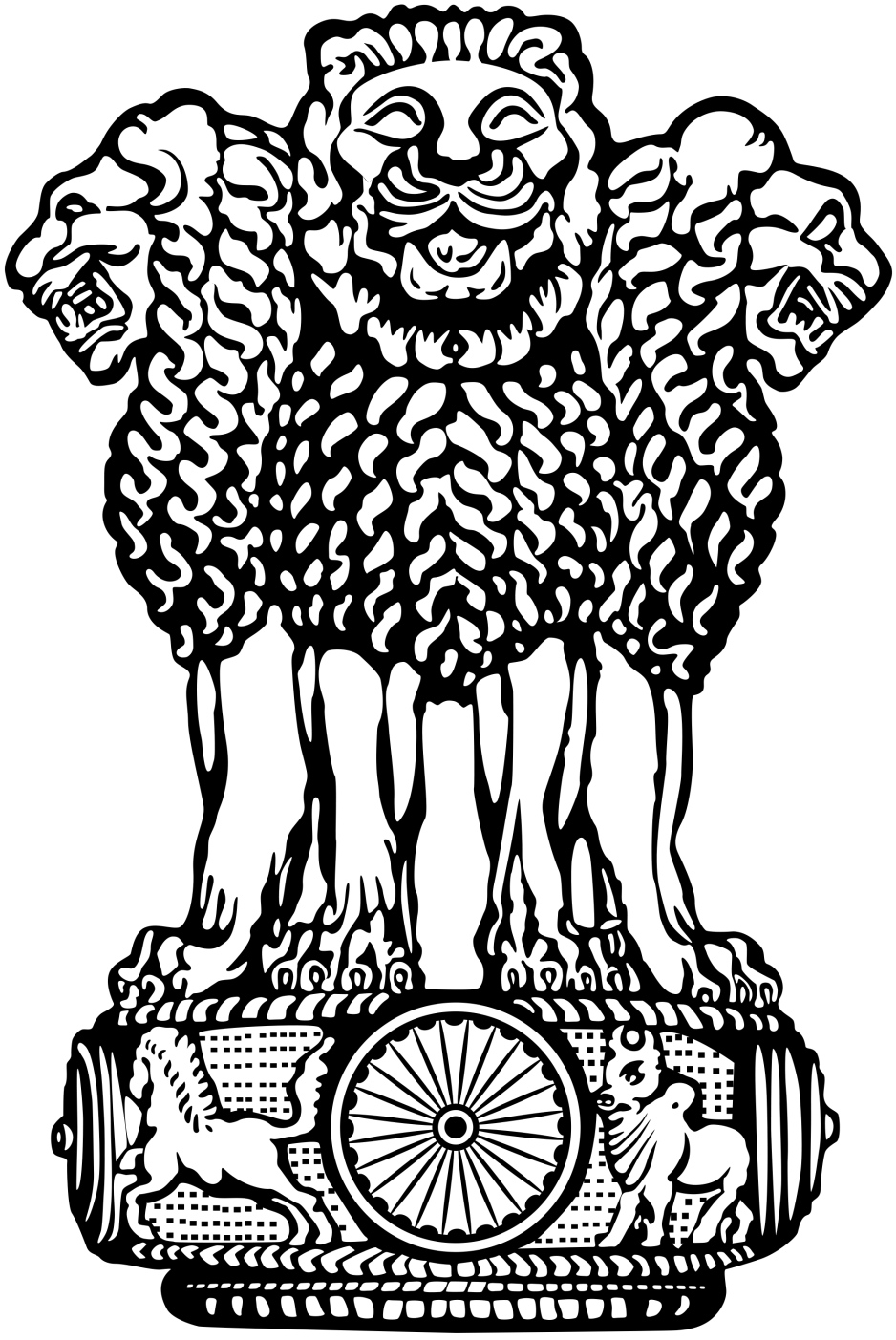
# Health & Government

Module 5 • i2P • Expedition India



National Emblem of India : Emblem

Take Home Points

- The United Nations has declared access to basic health care a human right.
- Different Governments in the world provide health care in different ways
- The manner in which governments provide health care to its citizens has a profound impact on differences in quality of care in different countries

"In health there is freedom. Health is the first of all liberties."
- Henri-Frederic Amiel

# सत्यमेव जयते

## Topic

One of the key questions that governments of both developed and developing nations have to address is how to provide healthcare for its citizens. Health care economist William Hsiao suggests that in every "developed" country - industrialized, technologically advanced, relatively wealthy and presumably with the resources to implement a national healthcare plan - this task begins with a single question: Is health care a human right?

