



World Health  
Organization

REGIONAL OFFICE FOR  
**Europe**

**WHO Barcelona Office**  
for Health Systems Strengthening

# Hard work for government! Balancing public & private financing for UHC in Europe

Sarah Thomson

Private parts? CHSPR 2020 32<sup>nd</sup> annual health policy conference  
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Universal health coverage (UHC) means everyone can use the quality health services they need without financial hardship



Public spending on health

Carefully designed coverage policy

Where are the gaps in coverage?

Does private health insurance (PHI) fill them?

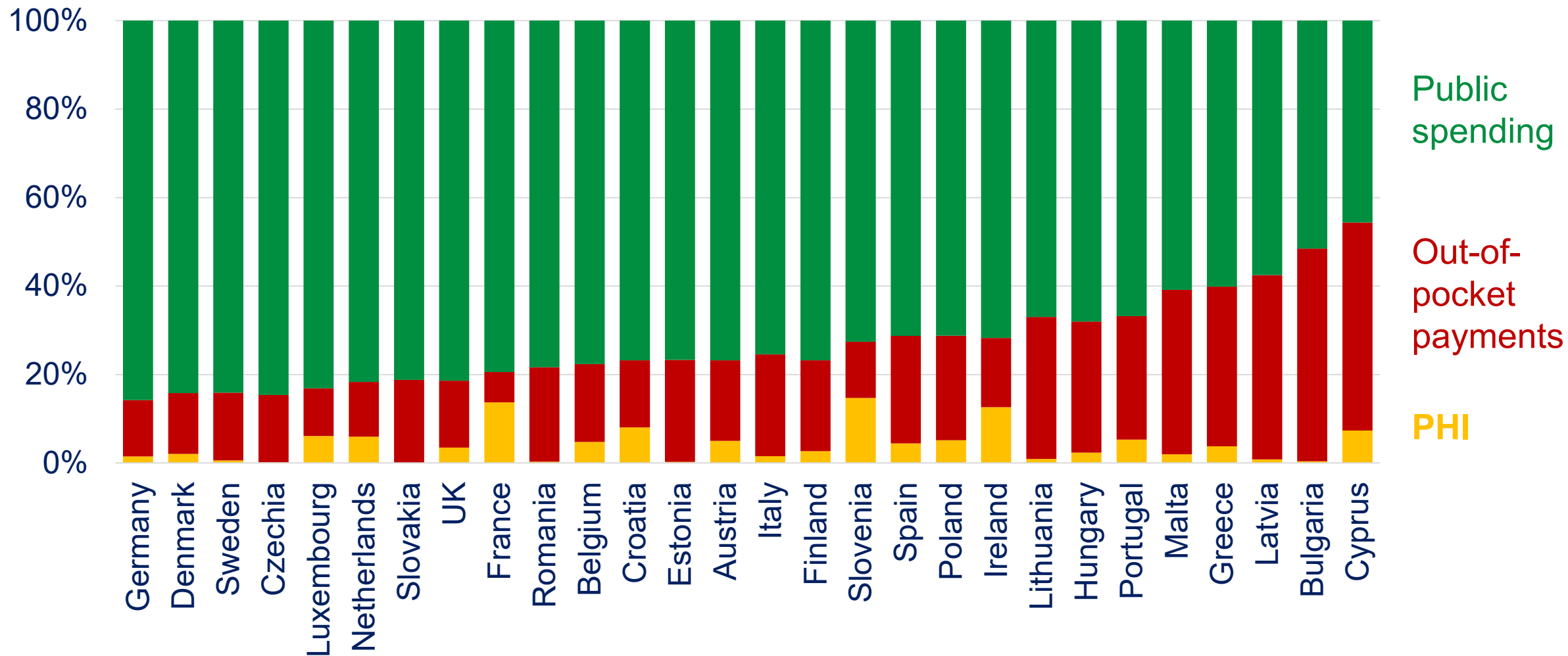
Why is this hard work for government?

Lessons from Europe

Where are the  
gaps in coverage?

# Public spending on health dominates –

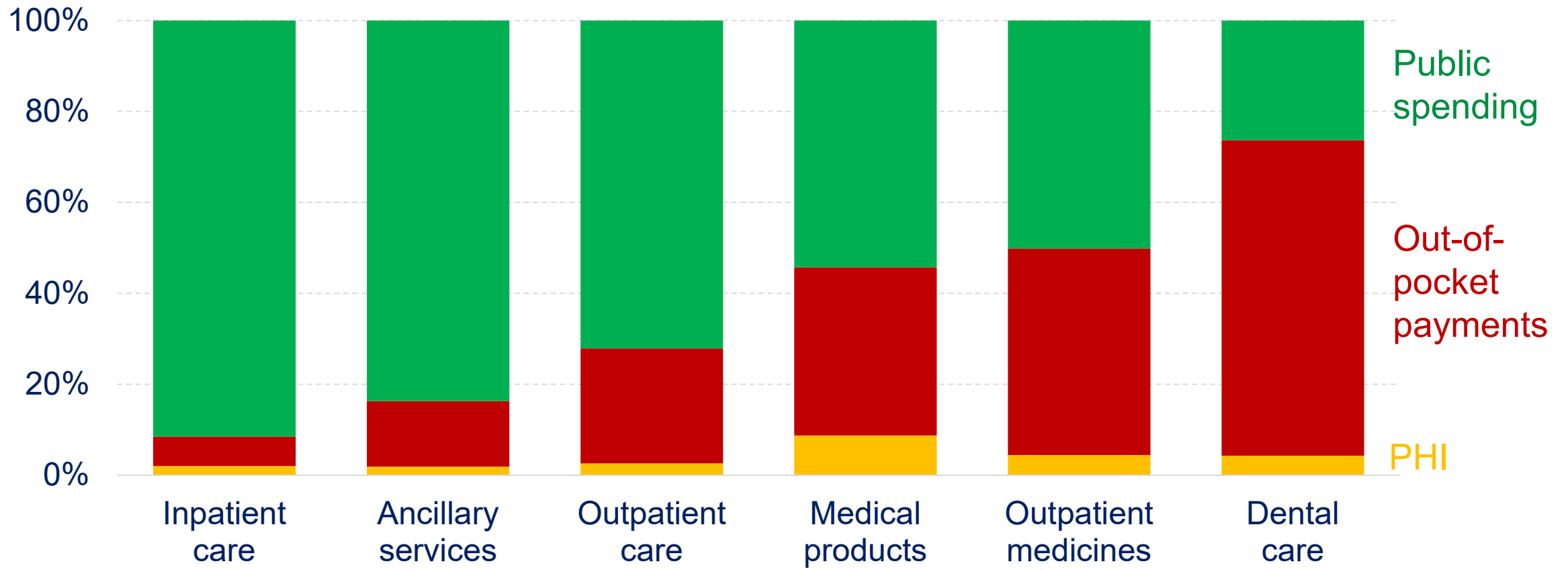
Breakdown of current spending on health by financing scheme



