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Five myths about health care around the world

by **T.R. Reid, guest opinion**
Tuesday August 25, 2009, 5:30 AM

As Americans search for the cure to what ails our health-care system, we've overlooked an invaluable source of ideas and solutions: the rest of the world. All the other industrialized democracies have faced problems like ours, yet they've found ways to cover everybody -- and still spend far less than we do.

I've traveled the world from Oslo to Osaka to see how other developed democracies provide health care. Instead of dismissing these models as "socialist," we could adapt their solutions to fix our problems. To do that, we first have to dispel a few myths about health care abroad:

1. It's all socialized medicine out there.

Not so.

Some countries, such as Britain, New Zealand and Cuba, do provide health care in government hospitals, with the government paying the bills. Others -- for instance, Canada and Taiwan -- rely on private-sector providers, paid for by government-run insurance. But many wealthy countries -- including Germany, the Netherlands, Japan and Switzerland -- provide universal coverage using private doctors, private hospitals and private insurance plans.

In some ways, health care is less "socialized" overseas than in the United States. Almost all Americans sign up for government insurance (Medicare) at age 65. In Germany, Switzerland and the Netherlands, seniors stick with private insurance plans for life. Meanwhile, the U.S. Department of Veterans Affairs is one of the planet's purest examples of government-run health care.

2. Overseas, care is rationed through limited choices or long lines.

Generally, no. Germans can sign up for any of the nation's 200 private health insurance plans -- a broader choice than any American has. If a German doesn't like her insurance company, she can switch to another, with no increase in premium. The Swiss, too, can choose any insurance plan in the country.

In France and Japan, you don't get a choice of insurance provider; you have to use the one designated for your company or your industry. But patients can go to any doctor, any hospital, any traditional healer. There are no U.S.-style limits such as "in-network" lists of doctors or "pre-authorization" for surgery. You pick any doctor, you get treatment -- and insurance has to pay.

Canadians have their choice of providers. In Austria and Germany, if a doctor diagnoses a person as "stressed," medical insurance pays for weekends at a health spa.

As for those notorious waiting lists, some countries are indeed plagued by them. Canada makes patients wait weeks or months for non-emergency care, as a way to keep costs down. But studies by the Commonwealth Fund and others report that many nations -- Germany, Britain, Austria -- outperform

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the United States on measures such as waiting times for appointments and for elective surgeries.

In Japan, waiting times are so short that most patients don't bother to make an appointment. One Thursday morning in Tokyo, I called the prestigious orthopedic clinic at Keio University Hospital to schedule a consultation about my aching shoulder. "Why don't you just drop by?" the receptionist said. That same afternoon, I was in the surgeon's office. Dr. Nakamichi recommended an operation. "When could we do it?" I asked. The doctor checked his computer and said, "Tomorrow would be pretty difficult. Perhaps some day next week?"

3. Foreign health care systems are inefficient, bloated bureaucracies.

Much less so than here. It may seem to Americans that U.S.-style free enterprise -- private-sector, for-profit health insurance -- is naturally the most cost-effective way to pay for health care. But in fact, all the other payment systems are more efficient than ours.

U.S. health insurance companies have the highest administrative costs in the world; they spend roughly 20 cents of every dollar for non-medical costs, such as paperwork, reviewing claims and marketing. France's health insurance industry, in contrast, covers everybody and spends about 4 percent on administration. Canada's universal insurance system, run by government bureaucrats, spends 6 percent on administration. In Taiwan, a leaner version of the Canadian model has administrative costs of 1.5 percent; one year, this figure ballooned to 2 percent, and the opposition parties savaged the government for wasting money.

The world champion at controlling medical costs is Japan, even though its aging population is a profligate consumer of medical care. On average, the Japanese go to the doctor 15 times a year, three times the U.S. rate. They have twice as many MRI scans and X-rays. Quality is high; life expectancy and recovery rates for major diseases are better than in the United States. And yet Japan spends about \$3,400 per person annually on health care; the United States spends more than \$7,000.

4. Cost controls stifle innovation.

False. The United States is home to groundbreaking medical research, but so are other countries with much lower cost structures. Any American who's had a hip or knee replacement is standing on French innovation. Deep-brain stimulation to treat depression is a Canadian breakthrough. Many of the wonder drugs promoted endlessly on American television, including Viagra, come from British, Swiss or Japanese labs.

Overseas, strict cost controls actually drive innovation. In the United States, an MRI scan of the neck region costs about \$1,500. In Japan, the identical scan costs \$98. Under the pressure of cost controls, Japanese researchers found ways to perform the same diagnostic technique for one-fifteenth the American price. (And Japanese labs still make a profit.)

5. Health insurance has to be cruel.

Not really. American health insurance companies routinely reject applicants with a "preexisting condition" -- precisely the people most likely to need the insurers' service. They employ armies of adjusters to deny claims. If a customer is hit by a truck and faces big medical bills, the insurer's "rescission department" digs through the records looking for grounds to cancel the policy, often while the victim is still in the hospital. The companies say they have to do this stuff to survive in a tough business.

