

# Why mutualising health care risks ?

Bea Cantillon

Herman Deleeck Centre for Social Policy, University of Antwerp

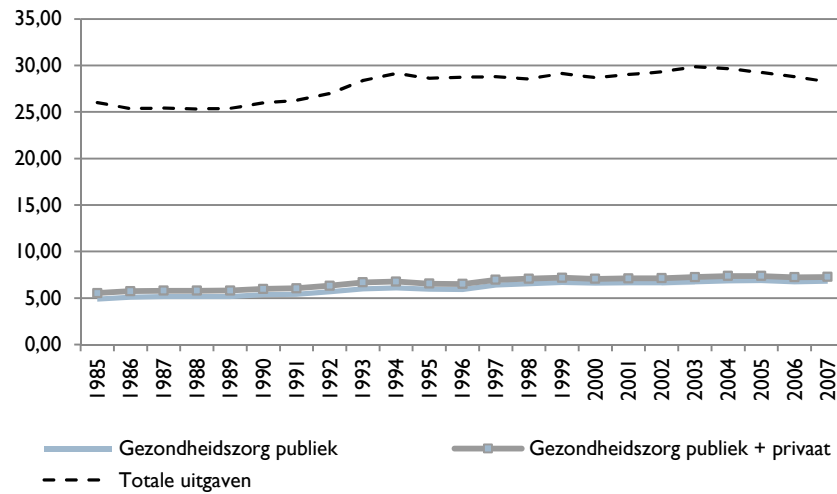
29th International Congress of CIRIEC  
Vienna, 14 September 2012

# Outline

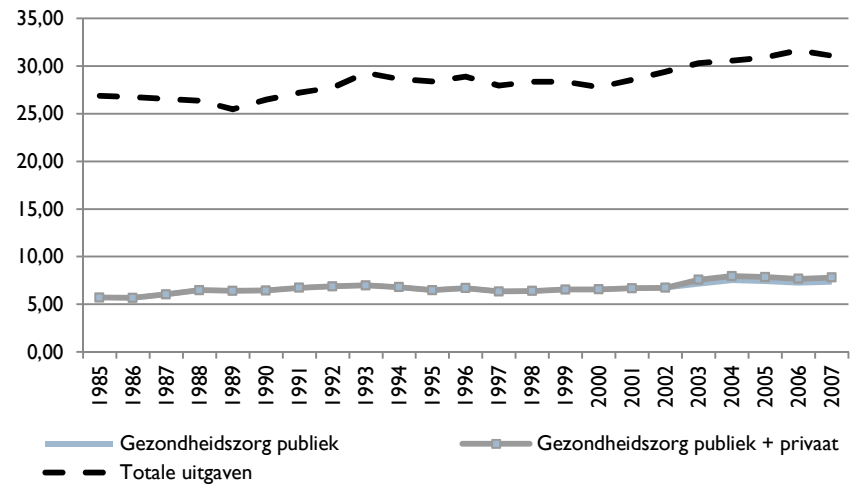
---

- ▶ State-of-the-art : health care spending in Europe
- ▶ Why is health care generally heavily subsidized for the entire population ?
- ▶ What makes social insurance different from private insurance ?
- ▶ Mutualisation and cost containment

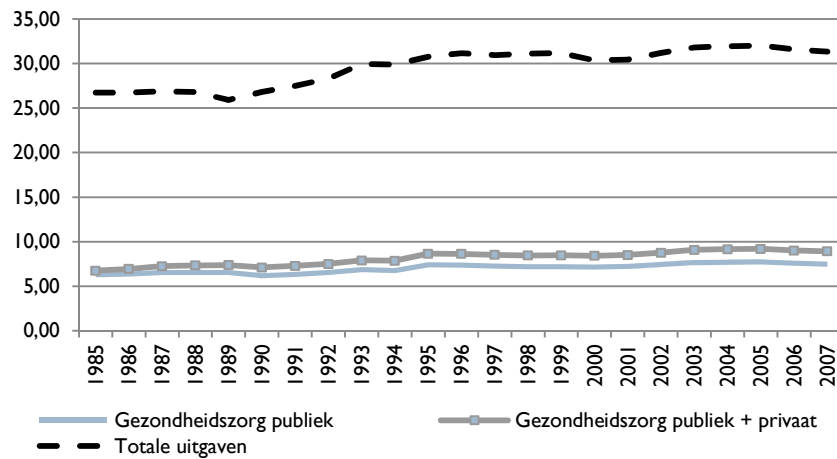
**Austria: total social spending (public, private, voluntary), % GDP  
OECD SOCX**



