

PRESS RELEASE PRESS RELEASE PRESS RELEASE PRESS RELEASE

Publication date: Tuesday 11 February 2004

Health Insurance and More Private Healthcare is Best for Patients, says international team of experts. Failed NHS structure should go, says Politeia pamphlet

Few people believe that the politicians can cure the NHS. Politeia's next pamphlet suggests that their scepticism is justified, with still no significant change in the percentage of specialists or GPs in the NHS, despite Gordon Brown's spending spree. *Systems for Success: Models for Healthcare Reform* shows that the healthcare systems we now envy are based, not on state control and state ownership, but on competition and the individual – with free healthcare for everyone, whatever their means. The decisive factor is not the amount spent: already this country is spending almost as much on the NHS - £1,270- £1,300 per person per annum - as Germany (£1,390) and France (£1,344). What matters is *who* provides the healthcare, whether there is sufficient competition, and whether the citizen and not the state controls the funding. The pamphlet proposes that the NHS should be de-nationalised and public funding allocated directly to the patient in the form of a premium for health insurance. Unlike private health insurance in Britain now, this publicly funded insurance would give complete cover at a flat rate irrespective of medical condition.

This model has a proven record of success. In Germany, the system is based on the market approach which, says Georg Baum, best meets people's needs, with competition 'at the very heart of healthcare'. Statutory health insurance means that everybody is covered for healthcare whether employed or out of work. Doctors and specialists are mostly in the private sector and hospitals are mixed with just over half the beds provided by the public sector and just under half by the voluntary and private sector. The French healthcare system is also mixed. The funding system, says Jean Beaud de Brive, 'involves the individual directly as a beneficiary who can choose between different private and public providers.' Patients choose their doctors, specialists and hospitals (35 % of hospital beds are private and 65% public), without restrictions, once the doctor or hospital is registered with the system. Poorer people have healthcare entirely free.

By contrast, the UK has been caught in a time warp – that of the most Stalinist period of British political thought. Dr Sheila Lawlor, Politeia's director, explains that the NHS was never intended to be state-owned and run, and the founding fathers, including Beveridge, wanted a mixed system with free healthcare for all, publicly funded but provided by a mixture of public and private doctors and hospitals. For reasons solely of ideology, the post-war socialist government abandoned the model and imposed a full-scale nationalisation of hospitals and healthcare. The consequences were clear to the politicians from the start, and they are now clear to everyone. Radical change, Lawlor argues, is needed so that our healthcare can change to the mixed system originally intended for the UK and successful elsewhere...../over How can

How can such a change be introduced? Deepak Lal proposes a National Health Insurance Scheme (NHIS) where the taxpayer funds a health premium for every individual at the rate now allocated per person for the NHS. This is modelled on the *Kaiser Permanente* scheme, where a premium of £1,260 gives full cover through a health maintenance organisation, with no account of medical preconditions. Professor Lal urges the UK Government to fund healthcare directly and 'pay ...for a basic health insurance policy – the NHI from general taxation' for its 60 million inhabitants. Complete and free healthcare would be negotiated by the government with different private insurance companies from which individuals and households could choose (and switch between them). As for the administration: a plastic card for each individual would allow them to purchase healthcare with the bill paid by the insurance company, financed by the premiums paid by the Government.

Systems for Success: Models for Healthcare Reform, by Sheila Lawlor, Georg Baum, Jean-Louis Beaud de Brive and Deepak Lal, is published by Politeia, 22 Charing Cross Road, London WC2H 0QP at £7-00.

The authors: George Baum is Director of the Hospital Financing Division at the German Ministry of Health and Social Security; J.L Beaud de Brive is deputy *Procureur General* at the French Government's *Cour des Comptes*; Deepak Lal is Professor of International Development Studies at UCLA; Sheila Lawlor is Director of Politeia. **Enquiries to:** Sheila Lawlor at Politeia 0207 240 5070 or (w/e) 01223 350094 or Deepak Lal at 001 310 825 4521