Foreign health insurance companies, in contrast, must accept all applicants, and they can't cancel as long as you pay your premiums. The plans are required to pay any claim submitted by a doctor or hospital (or health spa), usually within tight time limits. The big Swiss insurer Groupe Mutuel promises to pay all claims within five days. "Our customers love it," the group's chief executive told me. The corollary is that everyone is mandated to buy insurance, to give the plans an adequate pool of rate-payers.

The key difference is that foreign health insurance plans exist only to pay people's medical bills, not to make a profit. The United States is the only developed country that lets insurance companies profit from basic health coverage.

In many ways, foreign health care models are not really "foreign" to America,

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because our crazy-quilt health care system uses elements of all of them. For Native Americans or veterans, we're Britain: The government provides health care, funding it through general taxes, and patients get no bills. For people who get insurance through their jobs, we're Germany: Premiums are split between workers and employers, and private insurance plans pay private doctors and hospitals. For people over 65, we're Canada: Everyone pays premiums for an insurance plan run by the government, and the public plan pays private doctors and hospitals according to a set fee schedule. And for the tens of millions without insurance coverage, we're Burundi or Burma: In the world's poor nations, sick people pay out of pocket for medical care; those who can't pay stay sick or die.

This fragmentation is another reason that we spend more than anybody else and still leave millions without coverage. All the other developed countries have settled on one model for health-care delivery and finance; we've blended them all into a costly, confusing bureaucratic mess.

Which, in turn, punctures the most persistent myth of all: that America has "the finest health care" in the world. We don't. In terms of results, almost all advanced countries have better national health statistics than the United States does. In terms of finance, we force 700,000 Americans into bankruptcy each year because of medical bills. In France, the number of medical bankruptcies is zero. Britain: zero. Japan: zero. Germany: zero.

Given our remarkable medical assets -- the best-educated doctors and nurses, the most advanced hospitals, world-class research -- the United States could be, and should be, the best in the world. To get there, though, we have to be willing to learn some lessons about health care administration from the other industrialized democracies.

T.R. Reid, a former Washington Post reporter, is the author of "The Healing of America: A Global Quest for Better, Cheaper, and Fairer Health Care."

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COMMENTS (18)

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Posted by **johnsonc20** on [08/25/09 at 8:06AM](#)

This should be required reading for all Americans. If Republicans don't support giving all Americans a public option, perhaps they would be willing to go the German route: private insurers who are regulated and prohibited from profit. Do you think our HMOs could get behind such a proposal? If not, the Democrats should just pass their legislation without Republican support. History will thank them.

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Posted by **comsns** on [08/25/09 at 8:45AM](#)

"Given our remarkable medical assets -- the best-educated doctors and nurses, the most advanced hospitals, world-class research -- the United States could be, and should be, the best in the world."

Those doctors, nurses, hospitals, and research will all wither under government control.

No mention of the top Canadian doc saying that their system is imploding?

Why does reform have to mean the government takes over? Why?

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Posted by **Wurzberg** on [08/25/09 at 8:51AM](#)

Reid! Great article!

The only reason our nation is having so much trouble accepting Reformed Health Care is because of the HUDGE amount of MONEY at stake. The modern Carpetbaggers throw every bit of negative spin at this issue as they can. Keep the faith and just maybe it will sink in.....

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Posted by **vhammon** on [08/25/09 at 9:08AM](#)

Exploring what the numbers mean:

Our GDP is roughly \$14,000 billion (14T).
16% of GDP goes for health care = \$2,200 billion
Admin average of 20% = \$440 billion.

An admin average of 5% (above Taiwan's 1.5%, about equal to Medicare's average) would equal \$110 billion and save \$330 billion, or roughly \$1100 for every single American (300 million).

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Posted by **taxed** on [08/25/09 at 9:10AM](#)

The health system that we now have can be improved. But so far congress has not presented anything to improve the system. The bills are just tossed together in a few minutes with very little thought or common sense.

The big rush is to score a political sound bit.

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Posted by **hessisch** on [08/25/09 at 11:43AM](#)

Bravo! Finally someone other than me has seen the great truths of foreign health insurance policies. You forgot to add that Germany received its health insurance from Otto von Bismarck in 1883!! 126 years old and still going strong! The health care in Germany survived two world wars and an extremist regime!

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Posted by **seymourg** on [08/25/09 at 1:14PM](#)

gts2525: should I mention your name when I sign up?

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Posted by **Wurzberg** on [08/25/09 at 3:09PM](#)

Gosh gts2525! What if you get Cancer or an Organ failure or a million other things that you cannot control by lifestyle? Think about it!!!!!!

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Posted by **filoviridae** on [08/25/09 at 7:57PM](#)

running health care coverage for profit has got to be the epitome of stupid ideas. what could possibly go wrong there? i know, why not let criminals pick their sentences? duh.

