

Governance mechanisms and the institutional design of the Health Secretariat in the Municipality of Rio de Janeiro (RJ), Brazil

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Abstract *In this article, we outline the discussions about the mechanisms of governance and public administration taking into account the main political and economic schools of thought which affect the decisions taken by elected and public bodies. We discuss the pendulum-style approach of the reforms and the degree of minimization of the Weberian thesis on rational bureaucracy. Taking into account conceptual aspects and the trajectory of the debate on a new form of public governance and the 1995 State of Brazil reforms, we analyzed the institutional design of the Municipal Health Secretariat in Rio de Janeiro after the reforms were adopted, based on a social organizational model. We also took into account regulatory capacity and the sustainability of the governmental schools.*

Key words *Governance, State reform, New public management*

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Introduction

Over the last three decades the debate on the functions of the public sector and the State apparatus has progressively associated itself with the mechanisms of governance. Influenced by literature on economics, administration and political science and with a pendulum-like effect, the debate has sparked off controversy and has attracted attention from governing officials, politicians and specialists. Today there is an overwhelming interest in this area based on influences from institutional economics and institutionalist schools of reasoning. The scope of these schools and their interfaces is dealt with by influential literature¹ and proposed reforms in the public sector. These are in turn influenced by the above schools of reasoning. Aside from this, we noted that the changes relating to public administration, in different degrees, were focused on changes to the administrative model known as Weberian.

Brazil is a case in point based on being influenced by a solid political agenda and it has, just like other western countries, experienced a tremendous amount of party-politics since the 1995 State and Management Reforms. The technical and political plan of the *Nova Gerência Pública* (the New Model for Public Sector Management) was present in the High Level Plan for State Reforms² and it included a model for State governance. This connects the debate on governance mechanisms to the conflicts concerning the political agendas for political parties and the leadership of corporate managements on the functions and the functioning of political administrations.

Many municipalities and states governed by different competing political parties (such as the Worker's Party and the Brazilian Social Democratic Party) brought in innovations, some of which were successful and others were not, but all were based on their respective agendas. Changes were brought in for the provision of services under management contracts as well as performance indicators and incentives based on results. Another change that was introduced was the adoption of autonomous structures for the regulation of purchases and entering into contracts. The municipality of Rio de Janeiro in 2009 pushed for health sector reforms after having been influenced by this political agenda. These reforms started in the primary health care sector and covered its management by Civil Society Organizations (OS). This model was being used in

the country since the previous decade, following the general precepts of the 1995 reforms.

This paper analyzes the international debate on governance mechanisms and management in the public sector. It also covers the institutional design of the Municipal Secretariat for Health in Rio de Janeiro (SMS Rio) in accordance with different modes of governance. The study revealed the existence of a pendulum-like effect in the adoption of innovations and reforms. This based on how much of a role the State played in its relations with society and its markets. The paper deals with the connection between the political agenda and institutional design. It does not analyze the impacts of the reforms in the municipality.

The methodological procedures used, involved a revision of the main concepts and theories used for administrative, economic and political thinking in this area. It also covered the influential people in public policy. In the political arena prominence was placed on the intertwining of these areas of knowledge in the development of two modern agendas - a new form of public sector management and governance mechanisms. The way how this debate has articulated itself is through information and documents from the SMS Rio which follows the traditional political schools of analysis. An overview covering this field and what is considered to be state of the art, was carried out as a Brazilian case study³. For analytical purposes this theoretical framework and accompanying concepts were used to organize a coherent argument on the well-studied political process. Mixing what was studied with persuasive theories that were taken into account, an explanation of the analyzed political processes was produced akin to that which was presented by Majone⁴. An analysis of the decision taken in favor of the reforms, had as its premise, the classic incrementalist model developed by Lindblom⁵. Lastly in relation to the trajectory of the reforms in the country, we used Bresser-Pereira^{6,7} and Abrucio⁸ analysis that covered the foundations and effects of the 1995 State Reforms.

The information that was the basis of the institutional design of the governance in the SMS Rio was obtained through researching documents (charts, management contracts, the structure and procedures of the regulatory organs) and through the accounts given by those that took part. The research covered the period immediately after the adoption of the reforms and the documents that were researched were in the public domain.

