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UNPROTECTED LIVES: A SUPPLEMENTARY HEALTH ORGANIZATION AT RISK OF EXTINCTION

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Abstract

Objective of the study: To contextualize the health industry setting in Brazil, in order to provide subsidies for decision-making of a non-profit organization in the supplementary health activity to act again as a health insurance plan administrator or as a health operator.
Methodology: This teaching case refers to a non-profit organization working in the supplementary health industry. A qualitative-descriptive approach was used with primary and secondary data.
Originality: The decision-making process of complex institutional actors, such as government, directors, employees of the Organization, associates and others involved in the supplementary health sector in Brazil.
Main results: The context involves complex decision-making about the future of the organization in continuing to offer of supplementary health services, while mobilizing actors to choose between working as a health insurance plan administrator or as a health operator.
Theoretical contributions: The need for decision-making in a highly complex industry, given the strong regulation and the large number of actors involved.
Social contributions to management: Strengthening the imposition of the need for negotiation in more complex contexts, which involve the provision of an essential service to the population.

Key words: decision making, management, non-profit entities, institutional theory, supplementary health

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VIDAS DESPROTEGIDAS: UMA ORGANIZAÇÃO DE SAÚDE SUPLEMENTAR EM RISCO DE EXTINÇÃO

Resumo

Objetivo do estudo: contextualizar um cenário do setor da saúde, no Brasil, a fim de fornecer subsídios para a tomada de decisão, quanto ao futuro de uma organização sem fins lucrativos, vinculada à atividade de saúde suplementar, sobre voltar a atuar como administradora de plano de saúde ou como operadora de saúde.
Metodologia: o caso de ensino remete à uma organização sem fins lucrativos de atividade de saúde suplementar. Foi utilizada a abordagem qualitativo-descritiva, por meio de dados primários e secundários.
Originalidade: Tomada de decisão entre atores institucionais complexos, como governo, diretores, empregados da organização, associados e outros envolvidos no setor de saúde suplementar no Brasil.
Principais resultados: O contexto envolve a tomada de decisão complexa acerca do futuro da organização e da continuidade da oferta de serviços de saúde suplementar aos associados, mobilizando atores para a decisão entre voltar a atuar como administradora de plano de saúde ou como operadora de saúde.
Contribuições teóricas: Necessidade de tomada de decisão em setor de alta complexidade, face à forte regulação e ao grande número de atores envolvidos.
Contribuições sociais para a gestão: Fortalecimento da imposição da necessidade de negociação em determinados contextos mais complexos, que envolvem a prestação de um serviço essencial à população.

Palavras-chave: tomada de decisão, gestão, entidades sem fins lucrativos, teoria institucional, saúde suplementar

VIDAS DESPROTEGIDAS: UNA ORGANIZACIÓN DE SALUD COMPLEMENTARIA EN PELIGRO DE EXTINCIÓN

Resumen

Objetivo del estudio: contextualizar un escenario en el sector de salud en Brasil, con el fin de brindar aportes a la toma de decisiones sobre el futuro de una organización sin fines de lucro, vinculada a la actividad de salud complementaria, sobre el regreso a la actuación como administradora de plan de salud o como operadora de atención de salud.
Metodología: el caso de enseñanza remite a una organización sin fines de lucros que desarrolla actividad de salud complementaria. Se ha utilizado un enfoque cualitativo-descriptivo, utilizando dados primarios y secundarios.
Originalidad: Toma de decisiones entre actores institucionales complejos, como gobierno, directores, empleados de la organización, asociados y otros involucrados en el sector de salud complementaria en Brasil.
Principales resultados: El contexto involucra una compleja toma de decisiones sobre el futuro de la organización y la continuidad de la oferta de servicios de salud complementaria a los afiliados, movilizando a los actores para decidir si vuelven a actuar como administradora del plan de salud o como operador de salud.
Aportes teóricos: Necesidad de toma de decisiones en un sector altamente complejo, dada la fuerte regulación y la gran cantidad de actores involucrados.
Aportes sociales a la gestión: Fortalecer la imposición de la necesidad de negociación en determinados contextos más complejos, que implican la prestación de un servicio esencial a la población.

Palabras-clave: toma de decisiones, gestión, organizaciones sin fines de lucro, teoría institucional, salud complementaria

1 Introduction

That December 2020 was atypical around the world. In the Southern Hemisphere, the Covid-19 pandemic pointed to a period of school holidays and end-of-year parties without the traditional crowds and celebrations. The summer heat showed that life goes on on, despite its uncertainties and sorrows.

For Joaquim, that December was somewhat even more atypical: he and his team had been elected to direct the Capixaba University Servers Assistance Fund (in Portuguese, "Caixa Assistencial dos Servidores da Universidade Capixaba", CASUC), a non-profit health care and self-management institution founded in January 1998 by active and inactive employees of that university located in Vitória, capital of the Brazilian state of Espírito Santo. The euphoria quickly diluted when facing the reality.

Joaquim and his team had to face several challenges, the vast majority inherited from the previous administration, whose mandate had been interrupted by an interim judicial intervention. The biggest challenge at that time was to make strategic decisions in the institutional environment, considering the opportunities and risks of being a benefits administrator or a health plan operator. At the initiative of the previous board of directors, CASUC had lost the authorization of the regulatory body, the National supplementary health agency (ANS), to carry out the activities since its foundation.

Joaquim felt deeply distressed and, at the same time, challenged to find a way out that would guarantee the continuity of the entity's existence. Directors, employees and associates demanded the president to guide the way forward.

The initially imagined way out was to request new registrations from the ANS and return to acting as it did before, that is, as a health plan operator and as a benefits administrator. Nevertheless, the guidance received, and the professional experience of Joaquim and his team indicated that, at this time, there were no appropriate conditions for the immediate recovery - and performance - of his two previous roles. Therefore, with a strong suspicion that there was no other way, at least for now, but to prioritize a single alternative: to demand from the ANS the registration of benefits administrator or health insurance plan operator.

2 The Context

The years of work as a public servant, added to the years of undergraduate degree, taught Joaquim, a retired economist, to always carry out a thorough analysis of the problems before making decisions. In addition to listening to the various actors directly and indirectly involved,

he also learned to try and understand the context of the organization and its challenges, based on the analysis of existing legal rules, procedures and values.