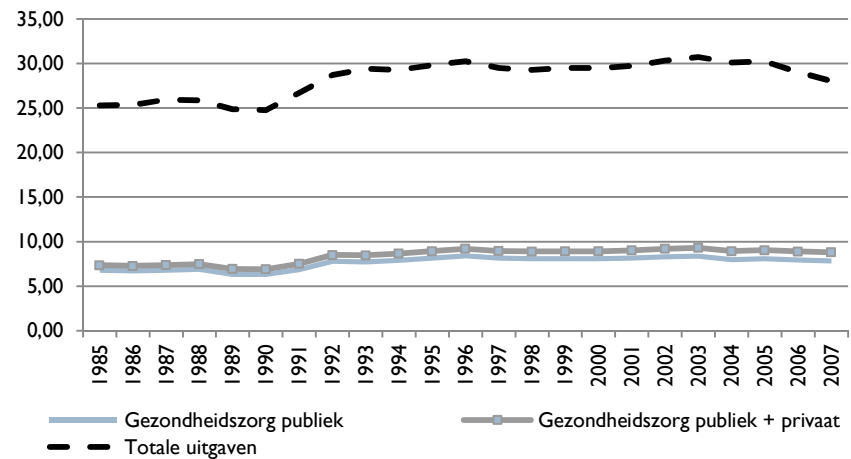
**Belgium: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



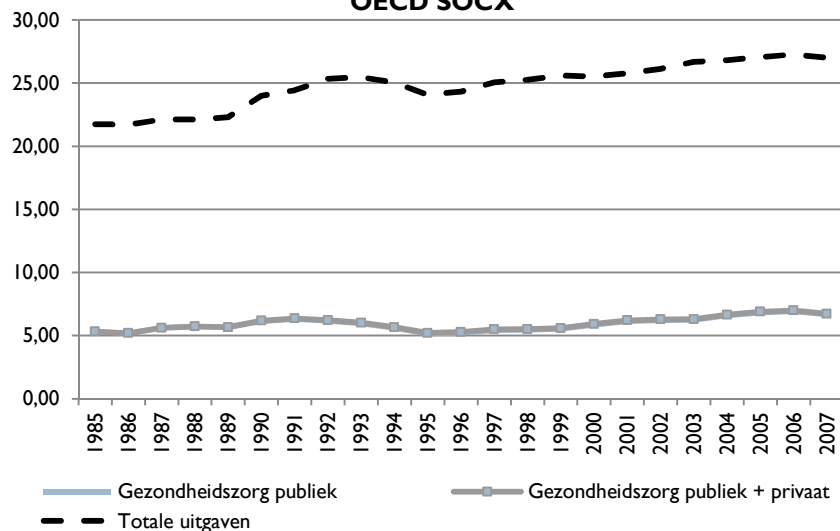
**France: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