The debate on governance in the public sector

Criticism over the dimensions and functioning of public administrations in industrialized countries and democracies goes back to the 1970's and can be looked at from two points of views. One approach is influenced by neoclassical economics where the State is dealt with as the basis for attrition with reference to markets and between individuals, agents and independent producers. The public official would tend to act in accordance with their own interests and benefits. They would use their positions in the State to strengthen their status, bureaucratic relevance and economic power. These acts would become almost systemic and end up governing the decision making process in the public ambit⁹. These schools developed themselves with a solid empirical base and they held a dominant normative character. Therefore the political guidance from the above argued for the reduction in the size of the State and its regulatory actions.

On the other hand with influences from the 1980's concerning theories that fell under the scope of the *new model for public sector management* (known as NPM) the focus was placed on: the structures for incentives in public administration, the guidance given for the results and the adoption of techniques for developing management in successful companies¹⁰. The political guidance taken from the above emphasized the reduction in the size of the State and the need for it to be more influential in society just as in relation to its performance record, its transparency and its sustainability policies. The NPM and the reforms in governance mechanisms started to converge. The foundations of institutional economics and the criticism of Weberian theory showed a convergence around the agenda for reforms in the public sector.

The Weberian model - in the way it became known in the state hierarchy - states that public administration and entrepreneurship combine elements of charismatic domination and traditional/legal rational with a tendency to hold predominance over rational administration in successful countries and companies. Political democracy and insulated bureaucracy is aided by having public recruitment processes for government positions where the best are selected and people are promoted based on merit. This process would be internalized adding to the public spirit in relation to neutrality when public decisions are taken, following predetermined norms¹¹.

The neoclassical critics state that this form of organization in the State principally serves the interest of the civil servants and private groups. However the traditional line taken by the NPM is that reforms in governance is based around Weber's theory. It goes on to state that public administration would function as a combination of vertical and horizontal structures where contracts (based on the theory) would be encouraged in the form of partnerships between the public and private sectors and where there is an adoption of business-like management practices.

An analysis of the Weberian state structures also produced advantageous concepts that aided in the understanding of such structures. Silberman¹² notes that the standard of bureaucracy adopted by developed countries comes from a level of uncertainty in political transitions. These transitions occur due to the predictability for successive political processes. Bureaucratic rationalization would prevail as a result of rational choices in environments with conflicts according to two models - organizational guidance where political successions are poorly defined and where there is a high level of political uncertainty. This coupled with professional guidance, has arisen under rules that are clearly defined covering succession. The Weberian model would not be the only standard for development as the professional guidance covered the standard political trajectory that can be seen in the United States and Great Britain. The organizational standard typified in France falls under the Napoleonic Civil Code (a similar situation exists in Japan). People typically have long and protected careers. This is in accordance with Weberian theory.

In spite of the various types of state bureaucracy which are organizational in nature (being both insulated and Weberian) they have been criticized and they have been the object for political reforms. For Peters¹³, the trajectory observed in relation to these reforms has been pendulum-like being "more Weberian and less Weberian".

The theories on agencies and the transactional costs, based on notions of limited rationality and imperfect contracts led to guidance that produced bad decisions that were the subject of constant renegotiations. This was not in total accord with Weberianism and the state hierarchies. There are connections between state institutions and the markets which creates an ideal political environment for reforms in governance models.

The NPM has guidance that defines differences for traditional hierarchical administrations

and the public sector. These differences include: professional management with leaders being held account for their actions, the decision for autonomous working and having your results scrutinized, clear standards for performance evaluations and control over the results. Others include: the ability to separate units into separate products which have their own decentralized budgets, heavy competition and pricing wars for the lowest prices with the best quality, the use of different management styles in the private sector and the highest amount of parsimony in the use of resources¹⁰. Principals for these styles of governance attribute spread¹⁴, which subsequently influenced societal actions in the provision of services in the public interest. Societal activism, decentralization and tools for entrepreneurial management in the public sector would act together.

