Health Systems

Hospitals in Latin America and the Caribbean
Humberto M. Novaes

Health services provided by public or private institutions at the primary and hospital referral levels should be coordinated so that the available resources are distributed equitably to meet the needs and aspirations of the population. The challenge is to improve the quality of hospital care and the existing pattern of public and private services in Latin America and the Caribbean.

There are about 15,000 hospitals (defined as an establishment with at least 5 beds, where a patient stays for at least 24 hours) with over a million beds in the 34 countries of the Latin American and Caribbean region. Health care in these countries is available through the following:

- services provided by the government's national social security system to workers and their families, especially in Brazil, Costa Rica and Cuba (in the other countries these services have limited coverage);
- services provided by the government through special social security arrangements for the armed forces, civil servants and employees of state enterprises;
- services provided by government institutions (under the Ministry of Health) for the population that is not covered by the social security system and for persons who cannot afford private care;
- private medical care by profit-making institutions for those who can afford it;
- private or semi-private services, funded partly by the state and partly by non-governmental organizations, for specific populations or groups of workers.

In the 1980s the governments of the WHO Region of the Americas devised a strategy to strengthen local health systems and meet the needs of the population more effectively. The aim was to develop, in a timely manner, a functional, integrated network of health services within a given area. Hospitals play an important role in primary health care. They are not only points of referral for patients, but also support primary care, promote community health actions, and are involved in research and continuing education for health workers.

Decentralization of the local health system was the basic strategy for reform; 28 countries have been implementing their reform policies and 32 had local health system networks in operation in 1994. The close involvement of hospitals in these reforms is shown in the following examples.

- The decentralized hospital is an essential component of the health services network and plays a role in the development of new care models focusing on health promotion, disease prevention, research, and human resources development.
## Total number of hospital beds in selected Latin American countries, 1990

<table>
<thead>
<tr>
<th></th>
<th>Argentina</th>
<th>Bolivia</th>
<th>Brazil</th>
<th>Colombia</th>
<th>Guatemala</th>
<th>Peru</th>
<th>Uruguay</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>100 000</td>
<td>10 400</td>
<td>115 000</td>
<td>33 670</td>
<td>8 000</td>
<td>24 200</td>
<td>10 000</td>
<td>301 270</td>
</tr>
<tr>
<td>Non-public sector</td>
<td>47 000</td>
<td>700</td>
<td>397 000</td>
<td>8 580</td>
<td>1 500</td>
<td>6 200</td>
<td>4 490</td>
<td>465 470</td>
</tr>
<tr>
<td>Total</td>
<td>147 000</td>
<td>11 100</td>
<td>512 000</td>
<td>42 250</td>
<td>9 500</td>
<td>30 400</td>
<td>14 490</td>
<td>766 740</td>
</tr>
<tr>
<td>Beds/1000 population</td>
<td>4.5</td>
<td>2.0</td>
<td>3.6</td>
<td>1.5</td>
<td>1.1</td>
<td>1.4</td>
<td>4.8</td>
<td></td>
</tr>
</tbody>
</table>

- Based on recent changes in health care financing (through social security, prepayment systems, centrally allocated funds from tax revenues, and others), ways are being considered of enabling the hospital to share in the flow of funds.
- New technologies, including information systems and computer science, are having a decisive impact on hospitals at the present time and this is expected to continue in the future.
- Recent trends in quality assurance, including the establishment of standards relating to hospital care, and new approaches to total quality management and continuous improvement indicate an urgent need to involve hospitals in current operational research.

### Public versus private hospitals

In Latin America and the Caribbean, the public sector alone in 1994 had over 6000 hospitals (44% of the total) and about 550 000 beds. In earlier years, however, the percentage of hospital beds in the public sector was much higher: 62.7% in 1962, 66.7% in 1978, and 64.9% in 1983. There are, however, striking differences between countries and within a country in the distribution of hospitals and the number of beds per 1000 population (see table and figure). In 1994, there were for the whole region 2.4 hospital beds per 1000 population (total of 1 066 420 beds for 440 million), which by the year 2000 will become 2.0 beds per 1000 population if, as has been estimated, the total population reaches 531 million. To maintain the present ratio (2.4 beds per 1000), more than 30 000 additional beds and an investment of US$ 3000 million will be required.