– but there are gaps in coverage

# Gaps in coverage are largest for dental care & outpatient medicines

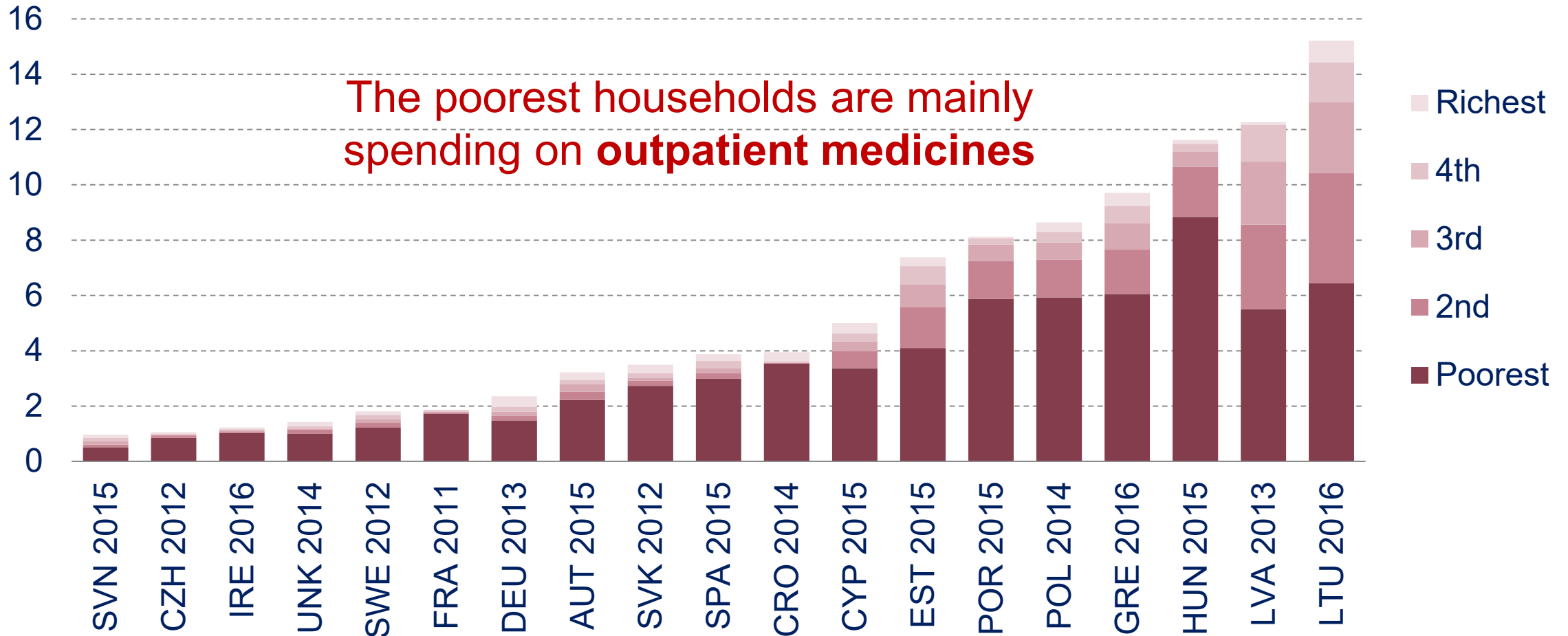
Breakdown of current spending on health by type of service



– do coverage gaps matter?

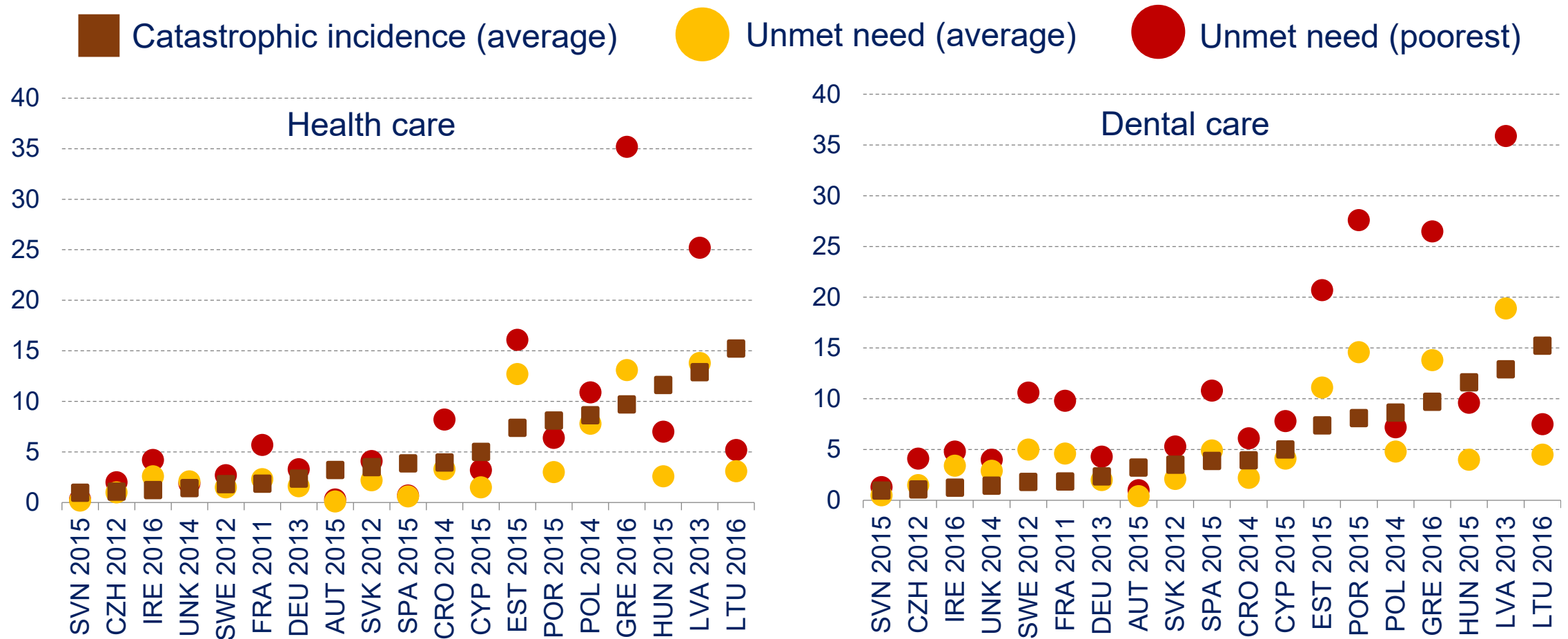
# Gaps in coverage lead to financial hardship

The % of households with catastrophic health spending is consistently highest in the **poorest** quintile