Emphasizing the microeconomic aspects under the premise of limited rationality in complex environments, Williamson¹⁵ developed the agency theory to respond to questions on the balance between incentives for companies with vertical structures and those who have been guided to have horizontal contracts.

Contractual problems and the business dichotomy of being *vertical in structure* and *outsourcing* is behind governmental decisions. The decision is between choosing the provision of public services by the state or by third parties. These questions had already been studied in relation to private businesses. The integration of professionals as employees for companies was dealt with in the classic study done by Coase¹⁶ where he noted that vertical structures would reduce contractual costs where independent suppliers were used and this would generate strategic information on productive processes. On the other hand the power of the governmental official in having hierarchical control over information generates incentives for productions below someone's capacity or it can even result in not even supplying the relevant information. A package of incentives in accordance with horizontal contracts can minimize the disadvantages of vertical integration.

In spite of the different objectives and contexts, it is not difficult for current government officials to identify these dilemmas, for example, in the medical profession. It is common for a government official who is compelled to decide on whether to organize an official selection process for public roles in the health care sector or to outsource the service under an alternative regulatory regime, to choose the second option.

However problems have arisen in the health care sector concerning the question of asymmetrical information. Arrow¹⁷, has shown that the markets in health care differ from the conventional model of competitive markets concerning either demand or supply. The main non-competitive factors concern entrance barriers and professional monopolies (consideration is given to vetoes for professionals based on costs needed to be qualified, which is less for similar practices). In private insurance there is a moral risk for doctors that affect their clients' consumption decisions. Logically speaking Coase's arguments on the fragility of prices act as effective regulators for making savings when one looks at the failures of the market for doctors in creating a competitive environment¹⁷.

The theory of transaction costs updated the debate on contracts and the rationality limits and this in turn stimulated the adoption of the agency model¹⁵. The notion that companies make changes to their structures in order to reduce costs for transactions would explain, for example, the choices for having service contracts with a third party mediator for proposed reforms to the State.

The contractual relationships of doctors with hospitals, public services and medical businesses in general may be looked upon through this prism. Upon dealing with this problem in terms of contestability of markets and the measuring of products, Preket et al.¹⁸ analyzed the special position of doctors. Based on the recognized entrance barrier due to the type of training needed and the fact that costs increase where someone wants to specialize which can increase the training period, they set out the standards according to the different configurations in the market. The standards provide guidance on specific solutions for governance for all concerned.

However the sociological and political literature plays down the benefits of this type of governance as a general norm. The failures of governance have become so widely accepted that it forms part of the political vocabulary. Skepticism over some of its virtues has been expressed by attentive observers on the international political scene such as Offe¹⁹. Also meta-governance (governance over the governance) became a theme for important authors^{13,20}.

Political and administrative decentralization was the theme for reforms and they were used to reduce the control of the government over other spheres¹³. Many problems would come to the fore from this process. The loss, by elected offi-

cials, of controlling their policies would be the main limitation. This occurs due to an excess in the delegation of functions. The loss in the coordination of policies and control over organizations would compromise not only the ability to govern but could also result in a loss of functions for reforms. The fragmentation of organizations in the form of decentralized agencies affects the political control by elected government officials. They are accountable to their electorates with reference to institutions that they do not govern or who have had their powers reduced. Complex organizations not only affect their transparency but it also gives veto power for different people in politics. Also organizations often stay well away from the center of politics¹³. The recognized successes of the NPM in providing better quality public services and its democratization represent a style that should be judged by the return to political coordination.

This balance between such governance styles goes back to meta-governance. Jessop²⁰ dealt with opposing models - command and exchange - to analyze the forms known as hierarchy and markets. The governance mechanisms from the NPM agenda produces an intermediary mode which is known as a dialogue. The distinct characteristics of dialogue (consensus, networks or simply governance) are by its very nature reflexive and are geared towards procedures where there is consensus in business negotiations through networks instead of the State and the Market. Political aspects work as the main mediators in place of economic rationality and hierarchy. The model is adaptable according to trajectory and changes and it is not completely subject to territorial limits. The most important aspects are governance failures characterized by major problems in the decision making process and an excessive amount of negotiations. Meta-governance would represent an overcoming of failures. The positive results that were observed through the agenda of the NPM may be preserved by tools for meta-governance which include: the establishment of priorities, and improving processes through less normative ways as benchmarks, protocols, negotiations, agreements and the strengthening of performance management¹³. Another problem connected to governance and the NPM is the lack of its own identity. Offe¹⁹ argues that the polysemy of the concept allows it to be applicable to any positive qualifying adjective and due to its de-politicization, conflicts of interest are not taken into account as well as observed values outside of the organizational environment.

