ZSMU

Department of general practice – family medicine

HEALTHCARE MODELS in world practice

THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

- The General Assembly of the United Nations adopted and proclaimed these principles in 1948
- Article 25:
  - Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

DIFFERENT HEALTHCARE MODELS

- Each nation's health care system is a reflection of its:
  - History
  - Politics
  - Economy
  - National values
- They all vary in some degree
- They are based on common principles
- There are 4 basic health care models around the world

1. THE BISMARCK MODEL

- **Germany, Japan, France, Belgium, Switzerland, Japan, and Latin America**
- **Named for Prussian chancellor Otto von Bismarck, inventor of the welfare state**
- **Characteristics:**
  - Providers and payers are private
  - Private insurance plans – financed jointly by employers and employees through payroll deduction
  - The plans cover everyone and do not make a profit
  - Tight regulation of medical services and fees (cost control)

2. THE BEVERIDGE MODEL

- **Named after William Beveridge – inspired Britain's NHS**
- **Great Britain, Italy, Spain, Cuba, and the U.S. Department of Veteran Affairs**
- **Characteristics:**
  - Healthcare is provided and financed by the **government**, through tax payments
  - There are no medical bills
  - Medical treatment is a public service
  - Providers can be government employees
  - Lows costs b/c the government controls costs as the **sole payer**
- **This is probably what Americans have in mind when they think of "socialized medicine"**

3. THE NATIONAL HEALTH INSURANCE MODEL

- **Canada, Taiwan, South Korea**
- **Characteristics:**
  - Providers are private
  - Payer is a government-run insurance program that every citizen pays into; has considerable market power to negotiate lower prices
  - National insurance collects monthly premiums and pays medical bills
  - Plans tend to be cheaper and much simpler administratively than American-style insurance
  - Can control costs by: (1) limiting the medical services they will pay for or (2) making patients wait to be treated

4. THE OUT-OF-POCKET MODEL

- **Rural regions of Africa, India, China, and South America**
- **“non-system” countries**
- **Characteristics:**
  - Only the rich get medical care; the poor stay sick or die
  - Most medical care is paid for by the patient(out-of-pocket)
  - No insurance or government plan

The main features of world Insurance medicine are:

- a membership of Health Care;
- an equal by size and quality medical care to all insurants;
- a patient free choice of doctor and Tertiary Establishments;
- a new management form application;
- an improvement of medical workers incomes;
- a patient participation in covering Health Care costs.

GREAT BRITAIN

- **Insured** - 100% of population insured
- **Spending** - 7.5% of GDP
- **Funding:**
  - Single payer system funded by general revenues (National Health System); operates on huge deficit
- **Private Insurance:**
  - 10% of Britons have private health insurance
  - Similar to coverage by NHS, but gives patients access to higher quality of care and reduce waiting times
- **Physician Compensations:**
  - Most providers are government employees

GREAT BRITAIN

- **Physician Choice**
  - Patients have very little provider choice
- **Copayment/Deductibles**
  - No deductibles
  - Almost no copayments (drugs prescription)
- **Waiting Times -** Huge problem
- **Benefits Covered**
  - Offers comprehensive coverage
  - Patients in terminal state may be denied treatment

CANADA

- **Insured**
  - **Single payer system – 100% insured**
  - **Each province must make insurance:**
    - Universal (available to all)
    - Comprehensive (covers all necessary hospital visits)
    - Portable (individuals remain covered when moving to another province)
    - Accessible (no financial barriers, such as deductible or copayments)
- **Funding**
  - Federal government uses revenue to provide a block grant to the provinces (finances 16% of healthcare)
  - The remainder is funded by provincial taxes (personal and corporate income taxes)

CANADA

- **Spending -** 9% of GDP
- **Private Insurance**
  - At one time all private insurance was prohibited; changed in 2005
  - Many private clinics now offer services on the black market
- **Physician Compensation**
  - Physicians work in private practice
  - Paid on a fee-for-service basis
  - These fees are set by a centralized agency; makes wages fairly low

CANADA

- **Physician Choice**
  - Referrals are required for all specialist services except the ED
- **Copayment/Deductibles**
  - Generally no copayments or deductibles
  - Some provinces do charge insurance premiums
- **Waiting Times**
  - Long waiting lists
  - Many travel to the U.S. for healthcare

FRANCE

- **Insured -** About 99% of population covered
- **Cost -** 3rd most expensive health care system
  - 11% of GDP
- **Funding**
  - 13.55% payroll tax (employers pay 12.8%, individuals pay 0.75%)
  - 5.25% general social contribution tax on income
  - Taxes on tobacco, alcohol and pharmaceutical company revenues
- **Private Insurance**
  - "more than 92% of French residents have complementary private insurance"
  - These funds are loosely regulated (less than U.S.); the only requirement is renewability
  - These benefits are not equally distributed (creates a two-tiered system)

