

## **HOSPITAL ADMINISTRATION IN THE THIRD SECTOR**

Mario Sergio Santa Fé da Cruz<sup>1</sup>

### **SUMMARY**

The administration of hospitals that are part of the third sector is a very important aspect to be considered by scientific research, considering the considerable number of these institutions that have closed their activities or have had their service capacity compromised due to debts and poor management. . The objective of this study was to discuss the challenges of hospital administration in third sector institutions and how efficient administrative practice contributes to the effectiveness of maintaining the services offered by these institutions. This is a descriptive literature review research. The results indicate that philanthropic hospitals are responsible for offering 50% of the number of beds offered by the SUS. The main challenges in managing these institutions are managing a small number of resources; in addition to creating a link between the interests of the sponsors, the medical staff and administrative management, carrying out actions that involve the best application of financial resources. The study concludes that the lack of technical knowledge of administrative managers has been one of the reasons that compromise the functioning of philanthropic hospitals.

**Key words:**Hospital management. Third sector. Challenges.

### **ABSTRACT**

The administration of hospitals that are part of the third sector is a very important aspect to be considered by the scientific research, in view of the considerable number of these institutions that have closed their activities or stayed with their ability to attendance compromised because of debts and mismanagement. The objective of this study was to discuss the challenges of hospital management in institutions of the third sector and how efficient administrative practice contributes to the effectiveness of the maintenance of the services offered by these institutions. It is a descriptive investigation of literature review. The results indicate that the charitable hospitals are responsible for providing 50% of the number of beds offered by SUS, the main challenges of the administration of these institutions is the management of a small number of resources; In addition to creating a link between the interests of the sponsors, the medical corps and effecting administration actions that involve the best application of financial resources. The study concludes that the lack of technical knowledge of administrative managers has been one of the reasons that compromise the functioning of charitable hospitals.

**Keywords:**Hospital Management. Third Sector. Challenges.

### **1. INTRODUCTION**

The third sector represents non-profit entities that consist of organizations whose primary objectives are social rather than economic. The essence of the sector encompasses charities, religious organizations, entities focused on

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arts, community organizations, trade unions, professional associations and other voluntary organizations.

The present study develops discussions regarding the administration of third sector institutions, with a specific focus on philanthropic hospitals. When conceptualizing third sector institutions, Olak and Nascimento (2010) state that they are also called philanthropic entities and are non-profit entities, which can be defined as private institutions with specific purposes of bringing about social change.

It can be understood that the third sector is made up of organizations that aim to generate public services, falling outside the classification of so-called organizations. Entities become responsible for carrying out the guidelines proposed by the organization or for fulfilling the mission established by those who allocate their funds, without exceeding their budget (LIMA et al., 2004). In this way, such institutions are very important for complementing public services, especially in the health area, given the insufficiency of public institutions to meet all existing demand.

In philanthropic institutions, assets are constituted, maintained and expanded through contributions, donations and grants and which, in no way, revert to their members or supporters. Therefore, a specific administrative process is necessary for these institutions, since their main focus is social contribution and not profit (OLIVEIRA; ROMÃO, 2011).

The objective of this study is to discuss the challenges of hospital administration in third sector institutions and how efficient administrative practice contributes to the effectiveness of maintaining the services offered by these institutions.

Carrying out studies on the subject is important as it addresses the role that philanthropic hospitals play in making healthcare more accessible to the population, complementing the health policies of the Unified Health System – SUS and how this participation is directly related to an efficient administrative process of these institutions. It is important to investigate the challenges that exist in the scenario of these institutions and how administrative aspects are related to the appropriate allocation of resources to expand hospital care to the population. The research carried out is classified as descriptive, and used bibliographic review as a data collection method. The method

It consisted of selecting and comparing several existing studies on the subject and deepening existing discussions based on comparisons between them.

The text discusses the importance that philanthropic hospitals play in the public health scenario in Brazil and also the challenges that arise in the efficient administration of these institutions.

