

## The Brazilian Health System in the post-COVID-19: towards a reform agenda to strengthen the Unified Health System

**T**he new coronavirus pandemic and its social and economic effects have demonstrated the importance of investing in health systems. The pandemic resulted in a contraction of global gross domestic product (GDP) by more than 3% in 2020, with a drop of 4.1% in Brazil and increasing unemployment and poverty worldwide.<sup>1</sup> In Brazil, in 2020 alone, the Federal Government allocated more than 56 billion reais (approximately 0.76% of GDP and 20% of the total health budget in the period) in additional resources for actions to combat the pandemic within the scope of the Brazilian Unified Health System (SUS).<sup>2</sup> In 2020, the Federal Government alone invested the equivalent of 2.16% of GDP in public health actions and services, compared to 1.68% in the previous year.<sup>3</sup> These resources allowed increasing federal transfers to states and municipalities to increase the capacity of intensive care units (ICU) beds, purchase essential supplies, test the population for the virus, and purchase vaccines against COVID-19.

**According to the latest Health Satellite Accounts (HSA), Brazil spends 9.2% of its GDP on health.**<sup>4</sup> Of this total, public spending represents 3.8% of GDP (without considering the indirect expenditure of fiscal waiver, amounting to approximately 0.5% of GDP), while private spending amounts to 5.4% of GDP. The Supplementary Health Sector covers 22.5% of the Brazilian population, representing more than 47 million beneficiaries, with annual revenue from benefits exceeding 220 billion reais. The health sector is also of strategic economic importance, with growing participation in the composition of the total value added of the Brazilian economy (7.6%), in income generation (9.6%), and the total

number of jobs (7.1% ), with an increasing number of jobs greater than that observed for the average economy. Data available indicate that each additional 1% invested in health in Brazil results in 1.44% more in family income.<sup>5</sup>

**The COVID-19 pandemic has highlighted the urgency of accelerating the development of the Brazilian health economic-industrial complex** to reduce productive and technological dependence in such a sensitive and strategic area. The health economic-industrial complex is an indisputable economic engine with excellent growth potential, and this complex interconnects several industrial sectors (chemical, biotechnology, mechanical, and electronic materials) and healthcare services. Our policy in this area aims to expand the Brazilian population's access to healthcare products and technologies and, at the same time, reduce the SUS vulnerability, rationalizing the State's purchasing power. To this end, we seek to encourage innovation, technological development, and knowledge exchange and promote the development and manufacture of strategic products for the SUS in Brazil.

**In 2017, according to HSA data, health-related products represented only 0.7% of the country's total exports.** Imports of pharmachemicals (active ingredients used in medicines production) represented 76.4% of its total supply.<sup>6</sup> And the importation of medicines for human use corresponded to 24.1% of the entire product supply. In 2020, the first year of the COVID-19 pandemic, according to the Brazilian Alliance of Innovative Health Industry data, the health sector's trade balance was in deficit by US\$ 5.5 billion – an increase of 12.5% compared to the previous year. Imports totaled US\$ 6.2 billion, while exports totaled US\$ 726

1 IBGE, Coordination of National Accounts, 2021.

2 Information System on Public Health Budgets. Available at: [https://qsprod.saude.gov.br/extensions/DEMÁS\\_C19SIOPS/DEMÁS\\_C19SIOPS.html](https://qsprod.saude.gov.br/extensions/DEMÁS_C19SIOPS/DEMÁS_C19SIOPS.html).

3 Information System on Public Health Budgets. Own elaboration.

4 Health Satellite Account: Brazil – 2010-2017, IBGE (2019).

5 Institute of Applied Economic Research. Ipea Communications No. 75 – Expenses with Social Policy: a lever for growth with income distribution. IPEA (2011), 17p. Available at: [http://repositorio.ipea.gov.br/bitstream/11058/4634/1/Comunicados\\_n75\\_Gastos\\_com.pdf](http://repositorio.ipea.gov.br/bitstream/11058/4634/1/Comunicados_n75_Gastos_com.pdf).

6 Health Satellite Account: Brazil – 2010-2017, IBGE (2019).

million.<sup>7</sup> These numbers make clear the importance of Brazil seeking the SUS technological and economic sustainability in the short, medium, and long terms through the promotion of structural conditions to increase the country's productive and innovation capacity, resulting in the reduction of the country's trade deficit of the sector and ensuring all Brazilians the right to health. For being better prepared to respond to future public health emergencies, we need to invest more in the health economic-industrial complex in partnership with the private sector.

**The Brazilian public and private healthcare systems were tested during this unprecedented crisis.** The SUS has been the main asset of the Brazilian society in facing the pandemic and its effects on the population's health and life. Strengthening the Brazilian healthcare system requires

identifying public policies that improve the quality of public and private spending on health to guarantee the principles established in the Brazilian Constitution of 1988. This special edition of the *"Jornal Brasileiro de Economia da Saúde"* (*Brazilian Journal of Health Economics*), a partnership between the Ministry of Health and the World Bank, seeks to foster a strategic debate on health policies that seek to increase efficiency and ensure the sustainability of the Brazilian healthcare system. This discussion is part of the ongoing efforts to modernize the Brazilian State. The primary objective is to improve access and quality of services provided to the Brazilian population while maximizing the use of public resources to provide sustainable responses to the Brazilian society's demands.

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<sup>7</sup> Economic Bulletin, Brazilian Alliance of Innovative Health Industry (2021).