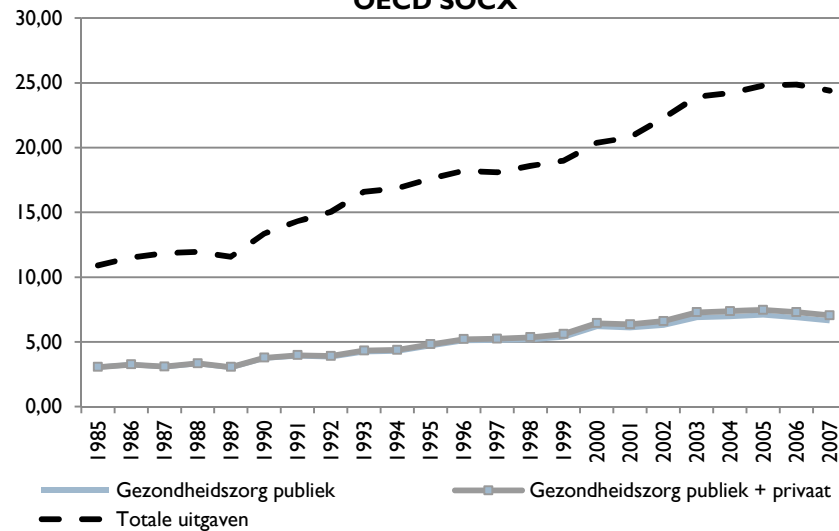
**Germany: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



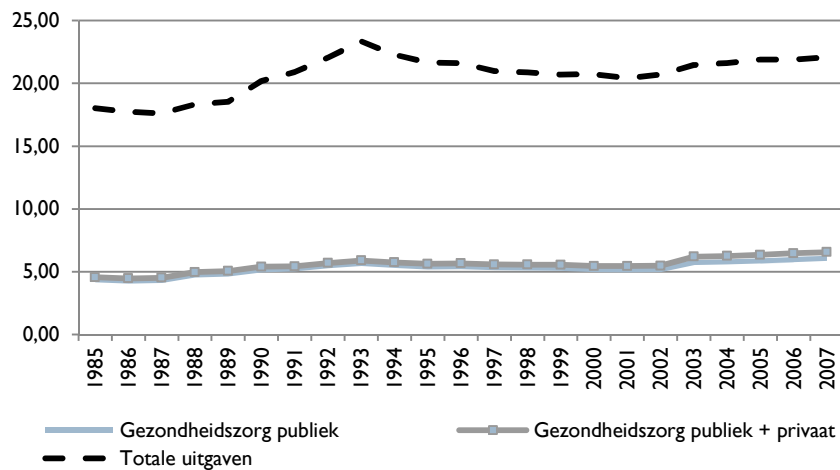
**Italy: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



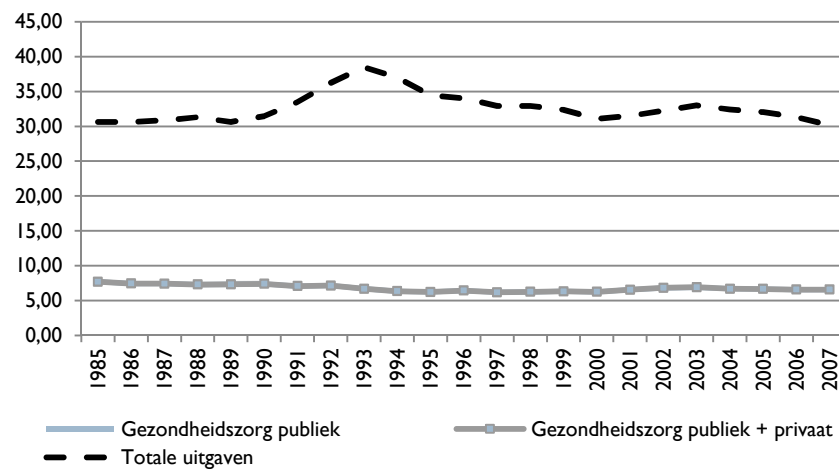
**Portugal: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



