

Health Care Systems

Compare health care systems

Classification and comparison of Health Care Systems

To compare we have to

1. Define Health Care System
2. Classify Health Care System

Then the final question:

Why do we try to change it all the time?

Health Care Systems

- Compare health care systems
Define a Health Care System

What is a Health Care System?

A Health Care System includes all actors, organizations, institutions and resources whose primary purpose is to improve health

In most countries a health care system has public, private, traditional and informal sectors.

The defining goal is to improve health, other intrinsic goals are to be responsive to the population it serves.

WHO 'World report on Knowledge for Better Health' 2004

What is a Health Care System?

New term is emerging

business ecosystem—The people, processes, services, and information required to operate and meet all business requirements of a specific business role that is independent of other business roles

So maybe ‘Health Care Ecosystem’?

*Committee on Future Information Architectures, Processes, and Strategies for the Centers for Medicare and Medicaid Services (National Research Council). **Strategies and Priorities for Information Technology at the Centers for Medicare and Medicaid Services.** The National Academies Press; 2012.*

The term Health Care Ecosystems make sense?

Effective management of change requires attention not only to the **formal design** of the organization (business processes, roles, and incentives) but also to the **political** (power bases) and **cultural** (shared values and beliefs and traditions) aspects of the organization.

These three areas—formal design, political considerations, and culture—need to change in concert for significant organizational change to be effective.

*Committee on Future Information Architectures, Processes, and Strategies for the Centers for Medicare and Medicaid Services (National Research Council). **Strategies and Priorities for Information Technology at the Centers for Medicare and Medicaid Services.** The National Academies Press; 2012.*

What is the goal for a Health Care System?

Alma-Ata declaration (1978)

The right to health is set as the right to the

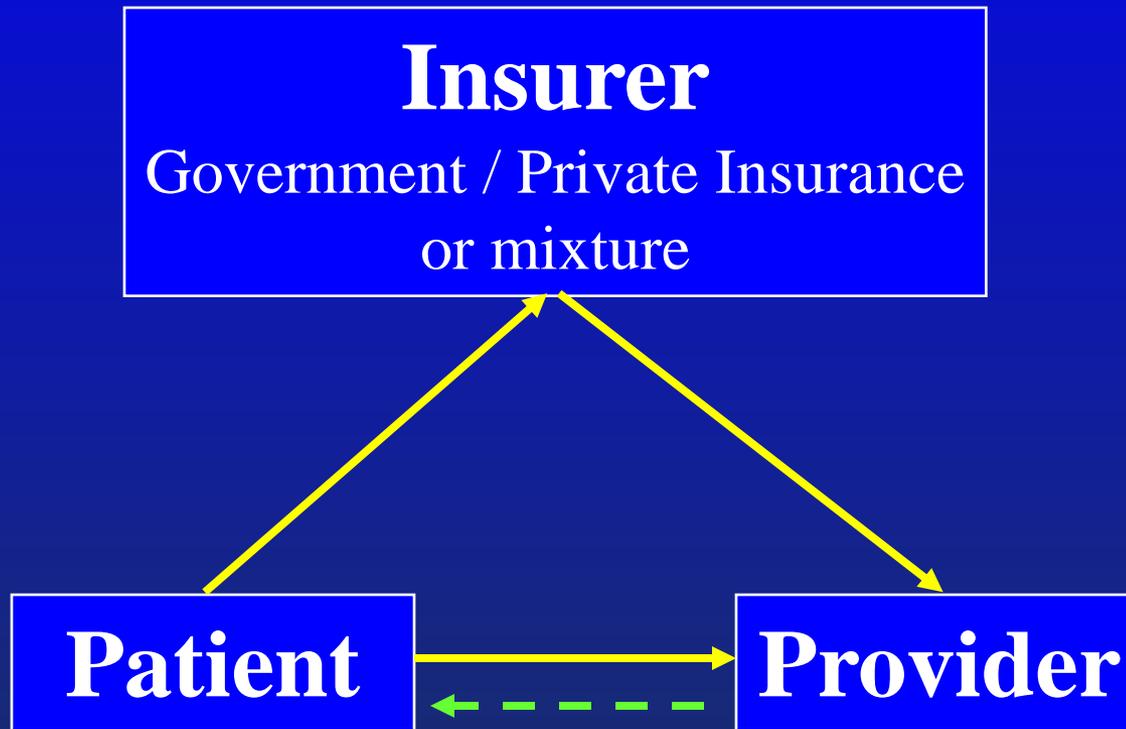
Highest attainable standard of health

International Conference on Primary Health Care, Alma-Ata, USSR, 6-12 September 1978
http://www.who.int/hpr/NPH/docs/declaration_almaata.pdf

