



FIVE GOOD REASONS FOR OVERTHROW THE PRESIDENTIAL VETO TO THE FEDERAL BUDGET LAW THAT WILL IMPOSE SUS¹ (UNIFIED HEALTH SYSTEM) AN ESTIMATED LOSS OF R\$ 10 BILLION IN 2016:

IMMINENT DANGER TO PUBLIC HEALTH BRAZILIAN SYSTEM WITH THE FEDERAL BUDGET CUT THIS YEAR

There are many good reasons for Brazilian people and, in particular, their elected representatives political members in Congress to reject the veto [1] that President Dilma did to the paragraph 8^o of Article 38 of the federal budget law with guidelines for the budget of 2016 (Law No. 13,242, of December 30, 2015, abbreviated in Portuguese as *LDO*), which imposed, in practice, A LOSS UP TO R\$ 10 BILLION FOR FUNDING OF PUBLIC BRAZILIAN HEALTH SYSTEM.

The legal article vetoed ensured that there would be no loss to the cost of the Unified Health System (*SUS*) - the transition from minimum federal spending rule in health Constitutional Amendment No. 29/2000 (abbreviated in Portuguese as *EC 29*) to the next level given by Constitutional Amendment No. 86/2015 (abbreviated in Portuguese as *EC 86*) - because the new minimum spending could not be less than the amount resulting from application of the previous rule.

The substitution rule valid since 2000 (*EC 29*) of annual calculation by the nominal GDP (Gross Domestic Product) growth of health resources by the new percentage system on the Net Current Revenue (abbreviated in Portuguese as *RCL*) imposes on health budget an estimated loss of up to R\$ 10 billion in 2016, as calculation of art. 2^o of the *EC 86*. The device vetoed the *LDO*² intended precisely to cover such negative difference between the cost of floors for the *SUS*, so that there was no risk of loss!

The paragraph 8 of article 38 was originated in Congress as a precaution therefore throwback in the health funding. This provision was inserted in the substitute the *LDO* design / 2016 by the Budget Committee, after they had received the parliamentary elections of the National Council of Health and the movement for defense of Brazilian public health system. The conquest of its adoption in *LDO* gave society a guarantee that

¹ *SUS* is the abbreviation of Unified Health System, that is the Brazilian public health system, available for all Brazilians and foreigners residents in Brazil.

² Federal Law with the guidelines for the annual public budget.



the funding of public health by the Union would not suffer fall, because the rules of the *EC 86*, particularly in light of the federal revenues fall scenario already projected for 2016.

Remarkably, in this regard, remember that the Olympic Games in 2012, England showed the world the pride of British society: its public health system (National Health Service - NHS). In turn, Brazil, on the eve of the 2016 Olympics in Rio, will present the world cut features of the Unified Health System (*SUS*) at a time of imminent danger situation of confrontation to society due to the alarming presence of *Aedes aegypti*, the transmitter of the dengue virus, chikungunya and zika.

Recently, the federal government issued Provisional Measure No. 712, of January 29, 2016, to configure how "imminent danger" the risk of epidemic respect to the above-mentioned diseases. However, totally incoherent way, the veto denied the *SUS* budgetary resources needed to actions and to the promotion, protection and recovery of health. The obvious warning in this regard, is that not enough to combat the *Aedes Aegypti*, since they require daily care to ensure the health of people in all areas.

Because of *EC 86* and veto analyzed here, the historical level of services and *SUS* care will suffer contingencies, budget reallocations and financial reprogramming at Union level, which will bring severe impact to the states, municipalities and the Federal District. Tragically, the risk is that it is prioritized the emergency combat the breeding of the *Aedes Aegypti* mosquito, as it disrupts the federal funding for other actions and health services.

What we have seen in the case of public health policy in Brazil is the dramatic reduction of budgetary and financial resources to fund the Health System, what remains now enhanced by the tragic veto published on 12/31/2015. The fight against endemic diseases, as well as all other actions and public health services, will be placed in the ICU (Intensive Care Unit), mutilating what should be proud of the Brazilian citizen: the care of the health of all.

To better understand the abusive loss that may reach R\$ 10 billion federal funding for the *SUS* in 2016, here are five good reasons to overthrow the veto:

1) expenditure implemented as part of the actions and public health services was R\$ 83.05 billion in 2013, R\$ 91.90 billion in 2014 and R\$ 100.79 billion in 2015. A nominal increase of 10.65% and 9.67% in each, respectively, these last two years.



If maintained the veto and considering that the economic team of the government historically available only the constitutional minimum for health budget, the Ministry of Health will have only R\$ 100.25 billion in 2016, a nominal decrease of 0.54% compared to 2015 (representing a real decline of 10.15%, considering the *IPCA*³ inflation rate) and thus a setback.

The worst thing is that this loss estimate is conservative because it takes into account the prospect of raising the federal net current revenue of R\$ 759.0 billion, which is shown as a very difficult figure to be achieved before the recession.