## **2 THE IMPORTANCE OF PHILANTHROPIC HOSPITALS**

The history of philanthropic hospitals in Brazil is intertwined with the history of health in the country itself, since the first philanthropic institution was founded in 1543, in the city of Santos, São Paulo, at the beginning of Portuguese colonization in Brazil (BERNARDES et al., 2010).

A hospital is accredited as philanthropic when it receives the Social Assistance Charitable Entity Certificate, which is granted by the National Social Assistance Council, for activities in the health sector. This is an important certificate for the institution to obtain a set of tax and tax exemptions that are only offered to philanthropic institutions (LIMA et al., 2004).

In 2010, there were more than 2,500 philanthropic institutions in the health sector spread throughout the national territory. These institutions offer 50% of the beds made available by the SUS, which represents a service of great importance for serving the population, especially considering that health is considered a right for everyone (BERNARDES et al., 2010).

Access to health underwent intense changes that began with the 8th National Health Conference in 1986, in which the concept of health as a citizen's right was approved, and in 1988 the Brazilian Constitution recognized health as everyone's right and duty of the State, thus providing legitimacy for the principles established at the 8th Conference (PAIM, 2015).

Subsequently, following the implementation of the SUS with laws nº 8,080/90 and nº 8,142/90, the doctrinal principles of universalization, equal access and comprehensive care emerged (PAIM, 2015). However, although the law was created aiming at an altruistic principle in the health system, in practice, it was faced with a system insufficient to meet the demand, therefore, the 1988 Constitution already provides for the existence of supplementary health services (PINHEIRO FILHO, 2016).

Although it is desirable to build a universal and efficient health service, it is observed that there are several problems such as overcrowding in hospitals, little training of human resources, lack of infrastructure in health institutions and limitations in financing. These aspects directly influence the direction of public health in Brazil and the discussion about them makes it possible to highlight alternatives for improving the management of the SUS (PINHEIRO FILHO, 2016). In an attempt to complement this service offered by public health institutions, philanthropic hospitals have emerged, that is, institutions from the private sector, which, through partnerships with the SUS, offer free services to the population.

Therefore, it can be said that philanthropic hospitals have played a very important role in providing care and ensuring the population's access to health services. Pinheiro Filho (2016) highlights the lack of studies that address the complexity of philanthropic hospitals and also the challenges that relate to their management. Therefore, throughout the next topic these existing challenges will be addressed.

## **2 ADMINISTRATION OF PHILANTHROPIC HOSPITALS**

The third sector is seen as derived from comparisons and purposes of the first sector with the methodology of the second, that is, composed of organizations that aim for collective benefits, although they are not members of the government. They are private in nature, although their objective is not profit (OLIVEIRA; ROMÃO, 2011). Although their purposes are different compared to the private sector, it is necessary to emphasize that the administrative principles that govern the management of these institutions are basically the same.

It can be seen when researching works on the administration of philanthropic hospitals, that there is little research on the subject in the academic-scientific scenario, in addition to the fact that the presence of an administrator is always combined with competitiveness and business profitability, aspects that do not part of the mission of philanthropic institutions. According to discussions carried out by Lima et al. (2004), in a survey carried out with 63 philanthropic hospitals, highlighted that the administration in 83% of these institutions was still incipient, that is, there was no structured administration service, especially with professionals who had training in the area of management.

Also according to research carried out by Lima et al. (2004) most philanthropic hospital institutions with incipient administration are small hospitals

sized and medium sized, which offer up to 100 beds. The researchers also found that problems relating to the administrative management of hospitals involve high turnover and a precarious evaluation process.

Bernardes et al. (2010), when discussing the administration of philanthropic hospitals, highlight that administrative processes are very challenging within these institutions, given the difficulty of maintaining the services offered through donations, resources received and own resources.