Various world-governing bodies, such as the United Nations, have declared that access to at least a basic level of health care is a human right. But health care costs a great deal of money, and establishing a system to provide health care for all is a costly and complicated endeavor. So individual nations have decided to provide healthcare in a variety of ways, and quite often the way in which countries have chosen to answer this question is reflective of the social, political and cultural environment of that country.

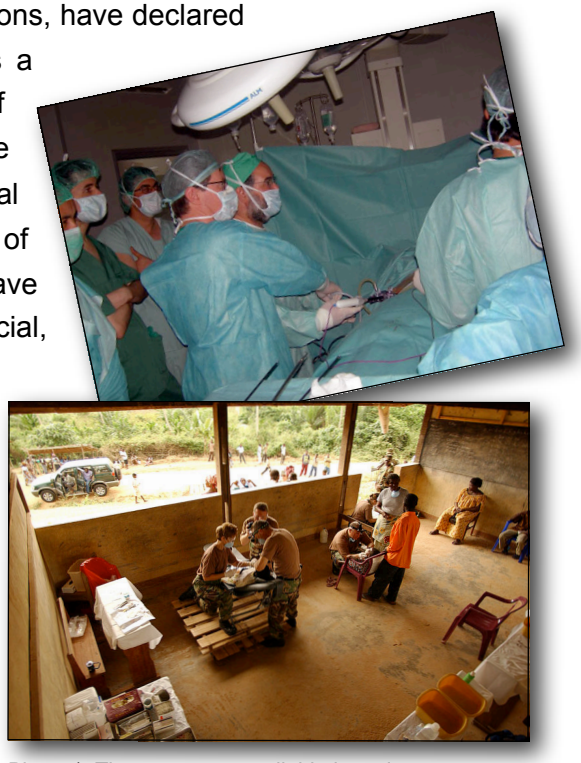


Photo 1: The resources available in a given country greatly influences the level of care its citizens have access to. (Source: wikimedia commons)

While there are a wide range of answers to the question of how does a government provide healthcare for its citizens and to what extent is a government responsible for providing a basic level of healthcare for its people, most healthcare systems that exist around the world can be generally classified into four systems (or a combination of the four):

- The Bismarck Model,
- The Beveridge Model,

- The National Health Insure Model, and
- The Out-of-Pocket Model.

A brief discussion of these four models and the countries that employ their use will help us to understand the various ways in which countries choose to answer the aforementioned moral question: is healthcare a basic human right?

### Bismarck Model

Did You Know?

The Bismarck Model is currently found in Germany, Belgium, Japan, Switzerland and some Latin American countries

In the Bismarck model - named after former Prussian chancellor Otto von Bismarck - the hospitals and health care providers are all private entities and so are the health insurance providers. This model looks very similar to the United States model in that much of health insurance is funded through payments by employers and employees; and the companies and individuals responsible for providing and paying for healthcare are,

