

A healthy economy

Debate on healthcare in Europe tends to focus on the rate at which expenditure rises, says **Tresja Bolt**



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Europeans tend to view president Barack Obama's drive for healthcare reform in the US with smug bemusement. Wasn't the battle for universal coverage won long ago? Americans have reservations: where does state intervention begin and end, they ask?

Since the late 1980s though, both conservative and social democratic Europeans have been quietly borrowing elements of the American system. US Democrats have likewise been seeking to 'Europeanise' the American health economy. Financial constraints and demographic challenges have forced both the US and Europe to foresake ideological purity in the pursuit of reforms which provide the best outputs at the least cost.

There is no single European healthcare system, but the common desire of each government is to achieve universal coverage. Some nations employ a social insurance model with a mix of public and private funding; others rely on a national,

publically-funded arrangement. Degrees of centralisation vary widely too.

While the degree of passion in the US may seem surprising, reforms in the major EU states have been cautious and incremental. Elite debates tend to focus on the rates at which healthcare expenditure can be allowed to rise in context of glaring budget deficits. Citizens can find it hard to engage with the numbers: when is a 'cut' really a cut, or just less of an increase? To what extent can savings derived from competition between providers counterbalance the desire for ever more expensive therapies?

European governments have responded by encouraging people to take greater responsibility for managing their conditions – second nature to many Americans. The move toward greater use of generics has taken place in parallel, calling into question R&D budgets. And many governments have sought to establish criteria for the adoption of new treatments, a practice which is often seen, sometimes unfairly, as merely a form of rationing. Perhaps, then, the debates about healthcare reform in Europe and the US are not so different after all. Cost containment while improving access and quality are common challenges. No one can yet claim to have the perfect model. We can, and must, all learn from each other. ★

The rising cost of healthcare in the US is causing alarm among many Americans, writes **Ken Thorpe**



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In the US, proponents of health reform are devoted to finding a way to provide universal coverage, citing European systems as models. A related goal – which has generated considerable attention – is how to implement changes to control the growth in healthcare costs to make care, and health insurance coverage, more affordable. According to opinion polls controlling cost is the issue that the majority of Americans care about the most in health reform.

For years, in the public and private sector, health spending in the US has been rising at a steep rate, faster than general economic growth and faster than wages. The slumping economy has made healthcare cost increases even more challenging to sustain. On the government side, because of the economic downturn and growing needs for health and other social services, the latest estimates indicate that the US is facing a deficit of €6 trillion over the next 10 years. Medicare, the public health insurance programme for Americans aged over 65, is predicted to become insolvent in less than a decade.

On the private-sector side, the economic downturn has threatened the stability of the US employer-based insurance system, from which 60 per cent of Americans derive their coverage. Unemployed Americans have joined the ranks of the uninsured, and businesses are struggling to continue to provide coverage as health costs continue to rise. Also, the share of cost borne by employees continues to rise, year after year. This trend has caused alarm among many Americans who had not previously been as concerned about the need for universal coverage or system-wide reform.

A number of proposals have been introduced to address rising costs, such as paying for value not volume, rewarding providers for delivering high-quality care and ensuring the effective management of chronically ill patients – which in the US constitutes 75 per cent of health spending – to prevent expensive complications and hospitalisations. Without such fundamental reforms, there is little hope that health insurance will be affordable over the long-term. It appears this is the case for European systems as well. ★