Development of health systems in Europe and in the world

Social Care and Health Systems

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Evolution of health care system

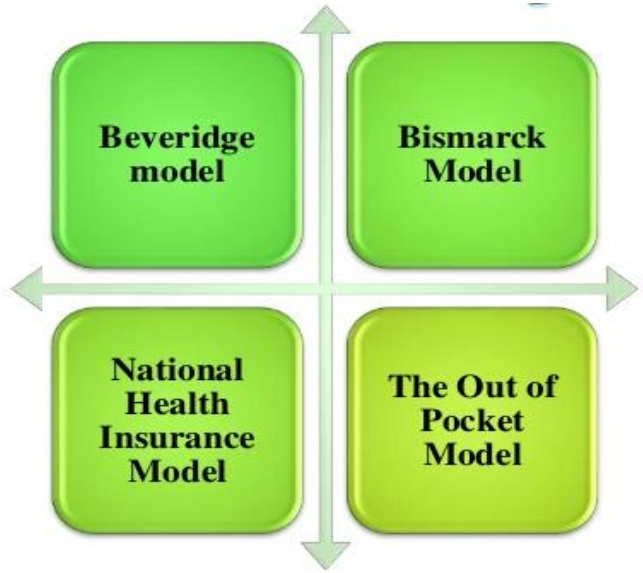
- Public health systems have gone through a number of development stages
- Systems are very different in different countries
- Common development is difficult to trace, but there is a common goal

➢Health care systems across the world are focusing policy efforts on improving the quality of healthcare delivered to their population *(Brenda Helen Sheingold, Joyce A. Hahn: The history of healthcare quality: The first 100 years 1860–1960, 2014)*

- The past 100 years have seen a level of medical innovation unprecedented in human history (antibiotics, x-rays, organ transplants, the mapping of the human genome and the digitization of many medical functions) *(Brenda Helen Sheingold, Joyce A. Hahn: The history of healthcare quality: The first 100 years 1860–1960, 2014)*

Types of health care system

- We recognize 4 different types of health care systems
- Some countries base their system upon one model
- Some choose a combination



1. The Beveridge Model
2. The Bismark Model
3. The National Health Insurance Model
4. The Out-of-Pocket Model

- No country has a pure one model

WHO: Global Healthcare: 4 Major National Models And How They Work, 2020

1. The Beveridge health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- First created and implemented in Britain 1948
- A central tenant of this model is health as a human right
- Patients have access to any type of care that they require
- Government is responsible for financing and providing health care through taxes
- Highly organizated system
- William Beveridge designed Britain's National Health Systém (NHS)

1. The Beveridge health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- The National Health Service (NHS) was established in 1948
- Provide health services to all UK citizens,