**Spain: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



**Sweden: total social expenditures (public, private, voluntary), % GDP  
OECD SOCX**



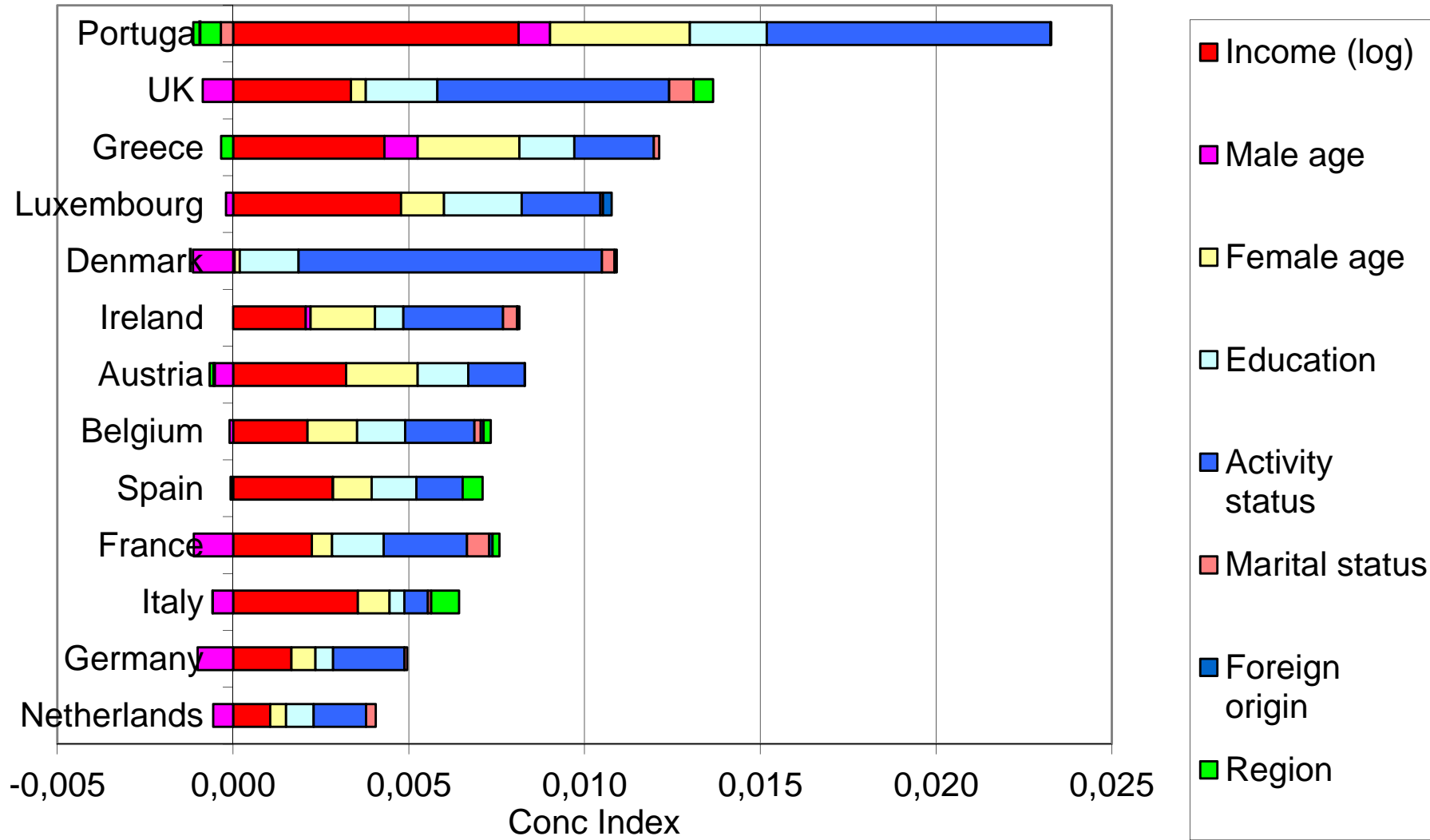
- 
- ▶ Health care heavily subsidized for the entire population
  - ▶ Steady increase of costs

## 2. Why is health care generally heavily subsidized for the entire population ?

---

- ▶ Imperfect information
- ▶ Risk and uncertainty
- ▶ External shocks
- ▶ Selectivity of risks