Fact is that the reduction in gross federal minimum spending on health risks being even greater this year. The national economic scenario projected declining tax revenues in 2016, the occurrence of which will result in practice, further mitigation of the estimated level of expenditure in the sector within the budget law: if the current net income is R\$ 730.0 billion, the minimum federal spending health will be R\$ 96.4 billion.

If the veto is overthrown and the transition from EC 29/2000 to EC 86/2015 respect that there can be no decrease in the minimum health budget, the amount of federal funds in the sector would rise to around R\$ 107.0 billion [2]. There is that arises, therefore, the estimate allows us to affirm the imminent danger of consummation of the loss of up to R\$ 10 billion to the *SUS*, since the veto of stay fix the federal health floor in the "ceiling" economic, jutting swing from R\$ 96.4 billion to R\$ 100.25 billion, depending on the net current revenue performance, as the article 2 of EC 86.

2) According to the projection of the Brazilian Institute of Geography and Statistics - IBGE, the Brazilian population will grow by 2.51% between July 1, 2013 to July 1, 2016, stating that the cut did not follow the population's needs, either even promote monetary correction regarded inflation in 2015 (over 10% year).

This data is further aggravated the increase in the unemployment resulting from recessive economic policy, whose consequences are the termination of workers' health private plans maintained by companies and related expansion of demand for treatment in *SUS* care units.

³ *IPCA* is an abbreviation in Portuguese that means an National Prices Index for Consumer



3) The cut of R\$ 10 billion, therefore, represents around 10% of the federal budget for public health in 2016. However, the same Government, which reduces the health budget, excels by keeping actions not a priority for the population, which, in addition to not hold up under the ethical aspect, it is unconstitutional for making priority of the dead letter of the social rights and inadequate protective seal for the right to health, since, as determined by the Federal Constitution, HEALTH IS A RIGHT OF ALL AND STATE'S DUTY.

4) The weakness in the SUS costing lives with the forecast in the budget laws of the Union of certain expenses of questionable relevance, such as:

4.1) Transfers of Government to Private Sector, via subsidized loans from the Treasury to the BNDES (abbreviation in Portuguese for a public bank, called NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT BANK), grew significantly and exceed the home of R\$ 38 billion estimated for 2016 in the face of R\$ 30.4 billion in 2015, an increase 26.8%, despite the severe fiscal and economic crisis faced by the country and despite the fact that the Congress itself following the investigation of abuses of evidence in such financial operations.

4.2) The expense with the net payment of interest on public debt grew 115% (more than doubled!), from R\$ 141.71 billion registered in 2013 in the face of R\$ 304.10 billion planned for 2016. It is remarkable that the amount of interest payment excludes what would restatement (incidence of inflation), so it is reputed "net pay". When the data is computed on a gross basis, it reveals that last year was consumed figure higher than the R\$ 367 billion in the face of R\$ 243 billion spent in 2014 for the same purpose.

Anyway, it is undeniable the disproportion in the federal budget between public debt burdens and the cost of the SUS, because the cut caused by the veto on public health policy represents less than 3% of the amount paid to expected interest for the year 2016.

4.3) The amount of funds allocated in the Partidary National Fund⁴, for example, had R\$ 362.0 million in 2013, increased by 2.7% in 2014 (R\$ 371.9 million) and finally jumped in 2015 to R\$ 867 600 000 (138%). This high level of resources practically remained on the

⁴ In Brazil, public money is used to fund political campaigns, by this Partidary National Fund.



2016 budget and will tend to expand in the face of political pressure from the municipal elections.

4.4) The amount of fiscal renounce revenue surpasses R\$ 300 billion, that is, this is a figure that especially companies and high-income population are relieved to pay taxes.

The cut from R\$ 10 billion to health caused by the veto would represent only 3% of such value and reach a few towards ensuring resources for the SUS, which is intended to meet all of the more than 200 million Brazilians in more than 5,500 municipalities.

5) As previously stated, the international community is watching with alarm the spread of diseases transmitted by the Aedes Aegypti mosquito. In 2015, there were 1,649,008 cases reported as dengue likely in the country. According to a statement from the Ministry of Health, there are 3,852 suspected cases of microcephaly throughout the national territory and 462 cases have had microcephaly confirmation and / or other disorders of the central nervous system, and 41 of these cases were connected with the zika virus. In total, 91 deaths were reported by microcephaly and / or alteration of the central nervous system after birth (stillbirth) or during pregnancy (miscarriage). Of these, 24 were investigated and confirmed for microcephaly and / or alteration of the central nervous system.

The increase of the disease in the country can be directly related to the lack of investments. The dengue prevention program, for example, under the Budget Plan "National Coordination Surveillance, Prevention and Control of Dengue" in 2014 were executed, only R \$ 5.9 million (42%) of R \$ 14.3 million in the budget. In 2015, they were carried out only \$ 8.8 million (64%) of R \$ 13.7 million authorized.

