An International Perspective on Healthcare Reform

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Republicans won the presidency and majorities in congress based in part on promises to replace Obamacare. Nonetheless, with so many Republicans facing re-election in states that voted for Clinton, the strategy of "repeal and replace" is easier said than done. Furthermore, in view of the challenges involved in garnering enough votes for the "Obamalite" alternative that barely passed the house, Republicans appear to be running out of options.

If the "gradualist" strategy is so problematic why not move to single payer? In Japan, healthcare spending makes up only 10% of GDP even though it has the world's highest percent of people [65 or older](#). In the U.S. it is an appalling 17% (Fig. 1). Japan also has world's lowest infant mortality, while in America this healthcare indicator exceeds that of all other developed nations with a comparable GDP (Fig. 2). If lack of access to healthcare is responsible for this shocking statistic, why not "get with the program" and shift these costs to taxpayers as they do in nearly all other affluent nations?
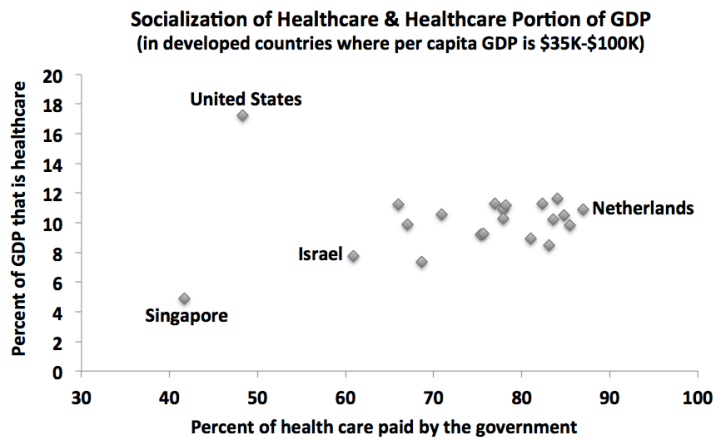

Fig. 1: Nations where healthcare is less subsidized are towards the left. Nations where healthcare is more efficient are towards the bottom. Per capita GDP data is from World Bank as cited by [Knoema](#). Healthcare spending data is from to the [World Health Organization](#). All data is from 2014.
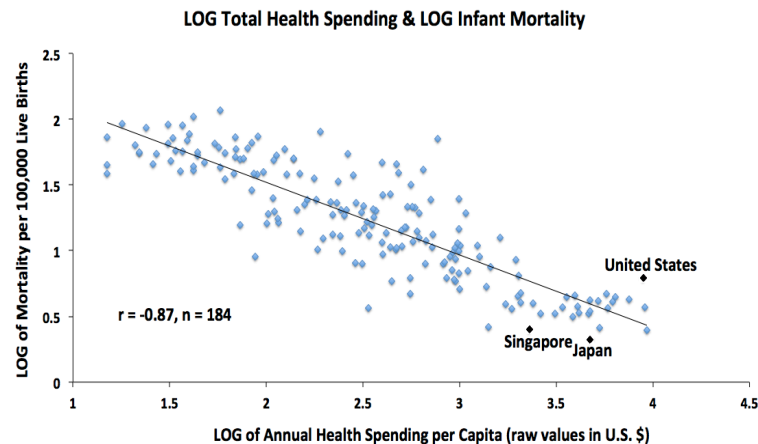

Fig. 2: Healthcare spending data is from 2014 according to the [World Health Organization](#). Infant mortality data is from 2016 according to the [CIA factbook](#). Raw values for spending and infant mortality are converted into base 10 logarithms in order to generate a straight line.*

Before turning over 17% of GDP to the government we should not overlook one extraordinary exception to this worldwide trend: Singapore is second only to Japan in having the world's lowest infant mortality (Fig. 2) even though it has least subsidized healthcare in the developed world (Fig. 1). Singapore also stands apart from other developed nations in that it spends less than 5% of its GDP on healthcare (Fig. 1). If privatization works so well in Singapore why have market forces failed so miserably in America?

While it is common knowledge that increasing the supply or decreasing the demand results in lower costs, many overlook the importance of having a critical mass of savvy customers shopping around for the best deals.

This selective pressure ensures that the product or service gets better and cheaper for all consumers. In Singapore, patients shop around because co-payments cover a considerable portion of their medical bills and everyone is required to have a health savings account. In the single payer systems that predominate in Europe, it is the government that does the shopping and bargaining. In America, health maintenance organizations stabilized prices in the 1990's by bargaining with providers and rationing services. However, many patients objected to "managed care" and the ensuing backlash resulted in government mandates that limited what these HMO's could do to cut costs. In the absence of a conscientious buyer, hyperinflation resumed by the end of the decade. Even though European governments provide healthcare at a lower cost, Americans who want to replace Obamacare with single payer should be careful what they wish for. More on this later.

Another reliable strategy for lowering costs is deregulation. We need not look abroad to see this principle applies to medical services: The cost of cosmetic surgery in the U.S. has remained remarkably stable despite a huge increase in demand. This has been attributed largely to a streamlined regulatory process that makes it easier for competitors to enter the market and for cost-cutting innovations to get approved.

