



**TPG International Health Academy  
Portugal Executive Trade/Study Mission  
October 13—18, 2018  
White Paper**

## **Introduction**

TPG International Health Academy traveled to Lisbon, Portugal for the first time in its history to study the Portuguese healthcare system from October 13-18, 2018. The delegation included 30 senior, US-based healthcare executives who not only experienced the beauty of the Portuguese culture but also came away with a new understanding of healthcare abroad.

Over the four days of study, the delegation learned that Portugal has a well-developed and robust healthcare system. However, as with many of the countries we study, it was quickly apparent that they struggle with a number of challenges similar to the US. The delegation met with a variety of professionals including: economists, insurance experts, primary and specialty care physicians, hospital administrators, industry association leaders, regulators, and members of the pharmaceutical industry.

## **Overview**

Healthcare in Portugal is provided through three co-existing systems:

- The National Health Service (i.e., Serviço Nacional de Saúde, SNS) (65%)
- Special social health insurance schemes for certain professions (health subsystems) (25%)
- Voluntary private health insurance (10%)

The Portuguese National Health System (NHS) was created in 1979 and consists of a national network of public hospitals and primary care centers. Health professionals are civil servants. All

legal residents are covered by national insurance and emergency services are provided to anyone in the country.

The Ministry of Health is responsible for developing health policy and manages the SNS. Oversight of health policy and regulation resides with the Health Regulatory Entity. Primary care is delivered through a network of regional clinics and private physicians. Regional disparities exist, especially regarding access, which is more limited in rural areas.

Portugal's total population is 10.5 million, with an average life expectancy of 81.3 years. Compare this to the US's average life expectancy of 78.7 years. 10% of Portuguese adults have an identified long-term, activity-limiting problem and/or disability. The obesity rate in Portugal is 16%, compared to the US's obesity rate of 39.8%.

Health inequalities remain a challenge in Portugal. The Portuguese population has become concentrated in Lisbon, Oporto, and along the coast, leaving an increasingly sparse and elderly population inland. This phenomenon is similar to demographic changes in other European countries. These inequalities represent a major challenge to both the social security system and the healthcare system.

Outcomes and life expectancy have been improving due to the decline of obesity and increase in childhood activity levels, which is consistent with the developed world. As in most countries, malignant neoplasms and circulatory diseases are the main causes of mortality in Portugal.

### **The Funding and Economics of the Portuguese Healthcare System**

All residents in Portugal have access to healthcare provided by the NHS, financed mainly through taxation. Out-of-pocket payments, co-payments, and particularly direct payments for private outpatient consultations, examinations, and pharmaceuticals have all been increasing over time.

In Portugal, health care expenditure accounts for 9% of GDP compared to the EU average of 9.9%. The private sector spend represents one third of health expenditures, mostly financed by OOP. The private sector is also partly financed by the State through sub-systems, with a main system for civil servants, and through NHS professionals' moonlighting.

There is a centralized effort for management and financing. Regional authorities have few competences and little autonomy. In terms of patient payments, the Portuguese enjoy very low co-payments (e.g., 5€ for a PCP visit, 8€ for a specialist visit).

Public hospitals are funded through global budgets, but private insurers and health subsystems pay providers. The Ministry of Health allocates funds to the health regions based on a combination of historical expenditure and capitation, which pay for primary care and specific health programs.

## **A Day in the Life of a Portuguese Physician**

Two physicians who worked in both the public and private sectors joined our delegation and shed light on the day-to-day work, care delivery, and workflow for Portuguese physicians.

The physicians reported that about 60% of their time at the hospital is spent on bureaucracy instead of treating patients. The physicians also shared the struggles of retaining trained nurses in the Portuguese system and cited low salaries as one of the reasons many nurses leave Portugal to work in other countries with higher salaries.

Interestingly, doctors working in the public healthcare system are often paid well under their US counterparts. The average salary of a Portuguese GP physician in a public hospital is equivalent to approximately \$35,000 USD per year. Because of this, most physicians supplement their income by working in the private sector in addition to their public job.

## **Pharmaceutical Overview**

The consumption of pharmaceuticals has increased dramatically over the past few years due to the aging population, the growing prevalence of chronic diseases, and changes in clinical practices.

Pharmaceuticals represent a significant share of overall healthcare spending across OECD countries. The economic crisis had a significant effect on pharmaceutical spending in many OECD countries. In particular, a number of European countries experienced a dramatic reversal in pharmaceutical spending trends pre- and post-crisis, with Portugal reporting large reversals in pharmaceutical spending growth post-2009.

