

An excerpt from:

*Better Health & Social Care: How are Co-ops & Mutuals Boosting Innovation & Access Worldwide?*

An International survey of co-ops and mutuals at work in the health and social care sector (CMHSC14)

Volume 2: National Cases

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For the research framework, the analysis of the national cases, and other research components, including a description of the research team members, refer to Volume 1: Report.

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## HEALTH SYSTEM

All residents in Portugal have access to health care provided by the National Health Service, financed mainly through taxation. Co-payments have been increasing over time, and the level of cost sharing is highest for pharmaceutical products. A 2011 review of the Portuguese health system noted that approximately one-fifth to a quarter of the population has a second layer of health insurance coverage (and some even more) through health subsystems and voluntary health insurance.<sup>2</sup>

Health care delivery is based on public, private, and cooperative providers.<sup>3</sup> Public provision is predominant in primary care and hospital care. Pharmaceutical products, diagnostic technologies, and private practice by physicians constitute the bulk of private health care provision. Social economy institutions, including cooperatives, mutuals, and misericórdias (religious-based institutions) all play a role in providing access to health and social care in Portugal.

Article 4 of the Cooperative Code states that the cooperative sector includes 12 sub-sectors: consumer, trade, agriculture, credit, housing, industrial production, handicraft, fisheries, culture, services, education, and social solidarity cooperatives. Multipurpose cooperatives are allowed, but statutes must specify the subsector with which members choose to identify, in accordance with their main activity. Health cooperatives per se are not a recognized cooperative subsector. This is despite the fact that the government in 2001 proposed a working group to define a new sector for health and medical cooperatives which would be compliant with the Cooperative Code.

Notwithstanding, the cooperative form of enterprise has been chosen by health care providers and users. Bulk purchasing and marketing of pharmaceuticals is undertaken through secondary level cooperatives owned by independent pharmacies, and social solidarity cooperatives care for the physically and mentally disabled, children, the elderly, and other vulnerable groups.

## HEALTH COOPERATIVES

In Portugal health cooperatives provide medical and dental health care services.

### Health Cooperative Data

<b>Number of cooperatives</b>	38
Types of cooperative	User and Producer
Services offered	Health and well-being services, including health care promotion, prevention, curative care, and rehabilitation. Medical and dental services.
<b>Sources of revenue</b>	Transfers from National Health System, direct payments, donations

**Population** (in thousands) total: 10,604

**Population median age** (years): 41.81

**Population under 15 (%)**: 14.92

**Population over 60 (%)**: 24.39

**Total expenditure on health** as a % of gross domestic product: 9.5

**General government expenditure on health** as a % of total government expenditure: 12.5

**Private expenditure on health** as a % of total expenditure: 37.4

The pilot project of the Satellite Account of Social Economy (SASE) for the year 2010 reported that approximately 38 (1.7%) of Portugal's 2,260 cooperatives are involved in activities related to health and well-being.<sup>4</sup> The report does not provide a breakdown of the activities of cooperatives in that category.

### Case Study

The **Cooperativa de Solidariedade Social do Povo Portuense** CRL<sup>5</sup> was founded in 1900 to provide affordable services to members, including health care and a solidarity fund for funerals. In the 1970s it ran a funeral society, a textile company, and a printing company, having recuperated failing enterprises for workers.<sup>6</sup> It now runs a funeral fund and a cultural centre and provides social health care services at prices lower than those of the national health service through two clinics: Clínica Médica Povo Portuense and the Clínica Médica do Povo Portuense-Gaia. The clinics offer consultations with health professionals for cardiology, dermatology, gynaecology, traditional Chinese medicine, dentistry, neurology, ophthalmology, ORL, orthopaedics, paediatrics, psychological and psychiatric care,

podiatry, and urology. It counts 18,000 members.<sup>7</sup> Members pay a monthly fee to access health care from the two clinics.

The cooperative practices social health care by making its services available at low prices. General medical consultations cost \$3.35 USD (2.50 EUR) and consultations in specialized medicine \$46.75 USD (35 EUR). The membership fee varies according to age, with seniors paying a lower membership fee. To help keep costs to patients low, a number of the health professionals associated with the clinics volunteer their time or charge low rates. Additional finance is through members and donations.

