

# Health and Healthcare fundamental principles Health and Healthcare in the World Modern approaches in Healthcare systems

Healthcare policy, Management and Economics,  
Public Health, Lecture 1

George Lobzhanidze, MD, PhD  
Tbilisi State University

## Health System Defined

- ▶ A health system, also sometimes referred to as health care system or as healthcare system, is the organization of people, institutions, and resources that deliver health care services to meet the health needs of target populations
- ▶ Every nation must design and develop health systems in accordance with their needs and resources, although common elements in virtually all health systems are primary healthcare and public health measures

## World Health Organization definition

- ▶ A health system consists of all organizations, people and actions whose primary intent is to promote, restore or maintain health
- ▶ This includes efforts to influence determinants of health as well as more direct health-improving activities
- ▶ A health system is therefore more than the pyramid of publicly owned facilities that deliver personal health services. It includes, for example, a mother caring for a sick child at home; private providers
- ▶ Behavior change programmes
- ▶ Vector-control campaigns
- ▶ Health insurance organizations
- ▶ Occupational health and safety legislation. It includes inter-sectoral action by health staff, for example, encouraging the ministry of education to promote female education, a well known determinant of better health

## Health System goals

- ▶ The World Health Organization (WHO), the directing and coordinating authority for health within the United Nations system, is promoting a goal of universal health care: to ensure that all people obtain the health services they need without suffering financial hardship when paying for them

## Health System goals

- ▶ As part of Sustainable Development Goals, United Nations member states have agreed to work toward worldwide universal health coverage by 2030
- ▶ Dimensions for the evaluation of health systems include quality, efficiency, acceptability, and equity

## Providers

- ▶ Healthcare providers are institutions or individuals providing healthcare services. Individuals including health professionals and allied health professions can be self-employed or working as an employee in a hospital, clinic, or other health care institution, whether government operated, private for-profit, or private not-for-profit (e.g. non-governmental organization). They may also work outside of direct patient care such as in a government health department or other agency, medical laboratory, or health training institution. Examples of health workers are doctors, nurses, midwives, dietitians, paramedics, dentists, medical laboratory technologists, therapists, psychologists, pharmacists, chiropractors, optometrists, community health workers, traditional medicine practitioners, and others.

## Financial resources

- ▶ General taxation to the state, county or municipality
  - ▶ National health insurance
  - ▶ Voluntary or private health insurance
  - ▶ Out-of-pocket payments
  - ▶ Donations to charities
- *Most countries' systems feature a mix of all five models*

## Economics: healthcare financing

- ▶ Many types of health policies exist focusing on the financing of healthcare services to spread the economic risks of ill health
- ▶ For example, government spending on healthcare is sometimes used as a global indicator of a government's commitment to the health of its people

## Payment models

- ▶ In most countries, wage costs for healthcare practitioners are estimated to represent between 65% and 80% of renewable health system expenditures
- ▶ There are three ways to pay medical practitioners: fee for service, capitation, and salary
- ▶ There has been growing interest in blending elements of these systems

## Economics: healthcare financing

- ▶ The debate is ongoing on which type of health financing policy results in better or worse quality of healthcare services provided, and how to ensure allocated funds are used effectively, efficiently and equitably

## Economics: healthcare financing

- ▶ Publicly funded health care (through taxation or insurance, also known as single-payer systems)
- ▶ Mandatory or voluntary private health insurance
- ▶ Complete capitalization of personal health care services through private companies
- ▶ Others

