

Health Care Reforms in Advanced Economies: What Are the Lessons?

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Outline

I. Background

II. Methodologies

III. Results

IV. Caveats

V. Summary



I. Background

- ❑ **Public health spending is projected to rise by 3 percent of GDP in the next 20 years**
- ❑ **But there are large variations among countries**
- ❑ **Containing public health care spending is critical for fiscal sustainability in many countries**



II. Three Methodologies

- Case studies
- Event analysis
- Econometric analysis linking indicators of health care systems and excess cost growth (ECG)

III. Results

- ❑ Results suggest five viable options to contain spending growth**

- ❑ Budget caps (Italy, Japan, and Sweden)**

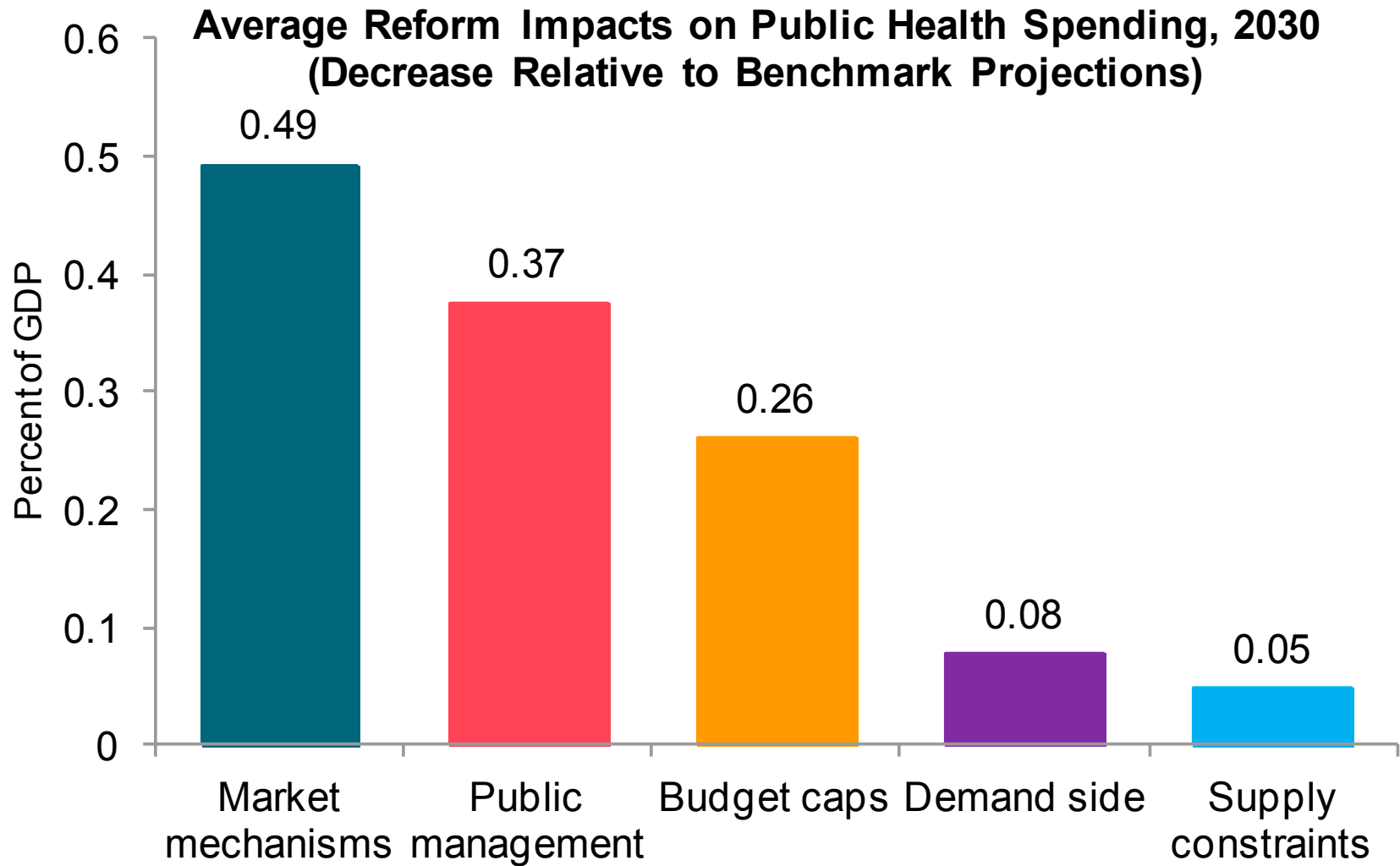
- ❑ Greater sub-national government involvement (Canada and Sweden), gate-keeping and case-based payment (Germany and Italy) – grouped under public management and coordination**

