NATIONAL HEALTH INSURANCE: Shift to a Viable National Health System in Greece (and elsewhere?)

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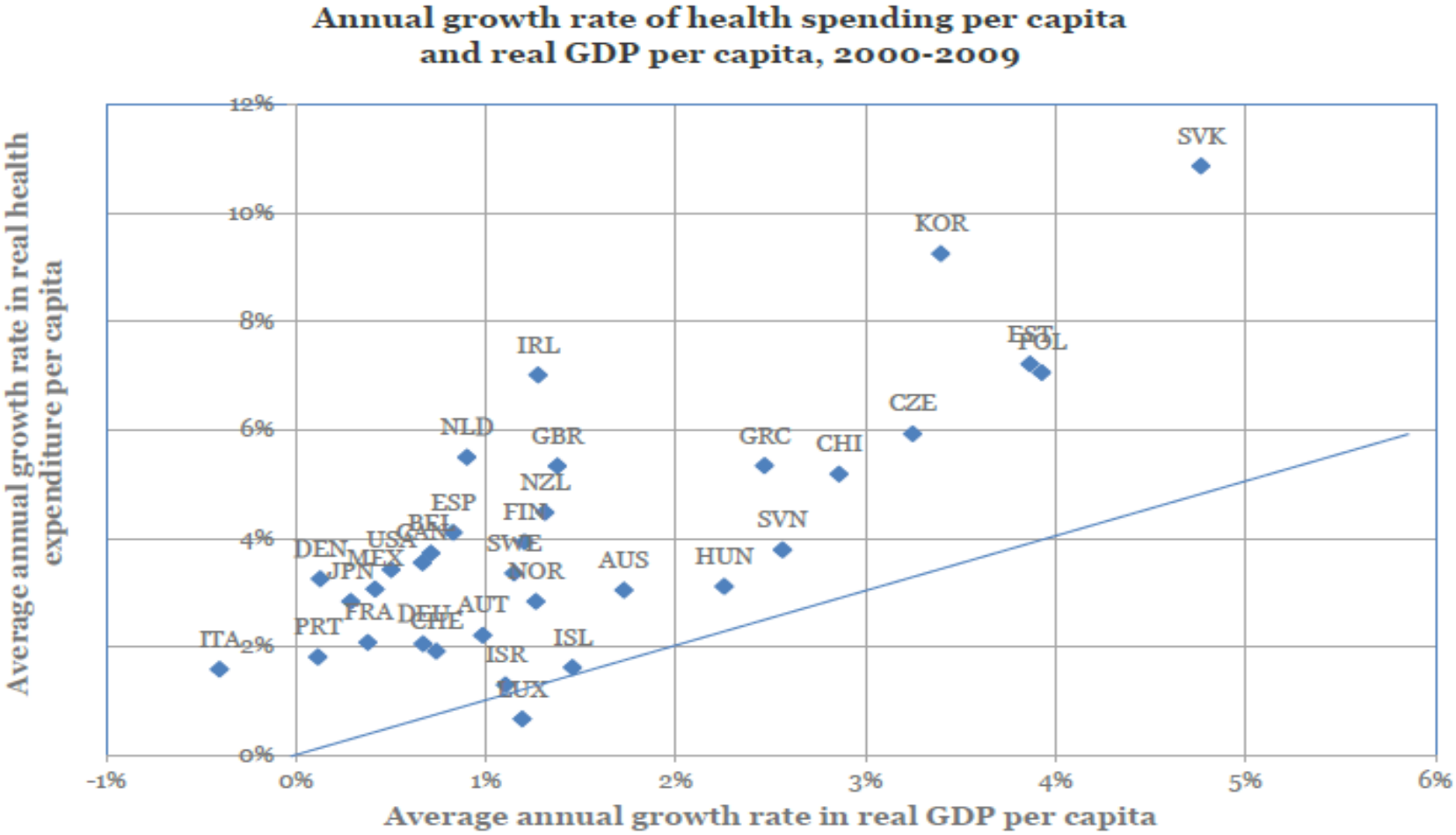
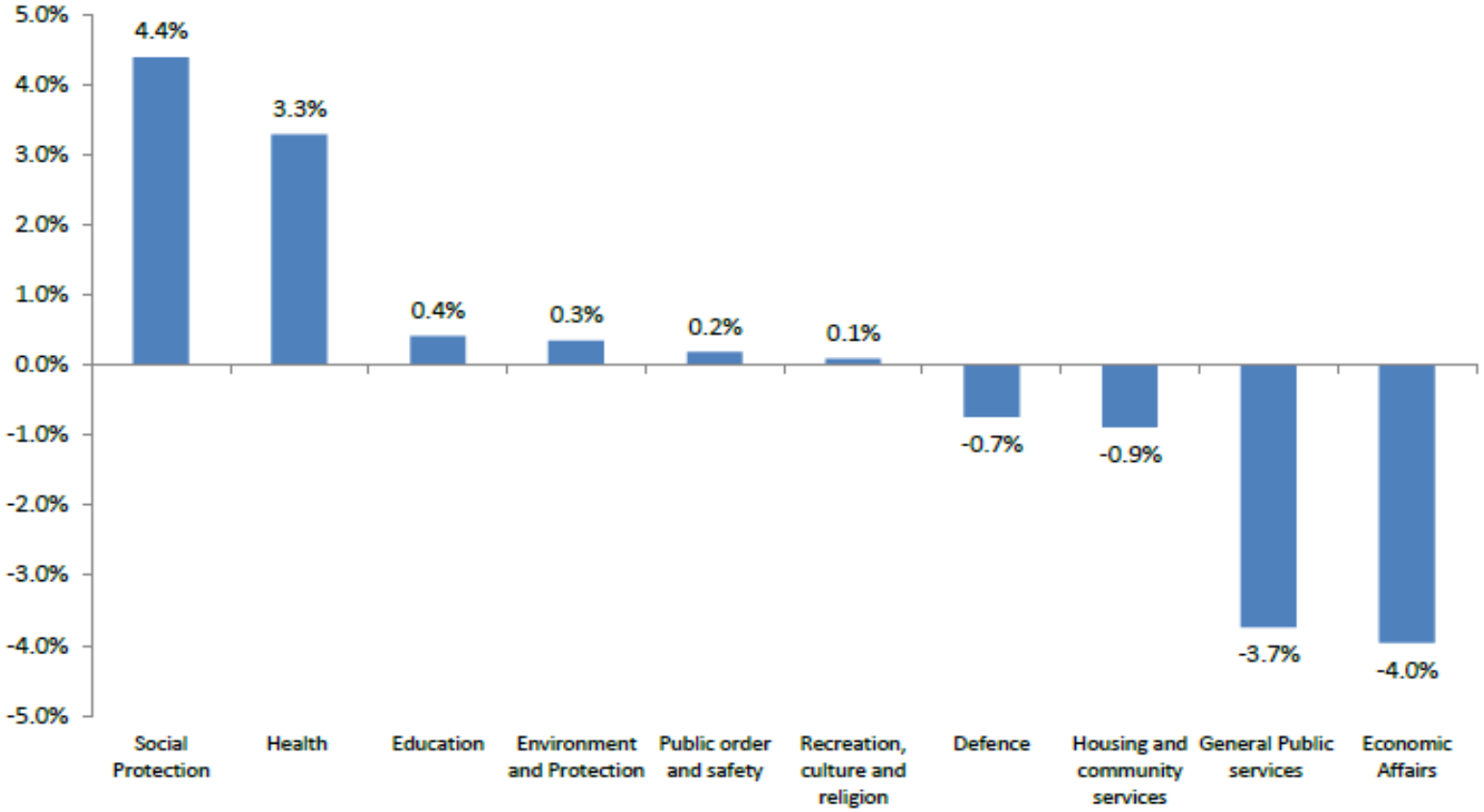
Health spending outpaced income growth in the previous decade