2.1 Supplementary health in Brazil and the State Reform

In Chapter II of the Federal Constitution (CF) (Brazil, 1988), health is considered a social right, as well as education, food, work, housing, transport, leisure, security, social security, maternity and childhood protection, and assistance to the homeless. In addition to serving as a parameter for setting the nationally unified minimum wage, health is a common competence with responsibilities shared with the Union, the states, the Federal District and the municipalities.

The emphasis given by the CF is, above all, on public health, which is understood as a right for all individuals and the duty of the state. This defined the bases for the creation of the Unified Health System (SUS) and the criteria for the resources transfer for its financing. Along with education, public health receives a minimum percentage applied on the revenue resulting from federal, state and municipal taxes and transfers for the financing of public health services.

Nevertheless, the CF establishes that health care is free to private initiative and that private entities may participate in a complementary way to the SUS, following its guidelines, through a public law contract or agreement, with preference to philanthropic entities and non-profit entities (Art. 199).

Based on this, in the first half of the 1990s, the Brazilian Federal Government decided to implement a reform in the state apparatus. Based on the elaboration of the Master Plan of this reform, the Federal Government intended to lay the foundations of a new model for national development, while defining objectives and establishing guidelines for the Brazilian Public Administration reform. Based on concepts of management, efficiency, flexibility, decentralization and results, the so-called managerial public administration aimed to modernize the administrative interference of the State, by overcoming the remnants of patrimonialism (clientelism and nepotism) and rational bureaucracy, which generated rigid hierarchical standards and focused on the control and flow of processes, and not on results, creating difficulties for the complex problems faced by the country. Therefore, a new role for the state was designed in the country. It is designed with the capacity to face, with more agility and effectiveness, the challenges of that time derived from greater competitiveness between countries due to economic globalization and technological changes and the exhaustion of the import substitution model, which resulted in fiscal crisis, reduction in economic growth rates, increased unemployment and high inflation rates. (Brazil, 1995)

2.2 Regulation and SLA

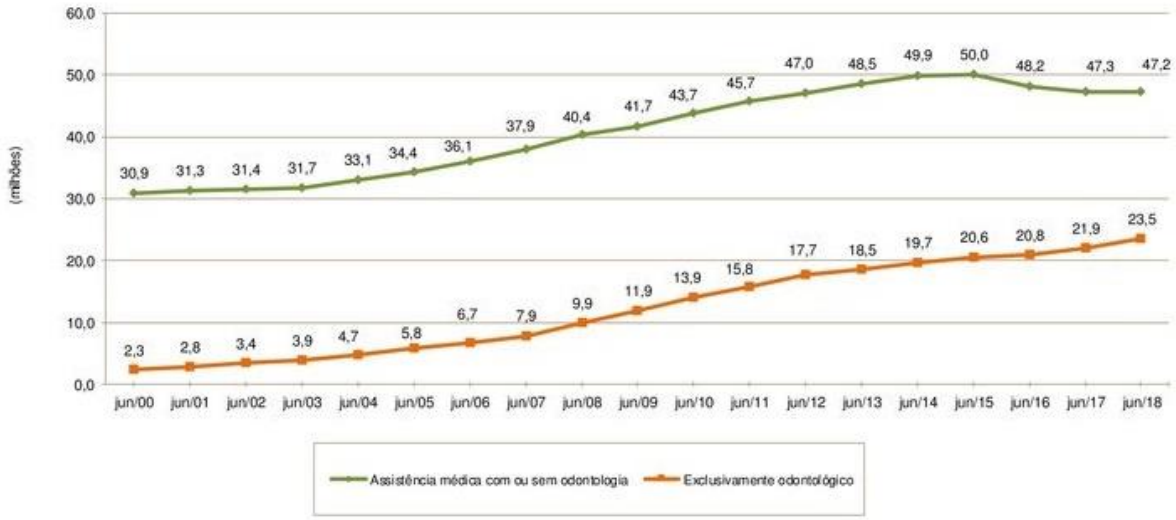
State reform meant (1) reducing or abandoning the role of the state as executor or direct provider of goods and services and (2) strengthening the role of regulator, provider or promoter of goods and services. It is in this context that regulatory agencies have emerged in Brazil since 1996, especially in the electric energy, telecommunications and oil industries.

In the area of supplementary health, only in 1997 did the National Congress approve the first version of the Health Insurance Regulation Law. The ANS was created by Law No. 9,961 (Brazil, 2000) and is a Regulatory Agency, linked to the Ministry of Health, responsible for the regulation, standardization and supervision of the health insurance sector in Brazil.

Consolidated data from the ANS provide information on the supplementary health market in Brazil. The number of beneficiaries of private health care plans (with or without dentistry) has been growing in Brazil since September 2000 with 31.3 M beneficiaries. It reached 50.3 M beneficiaries n September 2014, reduced in September 2015 to September 2020, and now is growing again since September 2021 (see Figure 1).

Figure 1

Beneficiaries of private health care plans-Brazil (2000-2022)

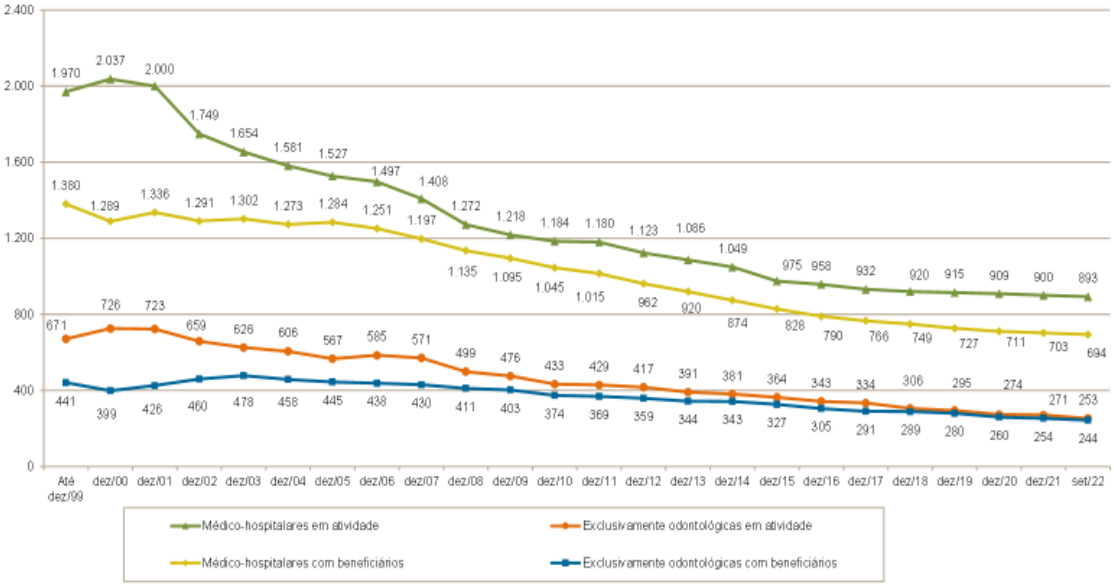


Source: ANS (2023)