Cut to \$ 10 billion in budget availability of the Ministry of Health hinder the actions already announced by the Federal Government to address the dengue epidemics and zika, it will be necessary to cut resources from other areas such as maintenance of hospitals, primary care, family health, other vaccines and epidemiological and health surveillance.

Clearly the cutting resources in health will produce direct effects in the treatment of zika epidemic or the general health conditions of the population, affecting various sectors of the economy and tourism, including damaging the world's biggest sporting event, the Olympics.



In fact, absenteeism that round games will only grow if countries and athletes are informed that the Brazilian government cut to \$ 10 billion of federal public health budget, an amount that will be missed in combating the disease.

NOTWITHSTANDING THE AEDES CONTROL AEGYPTI, THE LARGEST AND MORE IMMINENT DANGER OF BRAZILIAN PUBLIC HEALTH IS THE LOSS CAUSED BY BUDGET VETO THE DEVICE LDO / 2016.

The reasons above list shows that subpiso of art. 2 of the EC 86/2015 were a disaster for the NHS, in that it imposed setbacks even more acute for the historical perspective that public health was already underfunded with the calculation method of minimum resources EC 29/2000.

In this context, the fiscal vulnerability of social rights and in particular the right to health has been a real obstacle to their full effectiveness since the dawn of the 1988 Constitution, the result of a series of measures and omissions that now only tend to worsen .

Brazilian society, through their elected officials, necessarily need to discuss what budget priorities gives the fundamental right to health, particularly in light of the significant amounts of R \$ 10 billion that since the veto discussed here, is presented as loss for the NHS in 2016. public policy is only effective when there is availability of resources. SUS has participatory management and without discussing their funding, that social participation becomes a dead letter in the Constitution.

It's evident the real throwback in tax matters that society will have to fund the SUS in this 2016, given the fact that the federal government will prop up on a "floor" (minimum spending) of 13.2% of its current net revenue, that is historical and proportionally lower to 14.8% of net current revenue spending on actions and public health services in 2015.

The spending of 13.2% of net revenue in health budget, as imposed by Amendment 86 this year, is not consistent with the legal framework of State's duty to provide a unified and integral system of universal health for all.



The conclusion that imposes itself is that any governmental action or omission which establishes the public health policy effectiveness level situated below the guarantee of an existential minimum, as now succeeding with the veto of paragraph 8 of article 38 LDO should be rejected by society, even by judicial order founded on prohibition of insufficient protection. It then follows that the veto unconstitutional finding, whose overthrow would expect to see finished the legitimate decision of the National Congress.

Moreover, given the progressive of duty in the matter of health, it makes sense also to be considered forbidden setback constitutionally beyond the expiry of the protective right arrangement, unmotivated stagnation, as well as the restrictive interpretation to remove the legal and factual possibility of the right basic health be carried out in progressive.

Unfortunate and tragically the federal health minimum spending (floor) regress not only in 2016, when compared to how much was applied in 2015; as - if kept unconstitutional veto of paragraph 8 of Article. 38 federal LDO this year - his fall also prove it, to tell the truth, it operates as a cap that economic area of the government accepts afford the crumb pretext to cope with its joint federal responsibility and your duty to maximum effectiveness of the fundamental right to health.

If, by chance, Brazilian or foreigner citizens fall ill and pass away because of such health policy irresponsibility, despite apparent and false tax compliance, as opposed to England in 2012, the scenario that Brazil will expose to the world the 2016 Olympics is therefore , shame and failure of those who deny the SUS constitutional desideratum to give effect to the right to health as national pride.

In short and in front of all the above arguments, the Brazilian society advocates the overthrow of the veto paragraph 8 of article 38 of Law 13,242 / 2015 (Budget Guidelines Law for the year 2016) in order to safeguard that there are no setbacks in the minimum funding of SUS by the Union.

What is at stake in 2016 is not only Olympic medals, but the lives of all citizens, Brazilians or foreigners who can not undergo epidemiological and health risks of all sorts under a budget cut so abusive.

SAY NO TO HEALTH RESOURCE CUT.



[1] Whose full text is as follows:

"§ 8 of Art. 38

"§ 8 During 2016, the amount to be invested in shares and public health services referred to in § 2 of art. 198 of the Constitution may not be less than the amount resulting from application of the rule of Art. 5 of the Complementary law 141 of 2012. "

Reasons for the veto

"The determine device to the executive branch to use for calculating the minimum application value in public activities and services of different health provided by Constitutional Amendment No. 86 of March 17, 2015, thus creating a regulatory context of legal uncertainty that would be damaging for actions in this area. "

[2] One can not lose sight, however, that neither these R \$ 107.0 billion would be sufficient for the maintenance of actions and public health services in 2016 at the same levels they were executed in 2014, especially in the face of accelerating inflation occurred since then. The time is SUS defense against sharp cuts in its minimum funding without even be possible to require the restatement of the qualitative stage and population coverage of quantitative, in terms of actions and public health services offered in previous years.