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### European-Style Health Care? Time for a Reality Check.

12/13/2006 3:36:00 PM

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*This article will appear in The Press-Enterprise (CA) on*

*Sunday, December 17, 2006*

Is there any good reason why we should follow the Europeans and have government officials run our health care system?

California lawmakers seem to think so, and they want it to happen. In fact, the California legislature passed a bill this fall that would have created a single-payer, government-run health care system for the state. It was blessedly vetoed by Governor Arnold Schwarzenegger. But other states, like Maine and Vermont, are pressing forward by imposing much more centralized political control over the financing and delivery of their citizens' health care services.

With close to 47 million Americans uninsured, public anxiety over health care is increasing, and so is public confusion. Opinion polls show that a large majority thinks that Americans, as consumers, should be paying less for health care – but then they say that Americans, as taxpayers, should be spending more, as long as it doesn't increase their personal levels of taxation.

America already has a hybrid system, and the rapidly rising costs of government-run health care programs are producing a tidal wave of red ink. To pay off Medicare's long-term unfunded liabilities -- the benefits promised but not paid for -- would require an increase in the payroll tax from today's 2.9 percent to a projected 13.4 percent. And that's just Medicare. The costs of Medicaid, the program for the poor and indigent, is also going to explode, particularly with the retirement of the baby boomers and their demand for more and more health care.

To inject a dose of reality into America's domestic debate, five European health policy experts explained the nuts and bolts of how European health care systems work at a briefing for congressional staffers in Washington, D.C., jointly sponsored by the Heritage Foundation and the Galen Institute. Homegrown critics of America's health care system "tend to go misty-eyed when thinking about the merits of European health care systems," says Helen Disney, director of the Stockholm Network. The performance is always less than the promise, she warned.

Britain's Stephen Pollard of the Centre for the New Europe warns Americans, "Do not listen to the perennial siren voices which call for a single-payer system in the U.S." Americans would never tolerate the rationing of care routinely experienced by Europeans, he says.

Pollard says that access to cancer treatment became a major national crisis in Britain when patients were having to wait a year or more after being diagnosed to begin chemotherapy treatment. The British government now is spending a fortune in an effort to reduce that waiting time to three months by 2010 -- but is unlikely to meet that goal, Pollard insists.

Sweden's Johan Hjertqvist, head of a Brussels-based Health Consumer Powerhouse, says that the data show how poorly European systems respond to consumer needs: "The most important lessons from Europe are that monopolies serve consumers badly; that top-down reform is inefficient and difficult; that government action can conflict with priorities of the consumer...and that lack of health care information and communication always is harmful".

In Germany, policymakers address the problems of their centralized system with even more centralized decision-making, thinking perhaps that somehow the outcome will be different. It isn't. "Rather than following a bottom-up approach of empowering the consumer and letting him make choices, German health reforms have favored the top-down, interventionist approach," said Wilfried Prewo of Hanover, Germany, an analyst with the Centre for the New Europe. "The failure of these top-down, interventionist policies has been followed by an ever-higher degree of command-and-control."

"It would be the ultimate irony if...the U.S. were to embrace such a fundamentally flawed model" as a single-payer system, Pollard said, "at the very time when Europeans are discovering competition and choice."

European tax and spending policies, particularly to sustain European health and welfare programs, are massive. Government spending already consumes more than half of the Gross Domestic Product (GDP) in France and Sweden,

and more than 45 percent in Germany and Italy. Whatever yardstick you care to use, the economic costs are high. Europe is well behind America in economic growth, job creation, productivity, and competitiveness. If you want a lower standard of living, the Europeans have the right prescription.

Ultimately, households, not employers or a disembodied abstraction called the government, pay 100 percent of health care costs, Dr. Alphonse Crespo of the Institut Constant de Rebecque in Switzerland observes. "Citizens always wind up paying for health care, either through taxes, insurance premiums, or out-of-pocket costs. It is only an illusion to think that 'government' pays the bills through single-payer systems."

An even bigger issue is personal freedom. "The real question", says Crespo, "is whether they have single-decider systems. In many European countries, there are single-decider systems in which governments and their agents control what medical services its citizens will or will not receive. It's a question of choice and control." If you want to give up your personal responsibility for your health care, realize that you will also be giving up your personal autonomy and your freedom, he says.

The good news is that political leaders in many parts of Europe are being forced as a last resort to consider market options and to move away from centralization -- even though they would never dare call it an American solution.

Americans should pursue an American solution. The central role of the states in public policy -- the key benefit of federalism -- can work both ways. Creative state legislators in California and other states could reverse current trends towards centralization and inject a healthy dose of market competition and consumer choice into state arrangements that are too often governed by outdated and counterproductive laws and regulations. Personal freedom is good for your health.

Resources:

- The Senate briefing was webcast, and can be seen at [www.fednet.net/asx/CPF/aj/ipi101806.asx](http://www.fednet.net/asx/CPF/aj/ipi101806.asx).
- The European experts produced a series of papers summarizing their talks, available at [www.ipi.org](http://www.ipi.org).

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