Health Care Systems

- Compare health care systems
 - Define a Health Care System
 - Classify a Health Care System

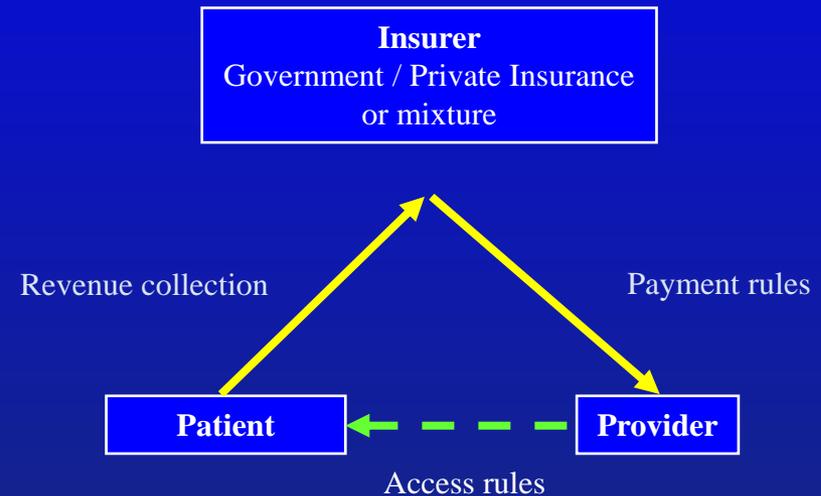
The simple model of how Health Care Systems works



The other side of the coin

Healthcare systems not only provides care/services

- Collect money from people and get it to “insures”
- Determine how providers are paid
- Determine what providers people are allowed to consult.



What to classify ?

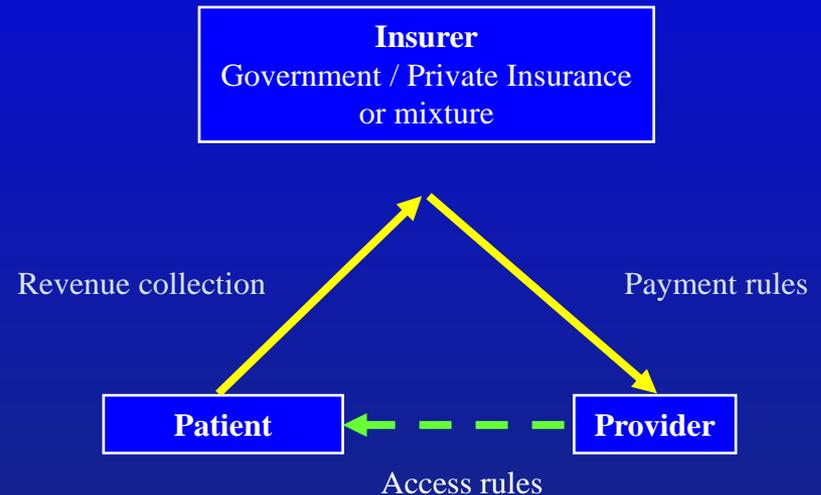
In the Medical Care Triad we have 3 boxes and 3 connections between, we simply have to classify each

The boxes

Patient: Who pays?

Insurer: Who is it?

Provider: Who is it?



The connections

Revenue collection: How is the revenue collected?

Payment rules: How is the provider paid?

Access rules: How are the rules for getting service

Revenue collection

- **TAX** Scandinavia, UK, Canada
- **Premiums for insurance** US
- **Out-of-pocket payment** More or less in all countries

Even though they are the main principle for revenue collection most systems are very often a mixture of the three. The task then becomes to determine which of the three constitutes the main principles.

Revenue collection

A Frame work: Tax?