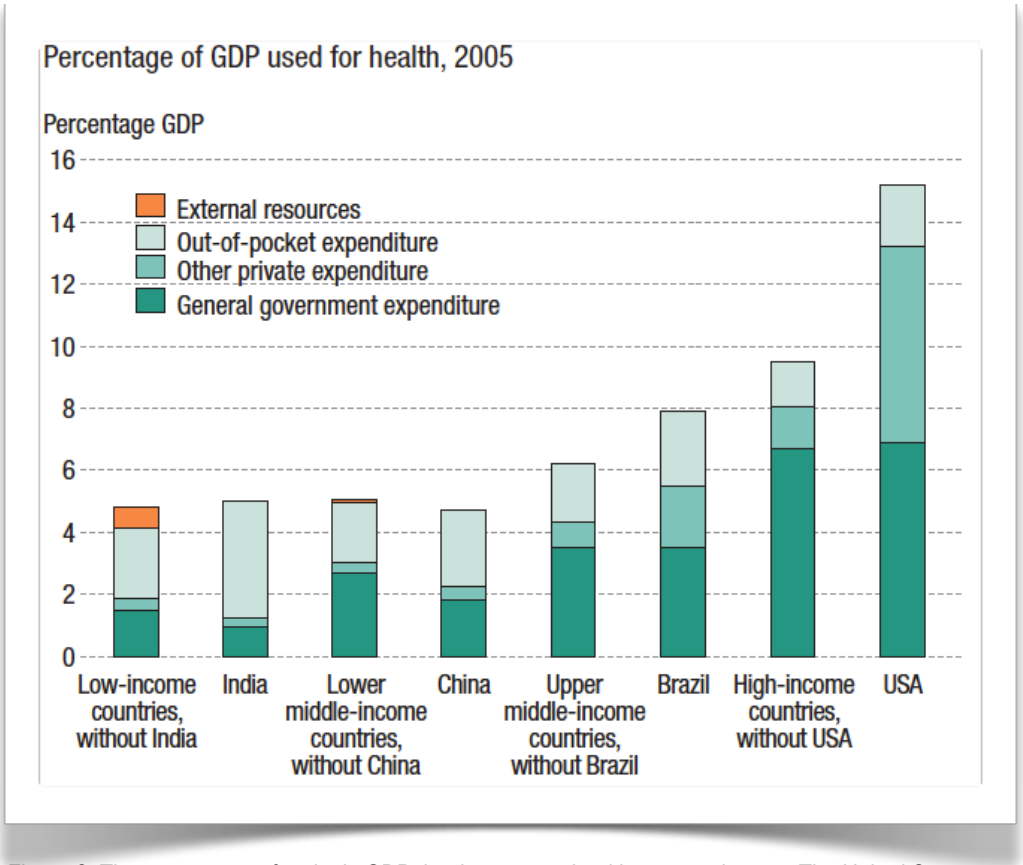



Figure 2: The percentage of nation's GDP that is spent on health care each year. The United States leads the world at roughly 16%. Comparatively, Canada is at about 11% and India is at 4.2%. (Source: World Health Organization)

for the most part, not government agencies. The health insurance companies, however, are established to be non-profit organizations that are required to cover everyone that applies for coverage.

The system is kept stable and financially viable by two major concepts: First, everyone is required to have insurance. This large base of consumers paying into the health insurance companies makes it possible for them to adhere to the law that they must not turn away someone applying for coverage. Second, there is tight control of the fees that a healthcare provider can charge and also limits on what services are covered under the regular health insurance plans.

This system is found in Germany, Belgium, Japan, Switzerland and some countries in Latin America.

### Beveridge Model

The Beveridge Model, named after the British politician William Beveridge, consists of a system where the payer and most providers are public, government-run entities. Most hospitals and clinics are owned by the government and some doctors are government employees. There are also some private doctors, but the key characteristic of this system is that there is a single payer for healthcare services – the government. In fact, patients never receive a bill for any services that are included in the roster of healthcare services that the government has agreed to pay for. And since the government is the only payer in this system it holds a great deal of control over what is covered by the national plan and what doctors can charge for their services.

In the United Kingdom's Beveridge Model, there is a very strong emphasis on preventative medicine because primary care physicians are reimbursed based on the number of patients they have in their practice, not just on the number of procedures they perform or the number of patients they see in a day. For this reason, it pays to keep their patients out of the clinics and hospitals, so visitors to the UK will often notice a great deal of public advertising for immunizations, healthy nutrition and other healthy practices. This model incentivizes doctors to keep people healthy rather than treat them when they are sick.

> Did You Know?
>
> The Beveridge Model is currently found in the UK, Italy, Spain, most of Scandinavia and Hong Kong.