Source: OECD Health Statistics 2013

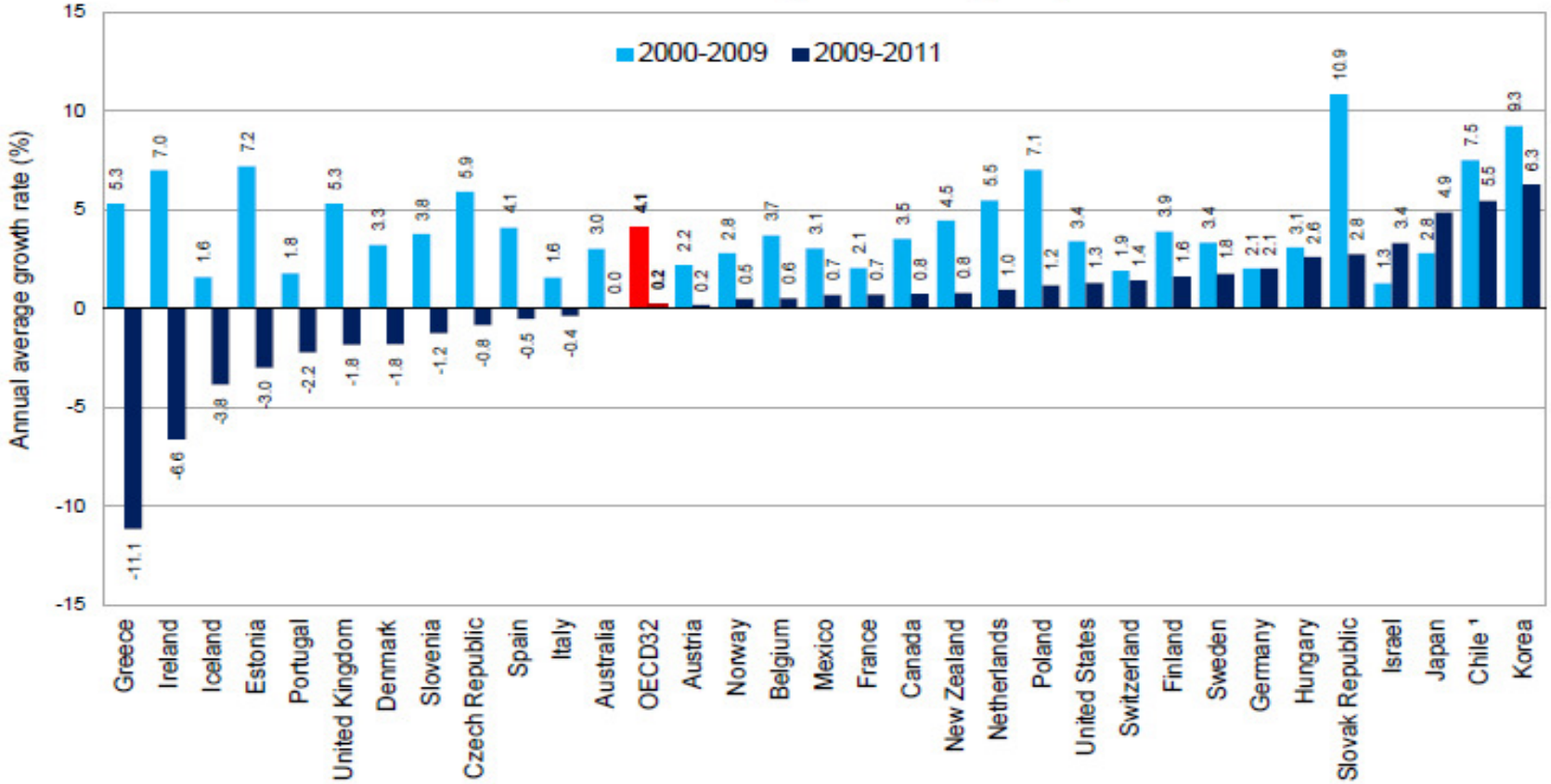
Countries have allowed health to become a bigger share of their budget

Change in the structure of general government expenditures on average in OECD countries, 1995 to 2012



The crisis has moderated rapid growth in health spending

Annual average growth rate in per capita health expenditure, real terms, 2000 to 2011 (or nearest year)