In March 2013 the cooperative signed an agreement with the government of Senegal, which enables Senegalese immigrants to enjoy access to its affordable health services. The agreement is to facilitate the integration process of the Senegalese community in terms of access to health care.

### PHARMACY COOPERATIVES

Bulk purchasing and distribution of pharmaceuticals is organized through cooperatives. The first such cooperative was founded in 1935. A number of pharmacy cooperatives (at least eight) existed until 2007 when the sector experienced market concentration and cooperatives began merging. Four such cooperatives remain today. Up until 2011 there was a federation of pharmacy cooperatives, Fecofar. It was dissolved by decision of its members.

Pharmacy cooperatives are important actors in the pharmaceutical sector. In 2009, pharmacy cooperatives held nearly 43% of the market.<sup>8</sup> Today, the four remaining cooperatives continue to have a large market share. They engage in bulk purchasing, marketing, and distribution of pharmaceuticals for their member pharmacies. Some also operate laboratories. They are listed below in order of date of foundation:

- **Udifar Cooperativa de Distribuição Farmacêutica**, established in 1935, was the first pharmacy cooperative. In November 2007 it merged with two other pharmaceutical distribution cooperatives, CODIFAR Cooperativa Distribuidora Farmacêutica CRL and UNIÃO dos Farmacêuticos de Portugal CRL.<sup>9</sup> In addition to wholesale marketing and distribution, it has operated its own laboratory, Udifar II, since 2009. It was ranked the 951<sup>st</sup> largest enterprise in Portugal in 2009.<sup>10</sup>
- **Cooperativa dos Farmacêuticos do Norte, C.R.L. (Cofanor)** was established in 1967 and is based in Oporto. It operates two outlets, in Oporto and Montemor-o-Velho. It is 85<sup>th</sup> largest enterprise in Portugal.<sup>11</sup>

- **Cooperativa dos Proprietários de Farmácia, C.R.L. (Cooprofar)** was founded in 1975. It operates three subsidiary companies (Mercafatar, Dismed, and Medlog) which deal in distribution and international representation, transport, and logistics.
- **Plural - Cooperativa Farmacêutica, C.R.L.** is a marketing cooperative for pharmaceutical products. It was established in 2006 and services 1,000 pharmacies. It has distribution centres and warehouses throughout the country.<sup>12</sup> In 2009, it was ranked the 144<sup>th</sup> largest enterprise in Portugal.<sup>13</sup>

New legislation was passed in 2011 regarding price margins for wholesalers and pharmacies. This new legislation also introduced changes in the reimbursement policies of the national health system. This led to a temporary drop in turnover as the pharmacy cooperative sector adjusted.

### Pharmacy Cooperative Data

Cooperative	Members <sup>14</sup>	Employees	Market share	Turnover (USD)
Cooprofar	1,200+ (2014) <sup>15</sup>	267 (2012) <sup>16</sup>	18.9% (2011) <sup>17</sup> 8.52% (2009) <sup>18</sup>	\$355,378,000 (2012) <sup>19</sup>
Cofanor	950 (2014) <sup>20</sup>	171 (2009) <sup>21</sup>	10% (2014) <sup>22</sup> 8.32% (2009) <sup>23</sup>	\$334,471,000 (2011) <sup>24</sup>
Plural	1,000 (2014)		7.9% (2009) <sup>25</sup>	
Udifar			18.6% (2009) <sup>26</sup>	

### SOCIAL COOPERATIVES

The Special Rehabilitation Centres for Children with Disabilities (Centros Especiais de Reabilitação de Crianças Inadaptadas, CERCLs) emerged in the second half of the 1970s as an initiative of parents and caregivers who were concerned with the problems of people with intellectual disabilities. These cooperatives filled a void for those services. Initially they focused their activities on school-aged children. This has led to the recognition of the CERCLs as pioneers in the creation of schools for special education.