### National Health Insurance Model

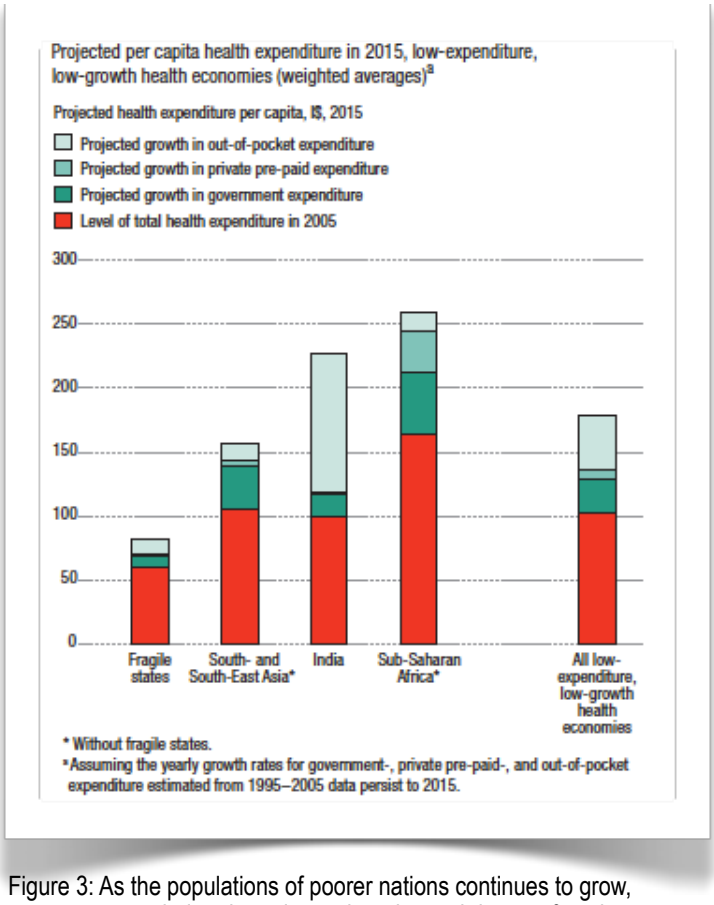



Figure 3: As the populations of poorer nations continues to grow, experts expect their to be only continued growth in out-of-pocket spending and very little increased government expenditure. (Source: World Health Organization)

The National Health Insurance Model's main characteristic is one in which those that provide healthcare services operate independently of the government, the only payer in the system is a national insurance program that every citizen of the country pays into. This is a combination of the aforementioned Bismarck and Beveridge Systems. Again, since there is only one payer in this system, the government, it holds considerable bargaining power in both determining the costs of various services as well as what will be covered by the national health insurance plan.

The Canadian healthcare system is a great example of a National Health Insurance model – one that stems from the national idea that all people should have access to a basic level of healthcare. One may hear stories of individuals having to wait quite a while for some elective procedures or non-emergent consultations, but everyone in the nation has access to a basic level of healthcare.

## Out-of-Pocket Model

Unfortunately, most countries in the world lack both the resources and the organization to establish any sort of national healthcare plan. In these countries health care is paid for out-of-pocket, and most often, access to care is limited to either those with connections or those who have money. Unfortunately in these types of countries, this is a small percentage of the population, and often an individual will go years, decades or even their entire life without seeing a physician. Frequently, the healthcare void in these countries is filled by traditional, local healers.

