certain areas.

Consequently, the private sector also assumed a relevant role as an operator in areas where the NHS was solely a funder. Thus, it occurs in private services agreed with the NHS, such as clinical tests and imaging, rehabilitation and physical medicine services, and hemodialysis, representing an essential part of health expenditure.

The management of the public sector, including resorting to market-like mechanisms, liberalization, and market opening, and, finally, the private sector's participation in the provision of public services, in complementarity with the public sector, brought new and complex issues.

The establishment of the Health Regulatory Agency[17], which occurred at the end of 2003, seemed necessary, especially to guarantee universality and equity in access to health care. The mission of the Health Regulatory Agency comprises the regulation of the activity of entities that provide health care services, and its mandate includes the supervision of services regarding operating standards, the guarantee of access to health care, the provision of quality health care services, protection of users' rights, economic regulation, and promotion and protection of competition. Its

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scope includes public, private, social, and cooperative sector entities providing health care services.

During the 2002-2004 cycle, health outcomes, namely infant mortality and perinatal mortality, continued to improve in the country. Concerning infant mortality, and comparing with other European Union countries, Portugal exceeded the mean value, with only Sweden and Finland having lower infant mortality rates. Regarding perinatal mortality, Portugal's situation became very close to the best EU figure and clearly above the EU15 mean value. Concerning life expectancy, Portugal, up until 2004, was among the worst countries of the European Union in this year, leaving the bottom of the table[4].

Regarding financial responsibility, there was an increase in the proportion of the GDP spent on health, above the EU average and with strong growth in 2003. This increase was felt in public expenditure (more than 0.9 p.p.), whereas private spending registered a lower percentual increase[18].

The sixth political cycle

In the sixth cycle, called "NHS efficiency", the turnaround of the 2005 elections brought the socialist party (left-wing) into power again (1). In its program, the Government intended to conciliate the NHS ideological principles with the need to introduce measures to modernize it and make it more economically sustainable. The Government affirmed the need to comply with the Constitution that establishes that the NHS is the model for the provision of the public health services. Valued primary care, selecting health centers and family health services as an essential part of the reform, maintained the growing public funding tendency but, at the same time, admitted the complementary role of the private sector as provider and subject to the regulation of its practices.

The Government's program described the context as it reads, "*Most of the health system is that of a public model, the National Health Service. The NHS has the extraordinary credit of having harmonized the health outcomes of the Portuguese people with that of the other European countries over thirty years. Nevertheless, the NHS has become heavy, lacking agility, disarticulated, innovation-aversive, easy prey for private interests, and a spender without control. The NHS has to be reinforced in its strategic competency, and to do that, it has to be modernized and focused on priorities.*"[1]

The fact that, in the first decade of the 20th century, health expenditure grew at a pace of 5.3% per year in real terms and, in that same period, the mean annual growth of the Portuguese economy grew only 2.4%, led to the conclusion that, for many years, public health expenditure was not voluntary, rational or decided based on political priorities[18]. The government's central goal was to improve the performance of the NHS and its responsiveness to the new needs through the creation of Family Health Units, a Network of Integrated Continued Care, and assuring good accountability of the NHS finances.

The seventh political cycle

The seventh cycle, "the health crisis", occurred between 2011 and 2015[1], with changes deeply determined by the economic and social crisis that affected Portugal and led to the Memorandum of Understanding (MoU)[19] signed between the Portuguese Government and three international financial institutions. The MoU established a pool of measures to be implemented in the health sector. These measures are intended to contain public expenditure, improve efficiency, and promote regulation. The main measures focused on cost-reduction in the NHS, mainly through salary cuts, reduction in pharmaceuticals' prices and the prices contracted with private providers[20].

The MoU section dedicated to the health system defined 34 political measures that aimed at improving efficiency and included a wide range of areas of the health system. The section concerning hospital services was the most intricate. The main changes were reducing hospital operational costs and reorganizing and rationalizing the hospital network.

In Portugal, unlike the observed average in OECD countries, total health expenditure as a percentage of GDP showed a decreasing trend from 9.9% of GDP in 2009 to 8.9% of GDP in 2016. The austerity measures adopted produced a lower public responsibility with the financial costs of health care: its relative value in terms of the GDP fell since 2009, resulting in a difference, in 2016, of 0.6 pp compared to the mean public health expenditure in OECD countries[21].

In 2014, life expectancy at birth was 81.3 years, slightly above the EU average of 80.9 years[21].

The eighth political cycle

In the eighth cycle, "the new NHS", with a new government of the socialist party[1], supported in the parliament by left-wing parties, the NHS budget increased, partially due to the reversion of salary cuts of health workers. The dis-

cussion around a New Basic Law[22] was initiated, focusing mainly on the private management of public services in PPPs' overall context, the main point of disagreement between the different political parties.

Since inception of the NHS, the relationship between the State (public sector), the social sector, and the private sector has drifted according to the dominant ideology in each political cycle. Despite the greater or lesser emphasis given to the private and the social sector throughout the forty years of the NHS, a common ground is present in all political cycles – the indispensability of NHS as a universal system capable of guaranteeing the constitutional right to health of the Portuguese people.

The existing gaps between the different political cycles derived essentially from interpreting how to manage public health services, increase efficiency, or guarantee some services not traditionally offered by the NHS. Furthermore, they emerge from the understanding of the private sector's role, sometimes supported by the State, while taking on a supplementary and secondary role in the provision of health care in other instances.

Conclusion

In 1979, the creation of the NHS did not substantially change the role and weight of the private sector, which maintained a strong presence in the Portuguese health system. The private sector's role was explicitly recognized in the 1990 Health Basic Law, which established a hybrid health care system with public and private providers involved in health care provision and the social sector's role. As a result, the Portuguese health care system consist of a national network of health care providers, which covers NHS establishments, private establishments, and independent professionals with whom contracts are celebrated under the terms defined by law.

In 2019, left-wing parties supporting the minority socialist government in Portugal approved a new Health Basic Law, targeting the total separation of public and private sectors and, particularly, for the exclusion of management in public-private partnerships in the Portuguese National Health Service. The new Health Basic Law re-engages the central role of the National Health Service in the health system.

In conclusion, since the NHS creation, the private sector and the social sector maintain a significant presence in the Portuguese health system with fluctuations dictated by the political cycles.

Collaborations

J Simões and I Fronteira wrote, reviewed, and approved the final version of the paper.

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Article submitted 20/04/2020
Approved 23/08/2020
Final version submitted 25/08/2020

Chief editors: Maria Cecília de Souza Minayo, Romeu Gomes, Antônio Augusto Moura da Silva

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