

Insurance As Illness As Metaphor: The Case Against Health Insurance

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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 (1)

- 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

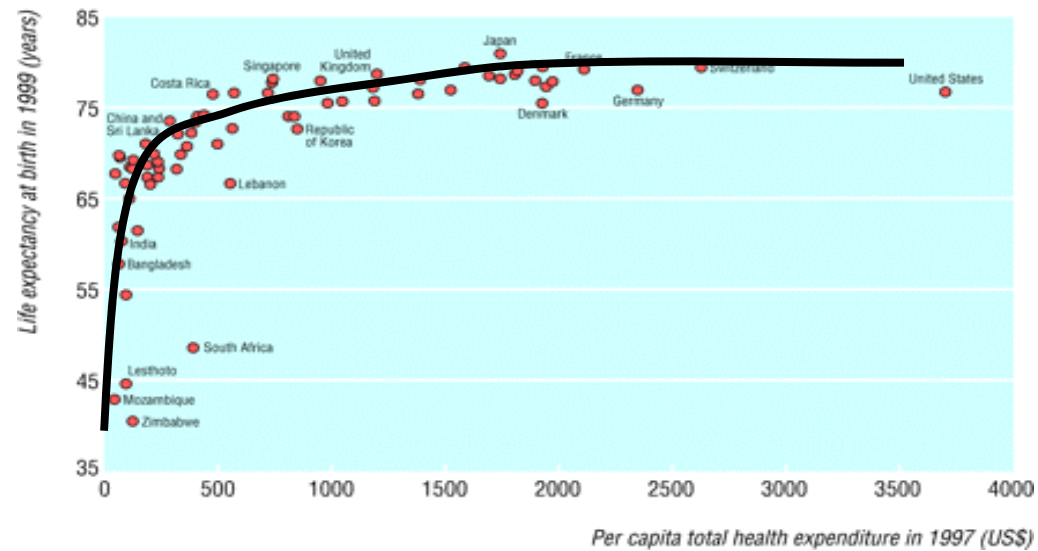
- **We do not talk about**
 - **“Education insurance”**
 - **“Transportation insurance”**
 - **“Infrastructure insurance”**
- **These are public goods financed and allocated through the processes of democracy**
- **They, too involve decisions about rationing, limits, entitlements, fairness**
- **Their 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, proceduers
- 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**



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