Today CERCLs provide services complementary to those which the state provides. Their objectives are to promote the development of children, youth, and adults with disabilities and enable their inclusion in society. They provide social care to persons of all ages and various degrees of disability. They operate vocational training centres, centres for occupational support, residential units, units of

early intervention, sheltered employment centres and family support units, home care, and therapy services.

Due to the CERCIs, the 1998 revision of the Cooperative Code recognized a twelfth cooperative sector, social solidarity cooperatives. Previously, for lack of an alternative, CERCIs were considered part of the education sector.<sup>27</sup>

It is noteworthy that the new law enables cooperatives which provide employment to register as social solidarity cooperatives. Statistical information about the subsector therefore includes not only cooperatives that provide social care, but those formed by the unemployed as well. The latter may be young people without physical or mental disability who live in circumstances of severe economic hardship or lack professional integration opportunities.

### Social Cooperative Data

Cooperativa António Sérgio para a Economia Social (CASES) reports that nearly 250 social solidarity cooperatives were active in 2010.

The **National Federation of Social Solidarity Cooperatives** (Federação Nacional de Cooperativas de Solidariedade Social, Fenacerci) brings together cooperatives that specifically provide services to persons with disabilities and their families. Fenacerci currently counts as members 53 CERCi cooperatives, or 25% of social cooperatives which serve disabled persons. In 2012, Fenacerci counted 22,000 individual members. The 53 CERCi cooperatives employed another 2,700 workers.<sup>28</sup>

Fenacerci reports that there are a total of 209 CERCi cooperatives<sup>29</sup> of which 150 are recognized by the State as Private Social Solidarity Institutions (Instituições Particulares de Solidariedade Social, IPSS).<sup>30</sup> This recognition must be requested from and granted by the State. It entitles them to a special tax regime and access to financial support, subject to their compliance with reporting and regulations.<sup>31</sup>

	Fenacerci (2012)	Total (2014)
Number of cooperatives	53	209
Number of members	22,000+	N/A
Number of employees	2,700	N/A

### MUTUALS

According to the Ministry of Social Security, there were 103 registered mutuals in Portugal in 2014.<sup>32</sup> These mutuals provide a

variety of social protection services, including health care. In terms of the latter, they provide limited coverage for medical consultations, pharmaceuticals, and (more rarely) inpatient care.

In 2011, approximately 7% of the population was covered by a mutual funded through voluntary contributions. However, mutuals do not just provide health benefits to members. Consequently, according to a recent publication of the European Observatory on Health Systems and Policies, it is difficult to calculate the health component of their contributions.<sup>33</sup>

Nonetheless there have been some attempts to measure mutuals' contributions to health care. For example, the pilot project of the Satellite Account of Social Economy (SASE) reported that in 2010, approximately six (5.1%) of Portugal's 119 mutuals were involved in activities related to health and well-being.<sup>34</sup>

Also worthy of note is that mutuals recently have launched a new network to share and expand their services, particularly in health and well-being. **RedeMut**, a network founded by 12 mutuals, was formally launched by the Association of Portuguese Mutuals (Associação Portuguesa de Mutualidades) on April 22, 2013. Its aim is to enable their more than 700,000 members to access health care services in any of the network's mutuals.<sup>35</sup> The 12 founding mutuals are:

- A Benéfica e Previdente - Associação Mutualista - Porto
- A Beneficência Familiar - Associação de Socorros Mútuos - Porto
- A Laborigense - Associação de Socorros Mútuos - Lagos
- A Mutualidade da Moita - Associação Mutualista
- A Previdência Portuguesa – Coimbra
- A Vilanovense - Associação Mutualista - Gaia
- CSC - Associação de Socorros Mútuos dos Empregados de Comércio de Lisboa
- Associação de Socorros Mútuos dos Empregados do Estado
- Associação de Socorros Mútuos de Ponta Delgada
- Associação de Socorros Mútuos Nossa Senhora da Nazaré – Torres Novas
- Montepio Abrantino “Soares Mendes” – Abrantes
- Montepio Geral – Associação Mutualista

Members have access to basic and specialist medical consultations, surgery, hospitalization, nursing, and continuous care in their own installations and through other providers with whom the network has partnered.

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