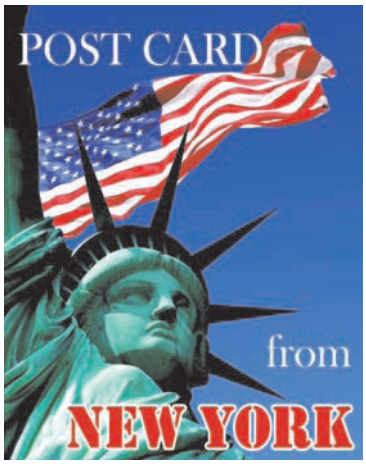
What Australia can learn from the US health care system

Jeffrey D Zajac

You can learn a lot about Australian medicine by living in New York, where I am currently on sabbatical at Columbia University Medical Center. The health care system in the United States is as exciting as it is complicated, as caring as it is apparently heartless, much better than Australians think and yet, in many ways, much worse. New drugs and new treatments appear here faster than in Australia. Medical research is a vibrant part of medicine here. Actually getting access to health care is the problem in the US.



By the time you read this, Obama will have won the election. Everyone in New York knows this, but no one officially predicts it yet. In the West Village of Lower Manhattan, where I live, no one votes Republican and you can't buy a McCain badge except one that is abusive.

A rapid way to see the strengths and weaknesses of the US health care system is to analyse the policies of the candidates and the public responses to them. Mostly the promises are meaningless generalisations, pretty much like those of Australian politicians, only more showy. The candidates plan to invest in prevention, chronic disease management, better information technology and avoiding waste. Somehow they seem to know how to do this better than those running the system now.

Their specific policies focus on insurance and payment arrangements. Most interested Australians probably know that there is no universal insurance in the US. Insurance here is a mixture of employment-based, personally organised and government-based insurance. There is a bewildering assortment of policies. If you are lucky enough to have a good job in a large, stable organisation (such as a university, hospital or large but still solvent corporation) you will get your insurance that way. It's expensive, but in general covers everything you need for you and your family. It covers drugs, even expensive ones, including those that are not yet available in Australia, or are available but not under the Pharmaceutical Benefits Scheme. As it is part of a group policy, it often covers family members with chronic diseases, such as diabetes. This benefit won't seem like much to Australian readers, but what you may not know is that health insurance is not community-rated here, as it is in Australia.

Medicare (Australia) covers everyone for doctors' visits, with a variety of additional costs depending on what your doctor charges. When Australians take out private health insurance cover, the insurance companies charge the same premium for everyone (apart from exceptions brought about by recent changes relating to the duration of insurance). They are obliged to insure you, even if you or a family member has a pre-existing illness. There may be a waiting period, but you can get insurance.

By contrast, in the US, you may not be able to get insurance *at all*, or, if you can, it will be much more expensive. Senator McCain's plan was to fix this with tax benefits. Here in the US, health cover obtained via your employer is not taxed (unlike private health insurance in Australia) and is considered pre-tax income. This effectively amounts to a government subsidy. McCain plans to make the money that is spent on health insurance taxable, but to compensate for this by giving everyone a $2500 tax credit. He claims that this will increase coverage and competition. He also promises to free up rules, allowing people to get insurance interstate. But those who don't pay much tax or can't afford insurance will get little or no benefit.

Senator Obama, in contrast, will make insurance more available. Not, I should say, universal government-funded insurance. That concept is considered "liberal" (a very negative description in politics here) or even "socialist" (fatal for a candidate here). All negative responses to proposals for government-funded health care here are framed in terms such as loss of control to the government, long waiting lists and lack of choice of doctor, as if those are not major issues in the US already. Obama will not be supporting universal government insurance. He is planning a hotch-potch of increased employer-based insurance and various tax incentives or additional taxes. He would prohibit insurance companies from denying insurance on the basis of health or age (but it is not clear how he would stop insurance companies charging more for certain categories of patient). He would make insurance for children compulsory, although he doesn't explain how the poor, or even middle class, would pay for it in the future if they can't afford it now. He would extend the insurance available to federal employees to the general public and would subsidise premiums for low-income earners, as well as expanding Medicare and Medicaid for the elderly and the poor. This would be funded by tax increases, which the Republicans criticise as "spreading the wealth around" and "too much government interference". Neither of these plans will be anywhere near as good as Australia's Medicare.

Australians may grumble about Medicare and our private insurance system, but its strength is that it covers everyone. This is a feature of a civilised society. The US spends over 16% of its gross domestic product on health care (predicted to rise to 20% by 2015), compared with Australia's 10%. Despite this, over 46 million Americans are not covered by insurance or government programs and therefore have inadequate or no access to health care. How can this be? Americans want, and like to think, they have the best of everything, including health care. And in some ways they do. But they believe it is your individual responsibility to pay for it. In Australia, we take the opposite view — that it's the government's responsibility. There are strengths and weaknesses in both of these approaches. I am generalising, and realise that not everyone in either country thinks along these lines. However, using these generalisations, there is much we can learn from each other. Substantial government involvement in supplying universal health care is required, but so is a significant degree of individual responsibility. Both countries still have a way to go.

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