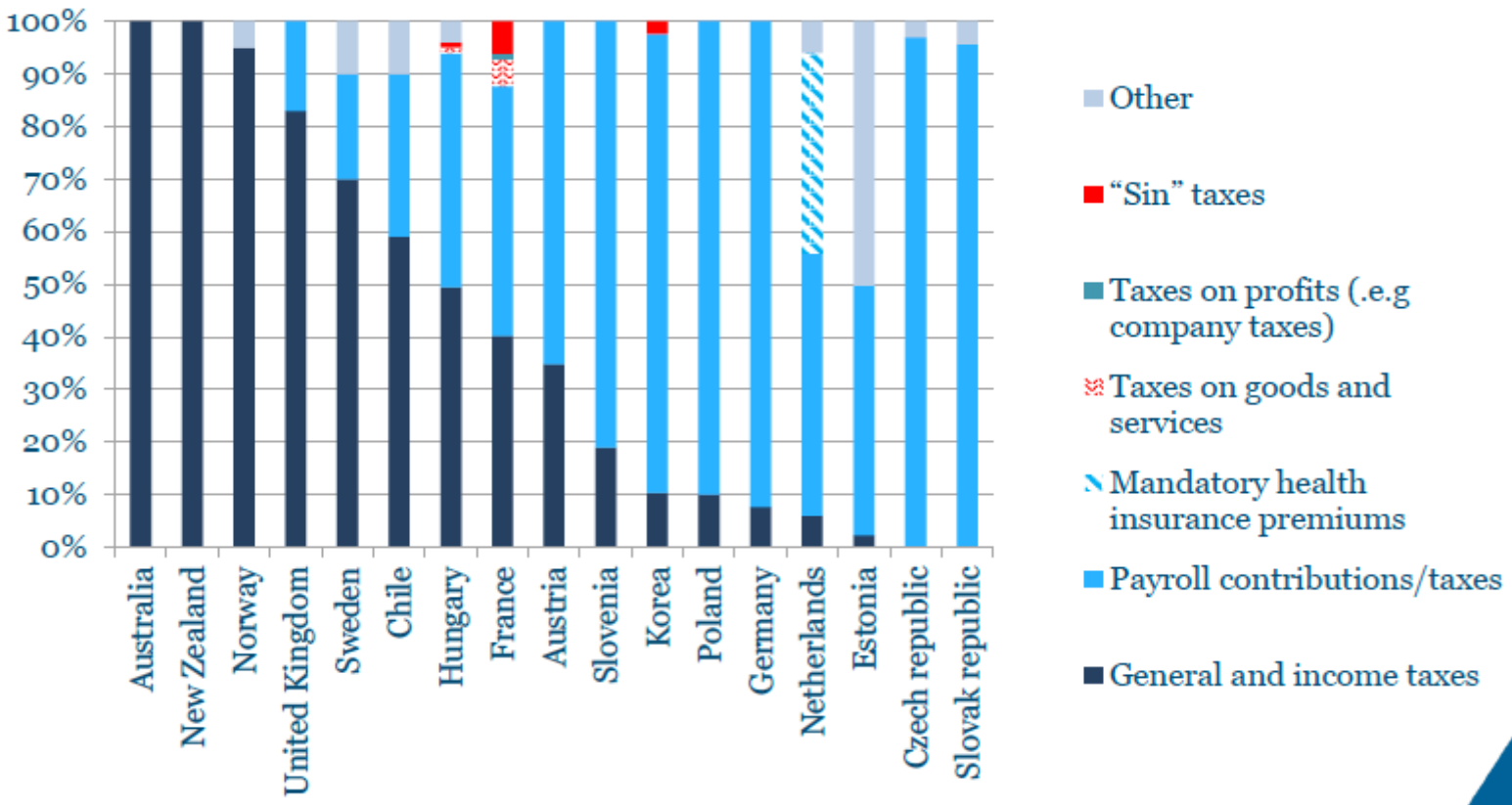


used as deflator.

This Raises the Question of Health System Sustainability: A Health System must:

- Provide access to health services of adequate quality for all members of a society at a cost they can afford
- It must distribute the burden of financing health services, regardless of ability-to-pay, based on income from employment, capital and wealth
- It must cover the cost of health to society in an manner equitable among other competing uses, and ensuring the economy's growth potential
- In this respect, it must acknowledge the dual nature of health care as consumption and investment

Our models do not account for shortfalls in revenues for countries that rely heavily on payroll taxes