financed by general taxation and

free at the point of use

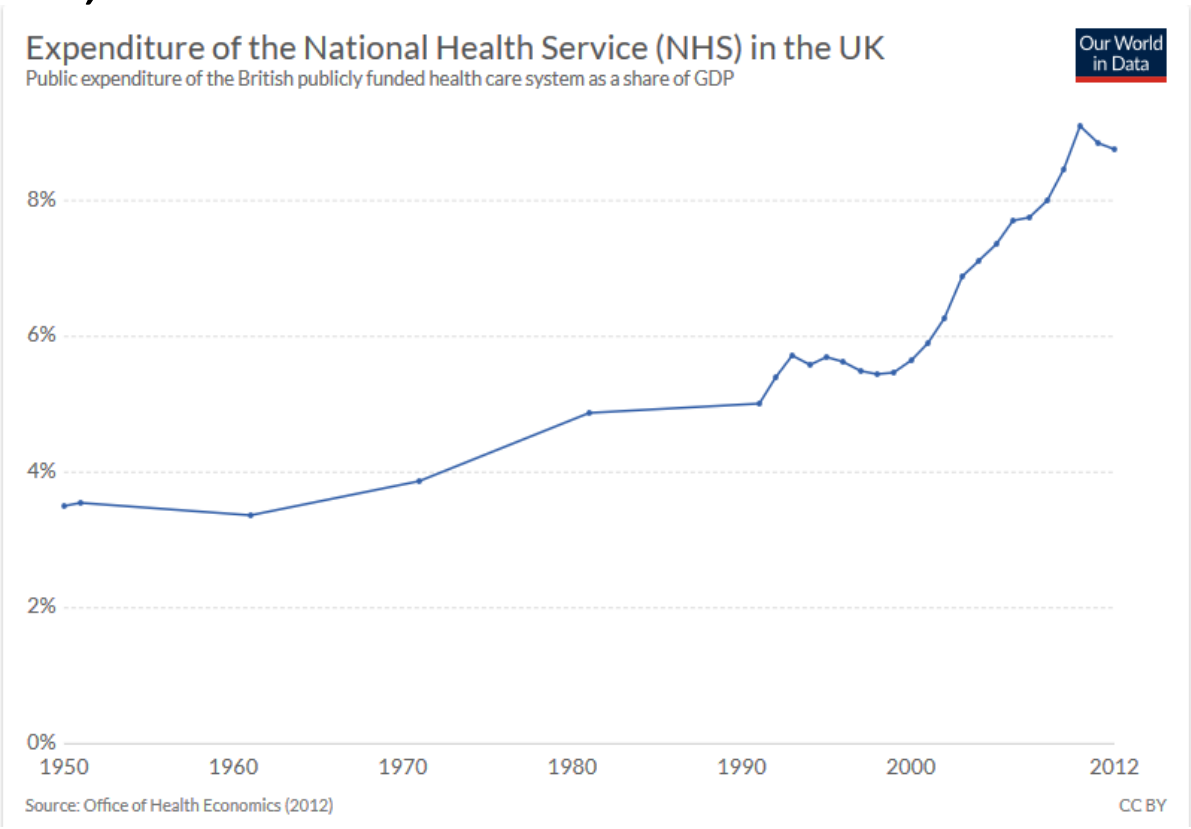
- The following graph shows

that the costs grew more in the first

decade of the 21st century,

than they did in the first two decades

immediately after its inception



1. The Beveridge health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- The government acts as the single-payer
- Eliminating competition in the market
- Majority of health staff is composed of government employees
- Centralized through the establishment of a national health service
- Emphasis on universal access to comprehensive care
- Britain, Italy, Spain, Norway, Denmark, Finland, Sweden, and New Zealand

1. The Beveridge health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- Anyone who is a citizen has the same access to health care
- Costs can be kept low and benefits are standardized across the country (due to state as a single payer)
- Over-utilization of the system may lead to increasing costs
- The tendency of this systém leads to long waiting lists
- Economic crisis - funding for health services may decline as public revenue decreases

2. The Bismarck health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- Created near the end of the 19th century by Otto von Bismarck
- More decentralized form of healthcare
- Doctors and hospitals tend to be private in Bismarck countries
- Employers and employees fund health insurance in this model
- The insurance system is financed jointly by employers and employees through payroll taxes, called “sickness funds“
- Taxes are directly deducted from paychecks

2. The Bismarck health care model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- Insurers do not make a profit - government tightly controls prices
- Existing private insurance companies are required to be non-profit – they are heavily regulated by the government
- Immediate practical concerns include how to contend with aging populations
- Uneven number of retired citizens compared to employed citizens
- In some countries, there is a single insurer (France, Korea); other countries may have multiple, competing insurers (Germany, Czech Republic) or multiple, non-competing insurers (Japan)

3. The National Health Insurance Model

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- Elements of both Beveridge and Bismarck model
  - Like in the Beveridge Model, the government acts as the single party payor
  - Like in the Bismarck Model, providers of healthcare are from the private sector
- Payment comes from a government-run insurance program that every citizen pays into
- Citizens fund through a premium or tax
- Insurance programs tend to be less expensive and have lower administrative costs

3. The National Health Insurance Model (NHI)

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- Possibility to negotiate for lower prices
- NHI plans also control costs by limiting the medical services they will pay for, or by making patients wait to be treated
- Sometimes the NHI involves a choice of multiple insurance funds
- In case of multiple insurance funds, the rates of contributions may vary and the client has to choose which insurance fund to belong to
- It is typical for Canada, Taiwan and South Korea have adopted NHI model
- Similar to Medicare (use in US)