TAX



Premiums for insurance

Out-of-pocket payment

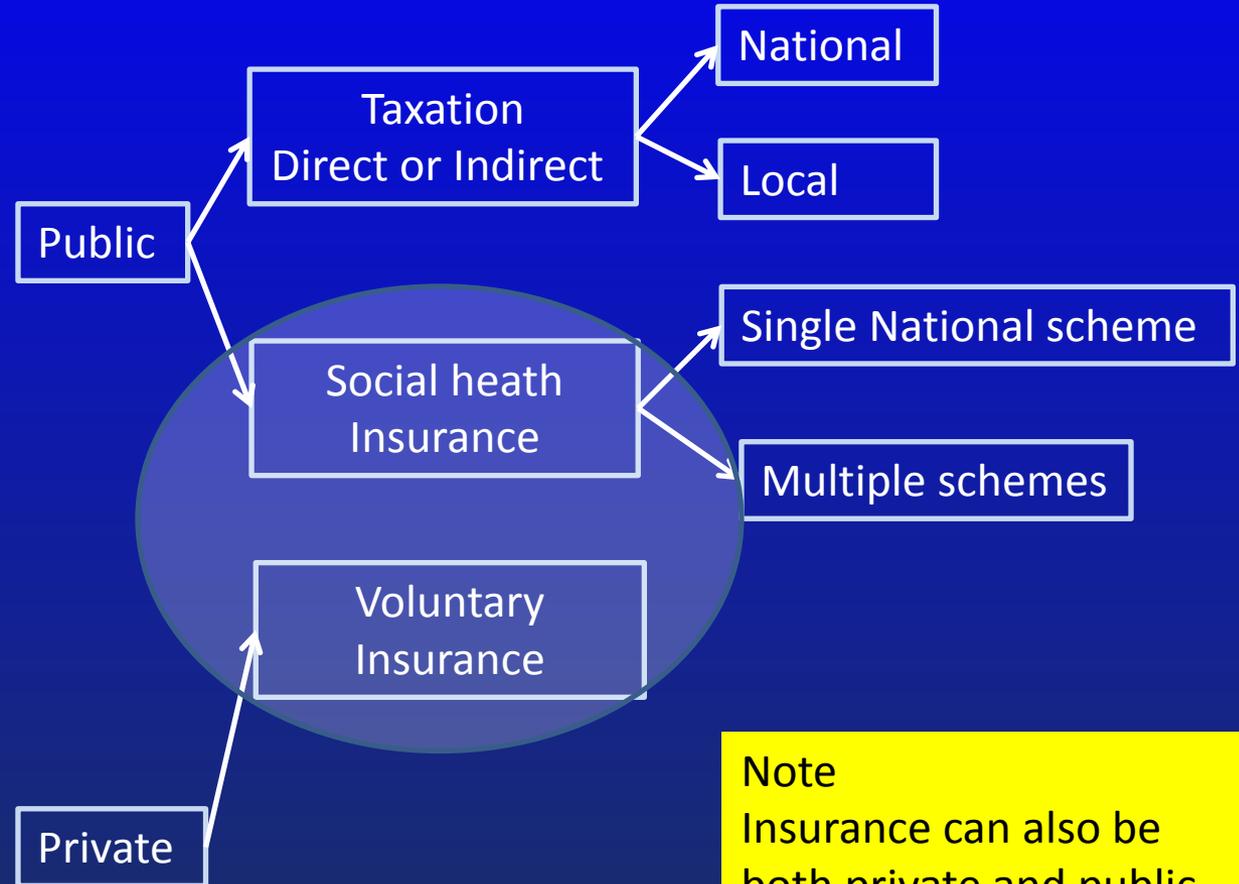
Revenue collection

A Frame work: Insurance ?

TAX

Premiums for insurance

Out-of-pocket payment



Note

Insurance can also be both private and public and any mixture of private or public