III. Results suggest five viable options to contain spending growth



- ❑ Market mechanisms to increase competition and choice (Germany and Japan)**
- ❑ Greater reliance on private financing, especially of complementary health care outside public package (Australia, Canada, and France)**
- ❑ Restricting the supply of health inputs and outputs (Canada)**

III.which have the potential to contain projected increase in public spending





III. Some reforms don't work

- Price controls
- Deregulation of insurers
- Greater availability of information on the quality and price of health services to patients



III. Reform options depend on country characteristics and projected growth

For countries that rely more heavily on market mechanisms:

Low Excess Cost Growth (0-0.6): Canada, Czech Republic, France, Germany, Japan, and Slovakia	Staying the course with marginal reforms
Moderate Excess Cost Growth (0.6-1.0): Australia, Austria, Belgium, and Netherlands	Tightening budget constraints Strengthening gate-keeping Increasing cost-sharing



III. Reform options depend on country characteristics and projected growth

High Excess Cost Growth (greater than 1.0): Greece, Korea, Luxembourg, Switzerland, and United States

Tightening budget constraints
Increasing central oversight
Strengthening regulations of the workforce and equipment
Strengthening gate-keeping



III. Reform options depend on country characteristics and projected growth

For countries that rely more heavily on public insurance and provision:

Low Excess Cost Growth (0-0.6): Denmark, Ireland, Italy, and Sweden	Enhancing efficiency Tightening budget caps Improving priority setting
Moderate Excess Cost Growth (0.6-1.0): Norway and Spain	Tightening macro-controls (including increasing central oversight) Broadening insurance for over-the-basic health care (increasing the share of health expenditures financed out of private insurance) Improving priority setting

III. Reform options depend on country characteristics and projected growth



High Excess Cost Growth (Greater than 1.0): Iceland, Finland, Portugal, New Zealand, and the United Kingdom

Strengthening supply constraints on workforce and equipment
Extending the role of private health insurance for over-the-basic health care
Increasing choice among providers

IV. Caveats

- ❑ Potential reforms not included in the analysis**
- ❑ Improved health information technology (HIT) could help improve efficiency**
- ❑ Greater emphasis on preventive care could also contribute to expenditure containment**

IV. Caveats (continued)

- ❑ Simulated reform impacts need to be interpreted with caution**
- ❑ Savings may not be large enough to avoid sizeable increases in spending some countries**
- ❑ Therefore, deeper health reforms or cuts in other spending may be required to support required fiscal adjustment**

IV. Additional factors in designing and implementing reform options



- ❑ Health reform options should be evaluated based not only on their impacts on costs, but also their impacts on health outcomes**
- ❑ Health reforms need continued monitoring and refinement, based on real-time data on the behaviors of providers and patients and the impact on health outcomes**
- ❑ Access to basic health care services by the poor should be maintained during health reforms**



V. Summary

- Health reforms can help contain the projected spending increases
- The most effective strategy involves a mix of macro-level controls and micro-level reforms to improve spending efficiency
- The reform impacts vary by country
- The implementation of reforms and the impact on health outcomes need to be closely monitored



Thank you!