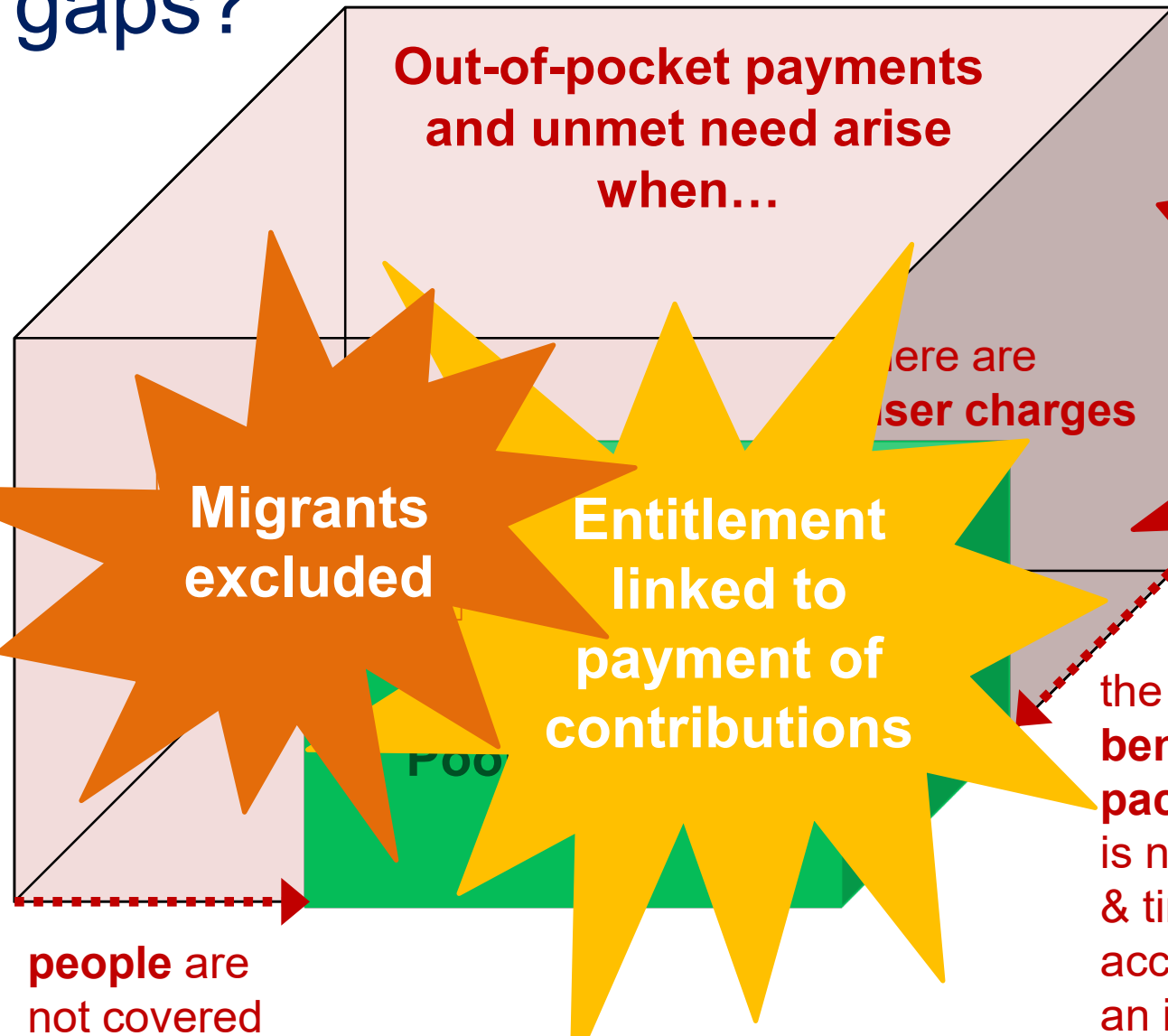
# Gaps in coverage lead to unmet need for services

The % of adults reporting unmet need is consistently highest in the poorest quintile





# What causes coverage gaps?



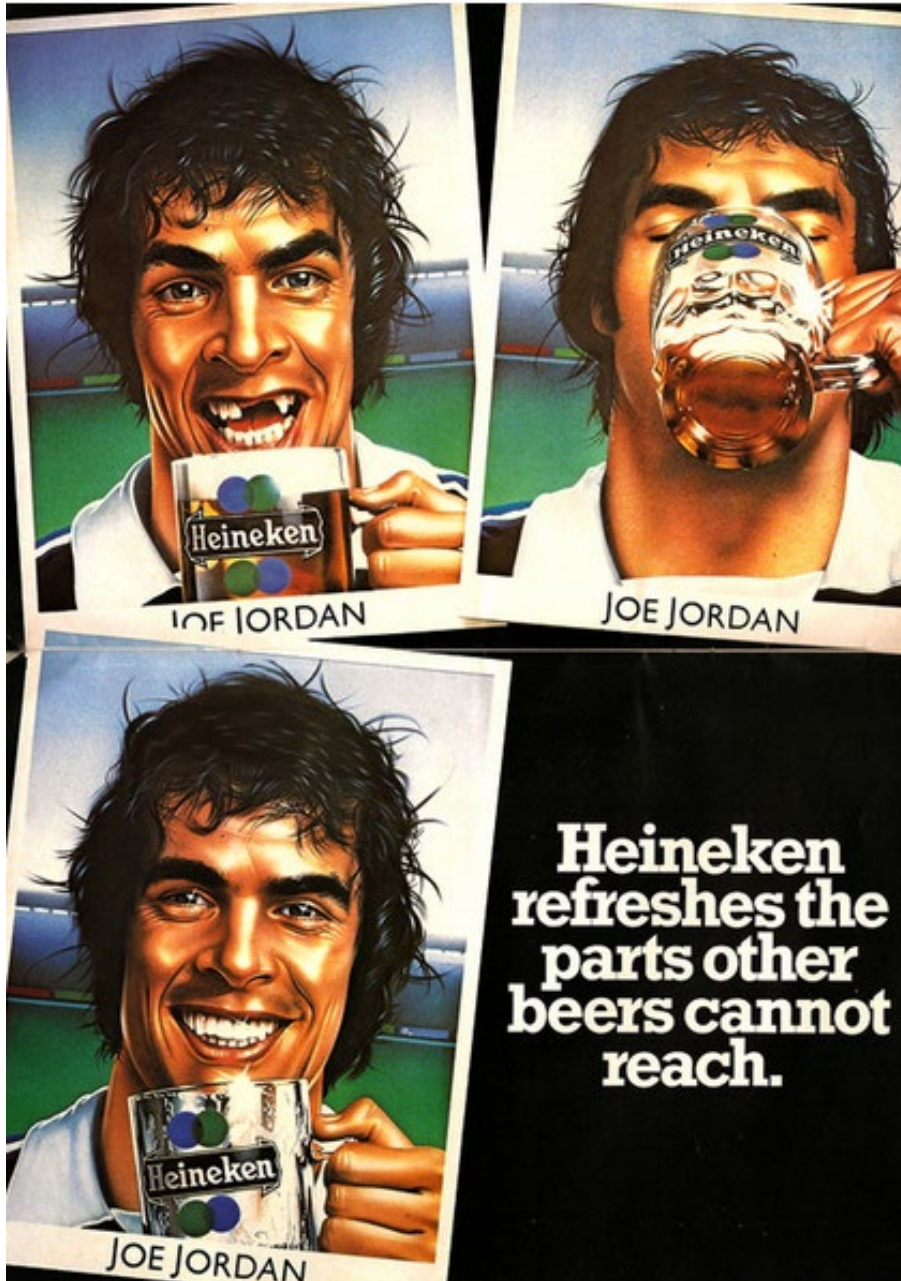
Unmet need & financial hardship for poor people

