

Strengthening the Brazilian Health System: more efficiency and more inclusion

The COVID-19 pandemic has had devastating effects on the lives and well-being of populations around the world, especially among the poorest and most vulnerable. By early 2022, there were more than 400 million cases and more than 5.8 million deaths worldwide. Its direct (number of cases and deaths) and indirect effects (abandonment of treatments, and the reduction in the number of diagnostic tests) have resulted in reduced life expectancy worldwide. The pandemic and the measures to respond to it resulted in a severe economic crisis, with a drop in global gross domestic product (GDP) of 3.4% in 2020 and a slow recovery for 2021 and 2022.¹ The crisis contributed to the increase in massive unemployment and extreme poverty more than 150 million people are estimated to have fallen into extreme poverty globally, impacting human capital accumulation in many parts of the world.^{2,3} The response to the pandemic has shown that stronger health systems are essential to protect lives and lessen the impacts of pandemics on the economy.

In Brazil, the Unified Health System (SUS) played an essential role in responding to the pandemic. SUS was crucial for those who needed medical treatment and since 2021 in the implementation of one of the most extensive vaccination programs in the world. More than 10,000 intensive care unit beds were quickly added to the public health system to treat those affected by the severe form of the disease, and more than 400 million vaccines were acquired, distributed, and administered across the country in less than a year.

In Brazil, as in almost all countries worldwide, the response to the health crisis has unleashed unprecedented fiscal challenges. To respond to the demands of the health area and protect the income of the most vulnerable families, the Federal Government presented a package of fiscal measures that amount to approximately 8.6% of GDP.⁴ As a result, the Brazilian primary deficit in 2020 was 10% of GDP (an increase of almost nine percentage points compared to 2019 and eight percentage points above pre-COVID-19 estimates). This fiscal scenario points out the need for adjustments and reforms for the Brazilian State to provide essential quality services to its population. To achieve these goals, having a plan to improve the efficiency of public spending is vital. World Bank analysis pointed out potential fiscal savings at the federal level of 7% of GDP by 2026.⁵

The analysis estimated potential gains of 0.3% of GDP without compromising the number of health services provided to the population in the health sector. These savings are mainly the result of the fragmentation of the public health system, especially the high number of small hospitals, which prevents economies of scale in service delivery. Shortcomings related to systems integration and insufficient incentives offered to providers and patients to choose the most cost-effective treatment were also identified. Much could be gained, for example, by identifying and treating noncommunicable diseases before they become hospital cases. In addition, tax expenditures are large and highly regressive. Improving efficiency in healthcare services will be

1 Estimated growth of 5.5% in 2022 and projected growth of 4.1% for 2022. World Bank data. 2022. Global Economic Prospects, January 2022. Washington, DC.

2 World Employment and Social Outlook: Trends 2021. ILO, 2021.

3 World Bank. 2020. Poverty and Shared Prosperity 2020: Reversals of Fortune. Washington, DC: World Bank.

4 Available at: <https://documents1.worldbank.org/curated/en/106541594362022984/pdf/COVID-19-in-Brazil-Impacts-and-Policy-Responses.pdf>.

5 A fair adjustment: efficiency and equity of public spending in Brazil: Volume I: syntheses (Portuguese). Washington, DC: World Bank Group.

critical to ensuring that the sector absorbs anticipated cost increases associated with changing demographics.⁴

This special edition of the “*Jornal Brasileiro de Economia da Saúde*” (Brazilian Journal of Health Economics) represents an essential contribution to the strengthening and sustainability of the Brazilian Unified Health System (SUS). The edition includes contributions from researchers, academics, SUS managers, and other professionals working in public and private health sectors. The evidence presented in this edition will assist in the search for solutions to current (post-pandemic) and future (changes in demographic and epidemiological profile) challenges. Similar themes are the actions of the World Bank in the health sector in Brazil (and in the world). Over the last

few decades, the World Bank has provided technical and financial support for consolidating one of the world’s largest health systems and an example for other low- and middle-income countries. Through this edition, the World Bank joins the Ministry of Health, the Brazilian Journal of Health Economics and SUS researchers and managers to produce evidence and stimulate public debate with the primary objective of strengthening the SUS.

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