



Universal healthcare:

the affordable dream

Amartya Sen



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Universal healthcare is often presented as an idealistic goal that remains out of reach for all but the richest nations. That's not the case, writes Amartya Sen. Look at what has been achieved in Rwanda, Thailand and Bangladesh

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Dr Eric Bagamizi visits a patient at Rwinkwavu Hospital in south-east Rwanda. Rwandans pay only \$2 a year for health insurance. Photograph: William Campbell/Corbis

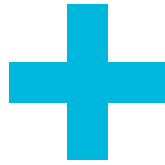
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Twenty-five hundred years ago, the young Gautama Buddha left his princely home, in the foothills of the Himalayas, in a state of agitation and agony. What was he so distressed about? We learn from his biography that he was moved in particular by seeing the penalties of ill health – by the sight of mortality (a dead body being taken to cremation), morbidity (a person severely afflicted by illness), and disability (a person reduced and ravaged by unaided old age). Health has been a primary concern of human beings throughout history. It should, therefore, come as no surprise that healthcare for all – “universal healthcare” (UHC) – has been a highly appealing social objective in most countries in the world, even in those that have not got very far in actually providing it.

The usual reason given for not attempting to provide universal healthcare in a country is poverty. The United States, which can certainly afford to provide healthcare at quite a high level for all Americans, is exceptional in terms of the popularity of the view that any kind of public establishment of universal healthcare must somehow involve unacceptable intrusions into private life. There is considerable political complexity in the resistance to UHC in the US, often led by medical business and fed by ideologues who want “the government to be out of our lives”, and also in the systematic cultivation of a deep suspicion of any kind of national health service, as is standard in Europe (“socialised medicine” is now a term of horror in the US).

One of the oddities in the contemporary world is our astonishing failure to make adequate use of policy lessons that can be drawn from the diversity of experiences that the heterogeneous world already provides. There is much evidence of the big contributions that UHC can make in advancing the lives of people, and also (and this is very important) in enhancing economic and social opportunities – including facilitating the possibility of sustained economic growth (as has been firmly demonstrated in the experience of south-east Asian countries, such as Japan, South Korea, Taiwan, Singapore and, more recently, China).



Further, a number of poor countries have shown, through their pioneering public policies, that basic healthcare for all can be provided at a remarkably good level at very low cost if the society, including the political and intellectual leadership, can get its act together. There are many examples of such success across the world. None of these individual examples are flawless and each country can learn from the experiences of others. Nevertheless, the lessons that can be derived from these pioneering departures provide a solid basis for the presumption that, in general, the provision of universal healthcare is an achievable goal even in the poorer countries. An Uncertain Glory: India and its Contradictions, my book written jointly with Jean Drèze, discusses how the country's predominantly messy healthcare system can be vastly improved by learning lessons from high-performing nations abroad, and also from the contrasting performances of different states within India that have pursued different health policies.



Thailand's rise in life expectancy – now more than 74 years at birth – is a major achievement for a poor country



Over the last three decades various studies have investigated the experiences of countries where effective healthcare is provided at low cost to the bulk of the population. The places that first received detailed attention included China, Sri Lanka, Costa Rica, Cuba and the Indian state of Kerala. Since then examples of successful UHC – or something close to that – have expanded, and have been critically scrutinised by health experts and empirical economists. Good results of universal care without bankrupting the economy – in fact quite the opposite – can be seen in the experience of many other countries. This includes the remarkable achievements of Thailand, which has had for the last decade and a half a powerful political commitment to providing inexpensive, reliable healthcare for all.

Thailand's experience in universal healthcare is exemplary, both in advancing health achievements across the board and in reducing inequalities between classes and regions. Prior to the introduction of UHC in 2001, there was reasonably good insurance coverage for about a quarter of the population. This privileged group included well-placed government servants, who qualified for a civil service medical benefit scheme, and employees in the privately owned organised sector, which had a mandatory social security scheme from 1990 onwards, and received some government subsidy. In the 1990s some further schemes of government subsidy did emerge, however they proved woefully inadequate. The bulk of the population had to continue to rely largely on out-of-pocket payments for medical care. However, in 2001 the government introduced a "30 baht universal coverage programme" that, for the first time, covered all the population, with a guarantee that a patient would not have to pay more than 30 baht (about 60p) per visit for medical care (there is exemption for all charges for the poorer sections – about a quarter – of the population).

The result of universal health coverage in Thailand has been a significant fall in mortality (particularly infant and child mortality, with infant mortality as low as 11 per 1,000) and a remarkable rise in life expectancy, which is now more than 74 years at birth – major achievements for a poor country. There has also been an astonishing removal of historic disparities in infant mortality between the poorer and richer regions of Thailand; so much so that Thailand's low infant mortality rate is now shared by the poorer and richer parts of the country.