**All EU countries apply user charges to outpatient medicines**

the **benefits package** is narrow & timely access is an issue

**Waiting times**

Unmet need for poor & financial hardship for rich



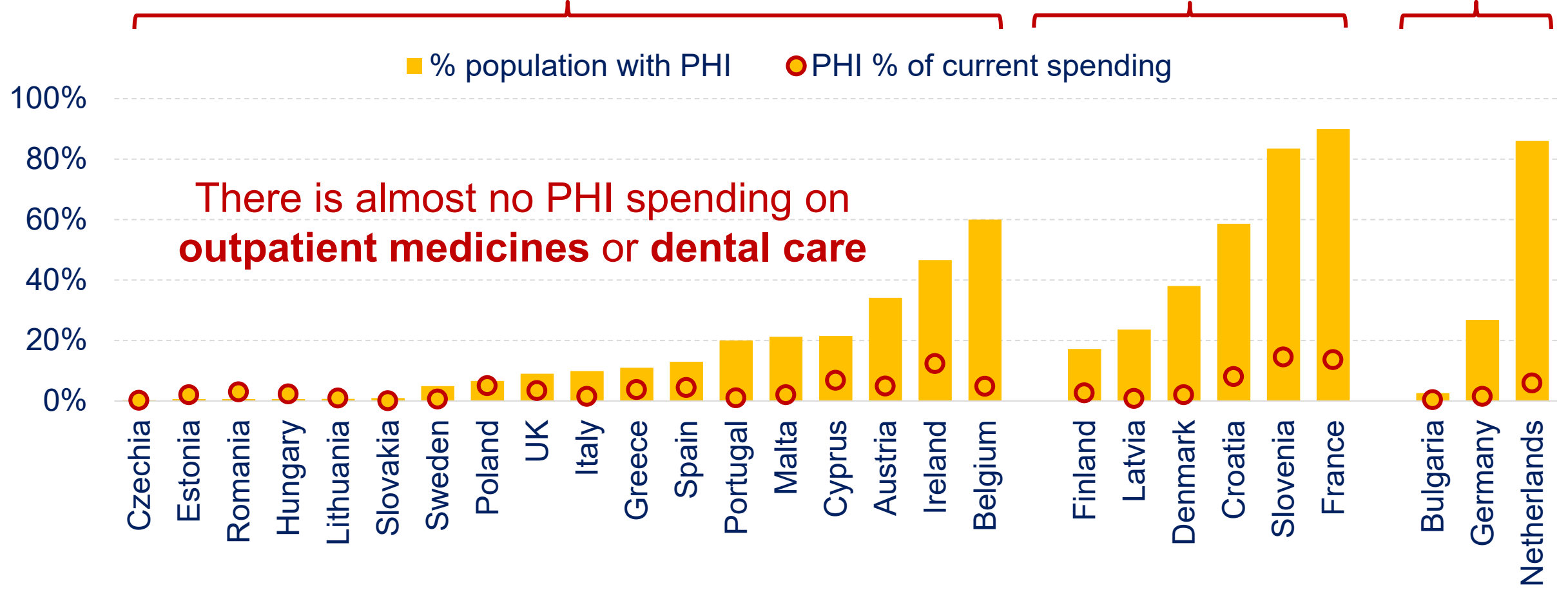
Does  
PHI fill  
these  
gaps?