However, the record of operators in activity has been reduced during the analyzed series. In the case of active medical-hospital operators, the highest number was 2,037 operators in December 2000, falling to 893 records in September 2022 (see Figure 2).

Figure 2

Evolution of the registry of operators (Brazil-December/1999 - September/2022)



Fontes: CADOP/ANS/MS – 09/2022 e SIB/ANS/MS – 09/2022
Nota: Operadoras com beneficiários, por modalidade da operadora

Source: ANS (2023)

In summary, the analysis of the behavior of the operators of medical-hospital care health insurance plans and their beneficiaries suggests an increasing concentration in this type of market, with a growing number of beneficiaries hiring an ever smaller number of operators in the market.

In the case of Benefit Administrators, the market behavior data, made public in the ANS report (preliminary data, subject to review), indicate that Benefit Administrators represent an activity with increasing economic importance in 2011-2021 (Table 1). Revenues from the provision of services, for example, increased fivefold in that period (ANS, 2023).

Table 1

Revenues and expenses of Benefit Administrators sorted by type (Brazil – 2011-2021)

Year	Revenues from provision of services	Other operating incomes	Welfare expenditure	Administrative expenditure	Marketing expense	Other operating expenses
2011	454,377,185	55,949,601	13,623,541	202,794,816	2,588,114	120,752,251
2012	637,601,237	75,937,610	39,245,885	289,321,641	3,294,681	204,134,396
2013	893,907,069	9,776,769	18,962,318	347,388,070	13,433,998	321,841,317
2014	1,215,121,487	30,186,913	564,539	491,778,604	34,226,874	354,794,595
2015	1,384,926,836	36,582,019	7,696	615,169,686	61,950,481	360,282,202
2016	1,679,418,863	72,267,016	98,777	650,605,284	93,312,126	499,032,474
2017	1,589,864,830	63,789,172	1	558,752,910	90,639,841	447,835,903
2018	1,820,260,403	24,297,535	753	764,605,620	118,514,099	314,567,926
2019	2,081,427,816	52,529,875	194,290	805,618,596	165,714,742	304,416,130
2020	2,349,871,665	33,659,668	0	850,801,907	241,360,902	362,174,854
2021	2,536,474,262	27,420,780	0	1,009,482,604	300,319,591	376,232,720

Source: ANS (2023)

A study carried out by a doctors' cooperative, based on ANS data, provides information that confirms the robustness of the benefits administrator market. According to the study, in March 2018, there were 139 Benefit Administrators in the Brazilian supplementary health market, going from 11 administrators in 2009 to 120 in 2016 (after the edition of the RN 196/2009, which provided for the performance of Benefit Administrators) (UNIMED, 2023). The strength of the activity of the Benefit Administrators is confirmed in the ANS data (2017), indicating an average net profit margin of 24.12%, much higher than that of the operators, which add up to 17.59% (considering self-management, philanthropy, insurance, medical cooperative and group medicine).

In Brazil, historically, health has been an industry subordinate to the regulatory intervention of the state, such as education, oil and gas. In the case of supplementary health, this government intervention occurs through a formal institutional agent, the ANS, which defines rules for the performance of organizations in the industry (Costa, 2017). Government intervention and, more specifically, the exercise of regulatory activity are characteristics of developing countries, considered to be low efficiency and an unfavorable environment to business, due to excessive bureaucracy, constant political instability, unpredictable legal system and inconsistent regulatory system (Monticelli, Garrido & Verschoore, 2023).

The performance of the state and organizations, in this environment of great regulation, has become quite complex in Brazil. In addition to the strong government action, other contextual factors have yielded growing demands, dissatisfaction and uncertainty. On the one hand, there is a growing number of beneficiaries of health insurance plans, which has represented increased demands for better quality of the health service provided, and for greater coverage of diseases, especially in a country whose population is aging rapidly. On the other hand, since public health cannot meet the demands of the entire population, private health insurance plans have included significant layers of formal workers, linked to companies and public agencies, by organizing assistance funds and similar entities. Immediately, this increases the billing of health insurance plans, but they make the demands for greater coverage of services more robust with the assistance funds providing members with specialized legal assistance in consumer rights in the private health area (Baird, 2019).

In short, activities related to supplementary health in Brazil occur in an increasingly complex environment. First, it is due to the performance of formal institutional agents, such as the Brazilian state and its regulatory agency (ANS) with strong mediation activity between the interests of private health insurance companies and their users; in addition to non-profit organizations, represented by entities operating under self-management, with representatives elected by the thousands of lives that are part of them. Second, the action environment becomes more complex as a result of strong changes in informal institutional agents, such as increased demands due to demographic changes, economic and even political variations (Araujo et al., 2018; Monticelli et al., 2023).

2.3 The concepts of Health Plan Operator and Benefits Administrator

Law 9,656 (Brazil, 1998) represents the regulatory framework for supplementary health and defines rules for operating companies, which are different from those of administrators because they have a care network and guarantee health care to beneficiaries through private

plans. Operators of health care plans are subject to more complex rules than administrators are, due to the nature of their operation. They are defined as "legal entity constituted under the modality of civil or commercial society, cooperative, or self-management entity, which operates product, service or contract in the area" (Brazil, 1998, our translation)

Law 9,656 (Brazil, 1998) also defines a private health care plan as "continuous provision of services or coverage of health care costs at a pre-or post-established price, for an indefinite period, in order to guarantee, without financial limit, health care. These plans are characterized by the faculty of access and care by health professionals or services, which are freely chosen, whether they are members or not of an accredited, hired or referenced network, aimed at medical, hospital and dental care, to be paid in full or partially at the expense of the contracted operator, through reimbursement or direct payment to the provider, on behalf of the customer" (Brazil, 1998, our translation).