## The public-private mix in finance and provision

		Finance	
		Public	Private
Provision	Public	1	2
	Private	3	4

# Five models of Healthcare Systems



Coverage	Universal coverage is automatically provided at birth (post-natal) or after a set time age or condition (US, Mexico, Canada)		Not universal: people have to acquire insurance. Some will remain uninsured.		
Model	Single payer, single provider <i>Excludes private health or out-of-pocket insurance</i>	Single payer, multiple providers	Multiple payers, multiple providers <i>Excludes private health, sickness funds or social health insurance</i>	Multiple payers (private insurance), multiple providers	Out-of-pocket
How it works	Healthcare is provided and financed by the government through taxes.	Healthcare is provided by private insurers to whom facilities, the majority of medical staff are employed by the government.	Employers and employees fund national health insurance through compulsory payroll taxes. Health insurance companies are private but non-profit, and state-regulated.	A variety of payers, including state and federal-level public commercial health insurance companies, voluntary health insurance providers, or a combination of both. Most people have insurance through their employers.	Patients pay out of pocket for healthcare. They may or may not have private insurance privately or through their jobs.
Notable examples from literature (and real life) systems	UK (NHS), Cuba (CUBA)	Canada (CSC), France (Sécurité Sociale)	Germany (GKV), Iceland (GKV), Japan (NHI)	The U.S. is the only industrialized country without universal health coverage. Most of the US spends 17.4% of its GDP on healthcare.	India (AYUSH), China (AYUSH)
Who is single	UK (National Health Service)	Medicare and part of Medicaid	Mandatory Care Act (MCA)	Most commercial health plans	Self-insured or non-insured
Cost containment	• • • • •	• • • • •	• • • • •	• • • • •	• • • • •

## Tax financed healthcare



- William Henry Beveridge (5 March 1879 – 16 March 1963) was a British economist who was a noted progressive and social reformer

## Social Health Insurance



- ▶ Otto von Bismarck was a conservative Prussian statesman who dominated German and European affairs from the 1860s until 1890 and was the first Chancellor of the German Empire between 1871 and 1890

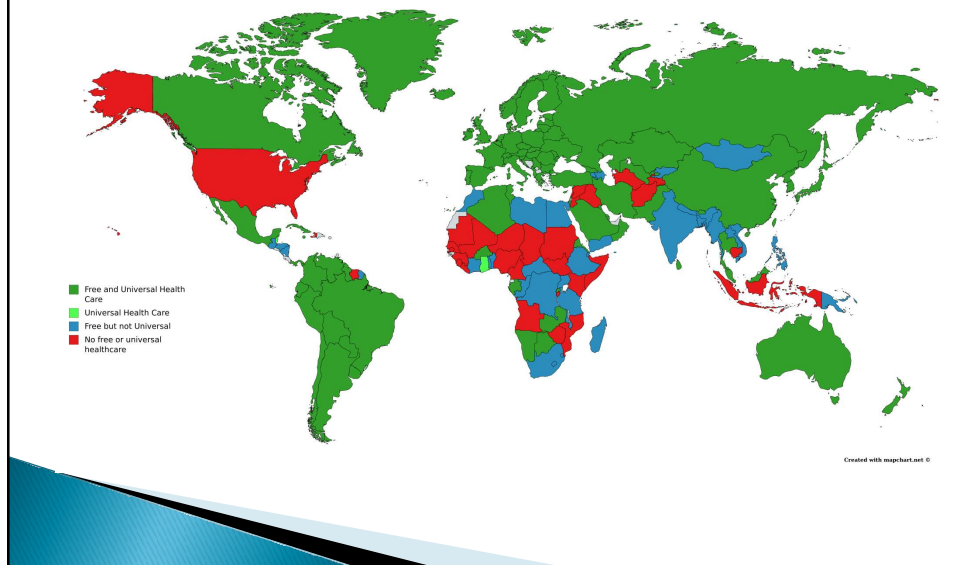
## Social Health Insurance



- ▶ Nikolai Aleksandrovich Semashko (September 20 1874 – May 18, 1949), was one of the organizers of the health system in the Soviet Union



## Countries with Universal Healthcare



Thank you

Contact: [giorgi.lobzhanidze@gmail.com](mailto:giorgi.lobzhanidze@gmail.com)  
577628808