In Portugal, the pharmaceutical expenditure per capita is 348€, compared to 466€ per capita in the other OECD countries. On average, pharmaceutical spending accounts for about 16% of total health spending which includes pharmaceutical consumption in hospitals and the retail sector. The global financial and economic crisis led to the establishment of cost-containment policies. Experts reported slower growth of pharmaceutical spending over the past decade, with the NHS expenditure decreasing 25.8% from 2010 to 2017.

Private spending has not been subject to the same decreasing trend as public spending in recent years. In a majority of OECD countries, growth in private spending on pharmaceuticals has remained higher than public spending.

The delegation learned that the pharmaceutical system in Portugal faces a number of the same challenges we face in the US, including the funding and development of innovative but expensive medicines. There is an increasing need to focus more on results and outcomes based medicine and data/outcomes monitoring.

## **Recap of Portuguese Healthcare Site Visits and Contact Information**

During the mission, the delegation had the unique opportunity to visit three different healthcare institutions including: a public university hospital, a Public Private Partnership (PPP) hospital model, and a private research/oncology foundation and care center.



### **Hospital of Santa Maria – A Public Care Delivery Model**

The largest public university hospital in Portugal, the Hospital of Santa Maria, opened in 1953. It was considered to be one of the greatest achievements of the Portuguese State at the time.

Currently the hospital operates a research facility, the Institute of Molecular Medicine, on hospital grounds in addition to the Santa Maria Pharmacy that distributes medicine directly to

the public. This was the third hospital pharmacy to open in the country.

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### **Hospital de Cascais – A PPP Delivery Care Model**

Vasco Antunes Pereira, the CEO of Hospital de Cascais, led a discussion focused on the workings of the PPP model and how the hospital was able to become the first Portuguese hospital certified with EMRAM Stage 7, making it only one of three hospitals in Europe to receive the accreditation.

During our visit, we learned a counterintuitive fact: Lusíadas’ management of Hospital de Cascais saved the Portuguese Government €17.5 million per year.

Alternatively, compared to the public standard, Hospital de Cascais’ PPP model did not add costs to the NHS. There was a reduction of current expenditure. If the hospital had public management, it would increase the costs for the Portuguese government by 24%.

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### **Champalimaud Foundation**

The Champalimaud Foundation is a private biomedical research foundation created according to the will of the late entrepreneur Antonio de Sommer Champalimaud in 2004.

The mission of the Champalimaud Foundation is to develop programs of advanced biomedical research and provide excellent clinical care, with a focus on translating pioneering scientific discoveries into solutions which can improve quality of life. The complex includes diagnostic and treatment facilities, an indoor garden, research laboratories, and administrative services all interlinked to promote discussion and collaboration between scientists, clinicians and other professionals. The beautiful setting and tropical pergola-covered garden is at the heart of this structure.

The delegation found the level of care and research to be at world-class levels, making Champalimaud an extremely impressive research and oncology care facility.

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## **General Impressions and Conclusion**

The Portuguese healthcare system is a unique combination of government and private partnership built on a universal, general, and a (mostly) free at point-of-delivery model.

- **How did Portugal measure up to the US and other European countries?**

Considering resources allocated (health expenditure) and outcomes (life expectancy at birth and at age 65 years) the Portuguese healthcare system is one of the most efficient in Europe. Overall, major health indicators are improving and total health expenditure has been controlled—mainly through cost-containment and price cuts.

- **What is the overall mindset of local Portuguese healthcare experts when it comes to change?**

There is a consensus among healthcare and government experts on the need to expand the network of primary healthcare provisions and long-term care.

- **What is the government’s current and future focus in healthcare?**

Changes in governmental personnel in 2015, and once again in 2018, while the delegation was visiting Portugal, indicate that the government is actively pursuing measures aimed at increasing efficiency and promoting the financial sustainability of the NHS. However, as our economic experts shared, several challenges remain as the “easier” cost-cutting measures have already been done and now the more difficult task of adjusting care models and care delivery practices needs to be addressed.

- **What’s the overall sentiment about the hospital system?**

The reorganization of the country’s hospital network is ongoing. Experts shared there is an unbalanced distribution of hospital services across the country regarding the population’s needs, with oversupply in some regions and scarcity in others.

The delegations from the Portugal Executive Trade/Study Mission  
Lisbon, Portugal • October 13-18, 2018