There are also powerful lessons to learn from what has been achieved in Rwanda, where **health gains from universal coverage have been astonishingly rapid**. Devastated by genocide in 1994, the country has rebuilt itself and established an inclusive health system for all with equity-oriented national policies focusing on social cohesion and people-centred development. Premature mortality has fallen sharply and life expectancy has actually doubled since the mid-1990s. Following pilot experiments in three districts with community-based health insurance and performance-based financing systems, the health coverage was scaled up to cover the whole nation in 2004 and 2005. As the Rwandan minister of health Agnes Binagwaho, the US medical





anthropologist Paul Farmer and their co-authors discuss in ***Rwanda 20 Years on: Investing in Life***, a paper published in the *Lancet* in July 2014: “Investing in health has stimulated shared economic growth as citizens live longer and with greater capacity to pursue the lives they value.”



A doctor explains treatment procedure to a patient in Butare, Rwanda. Photograph: David Evans/National Geographic/GettyImages

The experiences of many other countries also offer good lessons, from Brazil and Mexico (which have recently implemented UHC with reasonable success) to Bangladesh and the Indian states of Himachal Pradesh and Tamil Nadu (with progress towards the universal coverage that has already been achieved by Kerala). Bangladesh’s progress, which has been rapid, makes clear the effectiveness of giving a significant role to women in the delivery of healthcare and education, combined with the part played by women employees in spreading knowledge about effective family planning (Bangladesh’s fertility rate has fallen sharply from being well above five children per couple to 2.2 – quite close to the replacement level of 2.1). To separate out another empirically observed influence, Tamil Nadu shows the rewards of having efficiently run public services for all, even when the services on offer may be relatively meagre. The population of Tamil Nadu has greatly benefited, for example, from its splendidly run mid-day

meal service in schools and from its extensive system of nutrition and healthcare of pre-school children.

The message that striking rewards can be reaped from serious attempts at instituting – or even moving towards – universal healthcare is hard to miss. The critical ingredients of success that have emerged from these studies appear to include a firm political commitment to the provision of universal healthcare, running workable elementary healthcare and preventive services covering as much of the population as possible, paying serious attention to good administration in healthcare and ancillary public services and arranging effective school education for all. Perhaps most importantly, it means involving women in the delivery of health and education in a much larger way than is usual in the developing world.

The question can, however, be asked: how does universal healthcare become affordable in poor countries? Indeed, how has UHC been afforded in those countries or states that have run against the widespread and entrenched belief that a poor country must first grow rich before it is able to meet the costs of healthcare for all? The alleged common-sense argument that if a country is poor it cannot provide UHC is, however, based on crude and faulty economic reasoning.

The first – and perhaps the most important – factor overlooked by the naysayers is the fact that at a basic level healthcare is a very labour-intensive activity, and in a poor country wages are low. A poor country may have less money to spend on healthcare, but it also needs to spend less to provide the same labour-intensive services (far less than what a richer – and higher-wage – economy would have to pay). Not to take into account the implications of large wage differences is a gross oversight that distorts the discussion of the affordability of labour-intensive activities such as healthcare and education in low-wage economies.

Second, how much healthcare can be provided to all may well depend on the country's economic means, but whatever is affordable within a country's means can still be more effectively and more equitably provided through universal coverage. Given the hugely unequal distribution of incomes in many economies, there





can be serious inefficiency as well as unfairness in leaving the distribution of healthcare entirely to people's respective abilities to buy medical services. UHC can bring about not only greater equity, but also much larger overall health achievement for the nation, since the remedying of many of the most easily curable diseases and the prevention of readily avoidable ailments get left out under the out-of-pocket system, because of the inability of the poor to afford even very elementary healthcare and medical attention.



“Had there been effective UHC in the countries of origin of Ebola, the problem could have been eliminated



It is also worth noting here, as European examples richly illustrate, that providing UHC is compatible with allowing the purchase of extra services for the especially affluent (or those with extra health insurance), and the demands of UHC must be distinguished from the ethics of aiming at complete equality. This is not to deny that remedying inequality as much as possible is an important value – a subject on which I have written over many decades. Reduction of economic and social inequality also has instrumental relevance for good health. Definitive evidence of this is provided in the work of Michael Marmot, Richard Wilkinson and others on the “social determinants of health”, showing that gross inequalities harm the health of the underdogs of society, both by undermining their lifestyles and by making them prone to harmful behaviour patterns, such as smoking and excessive drinking. Nevertheless, the ethics of universal health coverage have to be distinguished from the value of eliminating inequalities in general, which would demand much more radical economic and social changes than UHC requires. Healthcare for all can be implemented with comparative ease, and it would be a shame to delay its achievement until such time as it can be combined with the more complex and difficult objective of eliminating all inequality.

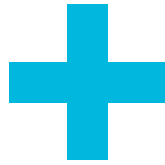
Third, many medical and health services are shared, rather than being exclusively used by each individual separately. For example, an epidemiological intervention reaches many people who live in the same neighbourhood, rather than only one person at a time. Healthcare, thus, has strong components of what in economics is called a “collective good,” which typically is very inefficiently allocated by the pure market system, as has been extensively discussed by economists such as **Paul Samuelson**. Covering more people together can sometimes cost less than covering a smaller number individually.

