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5. EUROPEAN HEALTH FORUM GASTEIN –

on the Future of Health in Europe
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„Public or private? The European Health System standing at a crossroad“



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Europe, quo vadis, with your health? How should European health systems adapt to a changed general set-up? Is it possible to continue health systems based on solidarity or can certain health services only be covered by means of private insurances? This is one of the hard-core issues, discussed in the Salzburg health resort Bad Hofgastein at the 5th European Health Forum Gastein by more than 450 experts, politicians, NGOs and representatives of all groups concerned from some 35 European countries.

No Two-Class Medicine!

„One can basically deal with health systems in two ways“, Vice-Minister of Land Salzburg government Gabi Burgstaller recently described, “either one privatizes the health system, as it was done in the US as well as in many developing countries. Or one sees a working health system as central public duty of a state, which takes over the duty of maintenance of its citizens.“ She favours the second version and argues with “We do not want a two-class medicine!“ Wishful thinking only? In actual fact, there is – not even nowadays – a one-class medicine in Europe. There is not even a law, which guarantees equal access to health services for everybody. As diverse the European health systems, concerning their organization as well as their financing, may be, nowhere are all services for free. Outpatients´ department fees, health insurance certificates fees, parts of the costs paid by the patients themselves or services, which the health insurance schemes do not pay any longer – all this is daily routine in all health systems. Some can be hit hard by this system, others can easily afford to pay for it. Those who can afford an additional insurance are definitely the winners in the system, for they will be treated faster and better than the average patient.

More cash, less health

Depending on the historical development of a national health system, the tradition to rely on additional insurance is more or less common. Because of the multitude of different self-insurances, it is difficult to compare national health systems with each

other. A study presented recently by the European commission (Directorate General for Employment and Social Affairs) on "voluntary self-insurance" shows clearly major class-differences between self-insured, though. Persons with a supplementary insurance are definitely the winners: they have the greatest choice in medical services and receive a bed in hospital, checkups, special treatments etc. earlier than others. Supplementary insured usually come from rather rich regions and belong to high income classes.

As far as complementary insurances are concerned, the situation is less elitist: a number of health services are covered, for which the state does not pay at all or leaves part of the financing to the patient. People using a complementary insurance are a heterogeneous group of persons from diverse social classes with diverse financial situations. What is striking about the group of complementary insured, are those who definitely do not invest in such an insurance, because they do not have anything to invest: unemployed, old people, single mothers or students. The economical gap is obvious.

Cuts packages increase the rate of self-insured

Up to now, voluntary self-insurances played a minor role in the EU member states. In 1998, the expenses for self-insurance amounted to less than 10 per cent of the overall costs in the health sector in all member states. Exceptions were France (12,2 per cent) and the Netherlands (17,7 per cent). In Belgium, Denmark, Finland, Greece, Italy, Luxembourg, Portugal, Spain, Sweden and Great Britain, self-insurances total even less than five per cent.

If the private financing in the health sector increased in the last 20 years, it was due to the number of cutbacks in the field of health expenses as well as the increased self-financing of health services. Certainly not with the enthusiasm for voluntary self-insurance, as a study of the European Commission argues. Self-insurances are, according to a representative survey of the Bertelsmann foundation (2000/01), rather like a red rag to a bull for the insured.

At least in Germany: Only some 35% of the interviewees can imagine to spend some additional Euros on health insurance. 53% still wish a comprehensive coverage of all health risks. A survey by the German health insurance "Allgemeine Ortskrankenkasse" (AOK) showed similar results: 70% of the 3.000 interviewees would even accept higher insurance fees, if only the general coverage of all health risks stayed.

Self-insurance only for the rich, the young and the healthy?

In some countries a large variety of services is offered. Confusingly large and inscrutable for customers. The providers seem to have little interest in reducing the confusion by using a standardised terminology. In late 2001 Great Britain dared to announce to put the health insurance business under state control. This led to real competition among the insurance providers for the benefit of the customers.

Besides the lacking transparency of insurance offers, there is another problem as far as voluntary self-insurances are concerned: they are not available for everybody. Barriers for access may be age limits, which exclude older people from insurance packages. The age limit is mostly drawn between 60 and 75 years. Some contracts even end, when the client retires. Some countries have already shown a reaction on

these restrictions, in order to protect those in need of complementary insurance from falling through the safety net. In recent years, the governments of Germany, the Netherlands and Belgium have massively intervened in the market, so that people with low income or a medical history, as well as the elderly, gain access to affordable and suitable complementary insurances. In Ireland, insurance companies have to guarantee access for everybody. In Sweden, questions concerning genetic conditions, like hereditary diseases, are not allowed.

A future boom in self-insurance?

The future of private insurances will depend on the development of the national health systems. At the moment the market seems to be saturated. For the client, self-insurances are definitely not the cheapest version. In the US, where almost the whole health system is based on private provision, a larger portion of the gross domestic product is invested into health, than in any EU member state. In 2000 the US invested some 13 per cent. Nevertheless, some 50 million people in the US live without any insurance. In Finland it was only 6,6 per cent the same year, in Great Britain 7,3 per cent, in Austria 8 per cent. Belgium, Europe's number one in health expenses, only spent 9,5 per cent. Dr. Franz Terwey, director of the European Social Insurance Partners and one of the chairmen of the 5th European Health Forum Gastein, calls the promises of private insurance providers – to be cheaper and better than health systems based on solidarity – a web of lies. Private insurance companies would try to turn health into a business, but “there is no profit in health. Efficient medical care, which covers everything, can not be private.” The only way to guarantee a working health system was collective financing. Ideally, everyone should pay insurance fees according to one's possibilities due to one's income, like it is the case in Switzerland or Austria. This system leads to a greater transparency and awareness among the citizens, where the money goes to, and – as a consequence – leads to a more conscious dealing with resources.

Public-Private-Mix: Co-operation instead of rivalry

Strasimir Cucic from the Dutch Institute for Healthcare Improvement, suggests to look for new approaches in the Public-Private-Mix. Primarily it is less important for him to figure out exactly which health services should be offered by the state or by private insurance companies. In his point of view, the discussion should focus on finding new approaches and developing new systems, in order to improve the quality as well as the safety of health services and to back them up by means of constant evaluation. Furthermore, Cucic appeals for a broader acceptance for the new separation of individual and social responsibility, which has to be supported equally by medical personal, patients and political decision-makers. Then the question, whether public or private organisations should be entrusted with quality management or the providing of health services, would not be a problem anymore. Co-operation, not rivalry among health service providers? A basic option. “The Public-Private-Mix is basically not wrong”, Dr. Terwey gives his opinion, “provided there is a high degree of state-control and certification.” Furthermore, the offers would have to be of high quality and open for everybody. “Health is a public good!” Terwey emphasizes.