Source: SBO survey and OECD Secretariat estimates

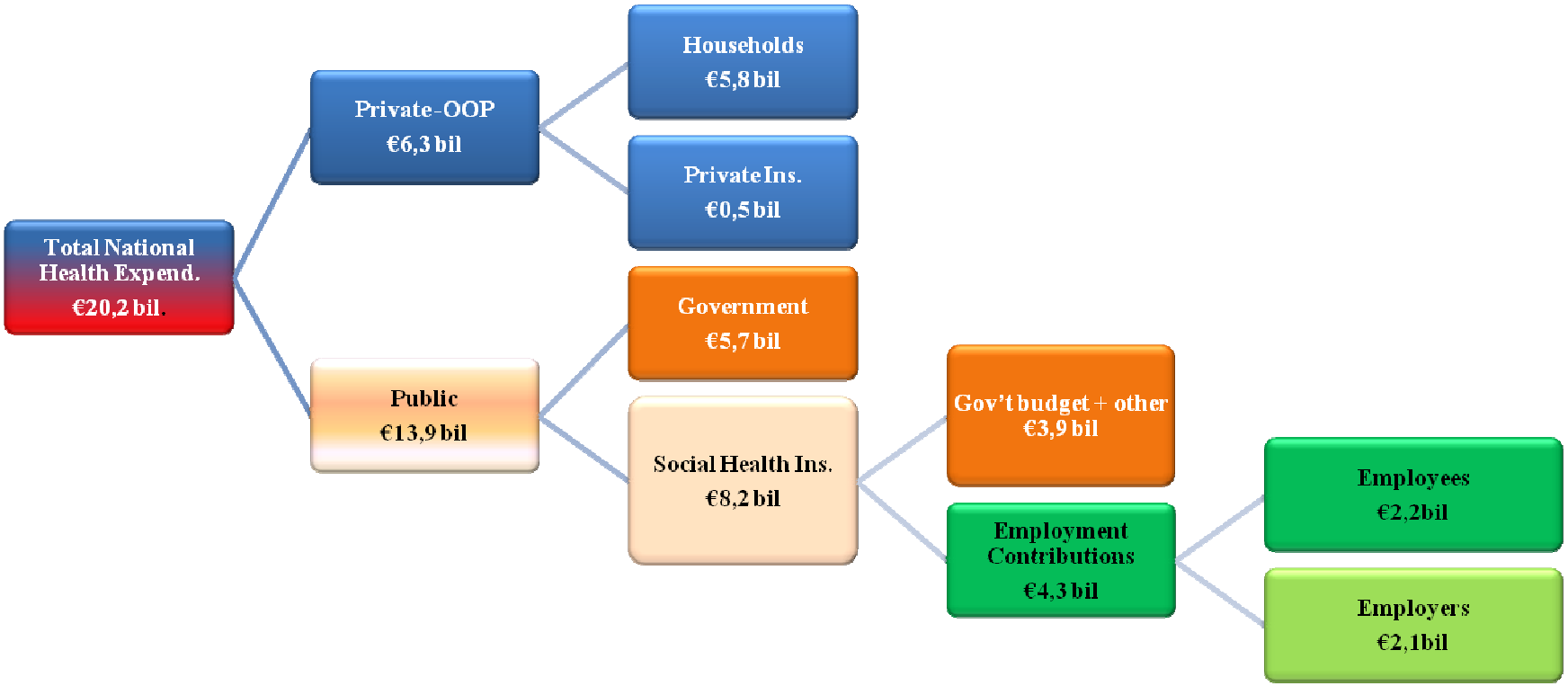
Health Insurance in Greece: An Unsustainable Situation

- Two unstable Public "Pillars" hold a structure which is ready to collapse:
- Public Statutory Insurance: € 9 bil
  - Gov't Tax-based: Civil Servants, Unemployed (2 years), Farmers, and indigents. € 5 bil
  - Employment-based Social Insurance with obligatory contributions by employers-employees, Professionals and self employed € 4 bil
- Private Health Insurance: € 0.5 bil, is still a poor relative, but must play a more active role

Employment-based Social Health Insurance has failed:

- In the best case it:
  - Hurts economy competitiveness: 5.10% of wage bill is a considerable burden for employers
  - Is inequitable, regressive and rarely covers the full cost of treatment. Greece is among the highest OECD Countries in private OOP payments for health care
- In the worst case:
  - It leaves many (esp. unemployed) with no cover)

The Composition of Health Expenditure by Funding Source: GREECE 2012



Employment Contributions: The Soft Under-belly of the System

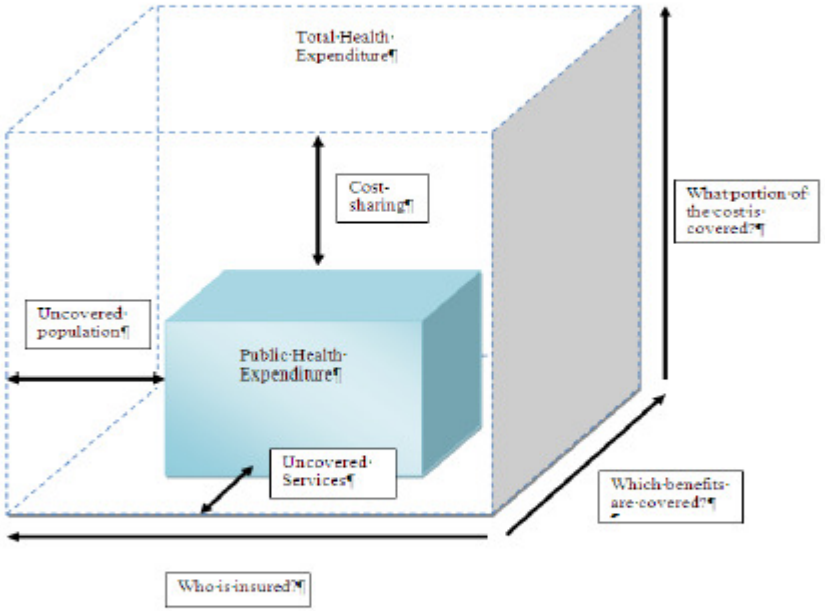
- The €4.3 billion of employment contributions:
  - hurt the economy (lower competitiveness)
  - Are difficult, uncertain, and expensive to collect
  - leave many vulnerable to catastrophic payments, especially when unemployed
- If they are abolished they can be replaced by increased tax revenues from:
  - Higher employee take-home income taxes
  - Higher employer profit taxes
  - Higher VAT proceeds from higher consumption and economic activity (the Blanchard Multiplier = 1.6)