FRANCE

- **Physician Compensation**
  - Providers paid by national health insurance system based on a centrally planned fee schedule – fees are based on an upfront treatment lump sum (similar to DRGs in US)
  - However, doctors can charge whatever they want
  - The patient or the private insurance makes up the difference
  - Medical school is free
  - Legal system is fairly tort averse

FRANCE

- **Physician Choice**
  - Fair amount of choice in the doctors they choose
- **Copayment/Deductible**
  - 10% to 40% copayments
- **Waiting Times**
  - Very little waiting lists/times
- **Technology**
  - Government does not reimburse new technologies very generously
  - Little incentive to make capital investments in medical technology

GERMANY

- **Insured -** 99.6% of population – sickness funds
  - Those with higher incomes can buy private insurance
  - The federal gov. decides the global budget and which procedures to include in the benefit package
- **Funding**
  - Sickness funds are financed through a payroll tax (avg. 15% of income)
  - The tax is split between the employer and employee

GERMANY

- **Private insurance**
  - 9% of Germans have supplemental insurance; covers items not paid for by the sickness funds
  - Only middle- and upper-class can opt out of sickness funds
- **Physician Compensation**
  - Reimbursement set through negotiation with the sickness funds
  - Providers have little negotiating power
  - Very low compensation
  - Significant reimbursement caps and budget restrictions
- **Copayment/Deductibles**
  - Almost no copayments or deductibles

GERMANY

- **Technology**
  - Low technology compared to U.S.
- **Waiting Times**
  - WHO reported that "waiting lists and explicit rationing decisions are virtually unknown"
- **Benefits Covered**
  - There is an extensive benefit package which even includes sick pay (70% to 90% of pay) for up to 78 weeks

JAPAN

- **Insured**
  - Universal health insurance based around a mandatory, employment-based insurance
  - "The Employee Health Insurance Program" requires that all companies with 700 or more employees to provide workers with health insurance
  - Small business workers join a government-run small business national health insurance plan
  - The self-employed and the retired are covered by Citizens Insurance Program administered by municipal governments
- **Costs -** Not as high as U.S.;
  - average household - $2300 per year on out-of-pocket costs
  - healthy lifestyle = lower incidence of disease

JAPAN

- **Funding -**8.5% (large business) or an 8.2% (small business) payroll tax
  - Payroll taxes are split almost evenly between employer and employee
  - Those who are self-employed or retired must pay a self-employment tax
- **Private Insurance**
  - Very rare for Japanese to use this; less than 1%
- **Physician Compensation**
  - Hospital physicians are salaried
  - Non-hospital physicians are paid on a fee-for-service basis
  - Hospitals and clinics are privately owned but the government sets the fee schedule

JAPAN

- **Physician Choice**
  - No restrictions on physician or hospital choice
  - No referral requirements
- **Copayment/Deductibles**
  - Copayments are 10% to 30%
  - Capped at $677 per month for the average family
- **Technology**
  - High levels of technology; comparable to U.S.
- **Waiting Times**
  - Significant problem at the best hospitals because they cannot charge higher prices