3. The National Health Insurance Model (NHI)

- It uses private-sector providers
- May be administered by the public sector, the private sector, or a combination of both

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

3. The National Health Insurance Model (NHI)

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- NHI model does not make a profit or deny claims
- If the money is gone, people wait for surgery
- Government is able to leverage the medical market and negotiate better pricing
  - Health care spending, as a portion of the GDP, goes down
- It simplifies the rules process as there are no complicated rules for utilization and payment review
- It removes the competition, removing the focus from those who can pay and less on those who cannot

3. The National Health Insurance Model (NHI)

(WHO: Global Healthcare: 4 Major National Models And How They Work, 2020)

- NHI model requires people to pay for services they do not receive
- NHI model may stop people from being careful about their health
- NHI model may have long wait times for elective procedures (some people waiting almost 9-12 months for elective procedures)
- NHI model may limit the accuracy of patient care as doctors are often assigned more patients than they can legitimately handle

4. The Out-of-Pocket Model (OOPs)

(Angeline Nguyen: International Health Care Systems Part 4: The Out-of-Pocket Model, 2016)

- Almost 40 of the world's 200 developer countries have established health care systems, other countries do not provide any kind of mass medical care
- Principle - those that have money and can pay for health care get it, and those that do not stay sick or die
- Direct payments made by individuals to health care providers at the time of service use
- Unregulated direct charges often constitute a major access barrier to needed health care
- OOPs contribute to high out-of-pocket payments generating problems of financial protection

4. The Out-of-Pocket Model (OOPs)

(Angeline Nguyen: International Health Care Systems Part 4: The Out-of-Pocket Model, 2016)

- No compulsory national system, and a preponderance of private organizations
- Market-driven Health Care
- Public healthcare is only provided for the elderly and disadvantage Payments in OOPs varies considerably across the world
- OOPs cannot ensure that every citizen has access to health care
- Strong individual responsibility and private insurance
- Areas in India, China, Africa, South America.

4. The Out-of-Pocket Model (OOPs)

(Angeline Nguyen: International Health Care Systems Part 4: The Out-of-Pocket Model, 2016)