In turn, the benefits administrator is the "legal entity that proposes the contracting of a collective plan as a stipulator or that provides services for legal entities contracting private collective health care plans" (according to the Normative Resolution No. 515/2022) (Brasil, 2022b, our translation). RN nº 515 considers the benefits administrator as one that develops, at least, one of the following activities: (I) promote the meeting of contracting legal entities, in the form of Article 23, of Normative Resolution nº 195 (Brazil, 2022a), July 14, 2009; (II) contract private collective health care plan, as a stipulator, to be made available to legal entities entitled to contract; (III) offering plans for associates of contracting legal entities; (IV) offering technical support for operational aspects. This technical support can occur in the discussion of the following operational aspects: (a) negotiation of readjustment; (b) application of regulatory mechanisms by the health plan operator; and (c) alteration of the care network (Brazil, 2022b).

In addition to the activities listed in Article 2, the Normative Resolution No. 515 (Brazil, 2022b) determines that the benefits administrator may develop other activities, such as: (I) support to the Human Resources area in the management of plan benefits; (II) outsourcing of administrative services; (III) registration transfer; (IV) checking invoices; (V) charging the beneficiary by delegation; and (VI) consultancy to prospect the market, suggesting plan design and management model (Table 2).

Table 2

Activities: operators x administrators

Operators	Administração.
Have a care network	Gathering contractors
Health care for beneficiaries	Hiring private plans
Private health care plans	Offering health insurance plans
More complex rules	Operational technical support
Guarantying resources and service network	Plan management
	Administrative services
	Registration movement
	Issuance and conference of invoices
	Billing beneficiaries
	Consultancies

In short, both the health plan operator and the administrator require authorization from the ANS to operate. As a general rule, while the operator is responsible for offering a service (health care) to its beneficiaries (hospitals, laboratories, medical care, examinations, etc.), the administrator is responsible for managing activities of this service provision, that is, the administrative tasks necessary to offer the health service, thus being a link between the beneficiaries (associates) and a health operator.

3 CASUC

CASUC was created in 1998 by the servants of the University of Capixaba (UC), in order to provide them with health care, having as a reference lower price, quality, safety and well-being for the beneficiaries. Therefore, it is up to CASUC to mediate, together with its members, a health insurance plan with an affordable price and broad coverage of health services, with quality and safety.

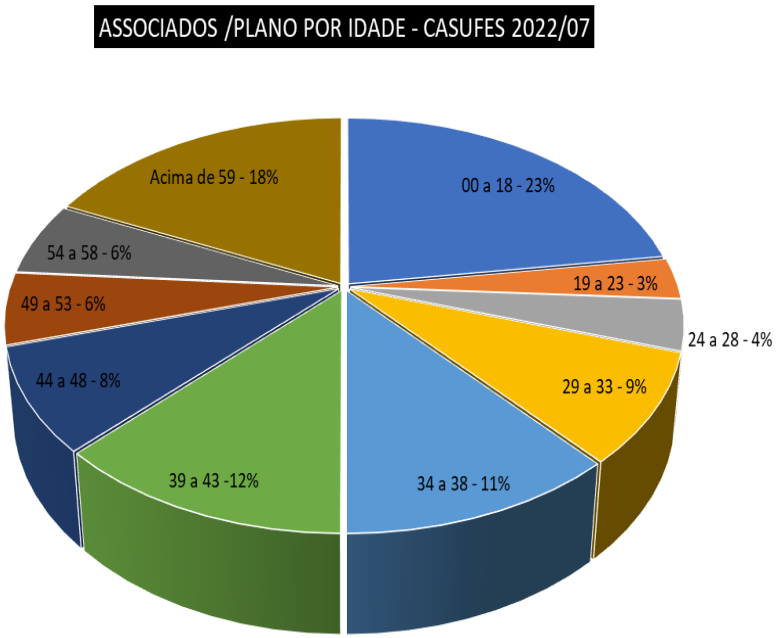
The current board was elected for the 2021-2024 quadrennium and represented the end of the provisional judicial intervention that dismissed the previous board, which was accused of various irregularities. CASUC includes almost 6,500 individuals, including active and inactive, technical and teaching staff of the UC, recently expanding its scope and attracting associates, along with employees of the Brazilian Hospital Services Company (EBSERH), which provide service at the University Hospital of the UC.

In terms of age, in July 2022, CASUC had the following distribution: 23% of associates and dependents were in the age group between 0 and 18 years of age; 18%, over 59 years (of

these 219 associates aged 80 years or older); 12% between 39 and 43 years; 11% between 34 and 38 years; 9% between 29 and 33 years; 8% between 44 and 48 years; followed by other groups in lower percentages (Figure 3).

Figure 3

Age group of CASUC associates



Source: Research data (2023).

According to its statute, CASUC aims to provide health care to its members, a group that gather of active and inactive UC employees, as well as pensioners and their dependents. To achieve its purpose and objectives, CASUC must (1) establish a complete health insurance plan in the areas of medical, psychological and physiotherapeutic health, and may even hire managers; (2) organize the medical care service; and (3) maintain a medical-hospital agreement with other similar entities.

In its administration, CASUC has a Board of Directors and an Executive Board. The Board of Directors is composed of nine elected members, with six being effective and three alternates. The Executive Board is formed by at least two elected members, being a CEO and a superintendent, in addition to the hired technical staff. It also has a Fiscal Council, with three effective members and three alternates, with the objective of supervising the acts of the elected board, especially those of an economic and financial nature.

With regard to its assets, the statute of CASUC provides that it will be constituted and maintained (a) by the contributions of associates, (b) with the donations, legacies, assets

acquired and their possible income; (c) real estate rentals and health insurance income; and (d) financial investments.

In the first decades of its existence, CASUC was able to count on the support of the UC, which hosted its first physical facilities in its central *campus*. In addition to easier access for servers to the services provided, settling on the UC campus - despite the criticism from associates stationed in the countryside - initially allowed working at a greatly reduced rental cost.

