

HEALTH CARE MODELS: INTERNATIONAL COMPARISONS

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DIFFERENT HEALTH CARE MODELS

- Each nation's health care system is a reflection of its:
 - History
 - Politics
 - Economy
 - National values
- They all vary to some degree
- However, they all share common principles
- There are four basic health care models around the world

FOUR DIFFERENT HEALTHCARE MODELS

THE BISMARCK MODEL

THE BEVERIDGE MODEL

THE NATIONAL HEALTH INSURANCE MODEL

THE OUT-OF-POCKET MODEL

1. THE BISMARCK MODEL

- Germany, Japan, France, Belgium, Switzerland, Japan, and several countries in Latin America
- Named for Prussian chancellor Otto von Bismarck, father 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, Chile (until 1973)
- Characteristics:
 - Healthcare is provided and financed by the State through tax payments
 - There are no medical bills
 - Medical treatment is a public service
 - Providers can be government employees
 - The government controls costs as the sole payer

3. THE NATIONAL HEALTH INSURANCE MODEL

- Canada, Taiwan, South Korea
- Characteristics:
 - Providers are private
 - Payer is a State-run insurance program that every citizen pays into
 - National insurance collects monthly premiums and pays medical bills
 - 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

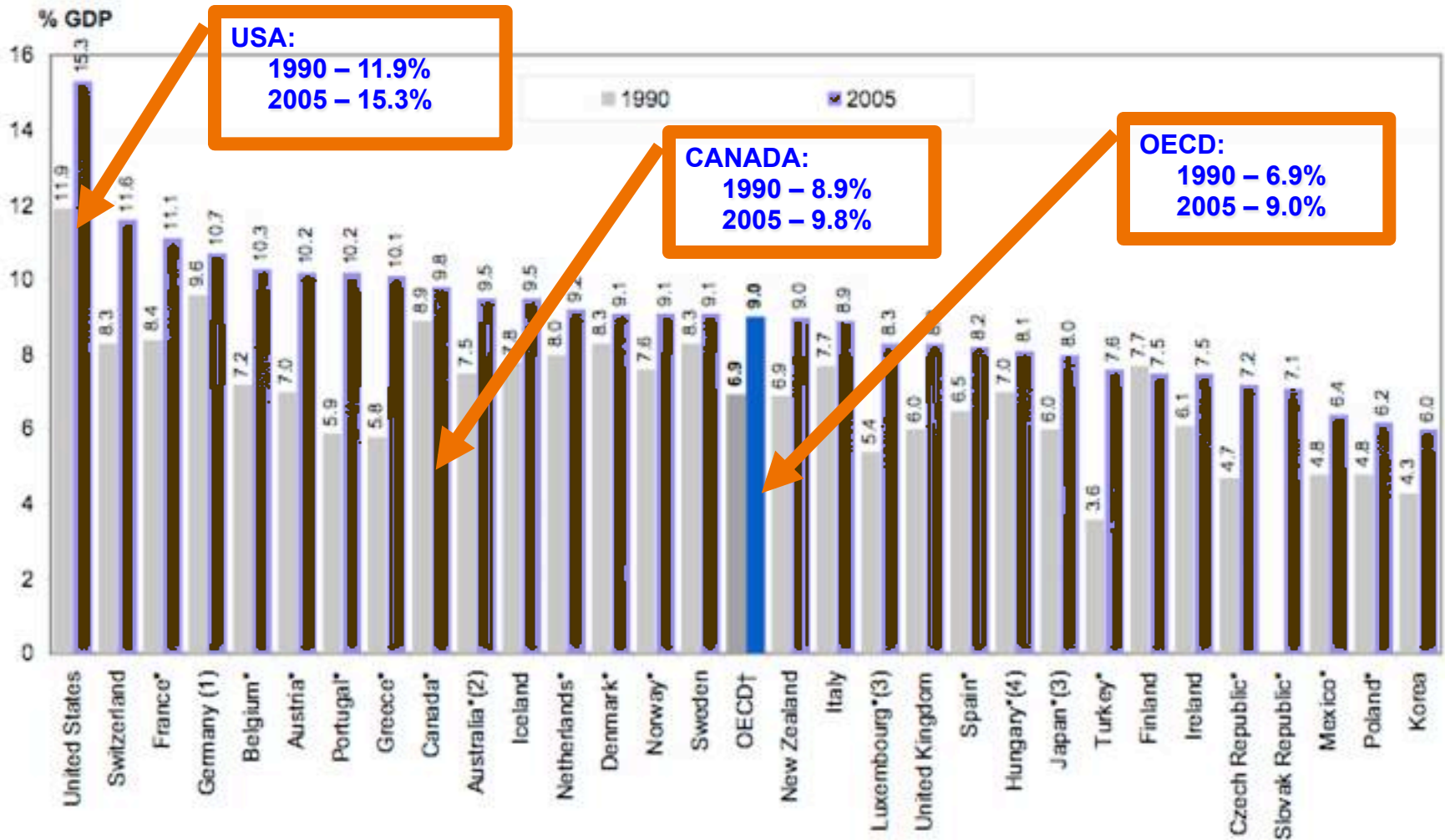
- Rural regions of Africa, India, China, and some countries in South America
- Characteristics:
 - Only the rich get medical care; the poor stay sick or receive minimal services by public and humanitarian institutions
 - Most medical care is paid for by the patient, out-of-pocket
 - No insurance or government plan