Still according to Bernardes et al. (2010), research on the administration of philanthropic hospitals has shown that a considerable number of these institutions have their activities compromised or even close their activities due to debts accumulated over time.

Antonelli (2016) highlights that, although they are essential institutions for the functioning of health services, the debt in the philanthropic hospital sector is around 21 billion reais and this directly threatens the functioning of these institutions.

The main challenge of managing a philanthropic hospital comes from the fact that 60% of its service capacity must be sold to the SUS, according to Decree 2,536/98. Lima et al. (2004) add that if the local manager declares the impossibility of contracting 60% of hospitalizations for the SUS, the hospital institution will apply a percentage of gross revenue ranging from 20 to 5% free of charge to services provided by the SUS.

Since this agreement is made through a process of tables stipulated by the SUS, which are much lower than the value of the service offered privately, it is necessary to have excellence in resource management, so that process costs are reduced administrative and operational aspects that are outdated (ANTONELLI, 2016).

Still in accordance with the perspective pointed out by Antonelli (2016), it is necessary to emphasize that the amounts paid by the SUS for health services purchased from philanthropic hospitals cannot be used as a justification for the financial problems faced by these institutions. Yes, there is a need to develop more effective management of these hospitals.

Lima et al. (2004) point out that there is a need to develop administration within philanthropic hospitals. For these authors, numerous structures

Basic management skills are absent in these hospitals, such as people management, which is a strategic condition for achieving good financial results.

According to Lisboa (2015), medical establishments need an innovative management model. There is an urgent need for qualified professionals to manage these institutions, in order to understand all the variants and enable the institution to provide services in the most effective way possible.

Antonelli (2016) points out that the management of philanthropic hospitals is characterized by the lack of professionalization of managers. This leads to a situation of waste with unused materials and equipment, unmaintained equipment and employees' working time being underutilized. According to surveys by this author, around 40% of the materials in a philanthropic hospital are wasted. This situation involves the need to bring the management of the philanthropic hospital closer to the management of private companies.

Saying that hospitals should not be run like a private company is a mistaken view. Perhaps due to the old idea of the philanthropic bias of these entities, many believe that a hospital would be, at the very least, too complex to be managed with the administrative and management tools in use. In fact, they are organizations that present a series of particularities that must be studied in detail in order to enable a broader understanding. However, some scholars have already managed to systematize some principles that allow mapping all the processes that involve an organization of this nature (LISBOA, 2015, p. 3).

Pinheiro Filho (2016) adds that this lack of professionalization among managers increasingly leads to an almost exclusive dependence of philanthropic hospitals on SUS resources, which changes the purpose and initial function of these entities. This aspect makes a philanthropic hospital behave more and more like a public health institution.

Neitzki et al. (2015) also points out the problem of lack of professionalization in the management of philanthropic hospitals. With this lack of professionalization, there is an increase in hospital maintenance costs, in addition to the failure to adopt a cost control system. Over a long period of time, this situation results in a deficit that compromises the continued functioning of the health institution, which is a considerable loss for society.

Another important aspect to be considered in the management of philanthropic hospitals is that the lack of inspections makes these institutions prone to the emergence of administrative fraud. According to Antonelli (2016), the most evident example of this mismanagement is that of Santa Casa de Misericórdia de São Paulo, which accumulates a debt of more than 700 million, mainly due to poor management and the occurrence of misappropriation of resources.

Neitzki et al. (2015) point out that the calculation and control of hospital costs are essential tools for the administration of philanthropic hospitals. These tools enable, in the view of these authors, more effective management and monitoring of services, as well as the development of rectifying measures aimed at developing performance for effective administration.

Another important challenge regarding the manager of a philanthropic hospital is the fact that he is an actor who is placed between two other important actors in management. On one side are the elected directors of these organizations (maintainers and president) and, on the other side, are the clinical staff, made up of doctors (BERNARDES et al., 2010).