# PHI's role in filling gaps varies across countries

PHI offers choice + faster access where there are **long waits**

PHI covers **user charges**

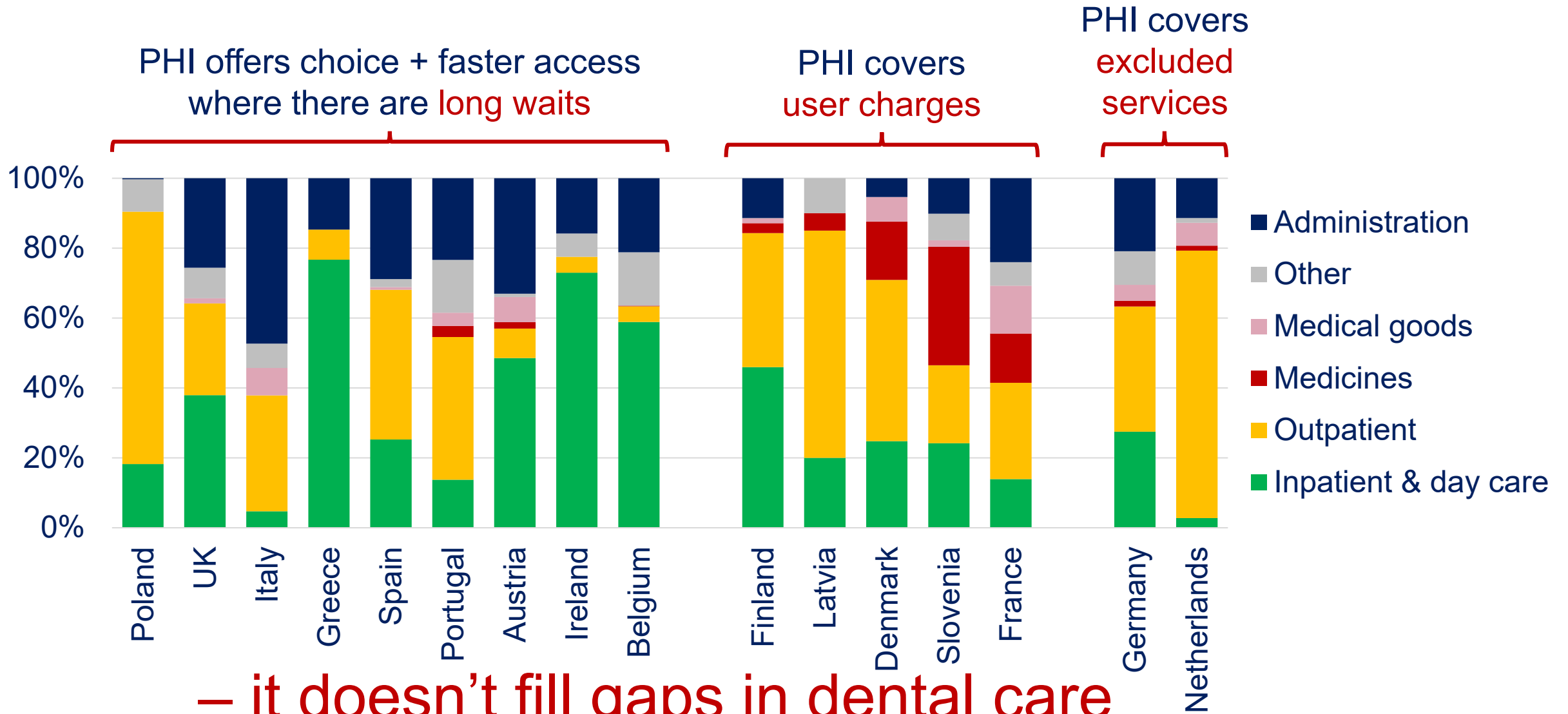
PHI covers **excluded services**



**– it doesn't do a good job in most cases**

[Sagan & Thomson \(2016\);](#)  
WHO spending data for 2016

# The gaps filled by PHI vary across countries

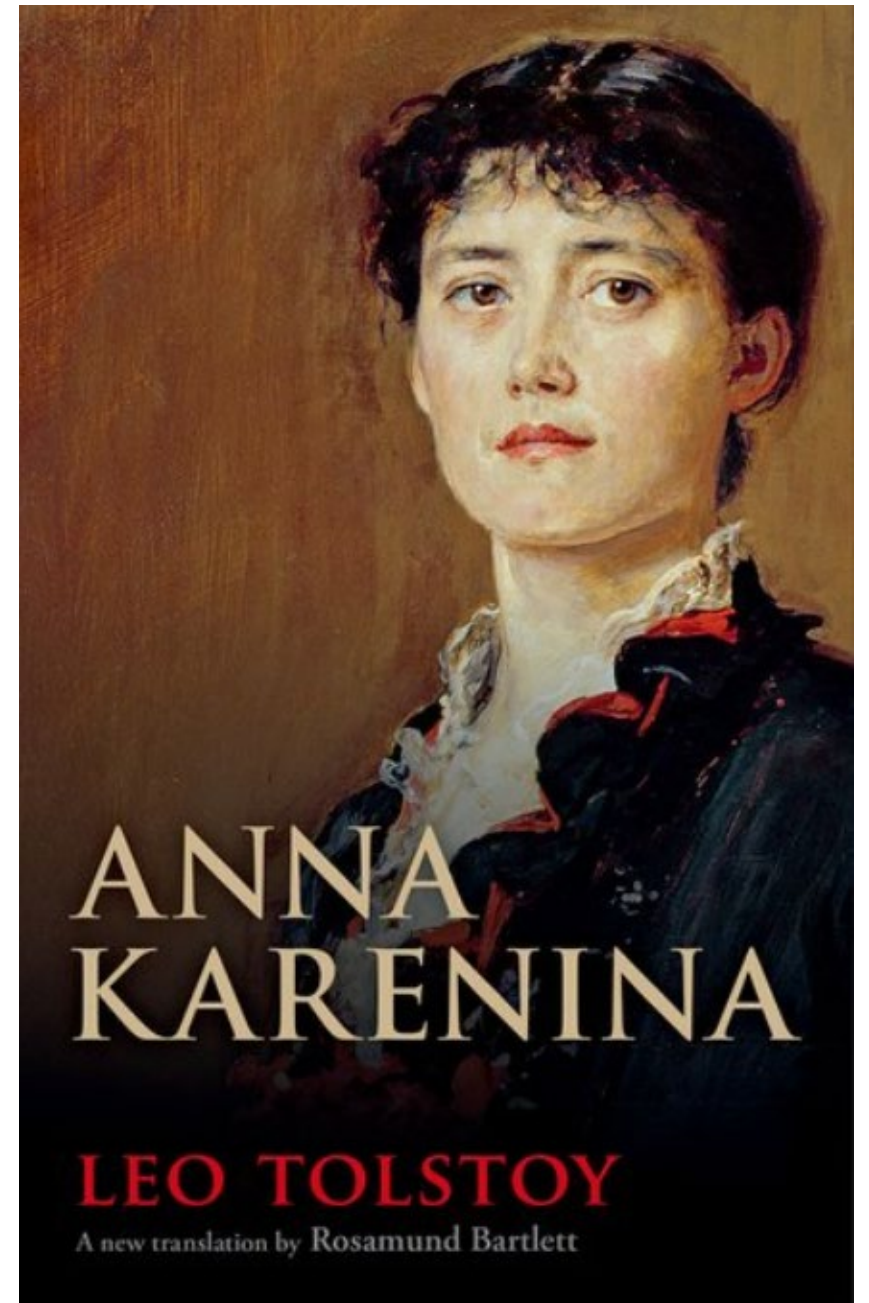


– it doesn't fill gaps in dental care or medicines in most cases

# Why is PHI hard work for government?

## CHAPTER I

**ALL HAPPY FAMILIES** resemble one another, but each unhappy family is unhappy in its own way.



# Common challenges with PHI:

Inequality

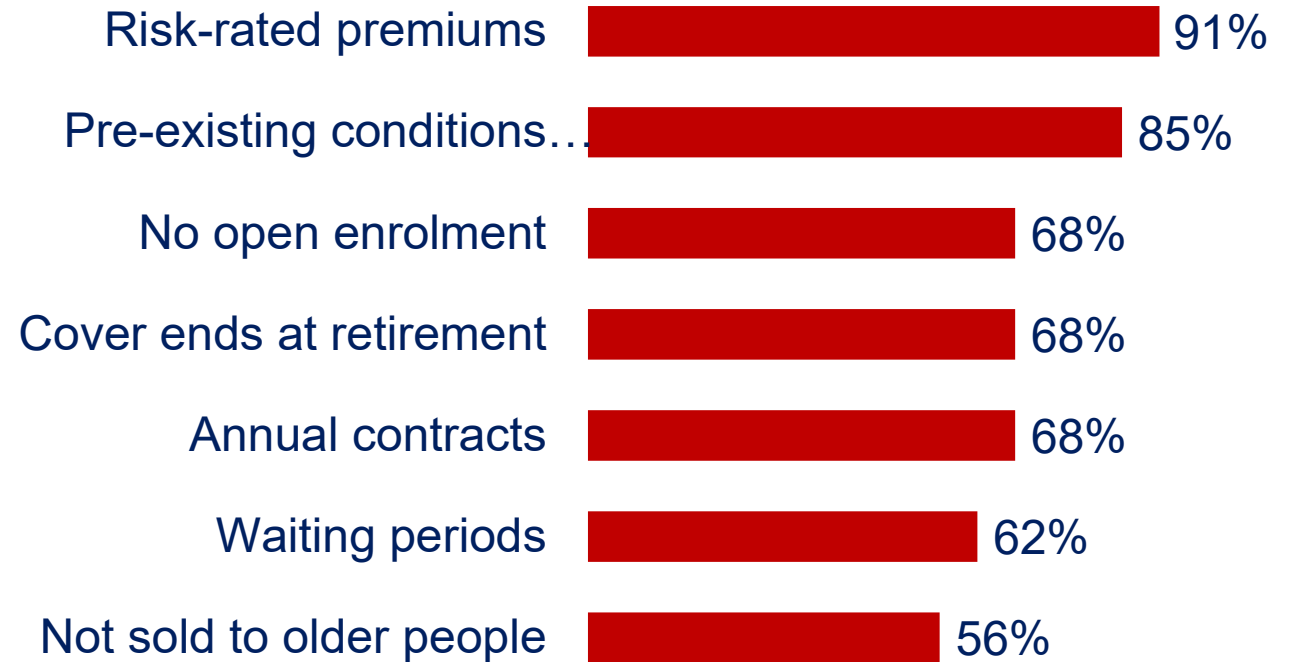
Spillover effects

Complexity



