

Healthcare Systems – handout

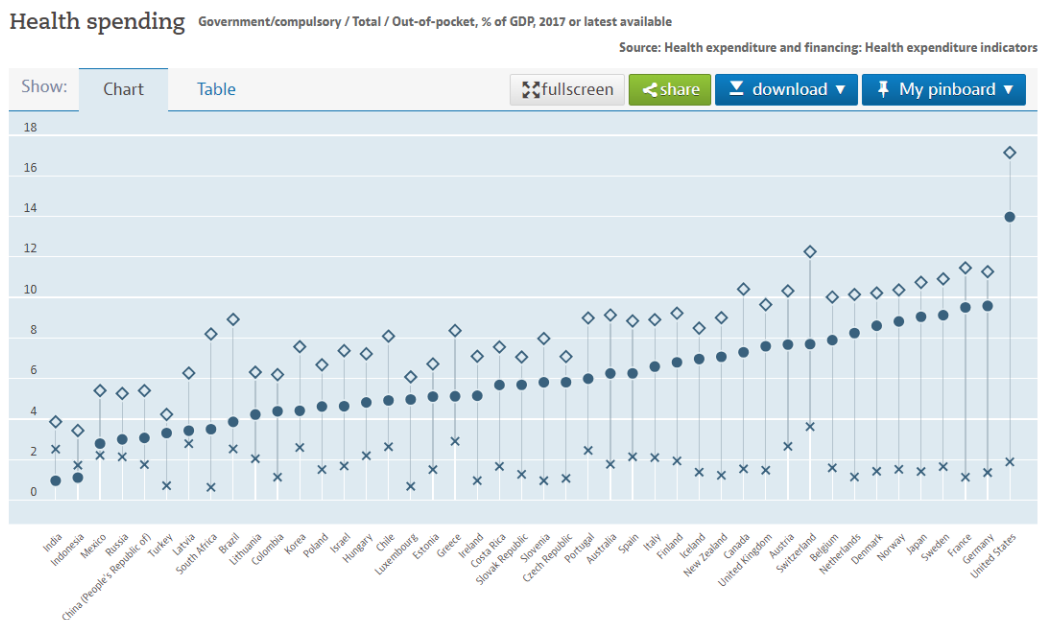
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Health System definition by World Health Organisation (WHO):

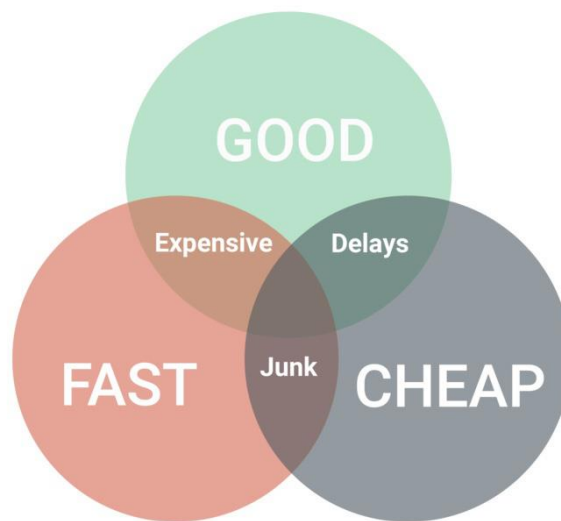
- A health system consists of all organizations, people and actions whose primary intent is to promote, restore or maintain health. This includes efforts to influence determinants of health as well as more direct health-improving activities.
- A health system is therefore more than the pyramid of publicly owned facilities that deliver personal health services.
- It includes, for example, a mother caring for a sick child at home; private providers; behaviour change programmes; vector-control campaigns; health insurance organizations; occupational health and safety legislation. It includes inter-sectoral action by health staff, for example, encouraging the ministry of education to promote female education, a well known determinant of better health.

The governments have to take care of not only the health systems, but social security system, education, pensions, public safety etc. So the decision makers have to make a lot of decision, with limited resources.

The healthcare system is also a constant balancing, because the demand is infinite, but the resources are finite. So it is about the right balances and priorities. These priorities are different country-by-country.



The properties of a country's health system and ensuring necessary background are always the issue of government priorities and decisions. There is no ideal healthcare system.



The main elements of healthcare systems are:

- Planning health policy, determining the priorities, regulations
- Financing
 - fundraising (taxation , public or private insurance, fee for services)
 - Resource allocation (salary, global budget, capitation, DRG, fee for service)
- Services (prevention, primary care, in-patient clinics, hospitals, paramedical)
- Creating resources (education, r&d, investment, human resources, infrastructure)

There are different types of healthcare system, the most important prototypes are:

- **British:** Access to health care is a right, based on citizenship
- **German:** Social insurance
- **American:** Health care is a commodity; consumers are free to buy it or not to buy it

Let's see the details of these prototypes!

British – Beveridge – model (National Health System, NHS):

- Origin: United Kingdom, 1946, Beveridge Minister of Health (MoH)
- Purpose: ensuring equal access to health care for all members of society
- Financed from tax revenue
 - State owned healthcare provider institutions
 - Care is organized by the Ministry of Health and regional bodies, and the role of municipalities is small
- Healthcare is citizens' right
 - There are fee for services in some specific cases
- Solidarity based (compulsory)
- No medical bills.
- Lower costs per capita, because the government, as the sole payer, controls what doctors can do and what they can charge.
- Doctors work for fixed salary mostly
- Solidarity based, everyone has access
- Great Britain, Spain, most of Scandinavia and New Zealand.