Our Proposal for Health Insurance and Health Care Delivery

- 1st Tier: Tax-financed Public Health Insurance:
  - a standard package of services offered by public and private contracted providers and paid for by the National Health Insurance Organization
- 2nd Tier: Voluntary Professional or Regional Mutual Funds financed by contributions:
  - Covering supplementary care and allowed to run their own networks (the Alzira Model, Valencia Spain)
- 3rd Tier: Private Health Insurance:
  - Contracting with public and private providers and forming Networks of Care

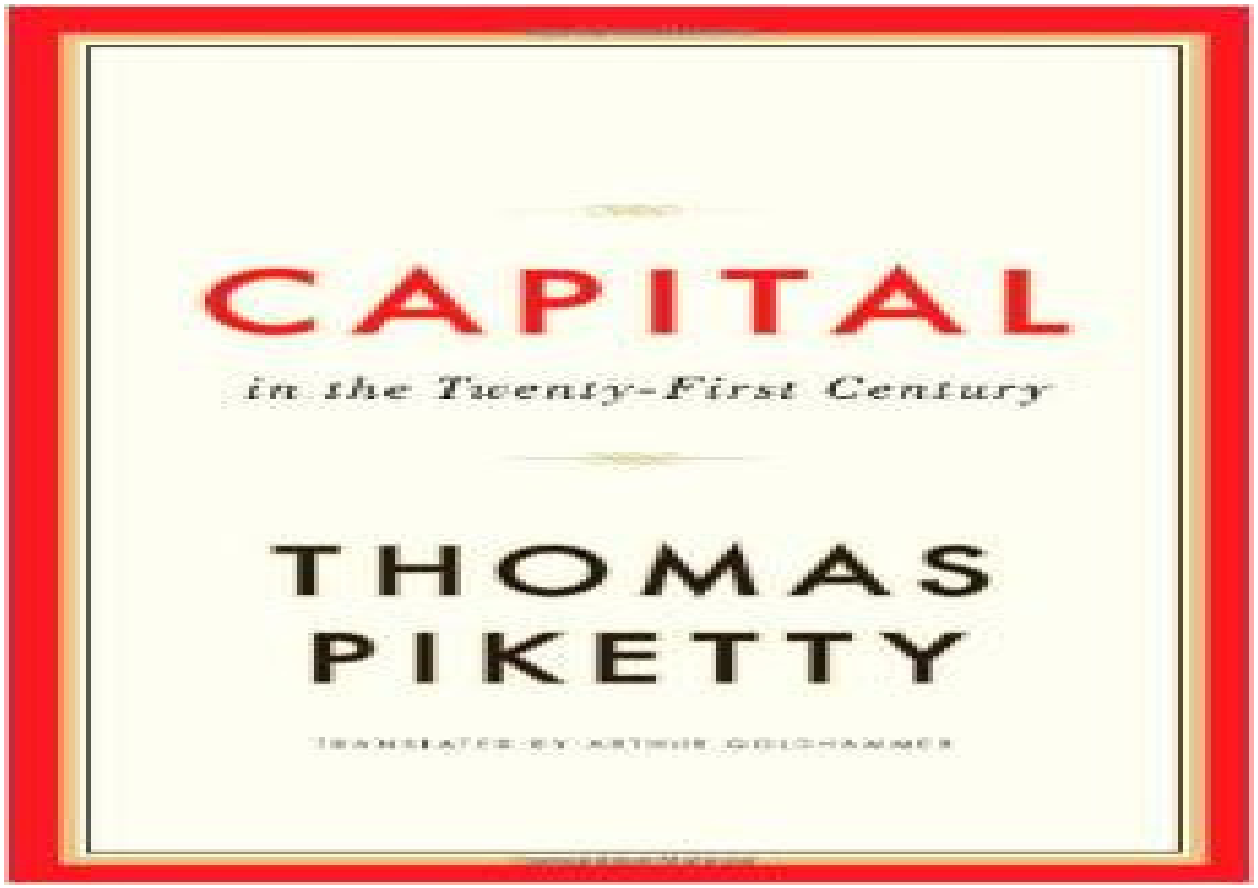
Boundaries between public and private need to be debated