Healthcare comparisons

US UK France Singapore

Expenditure on health % GDP

US: 16%

France: 11%

UK: 8.4%

Singapore: 3.4%

Expenditure on health, per capita US $

US: $7,290

France: $3,601

UK: $2,992

Singapore: $1,228

Expenditure from private sector

Singapore: 67.4%

US: 52.8%

France: 20.8%

UK: 12.9%

Infant mortality per 1,000 live births

US: 6.7

UK: 4.8

France: 3.8

Singapore: 2.1

Life expectancy at birth

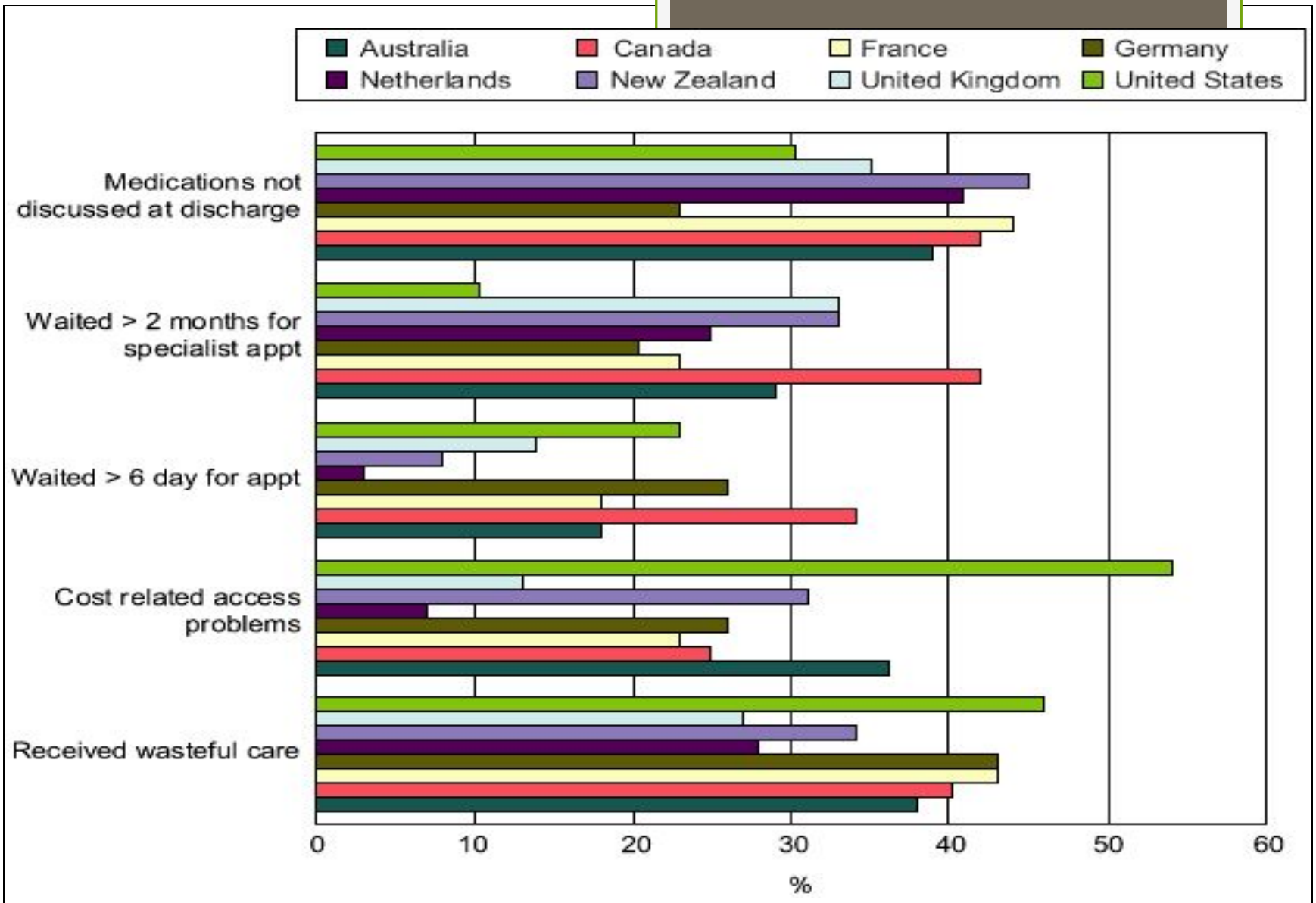
France	Singapore	UK	US
81 years	79.7 years	79.1 years	78.1 years

US – without health insurance

45.7 million (15.3% of population)

10.4%	19.5%	32.1%	16.8%
Of Non-Hispanic whites	Of Blacks	Of Hispanics	Of Asians

SOURCE: OECD, WHO



Comparison of Global Healthcare by Rand Corporation

UNIVERSAL LAWS OF HEALTHCARE SYSTEMS

- No matter how good the healthcare in a particular country people will complain about it
- No matter how much money is spent on healthcare, the doctors and hospitals will argue that it is not enough
- The last reform always failed

– Tsung-mei Cheng,
an American economist

5 MYTHS ABOUT HEALTH CARE AROUND THE WORLD

1. **It's all socialized medicine out there**
   - Many countries provide universal coverage using private providers, hospitals and insurance plans
2. **Overseas, care is rationed through limited choices or long lines – some truth.**
3. **Foreign health systems are inefficient, bloated bureaucracies**
4. **Cost control stifles innovation**
   - False. This pressure to control cost can generate innovation
5. **Health insurance companies have to be cruel**
   - Insurance plans in other countries accept all applicants
   - Cannot deny on the presence of a preexisting condition
   - Cannot cancel as long as you pay your premium

"Life is not about waiting for the storms to pass…it's about learning to dance in the rain!"

Vivian Greene

Thank You!