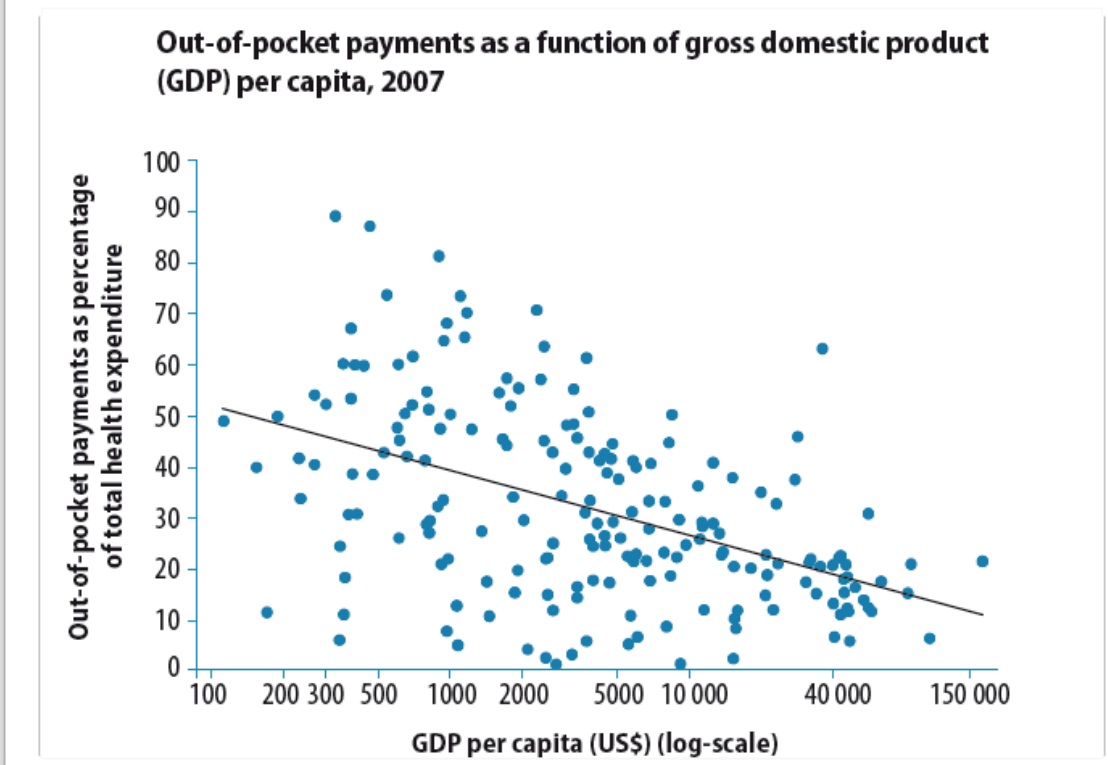



Figure 4: The countries with the highest percentage of out-of-pocket spend tend to be the poorest and with populations least able to pull together the money needed to pay for health services. (Source: World Health Organization)

## United States

Ironically, the health system in place in the United States – a country of great wealth and resources, but also the most expensive and with some of the poorest health outcomes of developed nations – has elements of all four of the aforementioned systems. For most of the nation, the system is similar to the Bismarck plan. For those over 65 or other select care groups, the system of Medicare and Medicaid is much like the National Health Insurance Model. The Veterans' Affairs system (VA for short) is one of the purest forms of the Bevridge model, and unfortunately for about 49.9 Million people or about 16% of the US population, the healthcare system is, for them, an out-of-pocket system – one where few uninsured have the resources necessary to gain consistent access to quality healthcare.

## India

Much like Canada India has a National Health Insurance program that is designed to provide baseline universal health care. Unfortunately the scope of the service is tool small to provide service to a significant proportion of the population. Only about 25% of the Indian population are thought to have access to the services of the National Health program, the majority of these people being in urban centers. Those living in rural India frequently have limited access to health care service, and little finacial means to afford it. Recognizing this problem in 2005 the Indian government launched the National Rural Health Mission Of India (NRHM) is a flagship scheme of the Union government which seeks to provide effective health care to rural population throughout the country.

In India, some 80% of all spending on health care is now private, excluding many from accessing it. Only one in 10 citizens of India has any form of health insurance. Out-of-pocket payments for medical care amount to 98.4% of total health expenditures by households, according to the PricewaterhouseCoopers study, which estimates that 20 million people in India fall below the poverty line each year because of indebtedness due to health-care needs (see India's Medical Emergency).

School Exercise

Who should be responsible for making sure that everyone has access to a basic level of health care?
- The government?
- Employers?
- The private individual?
- Other

Submit results online through a submission link to compare thoughts.

Also discuss among your class the difficulties that each of the above parties might have in providing healthcare resources for themselves or an entire population. What might be some of the reasons that only about 15% of the world's nations have a healthcare system that provides a basic level of care to all its citizens?