- Need to de-link increases in health spending as a share of the economy from health as a share of public budgets
- Clearly defining what is publicly funded is preferable to broad based co-payments
- Private health insurance not necessarily cost reducing



Source: Paris et *al.*, *Measuring coverage (Forthcoming) from* Busse, Schreyögg et Gericke, 2007

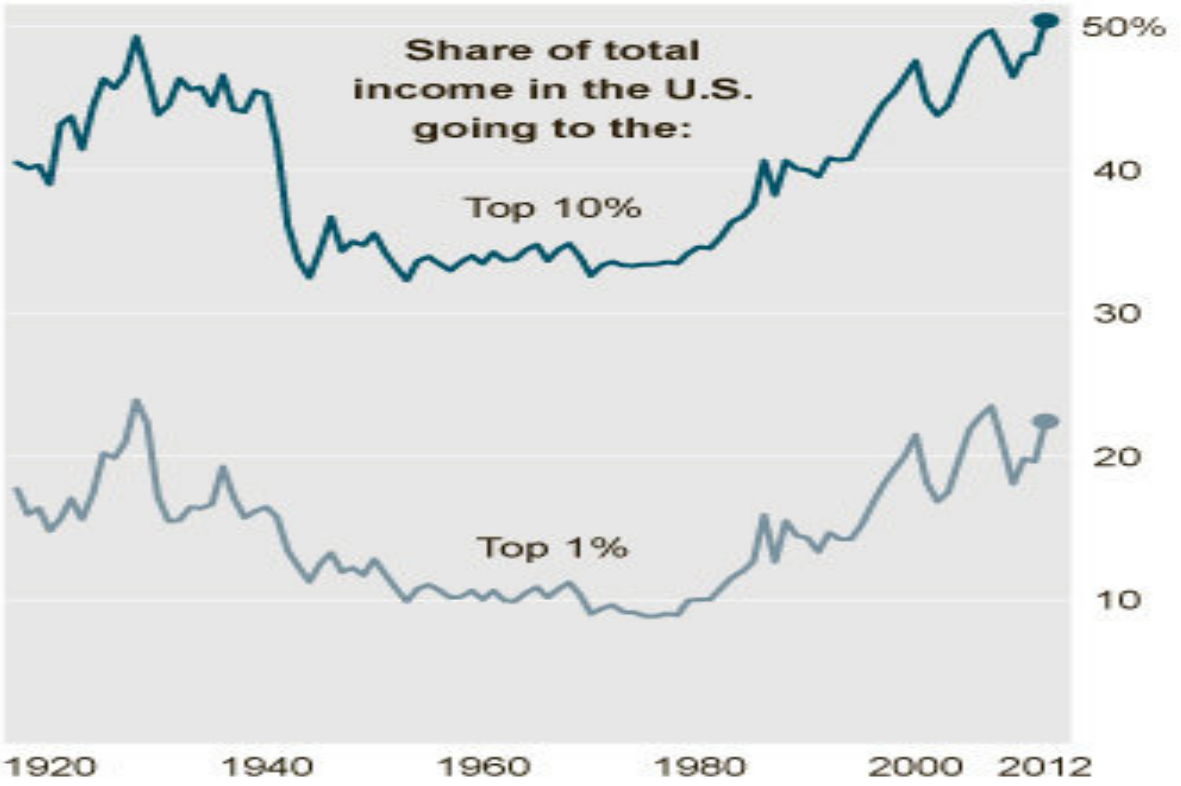
150 Years after Karl Marx:
“Economic Inequality revisited”



Income Inequality at the Highest-ever Point or the Tyranny of the one Percent

Top Income Shares Grow

In 2012, the top 10 percent of earners took home more than half of the country's total income — the highest recorded level ever.

