The Grass Is Not Always Greener
A Look at National Health Care Systems Around the World

by Michael Tanner

In his movie *SiCKO*, Michael Moore explores problems with the U.S. health care system and advocates the adoption of a government-run, single-payer system.1 Moore compares the U.S. system unfavorably with those of Canada, Great Britain, and France. Economist and *New York Times* columnist Paul Krugman also thinks the health care systems of France, Britain, and Canada are better than that of the United States.2 Physicians for a National Health Program points out that the United States is the "only industrialized country without national health care."3

These and other critics of the U.S. health care system note that countries with such systems spend far less per capita on health care than the United States does and, by some measures, seem to have better health outcomes. These critics contend that by adopting a similar system the United States could solve many of the problems that currently afflict its health care system. As Krugman says, "The obvious way to make the U.S. health care system more efficient is to make it more like the systems of other advanced countries."4\

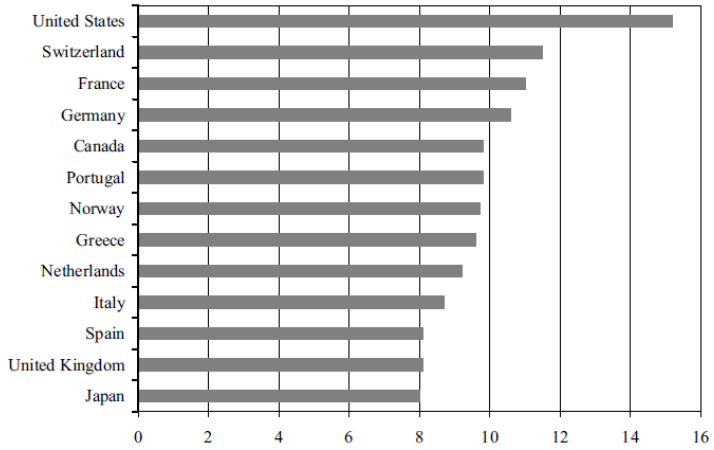
There is no doubt that the United States spends far more on health care than any other country, whether measured as a percentage of gross domestic product (GDP) or by expenditure per capita. As Figure 1 shows, the United States now spends close to 16 percent of GDP on health care, nearly 6.1 percent more than the average for other industrialized countries.5 Overall health care costs are rising faster than GDP growth and now total more than $1.8 trillion, more than Americans spend on housing, food, national defense, or automobiles.6

Health care spending is not necessarily bad. To a large degree, America spends money on health care because it is a wealthy nation and chooses to do so. Economists consider health care a "normal good," meaning that spending is positively correlated with income. As incomes rise, people want more of that good. Because we are a wealthy nation, we can and do demand more health care.7

But because of the way health care costs are distributed, they have become an increasing burden on consumers and businesses alike. On average, health insurance now costs $4,479 for an individual and $12,106 for a family per year. Health insurance premiums rose by a little more than 6 percent in 2007, faster on average than wages.8

Moreover, government health care programs, particularly Medicare and Medicaid, are piling up enormous burdens of debt for future generations. Medicare's unfunded liabilities now top $50 trillion. Unchecked, Medicaid spending will increase fourfold as a percentage of federal outlays over the next century.10 At the same time, too many Americans remain uninsured. Although the number of uninsured Americans is often exaggerated by critics of the system, approximately 47 million Americans are without health insurance at any given time.11 Many are already eligible for government programs; many are young and healthy; many are uninsured for only a short time.12 Yet there is no denying that a lack of insurance can pose a hardship for many Americans.13

Figure 1
Total Expenditure on Health Care as a Percentage of GDP



Source: Organisation for Economic Co-operation and Development, "OECD Health Data 2007: Statistics and Indicators for 30 Countries," (Paris: OECD, July 2007); 2004 data.

Finally, although the U.S. health care system can provide the world's highest quality of care, that quality is often uneven. The Institute of Medicine estimates that some 44,000–90,000 annual deaths are due to medical errors,14 while a study in *The New England Journal of Medicine* suggests that only a little more than half of American hospital patients receive the clinical standard of care.15 Similarly, a RAND Corporation study found serious gaps in the quality of care received by American children.16 Many critics of U.S. health care suggest that the answers to these problems lie in a single payer, national health care system.17 Under such a system, health care would be financed through taxes rather than consumer payments or private insurance. Direct charges to patients would be prohibited or severely restricted. Private insurance, if allowed at all, would be limited to a few

supplemental services not covered by the government plan. The government would control costs by setting an overall national health care budget and reimbursement levels.