With marked reservations on the all-encompassing agenda for reforms from the NPM and the incentive structures for different governance mechanisms, we noted that different political guidance has become apparent where successes have occurred and lessons can be learnt. The guidance processes for public organizations covering their performance records, transparency, exposure to regulatory issues and being made accountable in the micro-organizational plan, represent a political agenda that is extremely relevant to countries where prevalent patrimonial characteristics continue and where corporate traditions also exist as is the case in Brazil. The NPM is enticing because of the political trajectory and the institutional characteristics that we have mentioned. They were fully analyzed in accordance with traditional social science methods in the country, as advocated by Nunes²¹.

The influence of the agenda for reforms in Brazil and governance mechanisms in SMS Rio

In Brazil the Weberian matrix for public administration is well recognized in sociological, political and historical literature. Nunes²¹ influential study analyzed this process focusing on corporate roots and clients and the strategies adopted in the promotion of insulating bureaucracy and the universalism of procedures geared to changing the patrimonial character of the Brazilian State. Although the national tradition for political, historical and sociological criticisms of the State was highlighted in local literature, in terms of political actions, the influence of the NPM in the country was established in 1995 through the High Level Plan for State Reforms² with Reform Management. The influence of the reforms was observed in different areas of public policy^{7,22-25}. There is an important balance for this process which include successes and failures as well as developments of reforms in public administration through political cycles. This evaluation was carried out by Abrucio⁸.

The impetus for the political process in the Reforms of the State in the country, however, was receded in a few years in relation to Federal Government initiatives. This was due, in one part, to the macro-economic adjustments at the end of the 1990's. This decade was marked by convergence with the neoclassical agenda for the reduction in the size of the state's functions. However the recommend form of separation between strategic activities of the State and those that can be

delegated to civil society non-profit making bodies and contracts under a performance regime (and management contracts) has spread amongst public administrations, municipalities and states. The so called “model for Civil Society Organizations” and others similar to the aforementioned spread and was adopted by all the relevant political parties on the national scene. Important public teaching and research institutions for the federal government and the state, especially universities, put together a hybrid of this model in the form of trusts/foundation for private law and became known as “Support Foundations”.

The agenda for NPM and the reforms in the governance mechanisms of SMS Rio brought about an administrative structure and links between different institutions that are dealt with here as governance models.

Some structures presented in Chart 1 show the governance mode for consensus, as it is used by various authors previously cited in relation to the hybrid between the State and the Market. It can be referred to as network, hybrid, public-private partnership and it is equivalent to “dialogue” defined by Jessop²⁰. The group of governance models that were presented involved hierarchies, consensus and markets. The notion of hierarchy represents vertical governance, through command and control and due to its distinct nature it can be identified in the case of the model of administration as Brazilian combined with the Weberian model. The governance of markets is well known and reflects the process of decentralization for independent decision makers. Special attention was given in this study to develop ways for consensus.

Administrative autonomy refers to the level of liberty that a government officials enjoys in the decision making process. Governance refers to decisions taken in organizations and over systems. The markets represent the greatest level of autonomy and hierarchy thus representing the least amount of autonomy. In the case of consensus, there is a distinct level of autonomy according to how institutions are arranged. They were classified with having average autonomy. The way how the markets work will not be discussed in this paper. Reference is only made to companies and industries in Chart 1. With reference to hierarchies some considerations on the Brazilian case ought to be looked at.