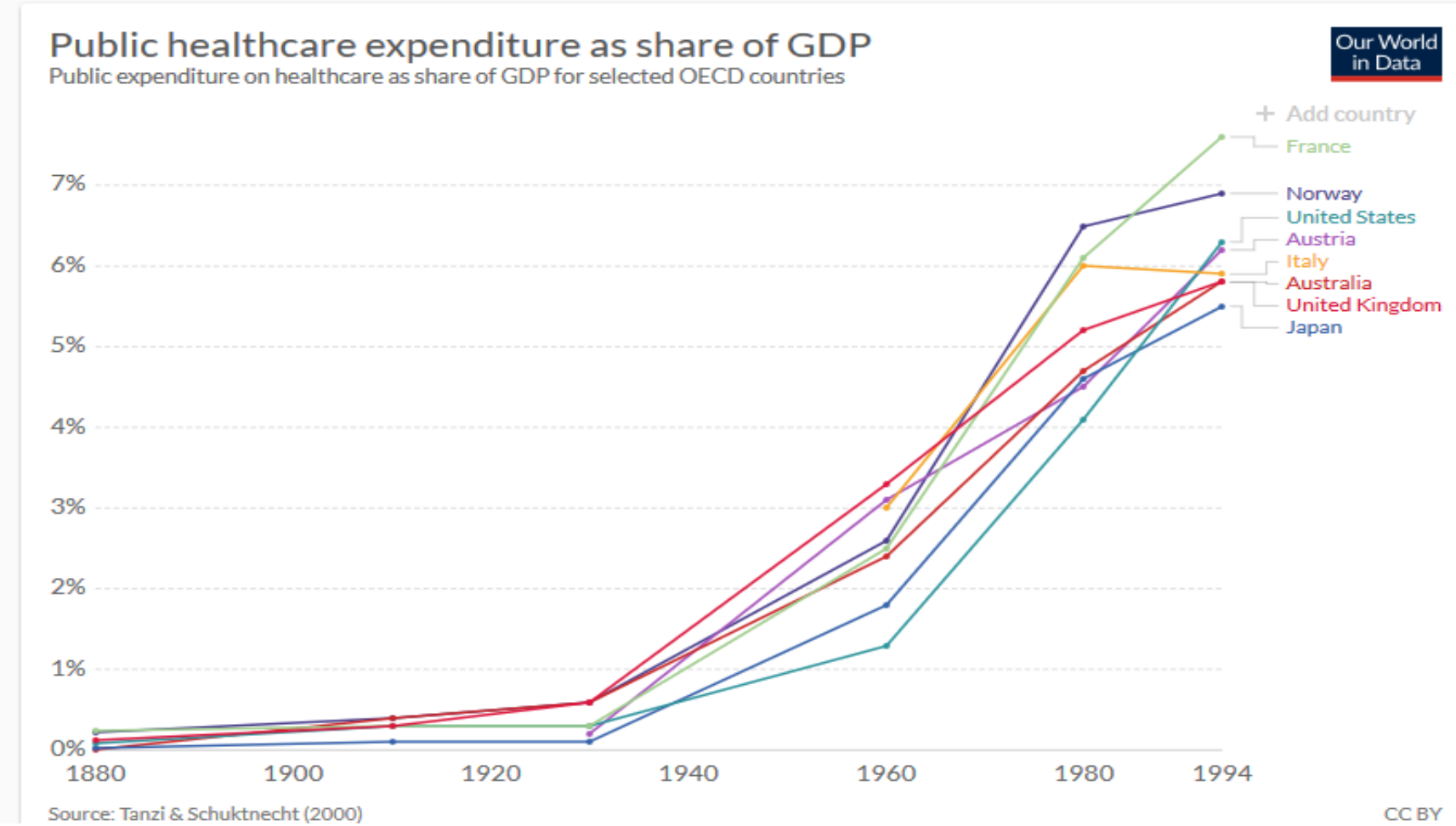
- Fairness in financial contributions for health care
- The poor stay sick or receive minimal services by public and **humanitarian institutions**
- The cost to families of obtaining health care for their children is an important potential barrier to achieving coverage with essential child survival interventions and reducing child mortality
- Health facilities charging user fees for child health care in many countries are placing an inequitable financial burden on poor families

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- At the end of the 19th century - organised health-care systems began to develop in many, mainly Continental European, countries
- Spending for health care was low due to the relatively cheap health care at a primitive level and the limited contri-bution the medical profession could make to heal-ing the majority of sicknesses
- The main objective of health care system in this time was to provide income replacement in case of sickness