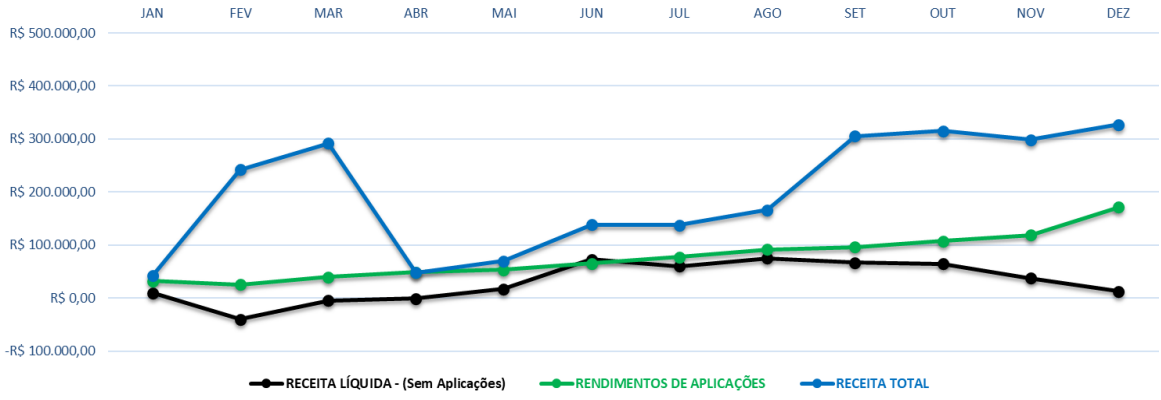
The reduced installation cost added to the revenue from the difference between the cost charged by the health insurance plan and the amount received from the entity's members yielded positive results. In June 2019, the bank balances were about R$ 24 M, in addition to its own headquarters acquired in 2012 for R$ 716,000.

In the financial statements for the period 2015-2018, CASUC generated a net operating income (before financial results) in the range of R$ 8.4 M. When adding the operating result to the financial result (investments), the positive result jumped to almost R$ 14 million, while attesting to the financial health of the association in the previous period.

The comparative analysis of the evolution of cash flow in 2021 and 2022 (until October) shows good results after January 2021. Monthly (operating) net income has remained positive since May 2021, while monthly investment income jumped from R$ 32,100 in January 2021 to R$ 268,000 in October 2022, resulting from a greater diversification of investments. Total revenue jumped from R$ 41,700 in January 2021 to R$ 329,000 in October 2022 (Figure 4).

Figure 4

CASUC revenues: cash flow evolution 2021

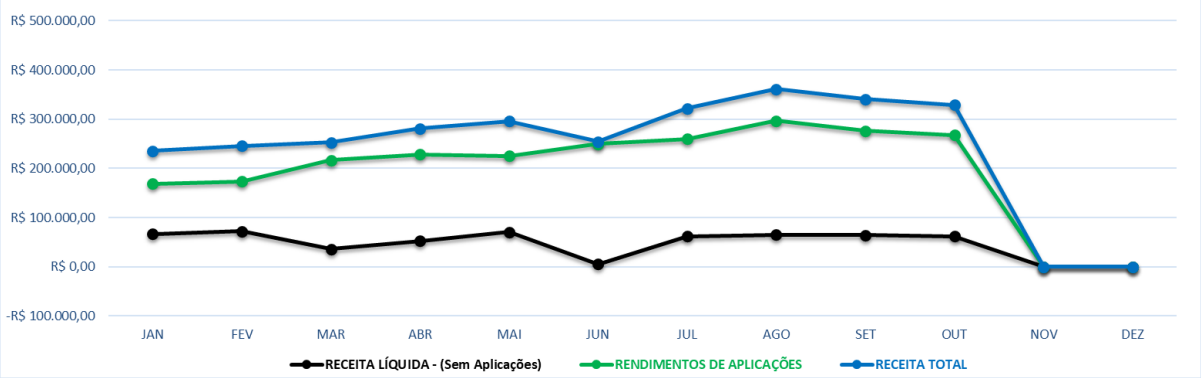


Source: Created by the authors based on the survey data (2022). (2021)

Net revenue dropped in June 2022, which may be misunderstood about the recovery of CASUC's finances. In fact, the net income fell to R$ 5,094.00 as a result of investments, especially in the renovation of computer equipment at around R$ 62,400 (Figure 5).

Figure 5

CASUC revenues: cash flow evolution 2022



Source: Created by the authors based on the survey data (2022). (2021)

3.1 History of CASUC

Since its foundation in 1998, CASUC has been operating as a health operator and benefits administrator. However, along with ANS, CASUC was only authorized to act as an operator. As the legislation that regulates the performance of the administrators is from 2009 (Normative Resolution nº 196/2009), the administrative management of CASUC was made by the health operator with the support of CASUC. This means that, even after the publication of the RN 196/2009, CASUC did not request authorization from the ANS to act as an administrator.

The activities as benefits administrator basically referred to the management of the health insurance plan with the UST medical cooperative, and to a participatory plan with state and national coverage for hospitalization in a ward and in a private room. The management of the health plan included the calculation and issuance of invoices for payment, collection of late payments, as well as payments to the health plan for consultations, examinations and hospitalizations of members. On the other hand, activities as a health plan operator were offered in two ways: directly, through its own low-complexity medical care service in its facilities; and indirectly, through contracting a private health insurance plan. The service was offered in the UC *campus* and had a small number of professionals. It attended only general practitioner care and low-complexity emergency care.

In short, CASUC carried out the activities of operator and administrator. As an administrator, without the necessary authorization from the ANS, from 2009; and as an operator, offering a precarious service that required greater care was transferred to the coverage network of the hired health plan (service suspended in 2012, when CASUC acquired its own headquarters and left the *campus*, not having appropriate facilities to maintain a direct health care).

However, during the management of the board that took office for the 2018-2021 quadrennium, uncertainties regarding the future of CASUC grew among associates, whose complaints culminated in the provisional judicial intervention of the public ministry maintained until December 2020. Examples of the measures taken by the board that caused dissatisfaction are:

1) Dismissal of several former employees, with the accusation of perceiving salaries above the values paid by the market (in addition to other salary irregularities);
2) Hiring of the Health Services Benefits Administration company (ABSS) for the administration of the health insurance plan, which generated discomfort among the members, especially because of new procedures for collecting late fees;
3) Cancellation request to ANS of the registration of the health plan operator of CASUC without consulting the members.