However, a closer look at countries with national health care systems shows that those countries have serious problems of their own, including rising costs, rationing of care, lack of access to modern medical technology, and poor health outcomes. Countries whose national health systems avoid the worst of these problems are successful precisely because they incorporate market mechanisms and reject centralized government control. In other words, socialized medicine works—as long as it isn't socialized medicine.

Measuring the Quality of Health Care across Countries

Numerous studies have attempted to compare the quality of health care systems. In most of these surveys, the United States fares poorly, finishing well behind other industrialized countries. This has led critics of the U.S. health care system to suggest that Americans pay more for health care but receive less. There are several reasons to be skeptical of these rankings. First, many choose areas of comparison based on the results they wish to achieve, or according to the values of the comparer. For example, *SiCKO* cites a 2000 World Health Organization study that ranks the U.S. health care system 37th in the world, "slightly better than Slovenia."18 (See Table 1.) This study bases its conclusions on such highly subjective measures as "fairness" and criteria that are not strictly related to a country's health care system, such as "tobacco control." For example, the WHO report penalizes the United States for not having a sufficiently progressive tax system, not providing all citizens with health insurance, and having a general paucity of social welfare programs. Indeed, much of the poor performance of the United States is due to its ranking of 54th in the category of fairness. The United States is actually penalized for adopting Health Savings Accounts and because, according to the WHO, patients pay too much out of pocket.19 Such judgments clearly reflect a particular political point of view, rather than a neutral measure of health care quality. Notably, the WHO report ranks the United States number one in the world in responsiveness to patients' needs in choice of provider, dignity, autonomy, timely care, and confidentiality.20

Table 1
WHO Health Care Rankings

Country	Rank	Country	Rank
France	1	Switzerland	20
Italy	2	Belgium	21
San Marino	3	Colombia	22
Andorra	4	Sweden	23
Malta	5	Cyprus	24
Singapore	6	Germany	25
Spain	7	Saudi Arabia	26
Oman	8	United Arab Emirates	27
Austria	9	Israel	28
Japan	10	Morocco	29
Norway	11	Canada	30
Portugal	12	Finland	31
Monaco	13	Australia	32
Greece	14	Chile	33
Iceland	15	Denmark	34
Luxemburg	16	Dominica	35
Netherlands	17	Costa Rica	36
United Kingdom	18	United States	37
Ireland	19	Slovenia	38

Source: World Health Organization, "The World Health Report 2000" (Geneva: WHO, 2000).

Difficulties even arise when using more neutral categories of comparison. Nearly all cross-country rankings use life expectancy as one measure. In reality though, life expectancy is a poor measure of a health care system. Life expectancies are affected by exogenous factors such as violent crime, poverty, obesity, tobacco and drug use, and other issues unrelated to health care. As the Organization for Economic Co-operation and Development explains, "It is difficult to estimate the relative contribution of the numerous nonmedical and medical factors that might affect variations in life expectancy across countries and over time."21 Consider the nearly three year disparity in life expectancy between Utah (78.7 years) and Nevada (75.9 years), despite the fact that the two states have essentially the same health care systems.22 In fact, a study by Robert Ohsfeldt and John Schneider for the American Enterprise Institute found that those exogenous factors are so distorting that if you correct for homicides and accidents, the United States rises to the top of the list for life expectancy.23 Similarly, infant mortality, a common measure in cross-country comparisons, is highly problematic. In the United States, very low birth-weight infants have a much greater chance of being brought to term with the latest medical technologies. Some of those low birth weight babies die soon after birth, which boosts our infant mortality rate, but in many other Western countries, those high-risk, low birth-weight infants are not included when infant mortality is calculated.24 In addition, many countries use abortion to eliminate problem pregnancies. For example, Michael Moore cites low infant mortality rates in Cuba, yet that country has one of the world's highest abortion rates, meaning that many babies with health problems that could lead to early deaths are never brought to term.25

When you compare the outcomes for specific diseases, the United States clearly outperforms the rest of the world. Whether the disease is cancer, pneumonia, heart disease, or AIDS, the chances of a patient surviving are far higher in the United States than in other countries. For example, according to a study published in the British medical journal *The Lancet*, the United States is at the top of the charts when it comes to surviving cancer. Among men, roughly 62.9 percent of those diagnosed with cancer survive for at least five years. The news is even better for women: the five year-survival rate is 66.3