Competition between providers intensifies when there is a lower demand. The Canadian government lowers demand for healthcare by rationing, which in turn results in lower prices. Singapore presumably reduces demand by investing in health education. Even though this city state has one of the lowest obesity rates in the developed world, how much this can be attributed to health education is debatable. At any rate, there is growing evidence that obesity increases the risk of infant mortality in affluent countries (Fig. 3). Strategies for curbing obesity in the U.S. are beyond the scope of the article, but its presumptive role in neonatal mortality underscores the seriousness of this problem in America. It also discredits the narrative that "lack of access" to healthcare is largely responsible for infant mortality in America.
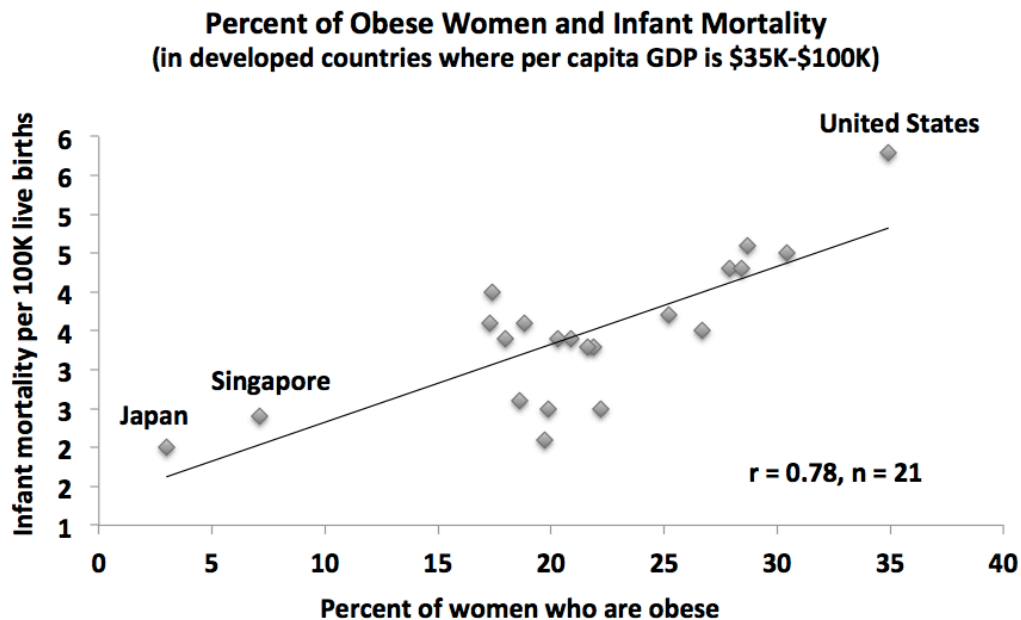
Fig. 3: Obesity data is from 2014 according to the World Health Organization. Infant mortality data is from 2016 according to the CIA factbook.*

As more insurers withdraw from the exchanges it becomes increasingly evident that Obamacare was meant to fail in order to pave the way for single payer. Many welcome this transition because they fear a return to the "bad old days" when people with costly pre-existing conditions were justifiably reluctant to change jobs. But since so many Americans rebelled when their healthcare choices were delegated to HMO's in the 1990's, they might have second thoughts after the government becomes the only HMO in town. Hence, the Singapore

model of putting patients more in control may be the most viable option. After all, an important [restraint](#) on the cost of cosmetic surgery in the U.S. is that clients usually pay out of pocket.

In all fairness Singapore differs from the U.S. in many other ways; including [walkability](#), [home ownership](#) rates, and [transportation policies](#) for minimizing gridlock. Even though none of these variables relate directly to healthcare, all of them affect risk factors like obesity and stress. Anyone who believes that this island nation's policies will automatically achieve the same level of success in the U.S. is being disingenuous. Nonetheless, the Singapore model shows that there are alternatives to single payer for making healthcare both cost effective and accessible. Furthermore, since policymakers in nations with socialized healthcare options like [Australia](#) are also looking to Singapore for ways to contain healthcare costs, this model may provide valuable lessons for all nations regardless as to how healthcare is financed.

* Update: Part of the reason U.S. infant mortality is "high" is because it is measured differently from infant mortality in other nations.

Links (in case the hypertext does not work):

https://www.americanthinker.com/articles/2017/05/healthcare_reform_lets_take_a_close_look_at_some_examples_abroad.html

https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS

https://www.thenational.ae/world/asia/the-world-s-best-health-care-how-singapore-s-hybrid-model-is-the-envy-of-other-countries-1.66676

https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/HistoricalNHEPaper.pdf

https://www.ncpanet.org/error-404 (broken link for data on plastic surgery cost trends)

https://www.aarp.org/politics-society/government-elections/info-03-2012/myths-canada-health-care.html

https://www.hsph.harvard.edu/news/features/singapores-health-care-system-holds-lessons-for-u-s/

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2674328/

https://www.weeklystandard.com/john-mccormack/harry-reid-and-tom-coburn-agree-obamacare-was-designed-to-fail-pave-way-for-single-payer

http://www.vohk.hk/2016/07/27/can-hong-kong-match-singapores-walkability-initiatives/

https://www.singstat.gov.sg/statistics/visualising-data/charts/home-ownership-rate-of-resident-households
(broken link)

https://www.straitstimes.com/singapore/transport/study-singapores-public-transport-system-one-of-worlds-most-efficient

http://theconversation.com/creating-a-better-health-system-lessons-from-singapore-30607

Fig. 1:

https://knoema.com/pjeqzh/gdp-per-capita-by-country-statistics-from-imf-1980-2023?country=United%20Kingdom

http://www.who.int/gho/database/en/

Fig. 2 & 3:

http://www.who.int/gho/database/en/

https://www.cia.gov/library/publications/the-world-factbook/