The question on administrative autonomy in public administration in Brazil is of the highest relevance and a change occurred in 1967 due to the Legal Decree 2000²⁶. Although it was written

in the middle of a military dictatorship it presented a modernization model for the State apparatus associated with administrative autonomy and a level of bureaucratic decentralization. The public administration was divided between direct and indirect administration with the latter being in the form of management autonomy in an authoritative way. There was a mix of trusts and companies. These reforms, in practice had little immediate effect due to its characteristics of central controls of the military regime and a flexible nature for administrative processes. This meant that interest groups, politicians and military personnel took control over the public administration.

The fragility of the political notion of decentralization and administrative autonomy were the major factors that influenced the decisions made when drafting the 1988 constitution to reinforce centralized administrative control under the new democratic regime. Abrucio⁸ draws attention the political process under the 1988 Constitution which adopted decisions that went against the military regime promoting federal decentralization, open recruitment processes for government posts and open processes for government procurement.

In practice it can be said that the 1988 Constitution completely redesigned the dimensions of the State apparatus in the direction of an equivalent model for direct administration under the Legal Decree 200/1967. It absorbed the authoritative administration processes and foundations in this model. It preserved indirect administration. With the 1995 State Reforms different elements associated with decentralization and administrative autonomy was brought back, as mentioned earlier, and the OS model took center stage.

In Chart 1 the governance mode for consensus can be understood as involving an organizational diversity in the form of public-private partnership, multi-party collegiate and corporate networks. The collegiate as health councils are both well-known and regulated based on constitutional legislation and its mechanisms have been debated in specialized²⁷ literature just as in federal organizations²⁸. In relation to Agreements and Networks, the public administrations have seen the introduction of a series of innovations with some being more successful than others over the last three decades. Special focus has been placed on the OS's and management contracts²⁹.

Collegiate were noted in the consensus mode involving the health councils in the municipal and district plans (in all of the 10 existing dis-

Chart 1. Institutional design of the governance mode for the Municipal Secretariat for Health in Rio de Janeiro (RJ), 2015.

Governance Models Administrative Autonomy						
Low		Medium			High	
Hierarchy		Consensus			Markets	
Leaders		Collegiate	Federal Relations	Agreements and Network		
Ethical Research Committee		Municipal Health Council	COSEMS RJ Bipartite	Civil Society Organizations	Support Foundations ^d	Supplier of services
Ombudsman		District Council	Inter-Management Commission	<i>Family Clinics Programs to help the Elderly</i> <i>Accident and Emergency Units</i> <i>Hospitals^a</i> <i>Psychosocial Centers^b</i> <i>Maternity Units^b</i>	Not for profit entities	Pharmaceutical Industry
Subordinate Units		Local Health Council and Services				Medical Equipment Industry
Secretariat		Network Forums				
Coordination of Program areas	Superintendent					
<i>Hospital</i> <i>Maternity Wards</i> <i>Mental Health institutions</i> <i>Psychosocial Centers</i> <i>Health Centers</i> <i>Policlinics</i>	<i>Coordinating Programs</i> <i>Management</i>					
Connect units						
Riohealth ^c						

Source: Draft based on document research on administrative structures on contacts from the SMS Rio.

^a Acari and Pedro II Municipal hospital were converted to the OS model; ^b Some Psychosocial and Maternity centers, in general the most recent Work under the OS model; ^c Rio Health and a Public company created by the Municipal Decree No 38.125, 29 November 2013; ^d Private support foundations that support public entities

tricts in the municipality). They were present for all of the major services. They have a multi-party character and involve the participation of government representatives and their staff and civil associations. Their acts have been regulated since 1990 when the legislation was introduced to create the National Health Service. The federal relations that are of the utmost importance concern the SMS Rio and the participation of the health secretary in the Municipal Secretariat Council in Rio de Janeiro (COSEMS RJ) and a

permanent seat on the Biparty Intermanagement Commission in Rio de Janeiro (CIB RJ) from the COSEMS RJ delegation. The above acts in an horizontal way in that through the representation in the CIB parity exists between representatives of the State and those from the municipalities. In this way the decision making process takes into account the need to involve all of the above and this is now the norm in the NHS in Brazil².