Briefly evolution of health care system



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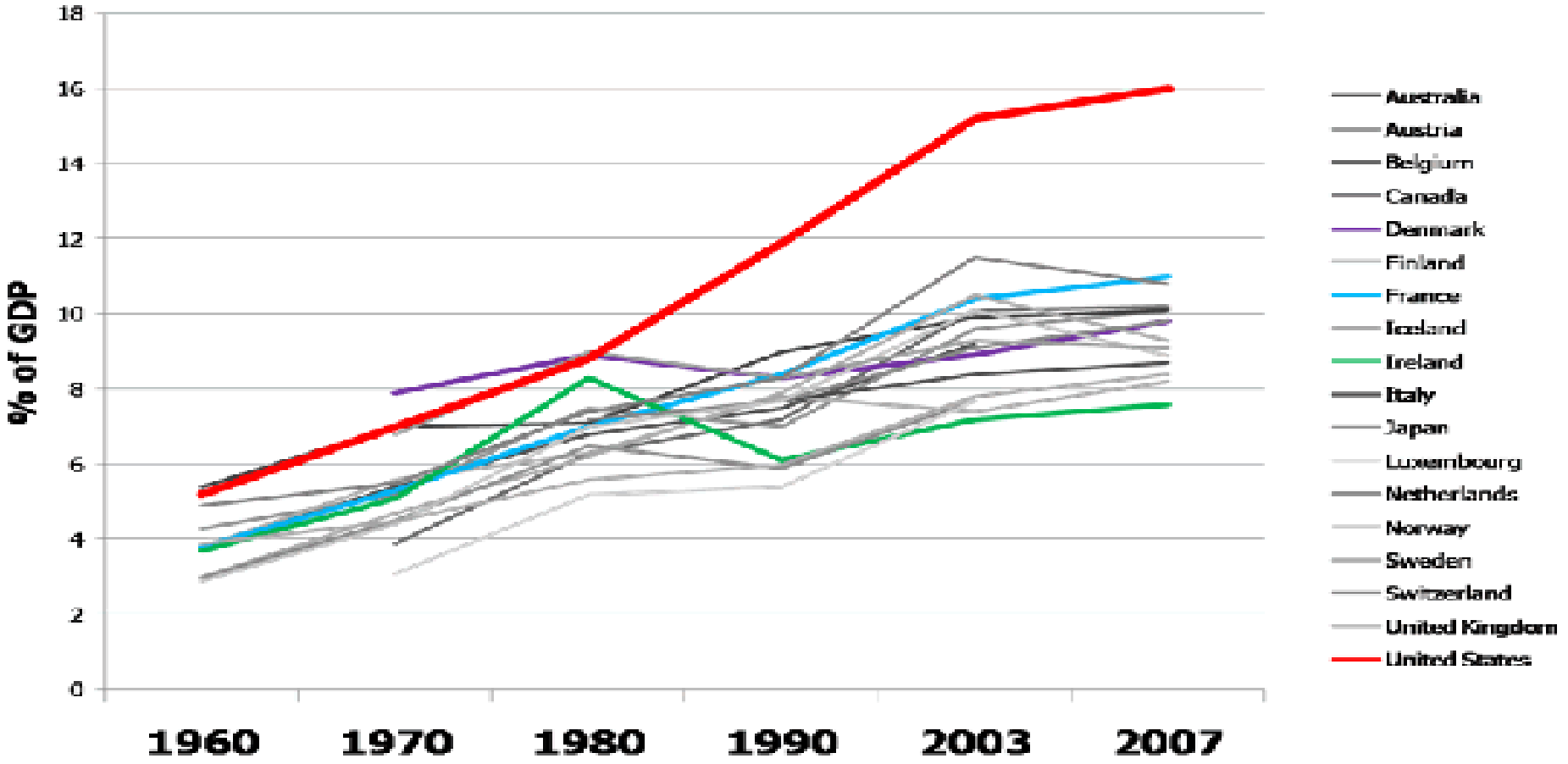
- After the World War II. The treatment possi-bilities increased dramatically
- The scientific development caused people to change gradually their priorities with respect to health care relative to other goods and services
- But health care cost began to rise
- European countries reacted and created or enlarged public health care systems
- No data for this period

Briefly evolution of health care system

- Health care spending as % of GDP



(de Rugy Veronique, 2013)

Briefly evolution of health care system

- In 1960 health-care costs as a percentage of GDP were still relatively low (see Graph)
- More medical technology that is naturally going to be more expensive
- In the following years nearly continuous rise
- The share of health-care costs in GDP has more than doubled in the last 40 years
- In the US, the healthcare system increase faster and in a greater amount than in other countries (red line)

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- As you can see from the graph, medical costs have gone up for all of the OECD countries
- This development has mainly been driven by the…
  1. continued advances of the medical profession,
  2. by increased coverage of the population enrolled in health-care insurance plans,
  3. by raising the (equality of) access to advanced levels of medical treatment for a widening range of sicknesses and
  4. By the ageing of the populations.

Briefly evolution of health care system

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- The consequences of rising healthcare spending

➢ pressure

1. The pressure on government finances, because in all countries the health-care systems are funded or at least supported by the government
2. The pressure is on the labour market, in those countries where the contributions to health insurance are shared between employer and employee (not in UK for example, where health care systém is totally tax financed).

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- Efforts to reduce spending have emerged
- The necessary cost-containment could have been achieved by either administrative measures or by a more market-oriented solution
- At first the administrative method has been used by almost all countries
- They have helped reduce the growth path of costs
- However, costs continued to rise

Briefly evolution of health care system

Why the governments did not choose a market-oriented way of reform?