Undermine publicly financed coverage

## Insurers are risk averse:



## PHI systematically favours:



# Common challenges with private (voluntary) health insurance:

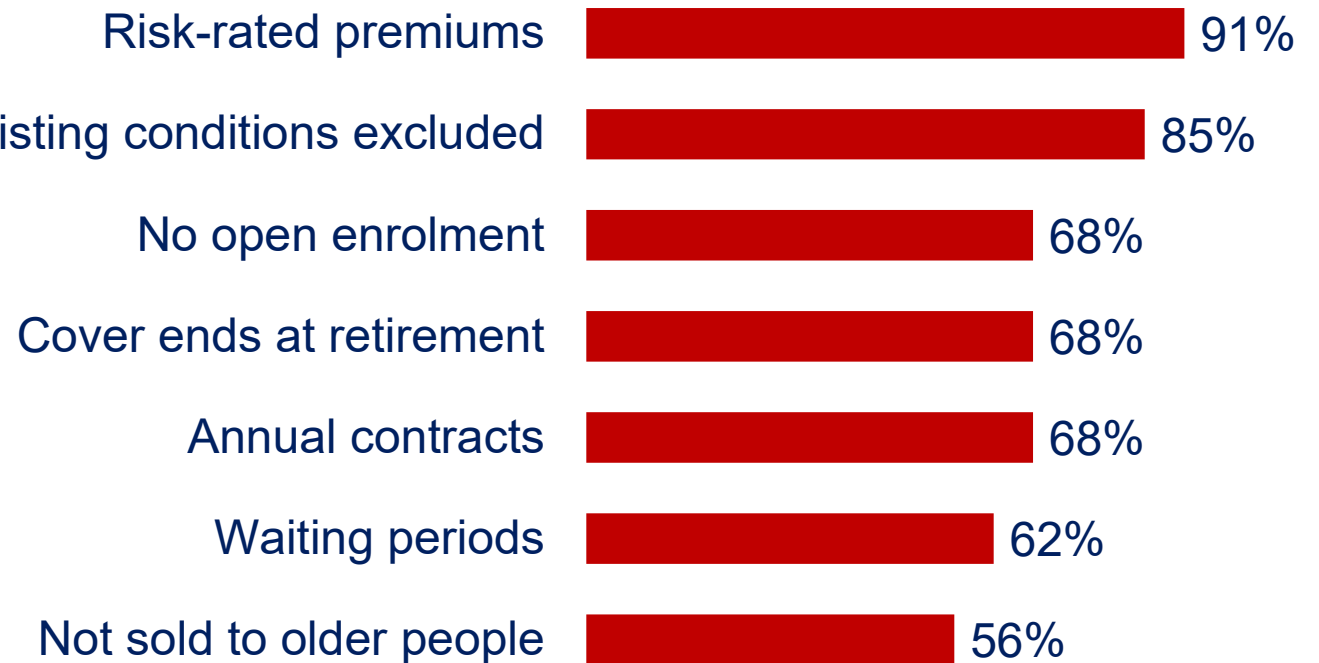
Inequality

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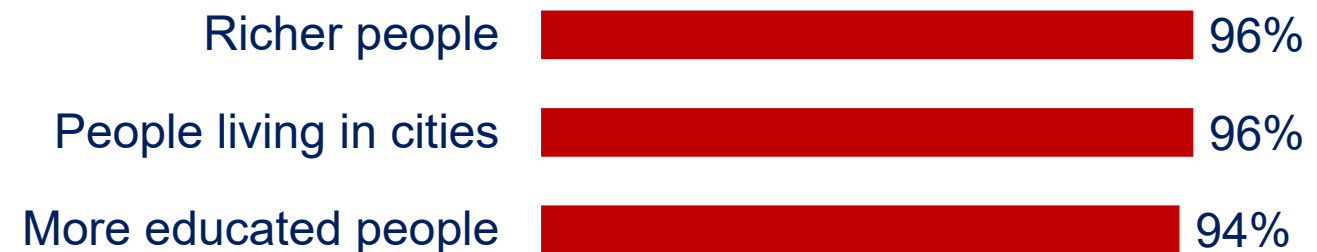
Complexity

Can undermine the performance of publicly financed coverage

## Insurers are risk averse:



## PHI systematically favours:

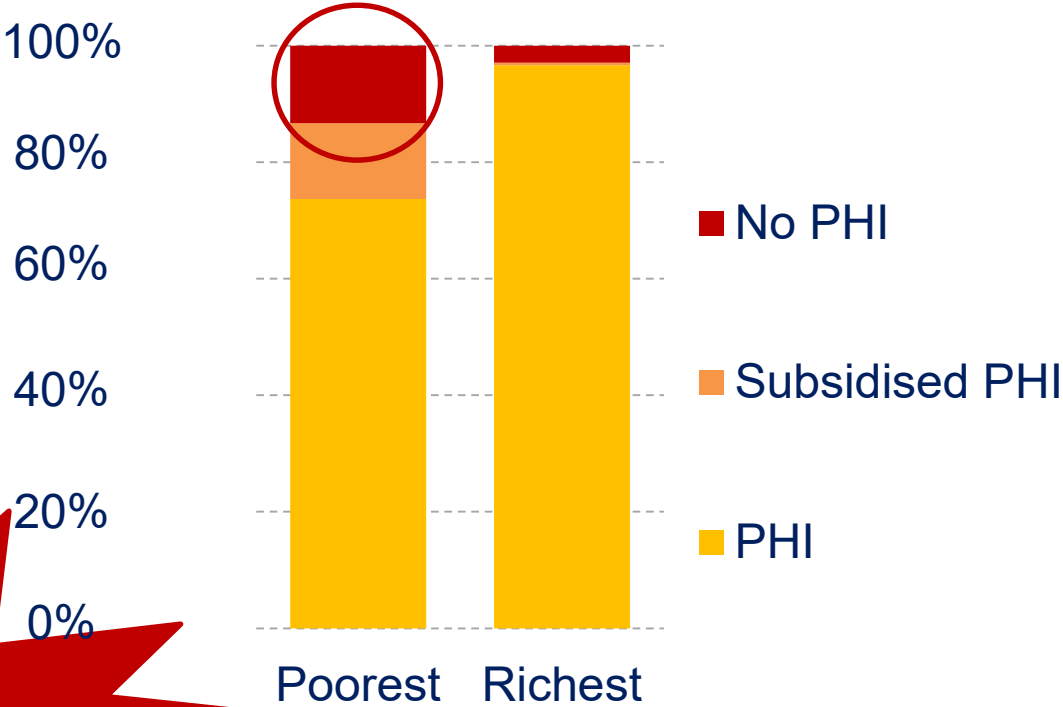


# France: >90% have PHI covering heavy user charges

% population with PHI



Current PHI coverage



2016: employers mandated to pay for PHI for employees

**1998, 2000, 2001, 2007: legal challenges**

Many (mainly poor) people **still** lack PHI due to financial & administrative barriers