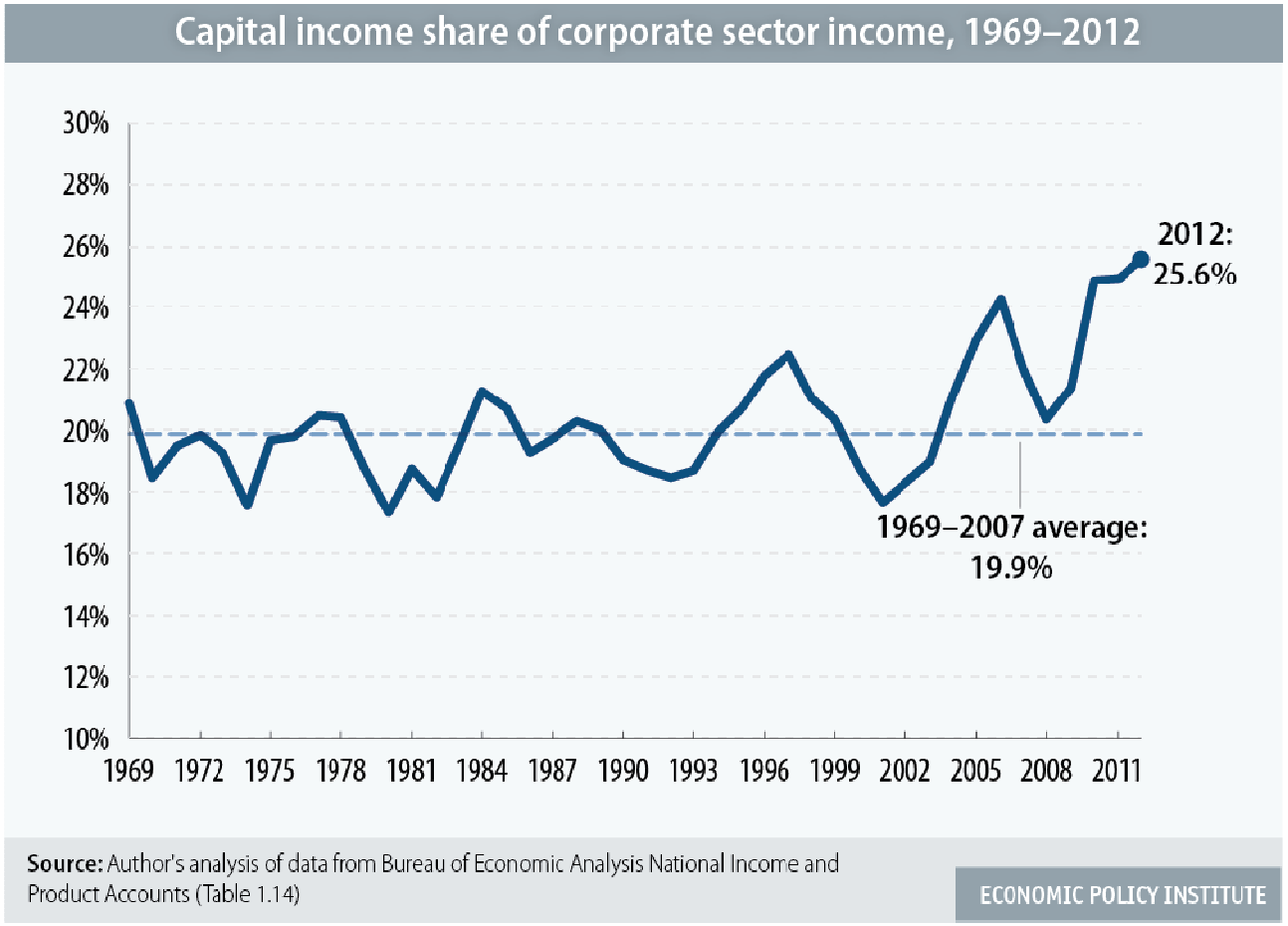


Note: Income is defined as market income and includes capital gains.

Source: Emmanuel Saez and Thomas Piketty

THE NEW YORK TIMES

The share of Capital at an all-time high



New Axioms for a New Era??

- Health Care is a fundamental human right
- Lack of income cannot hinder health security and access to health care (Obamacare)
- Society is subject to a "budget constraint" which depends on its productive capacity
- Fiscal policy should serve the health needs of society, through progressive taxation on all sources of income, from employment, capital, and wealth, according to the ability and wishes of its citizens

THANK YOU FOR

YOUR ATTENTION