

Healthcare Systems Around the World

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Recently, I had an opportunity to visit with a woman from Italy and a man from England about their respective countries' healthcare systems. Neither of them knew what I did for a living, and I decided not to tell them because I wanted to pick their brains without any preconceived bias. I expected a sense of nationalism would skew their responses, but I was confident that after working in the health insurance industry for 30 years, I could cut through the bias.

In order to ensure their responses were fair and unprejudiced, I talked to them independently and asked them the same open-ended question: what do you think about your country's healthcare system? Interestingly enough, when it came to their personal interaction with their country's system, they both told me it worked great for them because they were generally healthy and they rarely visited a doctor. After that, however, their responses diverged dramatically.

The Italian national system, the Servizio Sanitario Nazionale ("SSN"), is based on a public model and mostly funded through taxes. The Italian woman was an outspoken critic of the SSN because the wait times in the countryside to see a doctor could be as long as six months, and even more for those who lived in urban areas. As a result of this *de facto* denial of healthcare (since healthcare delayed is often healthcare denied), the Italian told me she simply pays out of her own pocket whenever she goes to the doctor because her infrequent medical visits are generally for minor and inexpensive things.

The Brit, on the other hand, was a bigger advocate for his country's healthcare system which is known as the National Health Service ("NHS"). The NHS is a 70-year-old single-payer healthcare system that is the largest and oldest such system in the world. It is funded primarily through taxes, and it provides (mostly) free comprehensive healthcare and prescription drug coverage to all legal residents of England and the rest of the United Kingdom (in conjunction with other local UK governments). On the positive

side, wait times to see a primary care doctor are usually short, often within a day. On the negative side, however, hospital-based treatment from the publicly-owned hospitals takes on average about five months from start to finish. There is an option to supplement NHS coverage with private health insurance, but it isn't very common and it only covers acute care from specialists.

Although the Brit didn't have much personal experience with the NHS due to his self-professed good health, he did say he thought it was an excellent system because virtually all UK citizens have meaningful access to medical care. Besides, he said, it must be adequate because the life expectancy in the UK is greater than it is in the U.S. (He was right ... life expectancy in the UK is 81 years compared to 79 years in the U.S.)

I realize it would be naïve and irresponsible for me to purport a fair evaluation of two national healthcare systems based on the subjective assessments and anecdotal stories of just two citizens, but their comments are consistent with what I've heard for years. More importantly, these encounters got me to wondering what healthcare is like in other parts of the world, so I did some quick research. I've learned there are five main models of healthcare delivery in the world, and although it's impossible to provide much more than a short and oversimplified overview of the various systems in this brief article, I hope this summary will offer you a glimpse of how other countries have dealt with the healthcare conundrum that vexes us here in the United States. Of course, every model has its pros and cons, but for the most part, they are mainly a balance between cost, quality of care, and access. Full credit is given to two excellent sources: PBS Frontline's program *Sick Around the World*, (April 15, 2008); and author Meera Senthilingham's CNN.com article entitled *How Health Care Works Around the World* (March 17, 2017)).

The Tax Funded Model – This single-payer system is funded by taxes and other compulsory contributions, just like other public welfare programs (e.g., police force, public parks, libraries, etc.). It is used in Great Britain, most of Scandinavia, and countries like Italy, Spain and New Zealand. Most hospitals and clinics are owned by the government,

and doctors are either government employees or they collect their fees directly from the government.

The Employment-Based Insurance Model – This non-profit insurance system covers everybody. It uses insurance companies that are usually financed jointly by employers and employees through payroll deductions, and doctors and hospitals tend to be private. Although this system has more private enterprises than the tax funded model, tight regulation gives the government significant cost-control. It is used in countries like Germany, France, Switzerland and Japan.

The National Health Insurance Model – This system has elements of the tax funded model and the employer-based model. It is a cost-effective combination of private sector providers and government-run insurance companies. It is the system used in Canada, Taiwan and South Korea, and it is known for having a high quality of care, meaningful cost control, and lower prices. Unfortunately, it is also known for having long wait times.

The Private Insurance Model – In its pure form, this is the type of system in the United States. Funding is based on premiums that are paid to private insurance companies, claims are paid based on an insurance policy or contract, and government does not control costs. Of course, the U.S. also has an extensive tax funded program with its significant reliance on Medicare, Medicaid, CHIP, Tricare and many other state and federal public programs.

The Out-of-Pocket Model – This model is for people who don't have insurance or other access to healthcare financing or a centralized funding system. Individuals have access to medical services, but only if they pay for them out of their own pocket at the point of use. This is the reality in the overwhelming majority of the world, where under-developed countries don't even have an established healthcare system.

Every healthcare model has its positives and negatives, but ultimately, the question of which system works best boils down to balancing values in a complex market system where basic economic laws of supply and demand don't work very well (since when it comes to someone's health, demand usually prevails regardless of price). I'll leave it to

the individual reader to decide which model works best for his or her value system, but if there's one thing I can say with certainty, it's that you can't have long-term meaningful and universal access without controlling costs. In all of the above systems (except for in the U.S.), the government has effectively and persuasively used its power to control costs and pricing. This powerful intervention has allowed healthcare to be delivered to virtually all citizens at a much more affordable cost. Until the U.S. is willing to implement even the most basic level of price control, we will never achieve universal healthcare for our citizens. Instead, we will continue to be like Sisyphus, the mythological Greek king, who was condemned by Zeus for eternity to roll a huge boulder up a hill only to watch it roll back down again, and again and again.