FINANCIAL AND BENEFITS COMPARISONS BETWEEN “OECD” (*) COUNTRIES

- UNITED STATES OF AMERICA
- GREAT BRITAIN
- FRANCE
- CANADA
- GERMANY
- JAPAN

* OECD includes highly economic developed countries

COSTS COMPARISONS (% of GDP) FOR OECD COUNTRIES 1990 TO 2005



UNITED STATES HEALTH SYSTEM COSTS

- Largest spender on health care health care
 - 16% of GDP
 - 2.3 trillion in 2007
- Why so high?
 - Providers make more money
 - High malpractice insurance
 - THE WAY WE MANAGE HEALTH INSURANCE AND THE COMPLEXITY OF THE HEALTH SYSTEM
- Only country that relies on profit-making health insurance companies
- Private insurance industry has the world's highest administrative costs of any health care payer in the world
- Most fragmented health care system in the world



GREAT BRITAIN COSTS

- 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, paid under salary and according to number of listed patients.

GREAT BRITAIN BENEFITS

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

CANADA COSTS

- 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)
- Spending
 - 9% of GDP
- Private Insurance
 - At one time all private insurance was prohibited; changed in 2005
 - Many private clinics now offer services

CANADA BENEFITS

- 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
- Physician Choice
 - Referrals are required for all specialist services
 - Great difficulties for a family doctor
- 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 COSTS

- 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. The only requirement is renewability
 - These benefits are not equally distributed (creates a two-tiered system)

FRANCE BENEFITS

- **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
 - However, doctors can charge whatever they want
 - The patient or the private insurance makes up the difference
 - Medical school is free
- **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 COSTS

- 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
- 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

GERMANY BENEFITS

- Copayment/Deductibles
 - Almost no copayments or deductibles
- 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 COSTS

○ 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

- Average household spends \$2300 per year on out-of-pocket costs
- Japans have a healthy lifestyle – lower incidence of disease

○ 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%

JAPAN BENEFITS

- 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
- 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 b/c they cannot charge higher prices

Healthcare comparisons



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

81 years

Singapore

79.7 years

UK

79.1 years

US

78.1 years

US – without health insurance



45.7 million (15.3% of population)

10.4%

Of Non-Hispanic whites

19.5%

Of Blacks

32.1%

Of Hispanics

16.8%

Of Asians

THE END