The agreements and networks represent, in Chart 1, the dimension that includes recent re-

forms to the SMS RJ. Two not for profit organizations are presented and it is noted that cooperative relations with public authorities are measured by goals and results. The main one refer to the OS that represents a model for political choices taken by political leaders to promote the expansion of services, improve quality and effect the partial substitution of public services executed in the ambit of direct administration. The quality of these new services is not dealt with in this study and the results that were noted in the experience of the country did not converge. The regulatory regime that was studied is discussed in Chart 2. The transition of the state services with the coming into force of the 1995 State Reforms for the civil society organizations aimed to set up family clinics and then to be extended to having new hospital units, maternity wards and CAPs. New services such as health care specifically for the elderly and the coordination of emergency care such as with Accident and Emergency units (UPA) were brought in under this model. Our conclusion on the trajectory of the adoption of the OS's is that it was a political option to reform the health public sector in the municipality. This decision converged with the political choices of the municipality's executive for the State apparatus. Many support foundations and trusts have agreements with SMS Rio with similar goals but this is influenced by the mayor's office for its transition to the OS model. Some NGOs also

have similar agreements to not for profit businesses but this has a residual role in the mode of consensus that we analyzed.

In Chart 2, the regulatory structure for consensus with emphasis on the dimensions of the packages and networks and the OS were studied. Regulatory activity is exercised by the Executive and Legislative Powers. We did not analyze the important work of the Judiciary, the Attorney General's Office and the Public Defense Office that can be actioned by government officials or individuals. Nor did we analyze the work of civil rights associations represented in the collegiate. We focused on the Executive Power and its direct connection with the NPM agenda and the State.

The health councils conduct regulatory activities that are weak in spite of its institutional nature. They are not normally submitted to management contracts. On the other hand in crisis situations the work of the collegiate can be intensified. Crisis can be sparked off by any isolated event or through pressure from politicians in relation to an issue concerning the OS. When this occurs political actors such a trade union members and resident associations can vocally express their concerns and thus affect the regulatory scene.

Due to its hierarchical nature the administrative structure of the health secretary's department ensure complete control over OS contracts. The regulatory model of the SMS Rio is characterized by direct bureaucratic control. The way

Chart 2. Regulation for the Society Organizations based on the influences of regulatory activities for governance conducted by regulators.

Organs and Institutions	Ways of Governance	Influence
Municipal Council for Health	Consensus	X
Ombudsman SMS Rio	Hierarchies	X
Ombudsman Local Authority – "1746"	Hierarchies	XX
Councils, Local health Services	Consensus	X
General Coordination for Primary Health Care	Hierarchies	XX
Network Forums	Consensus	X
District Health Councils	Consensus	X
Assistant Ombudsman	Hierarchies	X
Coordinator for the Administration of Management Contracts with OS	Hierarchies	XXX
Controller, The General Municipality	Hierarchies	XXX
The Financial Audit Office in the Municipality*	Hierarchies	XXX
Parliamentary Commission in the Elected Councilor's Chambers*	Hierarchies	X

* Organs of the Legislative Power.

how it is designed favors political coordination by the elected official. On the other hand following the traditional matrix of the NPM autonomous agencies and third party evaluators it was thought that they would bring advantages in widening the consensus and agreements involved in the reforms. In the case where third parties are represented by the General Controller of the Municipality and by the Financial Audit Department of the Municipality, both have contradictory roles in the ambit of the State organizations.

What can be highlighted for this arrangement is the work of the locally elected officials since through individual actions of politicians or commissions at the local Legislative hall, they can put political pressure on the mayor and his/her administration as a form of party political activities.

The Administrative Coordinator of the Management of Contracts with the OS, which is an organ of the SMS Rio, is the main direct regulatory structure that exists and it operates under a hierarchical model which represents (as seen in Chart 2) the main regulatory mechanism. Ombudsmen represent the activities of those that act as intermediaries and act with intensity.

The institutional arrangements mentioned in the pictures point towards an implementation of an agenda for State Reform in basic terms through the High Level Plan drafted by the federal government in 1995. The case of Rio de Janeiro influenced the national debate on reforms for administrative management owing to the application of the OS model on a large scale in an important city and after having been done in other cities such as Sao Paulo. The Rio de Janeiro experience was not evaluated based on the results that were obtained and the sustainability of the model beyond the administrative cycle. This was to allow for any successes made to be later analyzed principally for what lesson could be learnt. However considerations on the institutional character of the model can be made with reference to advances and problems identified. The innovations could be seen over the last six years.