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Posted by **jdmd8910** on [08/26/09 at 12:00AM](#)

Mr. Reid misses three critical points:

- 1) Comparisons with other countries is anecdotal at best. In the US health care is not an entitlement or right; In countries where social based care or management exists it is considered a right. The impact is that those societies focus on the service and do not endlessly debate the priority of healthcare itself. The US is not going to make health care a right... it ain't going to happen.
- 2) the billions of dollars invested every year by US Insurance companies is a significant economic driver in our free market. Redirecting premium payments disrupts that investment source. That alone is a deal killer for significant reform.
- 3) punitive (malpractice) risk is NOT a major factor in other countries..., this coupled with significantly lower health care wages is a huge cost saver.

Current reform "plan" has EVERYONE arguing their case to avoid any changes.... I'd be happy if Obama and congress went for tort reform first... and take on the lawyers only. Might actually get something done.

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Posted by **bigeinFL** on [08/26/09 at 8:55AM](#)

jdmd8910 is wrong!

Tort reform has been done in quite a few states and it has not brought down costs of anything, nor will it ever. It is just another gift to insurance companies and big business

Insurance companies can get into other types of Insurance business, our healthcare should not be for profit... period!

We need to catch up with the rest of the world and make healthcare a right!

According to hessisch above Germany has had healthcare for all since 1883.

We will never get anything unless we try something. I encourage everyone to forward this article to everyone they can!!!!

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Posted by **oxfdbblue** on [08/27/09 at 11:52AM](#)

Since OregonLive is part of Advance Communications, how do we get this on all the Advance websites...in particular silive.com, the website of the companies flagship paper, The Staten Island Advance.

Even better, get this into print into everyone of the Advance Communications' papers.

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Posted by **denisrobert** on [08/27/09 at 12:31PM](#)

"Canada makes patients wait weeks or months for non-emergency care, as a way to keep costs down": That is itself a myth. Patients end up on lists not to "keep costs down", but because there is a shortage of resources. The waiting is not a tool used by the provincial governments to manage costs, but rather a consequence of a number of factors, one of which is budget constraints. Another is the poor distribution of doctors relative to need; since doctors are free to practice where they please (contrary to another GOP talking point), they more often than not end up in nice, rich suburban areas. Big cities get less doctors than they need, and remote areas get almost nothing.

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Posted by **denisrobert** on [08/27/09 at 12:35PM](#)

"The United States is home to groundbreaking medical research, but so are other countries with much lower cost structures": Correct, but it's even better than that; most of that groundbreaking medical research is paid with taxpayer money, through the National Institutes of Health. Private medical research is really only a drop in the bucket when it comes to the really important stuff.

Of course, if what you're talking about is studying the effect on drug sales of the colour of pills, then the private sector shines!!!

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Posted by **pretendpilot** on [08/31/09 at 3:09PM](#)

So many good and valid points made here. Great article to share, needs to be read and pondered and discussed - pros AND cons.

Certainly worth thinking about isn't it ... all that money spent, all those bankruptcies, so many well-paid doctors helping us to get fatter and sicker and die younger on a plethora of medications! It's almost like the drug companies are paying the insurance companies to keep us on medications. Wait, they wouldn't do that! Maybe it's almost like the insurance companies are paying "certain people" to not reform their incomes. Naw, they wouldn't do that either.

Oh well, Not sure which of the many, quickly-published health plans is going to win, not sure how much it's going to keep costing us, but it sure looks like somethings gotta change!

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Posted by **murph1234** on [08/31/09 at 4:59PM](#)

I agree that there are innumerable problems with health care in the US today. However, I question the validity of some of the statements made in this article.

In particular - "In the United States, an MRI scan of the neck region costs about \$1,500. In Japan, the identical scan costs \$98. Under the pressure of cost controls, Japanese researchers found ways to perform the same diagnostic technique for one-fifteenth the American price. (And Japanese labs still make a profit.)"

First off labs have nothing to do with MRI scans. Second MRI of the neck is a complicated study that needs to be interpreted by a neuroradiologist (which requires 6 more years of training after medical school). I doubt you could have a MRI along with a accurate interpretation for \$98. I suspect there is some level of inaccuracy in these statements....which just adds to the plethora of misinformation provided to the public.

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Posted by **kaykay33** on [09/07/09 at 2:25PM](#)

It amazes me that when everyone starts talking about all these wonderful health care options offered around the world they never mention how much TAX is paid in these countries to provide "universal health care". Who do you think pays for those day spa trips for the "stressed"? It's not magic money. I know for a fact that my relatives in the UK pay three times as much in taxes per year to fund their "free" health care than I pay for my health insurance per year from my employer. People aren't doing their research on these issues.

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Posted by **kaykay33** on [09/07/09 at 2:31PM](#)

It always amazes me that when people start talking about all these wonderful health care options offered by other countries they fail to mention how much TAX is being paid per individual for "universal health care". I know for a fact that my relatives in the UK pay three times more per year in taxes to fund their "free" health care than I pay for my health insurance per year offered from my employer. This includes my co-pays and prescriptions. Who do you think pays for those day spa trips for the "stressed"? It's not magic money. Do some real research, maybe even go to one of these other countries and "experience" what you get for the money.

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