



**Conselho das
Finanças
Públicas**

**NHS
PERFORMANCE
IN 2022
EXECUTIVE
SUMMARY**

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EXECUTIVE SUMMARY

Assistance activity

At the end of 2022, the NHS had more than 10.5 million registered users, of which 65.9% were enrolled in family health units. 14.1% of the users did not have a family doctor. In fact, the number of users without a family doctor start growing in 2019 without interruption, rising by more than 30% in the last two years.

Consultations in primary care decreased compared to 2021, with a reduction of 1.5 million in the number of medical consultations, as well as a reduction in the volume of nursing consultations, contrary to the increases recorded in the previous two years. With regard to medical consultations, the decrease of 4.1% was due to the lower volume of on-line consultations, since the number of face-to-face consultations increased by 16% compared to 2021.

As for hospital activity, in 2022 there was a continuous increase in production in the various care areas. Specifically, the number of hospital medical consultations and scheduled surgical interventions performed in 2022 exceeded the values of 2019 and 2021. The number of urgent surgeries performed was lower than in 2019. The higher number of hospital medical appointments and scheduled surgeries was not enough to avoid a decrease in the NHS's responsiveness in these areas, since the number of clients on a waiting list for the first consultation increased again in 2022, as well as the number of users on the Surgery Enrollee List.

Within the scope of the National Integrated Continuing Care Network, the higher number of persons assisted in 2022 was not enough to respond to the increase in the number of users referred that year. Although 2060 more users were assisted through this Network compared to the previous year, the number of users on the waiting list was higher than in the previous year, standing at 1562 (an increase of 19% compared to 2021).

Implementation of the budget

In 2022, the NHS recorded a deficit of 1066.6 million €, which represents an improvement of 214 million € compared to 2021, and a lower than expected deficit in the initial budget (1260.6 million €). Between 2014 and 2022, the period analysed in the report, the budget balance of the NHS was always negative, registering a cumulative value of -5231 million €. This result is explained by the expenditure of the NHS which has been systematically higher than

revenue in all the years analysed . Although both fiscal aggregates show positive annual growth, the average growth rate of expenditure (4.6%/year) exceeds that of revenue (3.9%/year). In 2022, contrary to what was observed in previous years, the change in revenue compared to the previous year (+798 million €) was higher than the growth in expenditure (+584 million €).

The total revenue of the NHS amounted to about 12,102 million €, an increase of 798 million € compared to 2021 (+7.1%). The current revenue of the SNS represented 99.4% of total revenue, reaching 12,030 million €. By difference, we obtain the capital income that represented 0.6%, having stood at 72 million €. The revenue structure shows the predominance of current transfers and subsidies (funds coming directly from the State Budget), which represented 96.2% of the total revenue of the NHS in 2022 (11,647 million €).

The expenditure of the NHS, in 2022, reached about 13,168 million €, which represents an increase of 4.6% compared to the previous year. This development was determined by the 5.2% growth in current expenditure. In fact, current expenditure has a preponderant weight, representing 98.2% of the total expenditure of the NHS, being concentrated in three headings: expenditure on personnel, external supplies and services and purchases of inventories. Capital expenditure decreased by 17.8% in 2022. In that year, capital expenditure corresponded to 1.8% of the total expenditure of the NHS, in line with the reduced expression of investment in recent years in the expenditure of the NHS. It should also be noted that capital expenditure was 323.6 million € below the forecast in the SB/2022.

Debt and average payment terms

The economic imbalance of the NHS continues to be reflected in the debt to external suppliers, which remained above 1,500 million € at the end of 2022. The amount of capital injections accumulated since 2017, when these operations became more representative, exceeds 4.5 billion €, and has been, even so, unable to contribute to the structural reduction of the SNS debt, which only fell by 252 million € in this period. These capital injections have only had an impact on the improvement of arrears, corresponding to debt overdue for more than 90 days, which have been on a downward path since 2018. It should also be noted that the average payment term of the SNS reached 109 days in December 2022 (165 days in the universe of companies in the state business sector that are integrated in the SNS) and that only 21% of the entities of the SNS had an average payment term of less than 60 days, at the end of 2022.

Risks and uncertainties

The NHS continues to face risks and uncertainties that condition its short- and medium-term performance, as well as its future

sustainability. These risks are transversal to the assistance plan and budget execution, highlighting:

On the assistance side:

- (i) the constraints of primary care activity, namely the lower proportion of users not enrolled in Family Health Units and the growing number of users without a family doctor, which are factors that may put pressure on emergency and inpatient services, limiting the role of primary care as the first point of contact with the NHS;
- (ii) in turn, the increased use of emergency services puts pressure on hospitals and forces them to reallocate resources from the scheduled activity to respond to emergency episodes;
- (iii) the financial pressure on the entire health system, with potential risks translated into the growth of unmet needs, the increase in waiting lists and/or the increase of direct payments from users (out-of-pocket), due to the greater need to resort to private providers, if the NHS is unable to respond adequately and in a timely manner – a situation that is especially serious for families with lower incomes.

On the budgetary side:

- (i) the reduced diversification of the sources of financing of the NHS, in a context in which the pace of growth of public expenditure on health outweighs that of the economy and in which the health needs of the population are increasing;
- (ii) the need to ensure the sustainability of the growth in expenditure on staff and medicines, which requires improvements in the effectiveness of the planning process and resource allocation in the NHS and the strengthening of the mechanisms for monitoring and evaluating services and teams;
- (iii) the need to ensure that budgeting is adjusted to expected expenditure, preventing deficits in the initial budget and the subsequent deviations, which requires appropriate management mechanisms and data, including reliable and timely management accounting, to allow for effective control;
- (iv) the need to ensure the implementation of public financial management instruments in order to support adequate program budgeting in the health area, establishing the link between results in care activity and the budgetary resources necessary for its implementation; and
- (v) ensure the full use of the funds of the Recovery and Resilience Plan, with timely implementation of the reforms and investments provided for therein, in order to modernise the NHS and

reform the organisation, management and functioning of this public service.