Given this, many decisions made are not the decision of the manager, but involve actions to meet medical demands or even due to pressure from the supporters themselves. The hospital administrator, within this reality, does not have sufficient autonomy to define all decisions regarding the application of resources.

What can be seen in the administration of philanthropic hospital institutions is the fact that the President of an institution of this type is the main internal politician, responsible for the institution's articulation with the community in general; doctors understand the health procedures that must be carried out to serve the population; However, it is up to the administrator to have technical knowledge regarding resource management. Therefore, for administration to be effective and for the institution not to accumulate debts, the administrative manager must always be consulted and his opinion must exert a strong influence even on decisions that fall outside his responsibility (BERNARDES et al., 2010) .

Another important point that deserves discussion is the fact that there is still an influence that the administrator of a hospital must be a doctor, because this professional has more specific knowledge in the health area. Bernardes et al (2010) highlight that this type of view is distorted, since the medical professional does not always understand the technical aspects that involve the administration process, thus, the administration professional would be better suited to assume these positions, a since you have the necessary skills to implement and analyze the various tools available in the management area in order to obtain more positive results. Lisboa (2015) adds on this aspect that:

The Hospital Administrator becomes essential to the efficient functioning of a hospital system, mainly because healthcare professionals are not prepared to deal with activities and tasks, such as: a) support and management tools; b) quality management in hospitals; c) instruments used in the daily practice of quality management; d) the administration of the hospital's assets; e) operational assets; f) logistics and supply management in hospital administration; g) finances and costs, financial administration; g) strategic planning, among others. (LISBOA, 2015, p. 3).

The presence of the administrator in hospital institutions is important since this professional will use his knowledge in the field of Administration so that all the necessary requirements are met so that the hospital enjoys tax immunity and exemption from social contributions that represent a significant tax saving ( MENDES, 2011).

Mendes (2011) continues his discussions that in addition to offering a quality service to the patient, philanthropic hospitals must have the mission of expanding the service offered combined with maintaining a good accounting performance in a balance between revenues and maintenance costs of services. Although it has very specific characteristics for the sector, professionals who work in the management of philanthropic hospitals must always master economic principles of capital control in addition to administrative techniques. The entire process focuses on maintaining life.

It can be said that the administrator's management training leads this professional to better identify their problems and limits by understanding the structure and dynamics of health institutions, whose good functioning is directly linked to the competence of their operators.

## **FINAL CONSIDERATIONS**

Philanthropic institutions are responsible for offering half of the hospital beds for the population that uses the SUS. In this way, its effective management is important not only for ensuring the maintenance of the service but also for its expansion.

It can be said, based on the analyzes carried out, that philanthropic hospitals function efficiently from the moment there is harmony between the managerial, political and medical powers that exist within them. These three powers must work together so that the institution achieves the purposes for which it is intended in the community.

Management efficiency within a philanthropic institution is not about profit, but rather



maintaining the organization for many years, ensuring quality and even expanding the services offered to the community. Although there is a saying that “health is priceless”, health has costs. Therefore, it is necessary to have professionals with training in the area of administration in order to define strategies so that the results obtained are sufficient to meet the costs of the process.

Among the main challenges encountered in the management of philanthropic institutions is the lack of professionalization of their managers, which generates waste of existing resources, in addition to an almost exclusive dependence on SUS resources, which causes these institutions to lose their true purpose. and start to behave like public health institutions.

Although the administrator does not directly participate in health services, he must be informed of everything that happens within the hospital and, based on his knowledge of people management, materials management and finances, act in order to guarantee the financial health of the institution. The administrator, therefore, makes use of the various administration tools to evaluate the results obtained and redirect actions aiming for a greater return on the application of resources.

Although studies on the subject are still scarce in the literature, it is believed to be of fundamental importance that management positions in philanthropic hospitals are filled by professionals with training in Business Administration, in order to add maximum efficiency and effectiveness to the management of these institutions to make them fulfill their role.

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