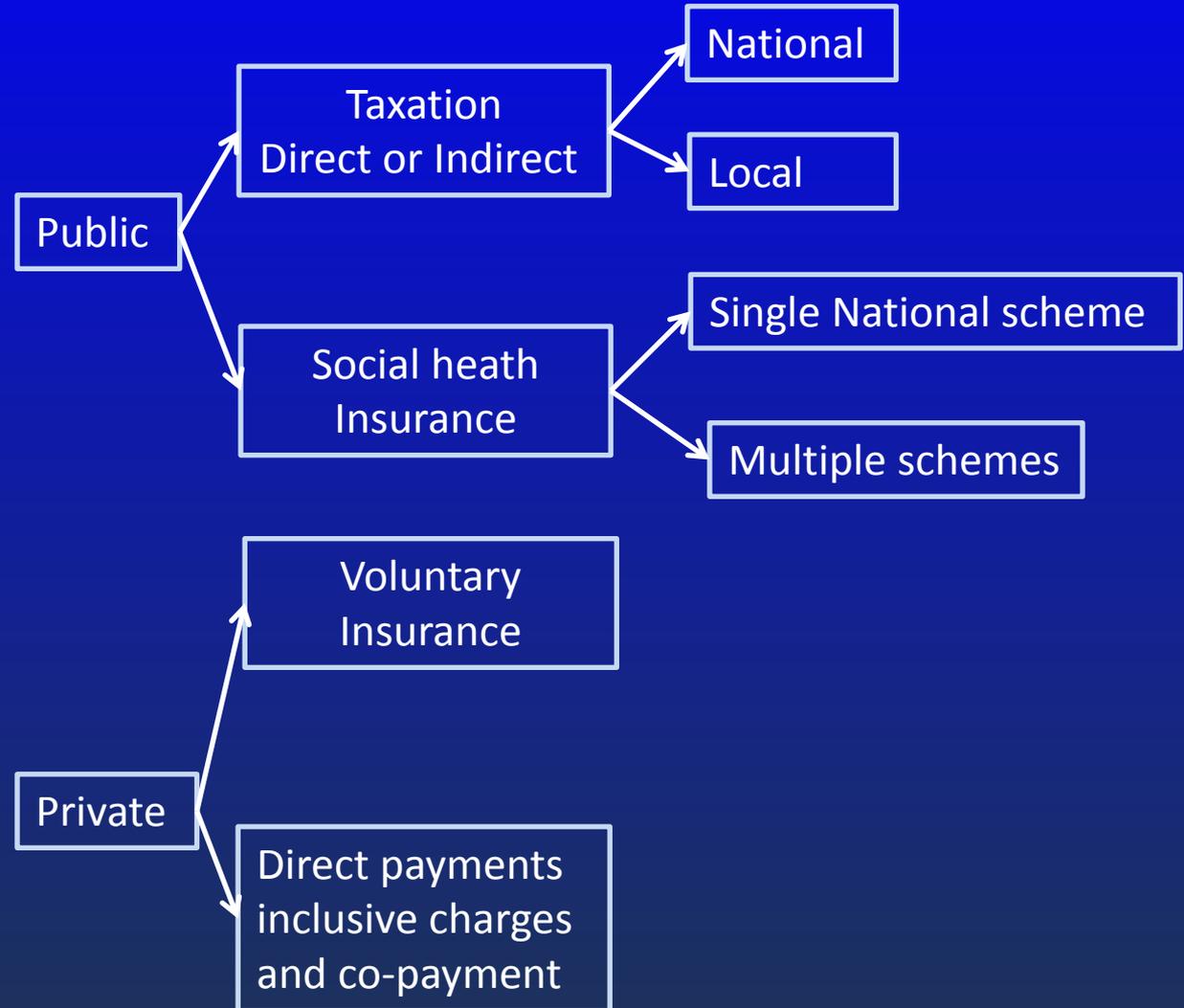
Revenue collection

A Frame work: Out of Pocket ?

TAX

Premiums for insurance

Out-of-pocket payment



Payment rules

- Fixed sum, fixed budget
- Per capita
- Fee for services

Even though they are the main principle for payment rules most systems are very often a mixture of the three. The task then becomes to determine which of the three constitutes the main principles.

A hybrid exists with a fixed sum and a contract on the numbers of patient to treat for the sum, some argue that it in principle is a fee for service (A Scandinavian hybrid since they haven't decided which system they really wants)

Access rules – an example



The yearly apple-painting in Kivik

*The goal of the health and medical care system is to ensure **good health** and **provide care on equal terms** for the **entire population**. Care shall be provided with respect for the **equal worth of all people** and for the dignity of the individual. Those who **have the greatest need** for health and medical care services shall be given **priority**.*

The Swedish Health and Medical Service Act (1982:763)

Access rules

In principle based on equal rights

The problem comes when one has to find the factual rationing-system that exists in every health care system

Ex

- Low capacity makes long waiting lists,
- The use of gate keepers,
- Geographical limitations
- etc.

Access rules is an important element when allocating resources i.e. setting and managing priorities

Access rules

In principle based on equal rights

The legal system in a jurisdiction plays a role, can complicate the assessment

The example from Sweden is based on **Civil law** (*Continental European law/Roman law*). The central source of law that is recognized as authoritative are codifications in a constitution or statute passed by legislature, to amend a code.

Common law (*case law or precedent*) is law developed by judges through decisions of courts and similar tribunals rather than through legislative statutes or executive branch action. A "common law system" is a legal system that gives great precedential weight to common law, on the principle that it is unfair to treat similar facts differently on different occasions

Health Care Systems

- Compare health care systems
 - Define a Health Care System
 - Classify a Health Care System
- Types of Healthcare Systems

Four 'archetypes' of healthcare system

Although every healthcare system is different, they can be grouped into four "archetypes."

