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OPINION


Vladimir Popov

Why Some National Health Care Systems Do Better than Others

By Vladimir Popov

BERLIN, May 13 2020 (IPS) - In public health discussions, it is generally recognized that the social returns to health care investments are greater than the private returns, and much of such investments should be financed by the state.

Also, global benefits from national health care spending are greater than just the national benefits, while the costs of underinvestment in national health care are borne not only by the country in question, but also by the rest of the world.

Extending life expectancy

First, governments have a responsibility to *increase the life expectancy* of their citizens, at least commensurate with their level of economic development, typically proxied by per capita income. Available evidence suggests life expectancy is strongly correlated with per capita income, but some countries are clearly doing better than others.

China, Japan and many European countries have higher life expectancies than their per capita incomes would suggest, whereas the converse is true of South Africa, Russia, Saudi Arabia and the US, even when comparing purchasing power parity (PPP) per capita national income, probably due to their greater inequalities in incomes and healthcare access.

Income inequalities were low and access to health care was free and universal in the 'communist' countries. In the 1960s, life expectancy in the Soviet Union reached 70 years – nearly the level of much richer developed countries.

But the early 1990s' mortality crisis, following the abrupt neoliberal reforms during Yeltsin's first term, caused average life expectancy to fall by over five years! Even after this, life expectancy in former communist countries was, on average, five years higher than for other countries at the same per capita income level.

Universal access to health care in China before the 1979 market liberalization reforms weakened over the next two decades. However, things improved thereafter with the creation of a national health care insurance system, and especially with more progressive reforms after the 2003 severe acute respiratory syndrome (SARS) epidemic.

How efficient is health care spending?

Second, countries must strive for health care system 'efficacy', so that greater health care

spending commensurately increases life expectancy. Total health care spending as a share of GDP is correlated with life expectancy, but more spending in South Africa, Saudi Arabia and the US has been less beneficial, again due to unequal health care access.
Third, national governments have a responsibility to ensure a certain level of health care access for all, irrespective of personal means. The government share of total (public and private) health care spending has increased with per capita income.

But private financing shares in India, Brazil, South Korea, Saudi Arabia and the US were higher than in other countries with similar average incomes. Despite some notably exceptional less unequal countries, e.g., South Korea, greater reliance on private financing generally reduced life expectancy, implying that even high government health care spending is not enough to counter the negative impact of greater inequality.

South Africa, with one of the most unequal income distributions in the world, and its Gini coefficient inequality measure exceeding 60%, is a case in point. Over half of its relatively high (8% of GDP) health care spending comes from government. It is a higher proportion than in other countries at similar income levels, but has not raised mean life expectancy (64 years) to that of other countries at the same income level, such as Indonesia, with an average life expectancy of 71 years.

Coping with epidemics

Finally, fourth, national governments should be able to isolate and quarantine infected individuals in the event of an epidemic. Preliminary statistics for the Covid-19 pandemic suggest very varied death rates among countries.

These differences are partly explained by statistical variations: the higher the level of testing, the greater the number of infections and deaths attributable to Covid-19. As developed countries can generally afford far more testing, they may appear to have higher infection and death rates than developing countries, everything else being equal.

However, another likely explanation is East Asian governments' early 'symptomatic tracking' (without testing) and isolation measures. In this regard, East Asian, Middle Eastern and North African countries have performed much better than most developed countries, where strict tracing, isolation, quarantine and 'lockdown' measures may be seen as draconian.

China trumps US

On all four counts, China has performed much better than the US: its life expectancy is higher than in most countries with similar levels of average income and health care spending as a share of GDP.

China's government health care spending is higher than in other countries at a similar level of development, while its ability to contain epidemics via symptomatic tracking and isolation has been impressive.

China would thus come out well in such comparisons with the US whose health care performance indicators were generally considered poor even before the Covid-19 crisis underscored such differences, which have even larger implications in a US election year.

Vladimir Popov *is a Research Director at the Dialogue of Civilizations Research Institute in Berlin.*
This article is based on a longer paper with figures on the DoCRI website.