

## One European system puts patients in control

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**Patrick McIlheran**

As nothing is so friendless as the American way of financing health care, everybody's experimenting.

The favorite option of free-market types is the health savings account. Pair a high-deductible insurance plan to cover the big stuff with a tax-free account for routine care, and you turn people into customers, say backers.

Buying your own will never work, says another camp, those who favor a government system and who rhapsodize about Europe.

What they should be noticing, says Harvard University's Regina Herzlinger, is Switzerland.

The Swiss manage to cover everyone, only it's done through about a hundred private insurers. Like with car insurance here, everyone in Switzerland has to buy health insurance, if only the mandated basic plan. About a third of the Swiss get some kind of subsidy to afford it, but two-thirds don't. Insurers cooperate to spread risk, in part because they fear a federal takeover, says Herzlinger, a business professor who studies health insurance.

The results are decent. In a study in the *Journal of the American Medical Association*, she compared Switzerland to three U.S. states similar to it in size and income - Connecticut, Maryland and Massachusetts. The Swiss spent less and ended up with lower death rates from big killers such as diabetes and stroke.

They did it, she says, with patients being the customers. Through premiums and having to pay some uninsured expenses, Swiss patients are the ones buying their health care.

What ails single-payer systems and the job-based insurance in the United States is that someone else is buying for you. Their interests differ from yours. They economize. In single-payer systems, it's by denying care for costly cases, says Herzlinger. In the U.S., it's by expecting insurers to ration care. An insurer, says Herzlinger, "is a very poor agent for the oversight of the delivery of medical care."

Even generosity doesn't help. Her coverage from Harvard isn't stingy, but it offers too much of what she doesn't want and too little of what she wants. "It's not that they're stupid," she says. It's not knowing: "How the hell could they know what I want?"

Switzerland's not perfect. Consumers don't have much information about doctors and hospitals, and the Swiss government has increasingly imposed coverage mandates. But it fundamentally shows that making patients the customer is feasible, not untried.

In fact, other European countries are trying to add such incentives. Britain has been permitting private hospitals and clinics to satisfy people outraged at two-year waits for hip operations. Sweden has been privatizing. France and Germany are debating changes, says London-based health care analyst Helen Disney, in part because aging populations and generous promises have led to waiting lists and co-pays.

"You're starting to get consumer pressure from the ground up," Disney says. The European Union ruled a decade ago that countries must pay when their citizens travel to other EU countries for care, so people are skipping the waiting lists, subverting the usual cost control. Europeans still want taxes to pay for care, she says, but they want to be treated like customers. Governments, thus, are scrambling to imitate markets.

Herzlinger feels some experiments in the U.S. are on the right track, particularly Massachusetts' scheme. She likes President Bush's notion of giving a tax break for buying insurance, especially since it includes Social Security taxes, the heaviest levy on the middle class.

The biggest adjustment is in regarding health care as something most can control rather than being one more insecure job-related benefit. Americans made a similar shift about retirement when 401(k) accounts became widespread, and Herzlinger notes that a mutual-fund market sprang up in response. She thinks that could happen in health care.

In most things, he who pays calls the shots. If Americans can figure out how to make that work in health care, maybe with a lesson from Switzerland, it will defuse our dissatisfactions.

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