The months of provisional judicial intervention did not increase the confidence of the associates regarding the future of CASUC, despite the maintenance of the services provided by the private health insurance plan. On the one hand, because the associates, in general, could not follow the progress of the interveners' work, since they did not have immediate access to the reports submitted by the interveners to the State Court. On the other hand, the dissatisfaction from part of the members regarding the performance of the new benefits administrator, whose contract was maintained by the interveners, increased significantly, raising strong questions about the new methods and instruments for collecting late fees. The programs and speeches of the two parties that ran for the CASUC board in December 2020 reflected this dissatisfaction. The intention to break the contract with the benefits administrator became a campaign commitment made explicitly by the two competing parties.

The new Board of Directors, elected after the end of the judicial intervention for the 2021-2024 quadrennium, soon realized that CASUC could no longer offer low-complexity services, as planned, nor manage the health insurance plan again. CASUC thus became, in the words of the interveners, a mere indicator of beneficiaries to ABSS, and its revenue came from transfers made by the hired administrator. Joaquim and his team soon realized that CASUC's statutory performance was deeply compromised. They could no longer act either as an administrator or as a health operator, but only as an entity indicating new members to ABSS.

This new role of CASUC resulted in a strong impact on the entity's average revenue. The interveners 'reports identified a drastic reduction in the entity's average turnover between 2018 and 11 months in 2019 (Table 3), a result of hiring ABSS as benefits administrator, when CASUC began to receive the amount 3.28% on ABSS' gross revenue as pro-labore fees.

Table 3

Average annual turnover

Years	Average turnover
2018	R$ 2,500,000.00
2019	R$ 85,000.00

Source: Created by the authors based on the survey data (2022). (2021)

The interveners confirmed the negative impact of ABSS' hiring on CASUC's finances when analyzing the Income Statement (Table 4). The comparison showed an annual operating deficit of R$ 1.09M from February to December 2019 versus R$ 8,409.00 accumulated from 2015 to 2018. On the other hand, considering the income from financial investment, the surplus measured in the 2015-2018 period at R$ 13,921.00, turned into a deficit of R$ 1,310.00 in the 11 months of 2019.

Table 4

Income Statement - R$ mil

Description	2015-2018	Feb-Dec/2019
Net Operating Income	8,409	(1,091)
Surplus or deficit for the year	13,921	(1,310)

Source: Created by the authors based on the survey data (2022). (2021)

In conclusion, the hiring of ABSS and the cancellation of registration with ANS in the first months of 2019 would lead to the gradual extinction of CASUC with its financial investments being used to finance its operating expenses. It was up to Joaquim and his team to reverse this situation by negotiating a new pro-labore fee at 6%, with ABSS, and implementing other adjustment measures. However, the loss of strategic direction of the entity is not yet resolved. Figure 6 summarizes the main events that guide the work of CASUC.

Figure 6

Timeline of CASUC

Source: Created by the authors based on the survey data (2022). (2021)

4 Problem situation

The board of Directors elected for the 2020-2024 quadrennium, with Joaquim as president, faces a major managerial dilemma. Upon taking office, the new board realized that the reality of CASUC had shifted its former managerial and statutory roles. The previous board, dismissed by a temporary judicial intervention, had hired a company called ABSS to carry out the administration activities of the health insurance plan. In addition, the registration of health plan operator, in the ANS had been canceled at the initiative of the board itself. In other words, CASUC had lost its role, its strategic guidance, which would drive its present administrative activities and its future business strategy.

Which path they should take? What managerial direction should the new elected board take to manage CASUC? At first, the intention of the new elected board was to try, without knowing exactly how, to recover their lost roles and resume the conditions to implement their campaign proposals. However, in the first months of management, Joaquim and his team realized that the situation was much more complex, and that the solution did not depend exclusively on the creativity and initiative of the current managers.

In fact, they realized that the decision on the future of CASUC depended on understanding the functioning of various institutions and actors involved. In other words, the

steps to be taken would derive, first of all, from the legal norms and rules emanating from various institutions either public or private. Second, decisions would also need to be legitimized by other actors involved, such as associates, employees, and board members themselves.

The formulation and implementation of a strategy are closely related. The formulation of a strategy involves the setting of objectives and goals, the definition of actions to achieve these objectives and goals, and the identification of resources to carry out these actions. The implementation of the strategy, in turn, is the process by which the actions identified at the formulation stage are effectively implemented to achieve the goals and targets set. Thus, it is possible to state that implementation is the practical execution of the formulated strategy. In this regard, the implementation of a strategy is the process of developing a plan to achieve the necessary business goals. This includes designing goals, defining processes, establishing resources, and assigning responsibilities. The execution of a strategy is the process of implementing the strategy developed. This involves diagnosing, monitoring and measuring progress considering the previous goals, as well as optimizing the plan over time to achieve the desired results. Therefore, the goal of strategic implementation is to ensure that strategic goals are achieved effectively and efficiently through a strategic execution (Mintzberg, 1994).

The diagnosis of the context in those first months of management, after the end of the judicial intervention can be summarized as follows:

a) entity without legal registration of operation, either as a health plan operator or as a benefits administrator;
b) unbalanced financial situation, with the balance of financial investments financing deficits generated by the hiring of a benefits administrator;
c) close monitoring of local representatives by the judiciary, regulatory agency and consumer protection bodies;
d) constant manifestations of dissatisfaction with the new administrator because of the new routine of fee collection and exclusion of members (before the review of the deliberative bodies of CASUC justifying the decision made) and because of the great difficulty to access the administrator to solve other problems;
e) labor demands from CASUC employees, unable to negotiate their demands with the

former judicial interveners;

f) low experience of the new board, lack of knowledge of the specific legislation and the results of the months of judicial intervention; and

g) difficulty to have a face-to-face meeting in the first months of the Covid-19 pandemic, with low use of remote videoconferencing instruments and the like.