Income-related health inequality by source (countries ranked by C)



$$C = \sum_k (\beta_k \bar{x}_k / \mu) C_k + GC_s / \mu$$

# Objectives of mutualising health care risks

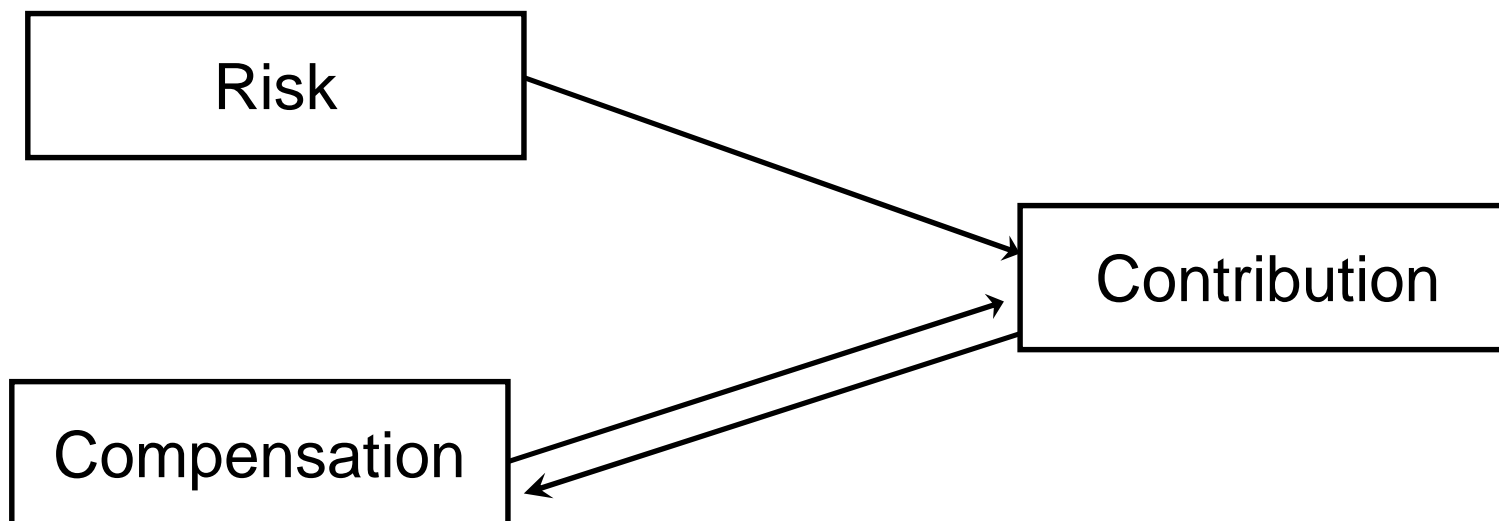
---

- ▶ **Equity function**
  - ▶ Provide the sick and their family with an adequate standard of living
- ▶ **Market efficiency**
  - ▶ Quality control
  - ▶ Cost containment



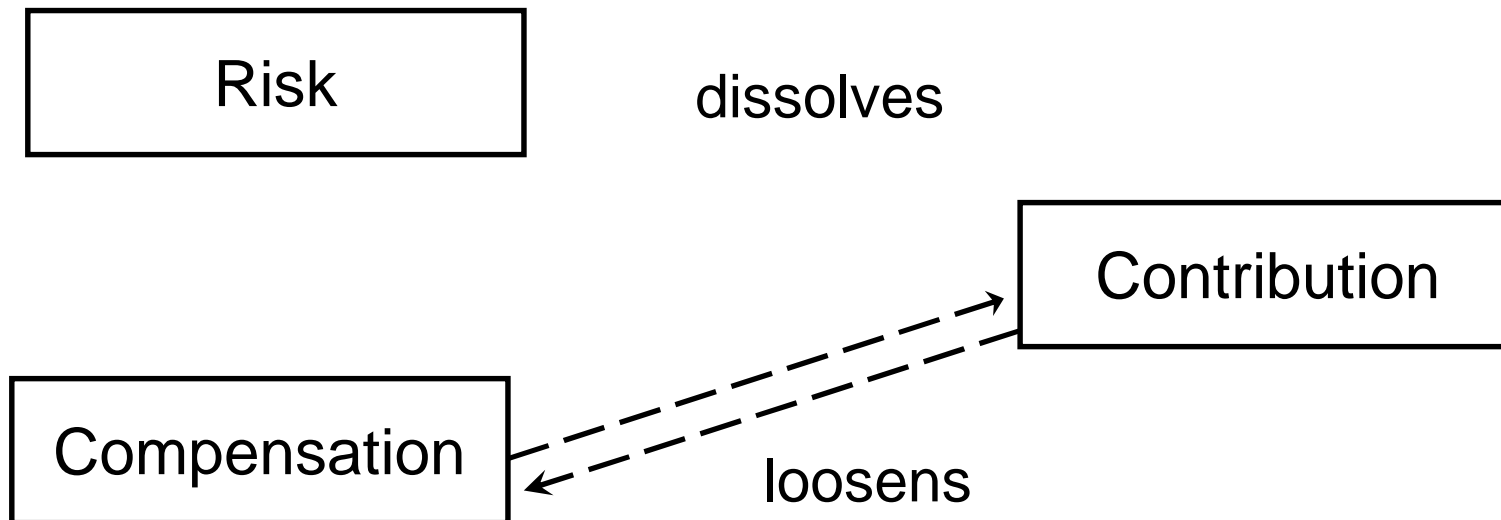
### 3. What makes social insurance different from private insurance ?

