

GROWING INTEREST IN ECONOMICS OF MEDICAL CARE

VARIOUS means of making the benefits of medical science more completely available to mankind are being widely discussed. Problems which have arisen in America are set forth in the final report of the Committee on the Costs of Medical Care, which is reviewed in this number of the *Quarterly Bulletin*. Administrative procedure in Russia will be described in a book now under preparation by Sir Arthur Newsholme and John A. Kingsbury, secretary of the Milbank Memorial Fund, based on a recent personal survey. National health insurance as exemplified in various European countries has been examined by Sir Arthur Newsholme in his "International Studies," and more recently by Dr. G. F. McCleary, in a book entitled "National Health Insurance," published by H. K. Lewis and Company, Ltd., London. This volume is based on lectures given at the School of Hygiene and Public Health in The Johns Hopkins University.

Dr. McCleary, formerly principal medical officer of the National Health Insurance Commission of England and a deputy senior medical officer of the British Ministry of Health, notes "a tendency among nations to place health insurance on a compulsory basis." He gives as a reason that experience proves that only relatively few wage-earners can be relied on to take advantage of voluntary insurance. He also notes that "the number of occupations covered by compulsory health insurance tends to increase," and that there is a further expansion of the system by extending medical service to dependents of the insured. Meanwhile the provision of medical services tends to become relatively more important than the provision of cash benefits, which were

formerly the main purpose of health insurance. He points out that there is a growing tendency to separate the administration of cash benefits from the medical services. Increasing influence of the medical profession in the control of the administration and development of insurance is also a tendency. Relating how the depression has tested the stability of insurance systems by reducing the premium income and raising the expenditures for cash benefits, the author points significantly to the fact that in no country has there arisen a movement to abolish compulsory health insurance. In England, the system is evidently secure. Dr. McCleary recalls that, after the English system of national health insurance had been in operation for twelve years, its effectiveness was surveyed by a Royal Commission, which reported in 1926. The British Medical Association stated before this Commission that the insurance system was extending medical service to large numbers previously without care; that treatment was being given at earlier stages of disease; that preventive medicine had gained; and that cooperation among practitioners was being encouraged to an unusual degree. The author reports the Commission's conclusion that "National health insurance has now become a permanent feature of the social system of this country, and should be continued in its present compulsory and contributory basis." Compulsion, it may be added, applies to all persons, male and female, aged sixteen and above, if employed at manual labor, or in nonmanual labor if the pay does not exceed £250 a year.

In nearly all countries, the cost of insurance is shared by the insured, their employers, and the public. It is argued that the contribution by the employee has a profound moral effect upon him. In England he pays a flat rate per week, while in other countries the rate varies with the wage. The employer usually contributes an equal amount. In England,

the government bears the total cost of central administration and, in addition, pays one-seventh of the cost of the benefits to men and one-fifth of the benefits to women.

The benefits under the English system are weekly payments for not more than twenty-six weeks to those rendered incapable of work, disablement benefit for an unlimited period following the cessation of sickness benefit, and maternity benefit. Local administration is in the hands of the so-called Approved Societies and the Insurance Committees.

Doctors who wish to treat insured persons are listed on a "panel," and the insured person has free choice of doctor. On the other hand, a practitioner is not obliged to accept any insured person who wishes to choose him. Remuneration is made on a "capitation" system, that is, with reference to the number of insured persons on the practitioner's list. This system is not the only one permitted in England, but it has become universal there as the one preferred by the doctors. Methods of payment in other countries are: fixed salary, payment per case, and payment per attendance. In France, under the so-called *entente directe*, the doctors' fees are paid directly by the insured person to the doctor, who fixes the fee. The patient is reimbursed according to a tariff which may amount to only a part of the fee charged.

One objection made by critics of health insurance is that it fosters the seeking of cash benefits for absence from work on account of trivial ills. In England, the insured person must obtain from his examining physician a medical certificate of incapacity which is issued only in accordance with rules specially drawn up to govern certification. Should higher authorities doubt the justification of any particular medical certification, they may call for a second examination, which is made by a referee in the Regional Medical Staff. Besides this, there is a statistical check on insurance

doctors. If, after the referee examination, it appears that any one insurance doctor has wrongly certified an unusually high proportion of cases, he is dealt with by the Panel Committee and may be punished by withholding his remuneration or otherwise.

In an historical sketch, Dr. McCleary relates that sickness insurance in England began with the medieval guilds. It reappeared in the mutual aid associations, called Friendly Societies, which had their rise in the middle of the seventeenth century. Daniel Defoe, the author of "Robinson Crusoe," is reported as the first man in England to devise a plan for compulsory health insurance, but he found little support.

Rudimentary schemes with compulsory features were enacted for certain localities and occupations in England during the eighteenth century, but, Dr. McCleary says, they led nowhere. Modern schemes of compulsory insurance, he points out, are related historically to the enactment by Germany in 1884. The British act was passed in 1911.

Sickness insurance in England and Wales, as well as sixteen continental countries, was one of the principal subjects engaging the attention of Sir Arthur Newsholme in his survey recently completed for the Milbank Memorial Fund. Press clippings received since the last issue of the *Quarterly Bulletin* show continued interest in his "Medicine and the State," published last year as the fourth volume giving results of the survey. This volume interprets the factual findings in the three earlier volumes, "International Studies on the Relation between the Private and Official Practice of Medicine, with Special Reference to the Prevention of Disease."

"The publication of these volumes," says the *British Medical Journal*, London, referring to all four books," is a

fine testimony to the breadth of knowledge and sympathy of their author. They are indispensable to persons engaged in public health affairs and to all interested in medical politics." Reviewing "Medicine and the State," *The Lancet*, London, says that these studies of Sir Arthur Newsholme "will be indispensable to those who wish to prepare their minds for some of the medico-political problems of the future." *The Journal of the Medical Association of South Africa*, Cape Town, considers it "rare that such good measure of material in clear, incisive writing on a subject of general importance is presented to the reading public."

Remarking that in "Medicine and the State," Sir Arthur usually "takes a stand midway between those who demand complete nationalization of all medical services and those who regard all State services as 'encroachments,'" the *Press*, Christchurch, New Zealand, pronounces this book "the best and the most unpretentious piece of sociological research that has appeared for many years." *The Cape Times*, Cape Town, speaking of South Africa, feels that the book "should stimulate the profession and the public in this country to make a start, basing our attack on ill-health on the general lines of policy that in other countries have proved so singularly successful." The *Manchester Guardian* says that Sir Arthur "deals with many thorny questions plainly and impartially. He will not satisfy the extremist of any school. But if he is free from propaganda he is by no means without convictions and he insists that what is best for the patient is best for the doctor and for the community."