Final considerations: challenges for bureaucratic isolation and the sustainability model in Rio de Janeiro

The regulatory model is all encompassing and diversified and in the absence of external evaluation mechanisms may represent fragility in terms of sustainability. The lack of independent regulatory agencies, which is common where there are

sector reforms, can compromise its sustainability due to a lack of constitutional commitment. Also this affects the compliance to contracts during political transitions.

In part, this loop hole can be overcome through collegiates such as the Municipal Council for Health providing that its functions are clearly defined in law. This would mean reforms of the collegiates particularly concerning its attributes and prerogatives. This is not the case in the present national scene.

A lack of evaluative studies in this area is due to recent changes that were made and a lack of interest from research institutions in the health sector on the reforms of the State apparatus and on the functioning of the OS.

This paper has sought to fill this gap with theories from relevant authors. We have sought to highlight the challenges of the implemented reforms which fall under the remit of the mayor's department. A coming together of institutional aspects for the OS in the SMS Rio helped in this paper. The Law 5.026/2009 was brought in force covering all social areas and its provisions were ratified by two decrees in the same year. More recent decrees (2013-2014) gave more details of the model, especially with the creation of the Management Panel for Partnership which is accountable to the public providing access to signed contracts, details on their executions and observing their results.

The relevance of the reforms is based on the areas that it covers and the resources that it allocated out. In 2015 26 management contracts were in force in the city and 10 concerned the OS in the health sector. The sum total of the budget for management contracts for 2015 was R\$ 1,654,434,793.14. The OS program in the health sector involves current management of 5 hospitals, 12 Accident and Emergency Units, 4 Regional Emergency Centers, 77 Family Health Clinics and a program that provides care for the elderly and those that are pregnant. The expenses in relation to the OS and its activities grew continually since 2009 up until 2014 where it got up to 38.2% of the global budget for the SMS Rio.

The institutional design that we analyzed and the structure of the provision of services showed an adjustment to the reform agenda in terms of the NPM and an evaluation of its results. This will define the place for these experiences in the context of the lessons that were learnt from the changes made in the public administration.

When we analyzed the design it was noted that the structure that regulated the governance

mode for consensus has a standard of bureaucratic insulation quality in the hierarchy of the direct administration. This can be seen not just in the organizational strategy “islands of excellence” for public administration but also in the assignment of specific organs such as the Administrative Coordinator for the Management of Contracts with the OS. Here the Technical Evaluation Commission works and holds the final word for the management of these contracts. The other regulatory activities of high intensity are determined by law such as the acts of the General Controller in the Municipality for quality in the mayor’s office.

In terms of politics the sustainability of the model depends (beyond the results that we saw) on the persuasive capacity and arguments of the government officials and leaders on the benefits that were achieved. This responds to the search for political and social legitimacy for the model. Legitimacy is essential when dealing with relationships between citizens and politicians. It requires collegiate and those that work in governance with a view to obtaining consensus. Research and teaching institutions are very active in

the health sector. Its involvement is greater with issues concerning primary health care. Organizational reforms often overlook this area. This is done by important groups and leaders.

Sustainability means the capacity for being preserved after the succession of a political regime. When a mayor leaves office and the composition of a local council changes it is important to know that there will be a continuation of a particular public service where benefits are being given. The absence of an agency regime committed to coordinating political transitions as discussed in this paper, represents a fragility to the model which has shown itself to having good prospects. In the health sector the regulatory agencies were widely discussed since the creation of the National Health and Safety Agency in 1999 and the National Supplementary Health Agency in 2000. Lots have been written on the model covering its objectives and weaknesses^{30,31}.

Finally, taking into account Lindblom⁵ and the analysis of policies and incrementalist processes, the positive results of a specific policy is in the way it is applied. In other words an argument is won where viable alternatives are available.

Collaborations

JM Ribeiro and F Alcoforado played an integral part in drafting, researching and producing the final version of this paper.

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