---



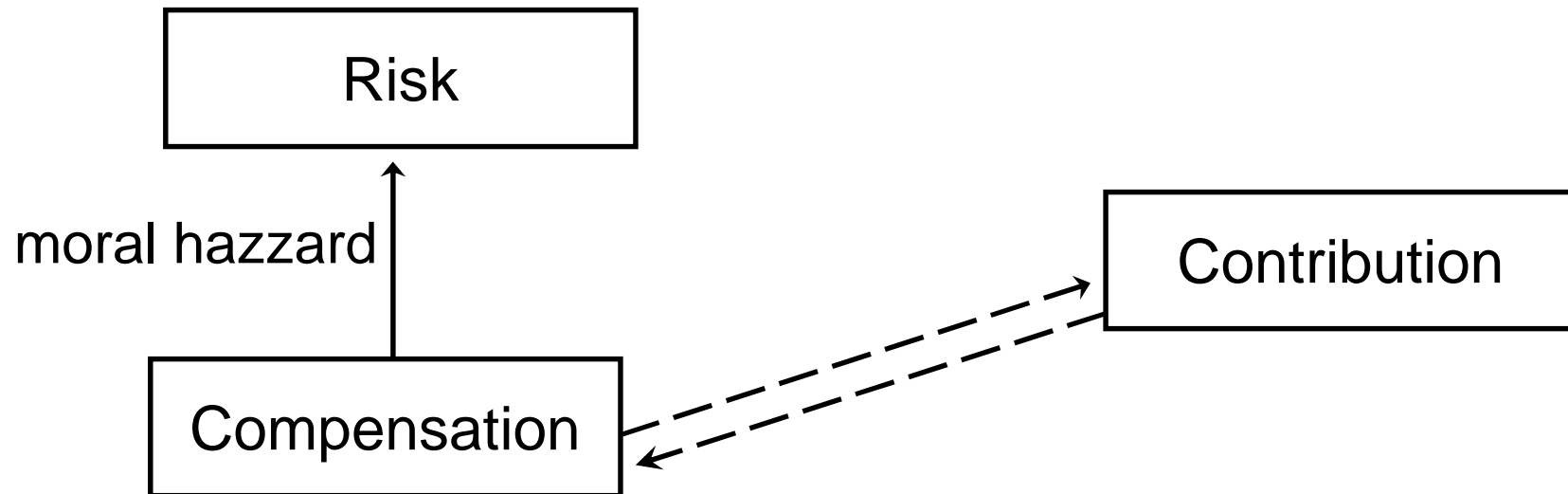
# Logic of social insurance

---



# Drawbacks of social insurance

---



## 4.The need for cost containment

---

- ▶ Responsibility of health care professionals and hospitals  
( evidence based medicine , generic drugs etc )
- ▶ Responsibility of patients  
( co-payments, prevention )

# The need for cost containment

---

- ▶ Either by centralisation ( governments )
- ▶ Or social organisations