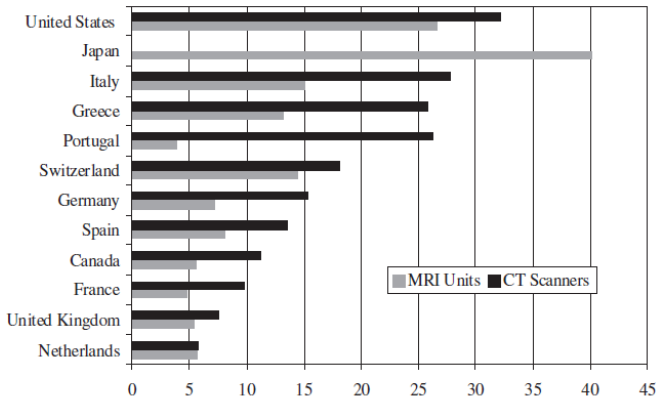
percent, or two-thirds. The countries with the next best results are Iceland for men (61.8 percent) and Sweden for women (60.3 percent). Most countries with national health care fare far worse. For example, in Italy, 59.7 percent of men and 49.8 percent of women survive five years. In Spain, just 59 percent of men and 49.5 percent of women do.

And in Great Britain, a dismal 44.8 percent of men and only a slightly better 52.7 percent of women live for five years after diagnosis.26 Notably, when former Italian prime minister Silvio Berlusconi needed heart surgery last year, he didn't go to a French, Canadian, Cuban, or even Italian hospital—he went to the Cleveland Clinic in Ohio.27 Likewise, Canadian MP Belinda Stronach had surgery for her breast cancer at a California hospital.28 Berlusconi and Stronach were following in the footsteps of tens of thousands of patients from around the world who come to the United States for treatment every year.29 One U.S. hospital alone, the Mayo Clinic, treats roughly 7,200 foreigners every year. Johns Hopkins University Medical Center treats more than 6,000, and the Cleveland Clinic more than 5,000. One out of every three Canadian physicians sends a patient to the Unites States for treatment each year,30 and those patients along with the Canadian government spend more than $1 billion annually on health care in this country.31 Moreover, the United States drives much of the innovation and research on health care worldwide. Eighteen of the last 25 winners of the Nobel Prize in Medicine are either U.S. citizens or individuals working here.32 U.S. companies have developed half of all new major medicines introduced worldwide over the past 20 years.33 In fact, Americans played a key role in 80 percent of the most important medical advances of the past 30 years.34

As shown in Figure 2, advanced medical technology is far more available in the United States than in nearly any other country.35 The same is true for prescription drugs. For example, 44 percent of Americans who could benefit from statins, lipid-lowering medication that reduces cholesterol and protects against heart disease, take the drug. That number seems low until compared with the 26 percent of Germans, 23 percent of Britons, and 17 percent of Italians who could both benefit from the drug and receive it.36 Similarly, 60 percent of Americans taking anti-psychotic medication for the treatment of schizophrenia or other mental illnesses are taking the most recent generation of drugs, which have fewer side effects. But just 20 percent of Spanish patients and 10 percent of Germans receive the most recent drugs.37 Of course, it is a matter of hot debate whether other countries have too little medical technology or the Unites States has too much.38 Some countries, such as Japan, have similar access to technology. Regardless, there is no dispute that more health care technology is invented and produced in the United States than anywhere else.39 Even when the original research is done in other countries, the work necessary to convert the idea into viable commercial products is most often done in the United States.40 By the same token, not only do thousands of foreign-born doctors come to the United States to practice medicine, but foreign pharmaceutical companies fleeing taxes, regulation, and price controls are increasingly relocating to the United States.41 In many ways, the rest of the world piggybacks on the U.S. system.

Obviously there are problems with the U.S. system. Too many Americans lack health insurance and/or are unable to afford the best care. More must be done to lower health care costs and increase access to care. Both patients and providers need better and more useful information. The system is riddled with waste, and quality of care is uneven. Government health care programs like Medicare and Medicaid threaten future generations with an enormous burden of debt and taxes. Health care reform should be guided by the Hippocratic Oath: First, do no harm. Therefore, before going down the road to national health care, we should look more closely at foreign health care systems and examine both their advantages and their problems. Many of the countries with health systems ranked in the top 20 by the World Health Organization, such as San Marino, Malta, and Andorra, are too small to permit proper evaluation, or their circumstances clearly limit the applicability to the U.S. health care system. Accordingly, this study will look at 12 countries that appear to hold lessons for U.S. health care reforms: 10 ranked in the top 20 by the WHO and 2 others frequently cited as potential models for U.S. health care reform.

Figure 2
Number of MRI Units and CT Scanners per Million People



Source: Organisation for Co-operation and Development, "OECD Health Data, 2007 Statistics and Indicates for 30 Countries" (Paris: OECD, July 2007).
Note: U.S. Data from 2003.