All this created an even more complex environment that combined widespread uncertainty with a high risk of new judicial intervention or even extinction. Given with this challenging context, added to the need for learning and negotiation with formal public and private institutional agents, Joaquim and his team understood that there were no conditions for CASUC, at this time, to return to playing their previous roles. They concluded, then, that it was up to the new board to choose a path among the options that arose: to act as a benefits administrator or as a health plan operator? Or would there be another alternative to CASUC?

4.1 Teaching notes

In order to propose the best path, Joaquim talked with each member of the Board of Directors, with legal counsel and with consultants in the field, which allowed him to list favorable and contrary opinions to the request for the registration as a benefits administrator or as a health plan operator (Table 5).

Table 5

Opportunities and challenges as a benefits administrator and health plan operator

Opportunities as a benefits administrator	**Challenges as a benefits administrator**
Those who defend the registration as benefits administrator in the ANS identify some opportunities. Firstly, the role of administrator would mean resuming close contact with members, which today is mediated by ABSS. Second, this greater proximity to the associate would recover the ability to negotiate their interests, such as monthly fee adjustments and collection of late payments. Third, as an administrator CASUC would be able to hire other operators, focused perhaps on activities not included in the current plan with UST or still charging monthly fees that are lower than the current ones. Finally, CASUC would see its gross operating revenue recover with the entry of the total amount of monthly fees paid, extinguishing the pro-labore fees currently received from ABSS.	There are those who are against applying for a benefits administrator registration for two reasons. In first place, because being a benefits administrator would mean having to assume a large volume of operational activities, instead of interventions targeting the health of the associate. Second, taking the negotiation of debts and requiring collection skills would cause strains in CASUC's relationship with the associates, especially given the current high default rates.
Opportunities as a health plan operator	**Challenges as a health plan operator**
The proponents of the new registration as a health plan operator envision several positive points, such as the possibility of returning to offer, directly, in its own network, various health services, such as low-complexity services and health policies formulated and executed by CASUC, with autonomy and targeting more limited audiences (considering, for example, the age profile and the location on where an associate is based).	Those who oppose the registration as an operator list four reasons. First, due to the dissatisfaction of the associates with the service provided until 2012, whose service suggested privileging the active server who worked in the UC central *campus* , where medical care was provided. Second, for a higher quality of the service offered by the hospital and outpatient network hired by the UST plan. Third, due to the complexity of the rules that regulate the operation and control of health care plan operators. Fourth, due to the disbelief in the new registration as an operator approved by the ANS, given the previous cancellation of the existing registration at the request of the former Board of Directors of CASUC.

Source: Created by the authors based on the survey data (2022). (2021)

4.2 Nature of the case

The case addresses the situation experienced by a non-profit organization in the area of supplementary health. As a result of erroneous choices made by the previous management, the

entity feels impelled to decide: to recover or redefine its performance as a response to the resulting revenue losses and the dissatisfaction of the associates with the newly hired administrator, considering the institutional environment.

After the end of the judicial intervention and with the inauguration of a new board of directors, the main dilemma, given the complex context and the inherited institutional fragility, while weighing opportunities and risks, is reduced at this moment to one of these options: recover the registration of health plan operator or become a benefits administrator.

4.3 Summary of the case

It is a fact-based narrative whose dilemma is still unresolved. The case focuses on CASUC, a University Employee Assistance Fund, which was organized to hire services offered by a private health insurance plans at prices below the market in an associative way. With almost 25 years of experience, the board of directors elected in 2018 made decisions that caused organizational disorientation and great dissatisfaction among the members: it hired a benefits administrator and canceled the registration of a health plan operator in the ANS. Now, involved in an even more complex context, which prevents the immediate return to the previous situation, the organization must decide and redefine its strategic orientation to overcome the problems that almost led it to its extinction.

4.4 Application of the case

The case of CASUC is intended to be applied in postgraduate courses related to public and private management, including the area of Health Sciences, thus subsidizing the discussion of decision-making in organizational and institutional environments, role of the state and public policies, while discussing the concepts of institutions, state intervention, regulation, performance of actors and business environment.

4.5 Data sources

Primary and secondary data were used to describe the case. Although this is a fictitious case, although based on real experience, the primary data were adjusted at some times and, at others, resulted from interviews and consultations with official documents of CASUC (minutes, reports, accountability, etc.); on the other hand, the secondary data were obtained mainly from the ANS portal.

4.5 Educational Objectives

The main didactic-pedagogical objective is to lead students to analyze, discuss and envision a decision-making in an environment of great complexity, as well as to provoke in students the search for solutions to problems in a complex (economic, political and social) context, whose decision depends on a negotiation between the various actors. This will require students to reading theoretical texts, legal documents and developing their abstraction capacity, when putting themselves in the shoes (or having the perspective) of each actor involved in the search for solutions to the CASUC.

Institutional theory is suggested as a reference for the application of the teaching case in the classroom, with emphasis on the importance of the action of formal and informal institutions in the decision-making process.

4.6 Strategy for Case Analysis

It is suggested that the teacher inform the following strategy to the students:

I. In the previous class:

1. Hand out the case to the students for prior reading;

2. Explain to the students the dynamics to be adopted in the next class, in that each student must represent one of the actors involved in solving the dilemma. Depending on the number of students, the teacher can organize the class into groups and suggest that each group represents a specific interest.

3. Choose, among the students (or groups), the actor that each will represent:

a) Board (its objective is to mediate the discussion, exposing the alternatives found by the board, positive and negative points).

b) Fiscal council (responsible for compliance with the statute, it must question the legality of the alternatives raised and the possible financial costs of each option).

c) Employees of CASUC, whose immediate objective is to maintain their jobs and wages in each alternative (their Union may be called upon to support the employees in the negotiations); since there is a dissatisfaction that has not been resolved by the interveners, the employees also expect the new management to commit to its solution in any of the alternatives.

d) Regulatory agency - ANS (responsible for the regulation of the entity, represented in

the debate by its accredited actuary; must assist in mediation, ensuring the interest of the associate and respect for legality.

e) Health plan operator - UST, whose objective is to remain as an operator hired by CASUC, ensuring the provision of health services to the 6,000 associates and reducing the risk of the "operator" option winning.

f) Benefits administrator - ABSS has the objective of remaining as administrator of CASUC and preventing the "administrator" option from winning the debate.

g) Associates (who are interested in maintaining the provision of services in the same conditions, that is, in the quality and prices practiced by CASUC).