German – Bismarck – model (social security system):

- Origin 1883 Germany
- All employers and employees pay a percent of the salary to 'sickness fund' public non profit insurance companies. (compulsory)
- The health insurance is not a tax → separated budget for healthcare
- Purpose: vulnerable social groups, occupational groups, etc. Decrease the risk due to disease; stabilization of the situation of these groups
- Contribution is mandatory (not tax!)
 - Proportion of salary
 - Maximum limit
- The majority of the population is insured
- Services:
 - Free medical care
 - Free medicine and medical supplies
 - Sickness benefit from day 3 of incapacity for work until the end of week 13th
- Solidarity based- pay according to ability, get healthcare according to need.

The comparison of these to European system can be seen on the following table:

German (Bismarck) type	British (Beveridge) type
<ul style="list-style-type: none"> ○ origin: Germany, 1883, Bismarck chancellor ○ Purpose: keep the labour force healthy, Decrease the risk due to disease of vulnerable social groups, occupational groups, etc. ; stabilization of the situation of these groups ○ Contribution is mandatory (not tax!) <ul style="list-style-type: none"> ○ Proportion of salary ○ Maximum limit ○ The majority of the population is insured 	<ul style="list-style-type: none"> ○ origin: United Kingdom, 1946, Beveridge, social reformer ○ purpose: ensuring equal access to health care for all members of society ○ Financed from tax revenue ○ Healthcare is citizens' right ○ (insurance?)

The **US system** is quite different from the European approaches:

- Based on health insurance fee, paid by employers
 - More insurance companies → market competition
 - Employer and employee fee
 - Medicare, Medicaid (healthcare for poor and elders – 'insurance' on social bases)
- More than 40 million people had no insurance → Obamacare
- From the '70ies → HMO, managed care with unified fee
 - HMO is a group of physicians who form one insurance + health provider organization (they provided the care or they bought it for their patients)
- Private health insurance companies
- With special risk-assessment methods
- Providing different „packages” (schemes) for consumers (client)
- Private providers or provider groups
- Consumers are not individuals, rather companies

- For profit, private insurance companies
- Not solidarity based.
- Large part of the people has no insurance at all
- Large part of the people has an insurance only of a very poor quality: „underinsurance”

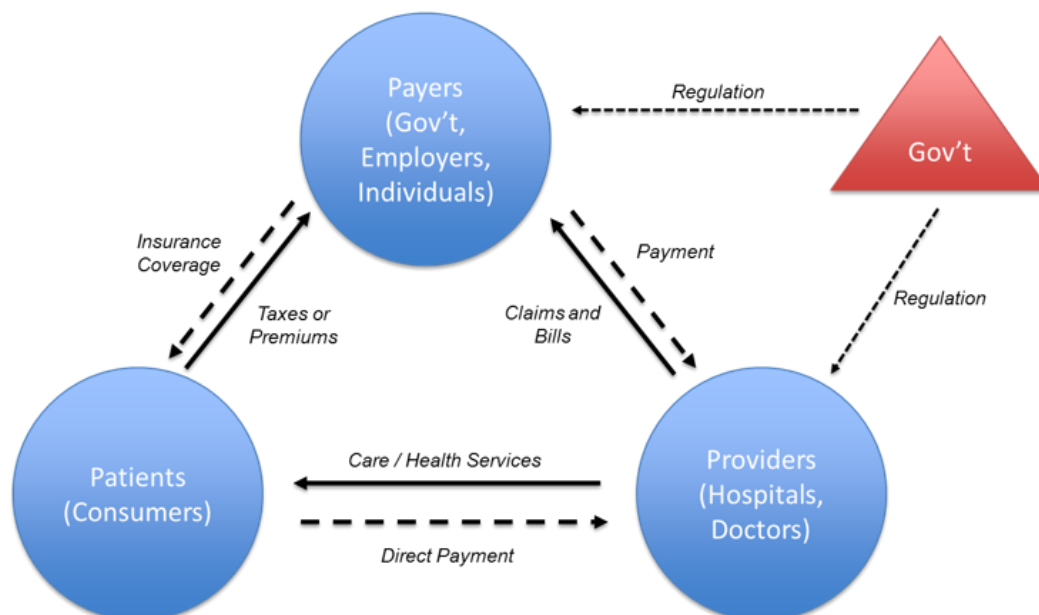
We can evaluate the health systems by different criterias:

- Health status of the population (outcome of healthcare)
- Many factors influence health outcomes, not just healthcare
- Accessibility, availability, fairness
- Who has access? What is available? How long are the waiting lists?
- Quality- structure, process, outcome, satisfaction
- Efficiency- technical, cost-effectiveness, allocative
- Sustainability
- Patient rights

The healthcare is a special market.

In a market situation the consumer decides what product or service to purchase. The provider sells at a price and quality which is marketable. But the healthcare is a special market with the following properties:

- Limited competition - monopoly
- Provider initiated demand
- Information asymmetry – can't be smart shoppers
- Ability to pay for services?
- Health needs can't be planned and can't be postponed
- And there is third party:



This third party can be:

- **Central governmental budget** – health care financed from taxes by local authority or government
- **Public health insurance agency** – employees and employers pay health insurance contributions to non-profit or state owned health insurance agency, health fund
- **Private health insurance company** – Individual buys it or gets it from workplace – can be supplementary

Is there ideal healthcare system?

- Purposes → often conflict with each other
 - efficiency, effectiveness, fair distribution
- We have to face with the challenges: fast changing social, economic environment
- Establish, create a healthcare system is never a green-field investment
- The healthcare has different historical pathways country by country → different characteristics which often cannot be changed in short term. So these characteristics determine how the system can be further developed

Most important conclusions about the health systems and its reforms:

- More money ≠ Better healthcare
- Evidence Based Healthcare
- Rational cost efficiency
- Healthcare management
- Health economics