Great Britain (UK)

Almost no one disputes that Britain's National Health Service faces severe problems, and few serious national health care advocates look to it as a model. Yet it appears in Moore's movie *SiCKO* as an example of how a national health care system should work, so it is worth examining. The NHS is a highly centralized version of a single-payer system. The government pays directly for health care and finances the system through general tax revenues. Except for small copayments for prescription drugs, dental care, and optician services, there are no direct charges to patients. Unlike many other single-payer systems such as those in Canada and Norway, most physicians and nurses are government employees. For years, British health policy has focused on controlling spending and in general has
been quite successful, with the system spending just 7.5 percent of GDP on health care.232 Yet the system continues to face serious financial strains. In fiscal year 2006, the NHS faced a deficit of £700 million, according to government figures, and as much as £1 billion, according to outside observers.233 This comes despite a £43 billion increase in the NHS annual budget over the past five years.234 By some estimates, NHS spending will have to nearly triple by 2025 just to maintain the current level of services.235

And that level of services leaves much to be desired. Waiting lists are a major problem. As many as 750,000 Britons are currently awaiting admission to NHS hospitals. These waits are not insubstantial and can impose significant risks on patients. For example, by some estimates, cancer patients can wait as long as eight months for treatment.236 Delays in receiving treatment are often so long that nearly 20 percent of colon cancer patients considered treatable when first diagnosed are incurable by the time treatment is finally offered.237 In some cases, to prevent hospitals from using their resources too quickly, mandatory minimum waiting times have been imposed. The fear is that patients will flock to the most efficient hospitals or those with smaller backlogs. Thus a top-flight hospital like Suffolk East PCT was ordered to impose a minimum waiting time of at least 122 days before patients could be treated or the hospital would lose a portion of its funding.238 As the *Daily Telegraph* explained:

In a real competitive market, increased demand can allow prices to rise, thus increasing profits, which allow the market to grow. Efficient producers can then reduce their unit costs and their prices, and so give a better deal to the consumer. The prevailing logic is that the more customers who are served—or products that are sold—in a given period of time, the better the business does. But PCTs have budgets that are predetermined by Whitehall spending limits, and there is no way for them to conjure extra revenue out of the air or to grow their market. As a result, the hospitals that are most successful in providing prompt treatment are running through the finite resources of their PCTs at an unacceptably rapid rate.239

The problem affects not only hospitals. There are also lengthy waits to see physicians, particularly specialists. In 2004, as a cost-cutting measure, the government negotiated low salaries for general practitioners in exchange for allowing them to cut back the hours they practice. Few are now available nights or weekends.240 Problems with specialists are even more acute. For example, roughly 40 percent of cancer patients never get to see an oncology specialist.241

The government's official target for diagnostic testing is a wait of no more than 18 weeks by 2008. In reality, it doesn't come close.242 The latest estimates suggest that for most specialties, only 30 to 50 percent of patients are treated within 18 weeks. For trauma and orthopedics patients, the figure is only 20 percent. Overall, more than half of British patients wait more than 18 weeks for care.243 Explicit rationing also exists for some types of care, notably kidney dialysis, open heart surgery, and some other expensive procedures and technologies.244 Patients judged too ill or aged for the procedures to be cost effective may be denied treatment altogether. Recently, the British government introduced some tiny steps toward market-based reforms. Under the experimental London Patient Choice Project, patients who have been waiting longer than six months for treatment are offered a choice of up to four alternate providers. This experiment has been extended nationwide for coronary heart patients who have been waiting longer than six months.245 Some proposed solutions are far more radical. David Cameron, leader of the Conservative Party, has proposed that the NHS be allowed to refuse treatment to individuals who don't practice healthy lifestyles, for example, who smoke or are overweight. Then again, he has also proposed that the government pay for gym memberships and subsidize the purchase of fresh fruit and vegetables.246

A small but growing private health care system has emerged in the UK. About 10 percent of Britons have private health insurance. Some receive it through their employer, while others purchase it individually. In general, the insurance replicates care provided through the NHS and is purchased to gain access to a wider choice of providers or to avoid waiting lists.247 Private health insurance is lightly regulated and risk-rating is allowed. The British government treats health insurance more or less the same as other types of insurance.248 The British public is well aware of the need for reform. Nearly two-thirds of Britons (63percent) say that the need for reform is "urgent," while another 24 percent believe it is "desirable." Fully 60 percent of Britons believe that making it easier for patients to spend their own money on health care would improvequality.249 Yet Britons are also extremely proud of their health care system and wary of any reforms that would "Americanize" it.