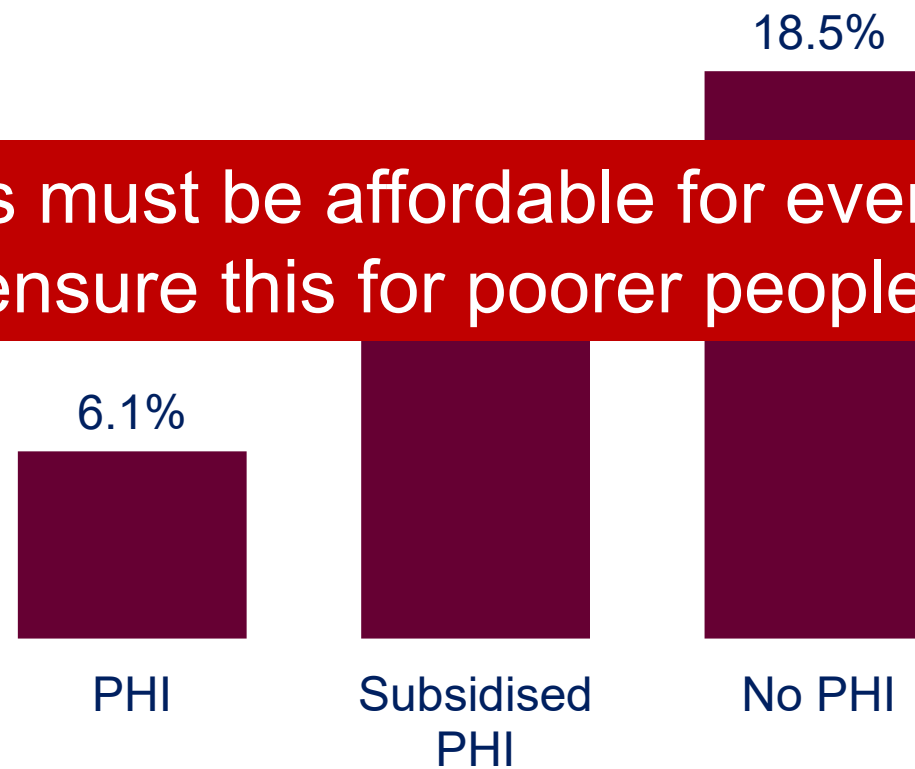
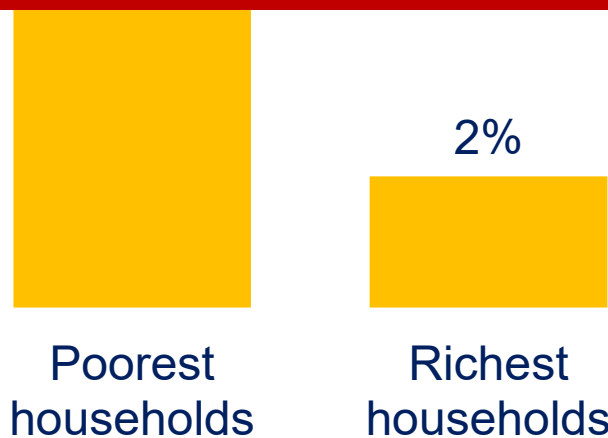


# France: heavy regulation & subsidies for poor people have led to high take-up & low out-of-pocket payments – but inequalities persist

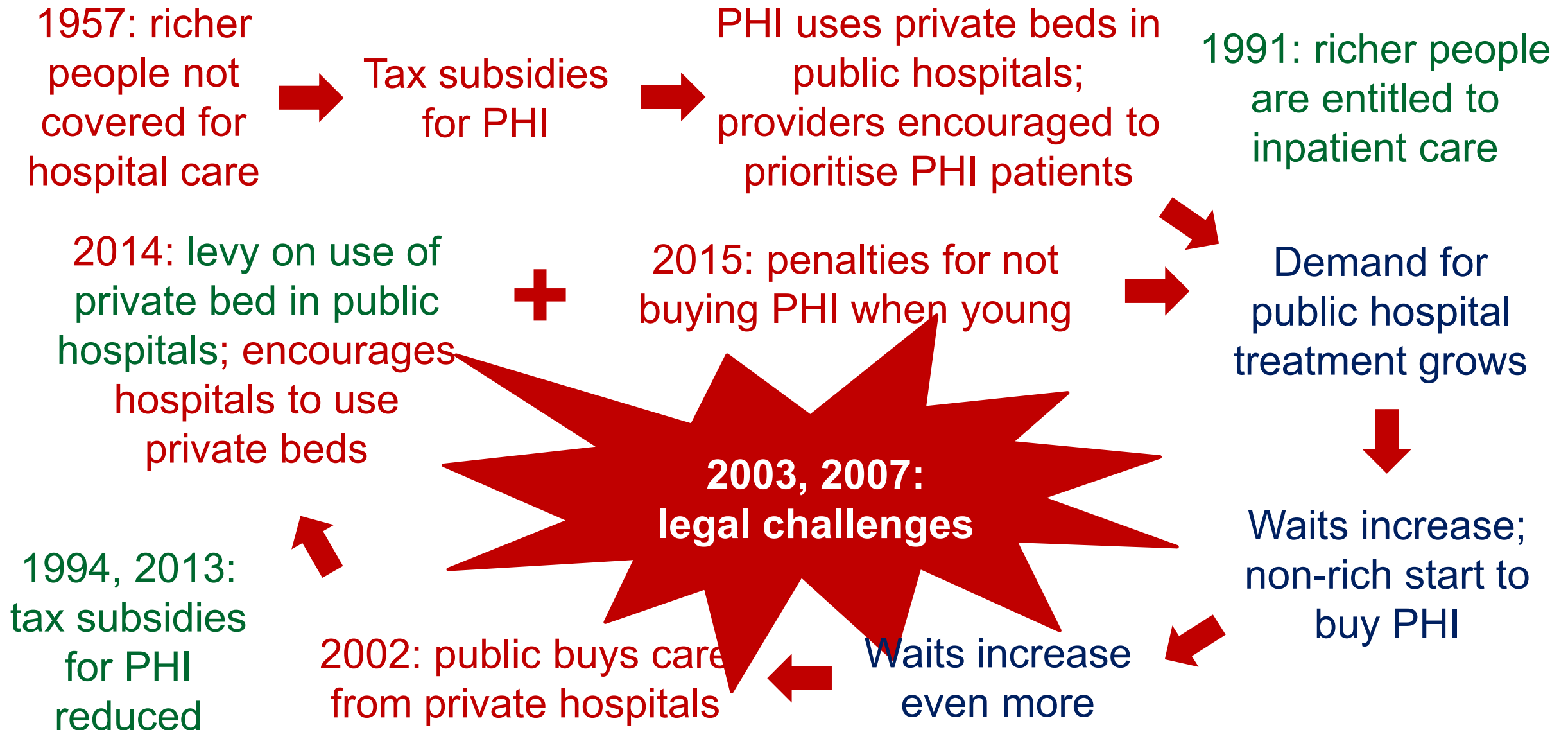
PHI premiums are regressive, accounting for a much higher share of income among poor people