The distinction between public and non-public hospitals in this region is not always clear because there are various situations – such as public or semi-private, for-profit or not-for-profit institutions, private or semi-public hospitals, free or paid services, and private beds in public hospitals – operating under the federal, provincial or state government, or the social security system.

It is reckoned that, by the year 2000, 75% of the population in most countries will be concentrated in cities and complex urban centres where even today the available health services are inadequate in providing basic care and promoting prevention activities. Besides meeting the demand through coordinated local networks, the health services will need to focus on the ageing population and the disabled, as well as problems such as violence,
drug addiction, mental health, cardiovascular diseases, accidents and AIDS.

**Hospital management and costs**

The hospital workforce in Latin America and the Caribbean is already between 2 and 3 million, and more than 300 different hospital job categories have been described, located in a variety of units and departments which often operate independently. Hospitals with 50–150 beds and 100–300 employees have annual budgets as high as or higher than those of companies which, in Latin America, are usually managed by experts in finance, procurement, maintenance and other areas. The hospitals, however, continue to be managed by health professionals – usually physicians who are well trained to treat their patients but are amatuers in modern management. The need for solid, basic education in management of hospital enterprises is therefore evident. Short one or two month courses on management should be part of a continuing education programme for health workers. There is also a need for a strong effort to get schools of business administration in Latin America and the Caribbean to recognize that the health sector is one of the most important industries in these countries.

Free public medical care, which is very common in the Caribbean and Latin American countries, is paid for by tax revenues. The cost is now so high that there is concern that the State’s social security system will not be able to meet its commitments. To avoid tax increases, a variety of alternative sources of funding have been identified and utilized, such as cost-sharing with other ministries or the social and welfare system, revenue from lotteries and bullfighting (in Colombia), and the imposition of fees for services and meals as well as drugs. Individuals and their families will in future have the option of supplementing the State services with private schemes if they can afford them. This is already taking place in Chile. However, depending on the socioeconomic situation of the country or area, it is often difficult to ensure equitable delivery of health services.

The public hospital takes up 50–80% of all public funds for health care. Considering the serious shortcomings in the information systems and in managerial skills in hospitals, much can be done to improve their performance. Hospital services should be financed by a variety of sources, including the government, private intermediaries, social security,
direct payment by users, and other means. The public hospital should become a vendor of services not only to the State, but also to the private sector. Governments should cease to finance hospitals prospectively with fixed budgets, but should allocate funds through schemes that provide reimbursement of capitation charges. The main objective of any alternative financing is to cover operational expenses, salaries and investments, while allowing for growth and development of the institution.

In the Pan American Health Organization’s Plan for Regional Investment in Environment and Health (PIAS), a total of US$ 64 000 million will be required over the next 10 years for health care investments, including hospital beds and technological and management updating.

**Future challenges**

The current financial crisis poses challenges to health services in all countries and regions. The following strategies should be considered:

- effective decentralization of public hospitals;
- management education of health workers;
- rational use of new high-cost technologies, while guaranteeing quality of care through standards and indicators for each service provided by the hospital;

- use of financing mechanisms in cooperation with the private sector.

Two countries, Cuba and Canada, in the WHO Region of the Americas serve as examples of the current situation. When Cuba was receiving support from the former USSR, it provided excellent health services in hospitals with a ratio of nearly 6 beds per 1000 inhabitants. The present trade balance, exchanging sugar for oil, has helped to ensure resources for hospitals, but plans to build more hospitals have had to be abandoned. Cuba is now working to eliminate excesses and reduce the bed/day cost in hospitals.

Canada’s national health system serves the entire population of 29 million. Taxes are high and the State allocates 9.1% of the country’s gross national product to health – about US$ 1500 (in 1990) per person per year. In contrast, Argentina, one of the richest countries in Latin America, with a similar population to that of Canada, spends one-tenth as much on medical care per person per year. Clearly, the Latin American and Caribbean countries will have to find a balance between the largely State-run health services and other types if they are to achieve optimal quality in hospital care.