

Four Basic Models of Health Care

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There are about 200 countries on our planet. Each country has its own arrangements for meeting the three basic goals of a health care system: keeping people healthy, treating the sick, and protecting families from financial ruin due to medical bills.

But we don't have to study 200 different systems to get a picture of how other countries manage health care. Health care systems tend to follow general patterns. There are four basic systems:

The Beveridge Model

This model is named after William Beveridge, the daring social reformer who designed Britain's National Health Service. In this system, health care is provided and financed by the government through

tax payments, just like the police force or the public library.

Many, but not all, hospitals and clinics are owned by the government; some doctors are government employees, but there are also private doctors who collect their fees from the govern-

ment. In Britain, you never get a doctor bill. These systems tend to have low costs per capita, because the government, as the sole payer, controls what doctors can do and what they can charge.

Countries using some version of the Beveridge plan include Great Britain, Spain, most of Scandinavia, New Zealand, and Cuba.

The Bismarck Model

The Prussian Chancellor Otto von Bismarck invented the welfare state as part of the unification of Germany in the 19th century. This model is named after him. Despite its European heritage,

this system of providing health care would look fairly familiar to Americans. It uses an insurance system—the insurers are called “sickness funds”—usually financed jointly by employers and employees through payroll deduction.

Unlike the U.S. insurance industry, though, Bismarck-type health insurance plans have to cover everybody, and they don't make a profit. Tight regulation gives government much of the cost-control clout that the single-payer Beveridge Model provides. This model is found in Germany, of course, and France, Belgium, Japan, Switzerland, and, to a degree, in Latin America.

The National Health Insurance Model

This system has elements of both Beveridge and Bismarck. It uses private-sector providers, but payment comes from a *single* government-run insurance program that every citizen pays into. Since there's no need for marketing, no financial motive to deny claims and no profit, these universal insurance programs tend to be cheaper and much simpler administratively than American-style for-profit insurance.

The single payer has considerable market power to negotiate for lower prices; Canada's system, for example, has negotiated such low prices from pharmaceutical companies that Americans have started buying pills north of the border. National Health Insurance plans also control costs by limiting the medical services they will pay for, or by making patients wait to be treated.

The classic NHI system is found in Canada, but some newly industrialized countries—Taiwan and South Korea, for example—have also adopted the NHI model.

The Out-of-Pocket Model

Only the developed, industrialized countries—perhaps 40 of the world's 200 countries—have established health care systems. Most of the nations

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on the planet are too poor and too disorganized to provide any kind of mass medical care. The basic rule in such countries is that the rich get medical care, and the poor don't.

In rural regions of Africa, India, China, and South America, hundreds of millions of people go their whole lives without ever seeing a doctor, though they may have access to a village healer.

In the poor world, patients can sometimes find enough money to pay a doctor's bill; otherwise, they pay in potatoes or goat's milk or child care or whatever else they may have to give. If they have nothing, they don't get medical care.

And in the United States?

These four models should be easy for Americans to understand because we have elements of all of them in our fragmented national health care system. When it comes to treating veterans, we're Britain or Cuba. For Americans over the age of 65

on Medicare, we're Canada. For working Americans who get insurance on the job, we're Germany.

For the 15 percent of the population who have no health insurance, the United States is Cambodia or Burkina Faso or rural India, with access to a doctor available if you can pay the bill out-of-pocket at the time of treatment or if you're sick enough to be admitted to the emergency ward at the public hospital.

The United States is unlike every other country because it maintains so many separate systems for separate classes of people. All the other countries have settled on one model for everybody. This is much simpler than the U.S. system; it's fairer and cheaper, too.

This is excerpted and adapted from T.R. Reid's upcoming book on international health care, titled "We're Number 37!," referring to the U.S.'s ranking in the World Health Organization 2000 World Health Report. The book is scheduled to be published by Penguin Press in early 2009.



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