Catastrophic incidence in poor households is higher for those with subsidised PHI or no PHI

Size matters: PHI covering user charges must be affordable for everyone needing protection but it's hard to ensure this for poorer people



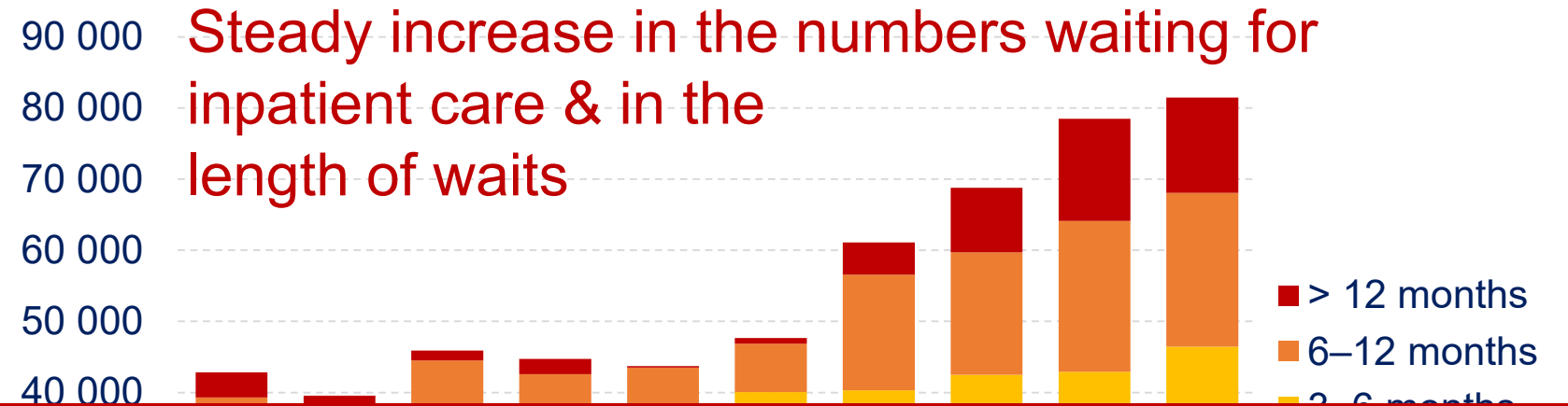
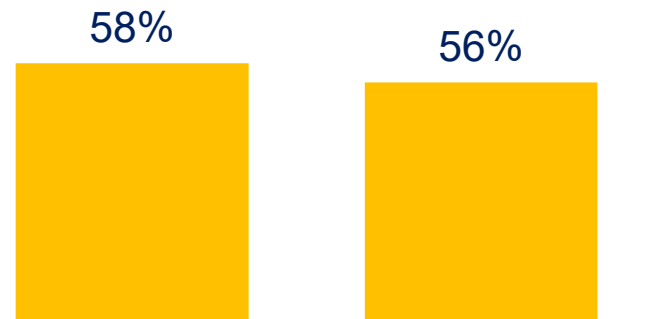
# Ireland: >45% have VHI for faster access to hospitals



# Ireland: indiscriminate tax subsidies, perverse incentives & blurred boundaries skew resources away from need

Poor people subsidise faster access for richer people

40% of PHI-financed care takes place in public hospitals



Size matters: for PHI offering people faster access, (very) small is beautiful because in larger markets it's hard to manage powerful interests



# Lessons from Europe

# PHI is predictably challenging

**Economic theory:** insurer risk aversion means access & affordability problems are to be expected in a voluntary market

**International experience:** weak public policy – poor design, failure to clarify boundaries, failure to manage interests

Context matters too

Is it worth it?

DUSTIN HOFFMAN ROBERT DE NIRO  
**WAG THE DOG**

A comedy about truth, justice and other special effects.

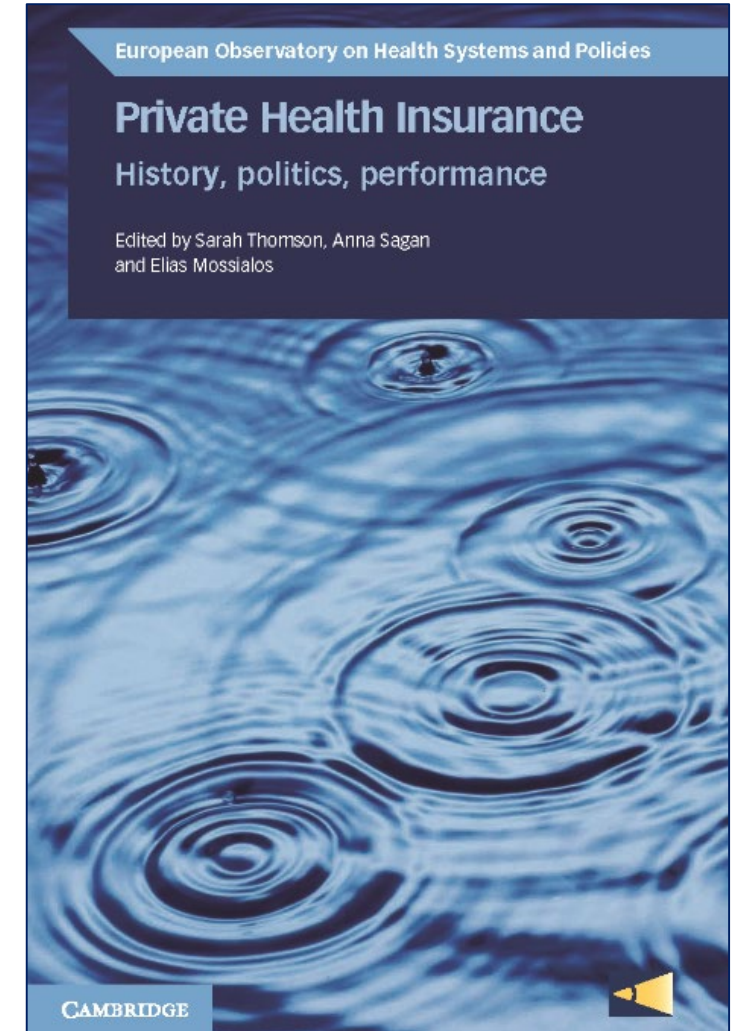


Fixing PHI takes up energy and resources – don't let the tail wag the dog

**"SLOW &  
TEDIOUS – BUT  
IT'S POSSIBLE  
TO RESIST"**

Focus on improving the publicly financed part of the health system

Sagan A, Thomson S (2016) [Voluntary health insurance in Europe: role and regulation](#)  
European Observatory on Health Systems and Policies & WHO Regional Office for Europe



Thomson S, Sagan A, Mossialos E (eds)  
(in press) [Private health insurance: history, politics, performance](#)  
Cambridge University Press.



Thomson S, Cylus J, Evetovits T (2019) [Can people afford to pay for health care? New evidence on financial protection in Europe](#)  
Copenhagen: WHO Regional Office for Europe.



[thomsons@who.int](mailto:thomsons@who.int)



[@sarahmsthomson](https://twitter.com/sarahmsthomson)