Insurance As Illness As Metaphor:
The Case Against Health Insurance

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Steven Lewis, President
Access Consulting Ltd., Saskatoon, Canada &
Adjunct Professor of Health Policy
Univ. of Calgary & Simon Fraser University
What This Talk Is About

- Health insurance is both an
  - Organizing principle for funding health care
  - A metaphor that makes us think about health care in a certain way
- These mechanisms operate irrespective of whether a system is public, private, or mixed
- Main argument: the metaphor in the end does more harm than good
- Therefore we should abandon both the vocabulary and the mechanisms that underlie health insurance schemes
What This Talk Is Not About

- Arguing in favour of market-driven health care
- Abandoning public health care financing
- Offloading responsibility for care
Why Do We Insure Anything?

- We insure *against* something we wish not to happen (fire, theft)
- The cost of replacing or reversing the harm of the event is unaffordable
- We seek predictability in both costs and benefits
- We have low tolerance for certain kinds of risks
What Makes Insurance Work?

- There is a pool of like-minded people who wish to insure against the same things.
- There are willing buyers for various insurance options at a sustainable price.
- There are reliable methods for estimating risks, calculating costs of remedies, setting premiums, and valuing individual claims.
What Motivates the Insurer?

- Pay out as little as possible, but enough to keep customers satisfied
- Select the lowest risk people and convince them that their risks are higher than they are
- Banish repeat claimants from the pool (or transfer them into a higher risk category)
- Tight control over the list of benefits or compensable items
What Motivates the Insurance Buyer?

- Seek to join pool of people with lower risks than you have (low premiums, great benefits)
- Sense of entitlement to make claims or use benefits to capture return on investment over time
- Vigilance about letting higher risk people into your own insurance pool
How Compatible Are Insurance Principles With Health Care?

- No market-based insurance system can possibly work in health care
- Solution has been to socialize insurance
  - Mandatory premiums that act like taxes
  - Community rating – no adverse selection, subsidy of poor and sick by well and well off
- Most countries with universal systems still call them national health insurance plans
- Is this just innocent vocabulary or does it substantively affect the character of health care?
Problems With the Insurance Metaphor

Health care is not a rare event to be insured against – it is a service one expects to be universally used

It is a constellation of services often based on relationships – not compensation for an unforeseeable adverse event

There is underutilization of important services among high risk groups
Problems With the Insurance Metaphor (2)

- It isolates and privileges health care as a health-enhancing sector
- It suggests the vocabulary of *risk* instead of the vocabulary of *need*
- It promotes a highly medicalized approach to health care in response to the preferences and needs of advantaged classes
- Some will feel cheated if they pay premiums over long periods of time with modest use
Impact of the Insurance Metaphor on Professionals

- Categorizes services as either “in” or “out”
  - Unfair – some people’s needs will not be addressed by virtue of their condition
  - Restricts capacity to provide nuanced and individualized care in idiosyncratic cases
- Often creates bureaucratic processes for approvals, exceptions
- Creates an adversarial relationship between providers and insurers
- Impedes providers from developing refined sense of stewardship over resources
Financial Impact of Insurance

- Creates a need for a significant bureaucracy
  - Define and refine benefits packages
  - Analyze and adjudicate claims
  - In some cases, market the plans
- Ironically, little incentive to take tough stands on prudent use of services
  - Reluctance of employers to change plans
  - Fear loss of business if they appear to be draconian
- For-profit insurers must seek a margin
Health Exceptionalism is the Problem, Not the Solution

- We do not talk about
  - “Education insurance”
  - “Transportation insurance”
  - “Infrastructure insurance”

- These are public goods financed and allocated through the processes of democracy

- They, too involve decisions about rationing, limits, entitlements, fairness

- Their frame of reference is overall societal need
What Would We Gain if We Abandoned Insurance Concepts and Mechanisms?

- Greater likelihood of sustaining a discussion about health, not just illness repair
- A broader approach to health improvement and particularly disparities reduction
- A more constructive intersectoral conversation about health and well-being
- A more acute conversation about health care’s poor return on investment at the margins
Life expectancy at birth in 1999 by per capita total health expenditure in 1997 in 70 countries

Source: Leon, Walt & Gilson, BMJ 2001;322:591-4
Can’t We Do All of This Without Abandoning the Insurance Metaphor?

- The NHS does not use insurance vocabulary in its legislation and core documents
- It does not look radically different from other countries’ systems
- But it has achieved larger scale transformation and some notable successes
  - Elimination of most wait time problems
  - Shift in power towards primary health care
  - Greater role of evidence in care
- There is less veto power over change
The Veterans Health Administration Story in the USA

- Highly socialized system – directly run by the government (irony lives)
- Transformed from “worst to first” in late 1990s
- Huge structural changes
  - Closed 55% of hospital beds
  - Created >300 new ambulatory care clinics
- Impossible to imagine a similar transformation in an insurance-oriented scenario
In the End, It’s About Distributive Justice

- Insurance creates a psychology that ties contributions to benefits
- Even with community rating, the dominant contributors shape the nature of benefits
- This translates into a focus on the “sharp end” of care: diagnostics, procedures
- This approach turns small risks into smaller risks for the advantaged while leaving predictable and remediable problems unaddressed elsewhere
- Aggregate well-being suffers as a result
It’s Not a Panacea, But It Is a Step

- All large and complex systems confront trade-offs, opportunity costs, ethical dilemmas
- Abandoning insurance thinking removes a set of filters from the important discussions and debates
- It locates health and health care in the broader context of society and government
- I think on balance this is progress
Contact Information

Steven Lewis
Access Consulting Ltd.
211 – 4th Ave. S.
Saskatoon SK  S7K 1N1

Tel. 306-343-1007
Fax 306-343-1071
E-mail Steven.Lewis@shaw.ca