- Fear from market-oriented way of reform
- Fear from uncertainty
- Fear from inequality in health care access
- Fear from too big impacts

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- Not too much success in reducing costs led to second wave of reforms in the 1990s
- Objectives – 1. stronger market-based approach of health care reform
  2. cost containment
- The main building blocks of that reform wave were competition and incentives
- Competition between providers
- Incentives to induce the insured to reduce the use of health services (that are not urgent)

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- Second wave of reforms in the 1990s was not strictly market-oriented methods for reforming health care systems
- But it had implications for equality
- Competition between providers has been intensified in nearly all countries and competition between insurers has been made possible or intensified
- Payments to providers have changed from a fee-for-service to a fee-per-patient, per-dayor per-admission basis
  - Incentives for patients to behave cost-consciously have been intensified by higher co-payments (levels of co-payment still differ sub-stantially)

Briefly evolution of health care system

(Pierre-Yves Donzé & Paloma Fernández Pérez (2019) Health Industries in the Twentieth Century, Business History, 61:3, 385-403)

- After 2000 health care costs started to increase again in nearly all developer countries

What will be the nature of the next wave of reforms to come?

- Health care costs affect the economy, the government budget
- Policy makers should react

Briefly evolution of health care system

(Daschle, Frist, Domenici, Rivlin: How to Build a Better Health-care System, 2013)

Some rocommendations for future:

- Advance the nation's understanding of potential cost savings from prevention programs, through support for research and innovation on effective strategies to address costly chronic conditions
- Comprehensive prescription drug reform - Policy makers should taking actions to reduce prescription drug costs
- Offer incentives to states to promote policies that will support a more organized, value-driven health care delivery and payment system, such as supporting medical liability reform
- Providers need transparent and readily available information on quality and cost to move the value equation.

Briefly evolution of health care system

(Daschle, Frist, Domenici, Rivlin: How to Build a Better Health-care System, 2013)

Some rocommendations for future:

- Investing in prevention
- Reimbursement for services should reflect the actual cost of the service and should be bundled
- Information technology systems need to enable patient-centered care
- Holding the health care industry to a higher standard
- Holding health insurers accountable

Briefly evolution of health care system

(Daschle, Frist, Domenici, Rivlin: How to Build a Better Health-care System, 2013)

- Price transparency for health care services
- greater awareness of the population about health costs
- Reform that would make it possible for people to buy health insurance themselves at affordable prices
- Powerful health care industry lobbyists will fight these changes and work to preserve the status quo
- **Reform is needed on a continuous basis.** The world changes constantly and so do the needs of the people.

Briefly evolution of health care system

(Daschle, Frist, Domenici, Rivlin: How to Build a Better Health-care System, 2013)

Last reforms of health care systems in Europe

- The baseline situation at the start of the current reforms in Europe varies from country to country, given the different health care systems and social/economic environments
- In Germany, Ireland, The Netherlands, and the United Kingdom are more comprehensive than those in other European countries
- In Belgium, France, Spain, The Netherlands, and the United Kingdom, the reforms reflect a lengthy and convoluted process of negotiation
  - Governments, in confrontation with shifting alliances of various interest groups and opposition parties, eventually manage to reconcile policy proposals and instruments that are often diametrically opposed

Briefly evolution of health care system

(Daschle, Frist, Domenici, Rivlin: How to Build a Better Health-care System, 2013)

Last reforms of health care systems in Europe

- A majority of european countries have basically opted for strengthening government regulation
- They introduced various, sometimes operationally complicated, economic disincentives to control inappropriate health care utilization
- Specific management measures and sophisticated management information systems that can be used to improve efficiency, including mechanisms to assess and ensure the quality of care, receive more attention than they did in previous reforms

Briefly evolution of health care system

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Last reforms of health care systems in Europe

- The intensity of change have increased throughout the three waves of health reform in Europe
- The turbulence that is generated in the health care environment has taken its toll on health workers, who increasingly feel alienated, and has eroded the confidence of the public in a system beset with problems
- In fact, the open-endedness of the current reforms has created a steady state of “reformitis”
- Policy makers should keep in mind that health policies should be rooted in thorough analyses of the problems and should be based on feasible and affordable solutions and workable information systems

Thank you for your attentiom

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