- **Socialized medicine** (as in Britain or Sweden) covers everybody, has a single payer, and usually has those who provide care salaried or capitates (paid so much for every person for whom they provide care).
- **Socialized insurance** (as in Australia, Canada, or France) also covers everybody and has a single payer but pays those who provide care a fee for each service.
- **Mandatory insurance** (as in Germany, Brazil, Japan, Malaysia, and Singapore) again covers everybody but has multiple sickness funds or insurance carriers and provides care through a mixture of salaried public providers and private providers paid a fee for each service.
- **Voluntary insurance** (as in the United States or South Africa) does not offer cover to everybody and has many payers and providers and different systems of payment and delivery

The OECD main groups of healthcare systems

Example Country	Financed
Netherlands	A mixture of social and private insurance, with mainly private providers
Belgium, France & Germany	Mainly by social insurance, with mixed private and public providers
Spain UK	Mainly by general taxation, with public providers

Health Care Systems

- Compare health care systems
 - Define a Health Care System
 - Classify a Health Care System
- Types of Healthcare Systems
- The need for Health Care Reforms / changes

Why Such Dissatisfaction?

Four fundamental forces

- 1 - Equality – desire for equal treatment of all
- 2 - Efficiency – wants to prevent overuse of care/resources, wasted resources
- 3 - Demographic changes – increasing aging of the population
- 4 - Technical changes – increasing cost (+Quality)

NB! Especially 3 + 4 is argued to be reasons for upward spiraling costs

Modified from Cutler DM. Your Money or Your Life. New York: Oxford University Press Inc, USA; 2004.

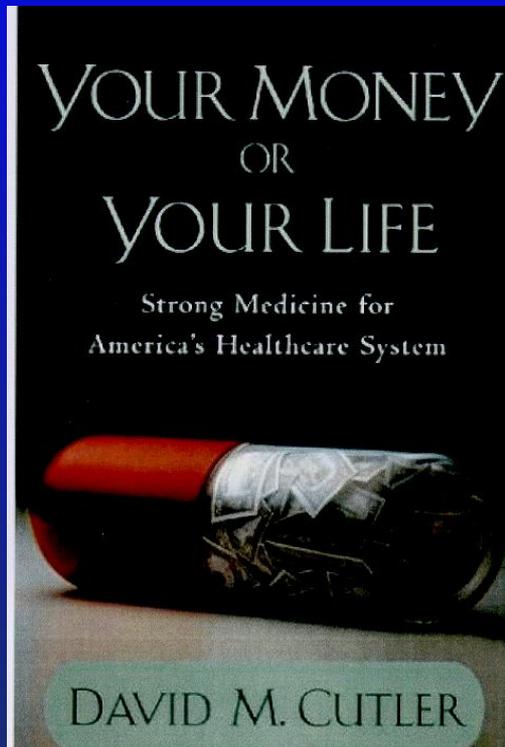
Do we lack resources?

Some will argue it is a matter of prioritizing

An acceptable level of health for all the people of the world by the year 2000 can be attained through a fuller and better use of the world's resources, a considerable part of which is now spent on armaments and military conflicts.
(Alma-Ata declaration)

Have we reached the limits for health care spending ?

Some will argue we are willing to pay much more



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Professor Cutler's CV can be found at
<http://post.economics.harvard.edu/faculty/dcutler/bio.html>

The Value of Life and the Rise in Health Spending

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Health care extends life. Over the past half century, Americans have spent a rising share of total economic resources on health and have enjoyed substantially longer lives as a result. Debate on health policy often focuses on limiting the growth of health spending. We investigate an issue central to this debate: can we understand the growth of health spending as the rational response to changing economic conditions—notably the growth of income per person? We estimate parameters of the technology that relates health spending to improved health, measured as increased longevity. We also estimate parameters of social preferences about longevity and the consumption of non-health goods and services. The story of rising health spending that emerges is that the diminishing marginal utility of non-health consumption combined with a rising value of life causes the nation to move up the marginal-cost schedule of life extension. The health share continues to grow as long as income grows. In projections based on our parameter estimates, the health share reaches 33 percent by the middle of the century.

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International Comparisons

The US and 'Europe' (Western Europe + Canada + Japan) are at opposite ends of a spectrum

'Europe'

US

More egalitarian
Less market-oriented

Less egalitarian
More market-oriented

* But they face similar problems

The waves of medical care reforms in the US

First wave (1950-1970): Universal coverage, generous benefits

Second wave (1970-1990): Cost control

Third wave (1990 – 2005?): Focus on incentives and competition

Fourth wave(2005 - ?): Better use of existing knowledge (WHO)

Fifth wave? (2010 - ?): Universal coverage

Sixth wave? 2015 - ?): Cost control