Depending on the number of students, the teacher can divide the associates into subgroups: age group, gender, professional background, employment relationship (teaching or technical, active or retired).

4. Students should be informed about how the debate will take place:

a) Presentation of each student/group, raising opportunities and challenges of each option presented by the president of CASUC.

b) Open debate between the actors, in which the actors will be able to discuss the positioning of the others.

c) Decision-making by the president of CASUC.

5. Draw among the students who will represent Joaquim, president of CASUC, informing what will be up to him, after the end of the debate between the actors, and the final decision on the future of CASUC.

II. During class

1. President Joaquim opens the debate, and presents the two existing proposals;

2. The president is followed by each actor, asking them to present their arguments and defining the duration of each exhibition (5- 10 minutes, depending on the duration of the class), focusing on the opportunities and challenges of the actor, and suggesting another solution, different from those initially presented.

3. After the presentation of each group, the president opens the debate by requesting that each actor sign up to comment on the opinions of the other groups, defining a new duration for each intervention, considering that they will have to decide at the end of the debate and that the teacher must make a presentation.

4. After the end of the debate, the president makes the decision, justifying the answer given.

5. The teacher will use the time to:

a) address the teaching case from the perspective of the institutional theory; describe the complexity of decision-making in the context addressed;

b) discuss the importance of formal and informal institutions in the organization's activities;

c) raise the questions for discussion of the teaching case in the classroom.

Questions for discussion of the case in the classroom:

The following questions are relevant in the learning process:

1. What is required by the regulatory agency if the option is to apply for a new registration as a health plan operator?
2. What is required by the regulatory agency if the option is to apply for the registration as a benefits administrator?
3. If the option is to become a benefits administrator, what consequences could this decision entail for CASUC members?
4. Indicate examples of formal institutional agents and informal institutions drawn from the teaching case.
5. What would be your suggestion for the decision-making of CASUC, in order to maintain its activity in a sustainable way?

Suggested answers to the proposed questions:

1. There are several requirements to be a health insurance operator, according to the Law No. 9656/1998. First, you need to have a minimum share capital to act as a health plan

operator. The company must prove the availability of these financial resources. Second, the company must present the organizational structure, including information about the management team, responsibilities and qualifications of the professionals involved. Third, it is necessary to present a business plan that demonstrates the economic and financial viability of the health insurance operator, including projections of income, expenses and financial indicators. Fourth, the operator must show that it has a network of health care providers, such as doctors, hospitals, and laboratories, which meets the needs of the plan's beneficiaries. Fifth, the regulatory agency may require the operator to provide financial guarantees, such as cash deposits or insurance, to ensure the ability to fulfill contractual obligations to beneficiaries. Sixth, the company must prove tax regularity by presenting negative certificates of tax and labor debts. Finally, the operator must comply with the technical standards and regulations established by the regulatory agency, which may include quality requirements, customer service, corporate governance, etc.

2. The requirements to be a benefits administrator, according to Normative Resolution No. 515/2022 are: ability to manage the health insurance plan; ability to reconcile and collect the health plans of their users; hiring or training appropriate operational personnel; ability to assume debts arising from default of legal entities that hire health plans through a benefits administrator.

3. The option to become an administrator can bring benefits to associates such as a more humanized treatment in fee collections and better conditions for negotiating adjustments and debts. However, this implies a capacity for administrative and operational management of benefits, in order to provide the appropriate service to its users.

4. In complex environments, formal institutional agents are created, assigned, and implemented to achieve goals, based on economic and social policies, laws, and rules of each country (Fathalikhani, Hafezalkotob, & Soltani, 2018). In this sense, a formal institutional agent is an organization with a formal legal structure, which can be public or private. Examples of formal institutional agents are government agencies, commercial and industrial offices, state-owned banks, operational support organizations, and administrative offices (He and Wei, 2013).

Institutions can be perceived through two distinct propositions (Table 6): (i) formal institutions (political regulations, judicial decisions, economic contracts), which seem to converge, such as legal or governance systems; (ii) informal institutions (behavioral, cultural, ethnic, ideological norms, conventions, codes of conduct) may not necessarily support this convergence (Khanna, Kogan, and Palepu, 2006). On the other hand, when there is a lack or limitation in the formal mechanisms, informal devices intervene to mitigate the uncertainty (Peng and Khoury, 2008). Formal institutions focus on the aspects regulating the individual and the firm's behavior, while informal institutions focus on the aspects related to the political and the institutional economy (Peng, Wang, and Jiang, 2009).

Table 6

Size of the institutions

Degree of formality (NORTH, 1990)	Examples	Supporting pillars (SCOTT, 1995)
Formal Institutions	Laws Regulations Rules	Regulatory (coercive)
Informal institutions	Norms Cultures Ethics	Normative Cognitive

Source: Peng, Wang and Jiang (2009, p. 64)

An institutional system will be complete only through the interaction between formal and informal institutions (Dunning and Lundan, 2008, 2010). Nevertheless, the institutions will

operate through their formal or informal structures to perform economic and social transactions that, in turn, will affect any strategic decision adopted by the firm (North, 1990).

In this sense, examples of formal institutional agents: ANS, Employees ' Union. At the same time, informal institutions can be listed as associative culture, corporatism of employees, history of CASUC, and bond of the associates with the University.

5. The answer given by CASUC is still under construction. The option was to regain the role of benefits administrator. In addition to the benefits of the more humanized treatment when collecting unpaid monthly fees, thus avoiding the suspension or definitive loss of coverage, there is already a more harmonious and belonging relationship between members, the current board of directors and the employees.

However, the formulated transition strategy seems to require coherent and well-negotiated movements with the various actors involved. An alternative that has been implemented started after a meeting with the associates. It was decided for the creation of a non-profit entity, linked to CASUC, which would act as benefits administrator at the end of the contract, thus replacing the current administrator. However, the NSA's decision is still awaited. In addition, to this end, other complementary measures have already been adopted by CASUC: acquisition of modern equipment, training of current employees, and election of a board of directors for this new entity. Since the contract with the current administrator is valid until the end of 2023, there is time for the necessary qualification without the risk of paying a penalty for early suspension of the contract.

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For prior reading, it is important to distribute the legal basis that can support the final decision:

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