Fourth, many diseases are infectious. Universal coverage prevents their spread and cuts costs through better epidemiological care. This point, as applied to individual regions, has been recognized for a very long time. The conquest of epidemics has, in fact, been achieved by not leaving anyone untreated in regions where the spread of infection is being tackled. The transmission of disease from region to region – and of course from country to country – has broadened the force of this argument in recent years.

Right now, the pandemic of Ebola is causing alarm even in parts of the world far away from its place of origin in west Africa. For example, the US has taken many expensive steps to prevent the spread of Ebola within its own borders. Had there been effective UHC in the countries of origin of the disease, this problem could have been mitigated or even eliminated. In addition, therefore, to the local benefits of having UHC in a country, there are global ones as well. The calculation of the ultimate economic costs and benefits of healthcare can be a far more complex process than the universality-deniers would have us believe.

In the absence of a reasonably well-organised system of public healthcare for all, many people are afflicted by overpriced and inefficient private healthcare. As has been analysed by many economists, most notably Kenneth Arrow, there cannot be a well-informed competitive market equilibrium in the field of medical attention, because of what economists call “asymmetric information”. Patients do not typically know what treatment they need for their ailments, or what medicine would work, or even what exactly the doctor is giving to them as a remedy. Unlike in the market for many commodities, such as shirts or umbrellas,





the buyer of medical treatment knows far less than what the seller – the doctor – does, and this vitiates the efficiency of market competition. This applies to the market for health insurance as well, since insurance companies cannot fully know what patients' health conditions are. This makes markets for private health insurance inescapably inefficient, even in terms of the narrow logic of market allocation. And there is, in addition, the much bigger problem that private insurance companies, if unrestrained by regulations, have a strong financial interest in excluding patients who are taken to be “high-risk”. So one way or another, the government has to play an active part in making UHC work.

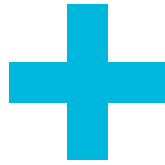
The problem of asymmetric information applies to the delivery of medical services itself. It makes the possibility of exploitation of the relatively ignorant a likely result even when there is plentiful market competition. And when medical personnel are scarce, so that there is not much competition either, it can make the predicament of the buyer of medical treatment even worse. Furthermore, when the provider of healthcare is not himself trained (as is often the case in many countries with deficient health systems), the situation becomes worse still. As a result, in the absence of a well-organised public health system covering all, many patients, denied any alternative, remain vulnerable to exploitation by unscrupulous individuals who robustly combine crookery and quackery.

While such lamentable conditions are seen in a number of countries, there are other countries (or states within countries) that, as has already been discussed, demonstrate the rewards of having a functioning universal public healthcare system – with better health achievements and also larger development of human capabilities. In some countries – for example India – we see both systems operating side by side in different states within the country. A state such as Kerala provides fairly reliable basic healthcare for all through public services – Kerala pioneered UHC in India several decades ago, through extensive public health services. As the population of Kerala has grown richer – partly as a result of universal healthcare and near-universal literacy – many people now choose to pay more and have additional private healthcare. But since these private services have to compete with what the state provides, and have to do even better to justify their charges in a region with widespread medical knowledge and medical

opportunity, the quality of private medical services tends also to be better there than where there is no competition from public services and a low level of public education. In contrast, states such as Madhya Pradesh or Uttar Pradesh give plentiful examples of exploitative and inefficient healthcare for the bulk of the population. Not surprisingly, people who live in Kerala live much longer and have a much lower incidence of preventable illnesses than do people from states such as Madhya Pradesh or Uttar Pradesh.

A system of universal healthcare also has the advantage that it can focus on vitally needed – but often ignored – primary medical attention, and on relatively inexpensive outpatient care when a disease receives early attention. In the absence of systematic care for all, diseases are often allowed to develop, which makes it much more expensive to treat them, often involving inpatient treatment, such as surgery. Thailand's experience clearly shows how the need for more expensive procedures may go down sharply with fuller coverage of preventive care and early intervention. Good healthcare demands systematic and comprehensive attention, and in the absence of affordable healthcare for all, illnesses become much harder and much more expensive to treat. If the advancement of equity is one of the rewards of well-organised universal healthcare, enhancement of efficiency in medical attention is surely another.

The case for UHC is often underestimated because of inadequate appreciation of what well-organised and affordable healthcare for all can do to enrich and enhance human lives. It is one thing to accept that the world may not have the resources and the dexterity at this moment to provide the finest of medical care to all, but that is not a reason for eliminating our search for ways of proceeding towards just that, nor a ground for refusing to provide whatever can be easily provided right now for all. In this context it is also necessary to bear in mind an important reminder contained in Paul Farmer's book *Pathologies of Power: Health, Human Rights and the New War on the Poor*: "Claims that we live in an era of limited resources fail to mention that these resources happen to be less limited now than ever before in human history."



In addition, we have to take note of the dual role of healthcare in directly making our lives better – reducing our impoverishment in ways that matter to all human beings – as well as helping to remove poverty, assessed even in purely economic terms. Reduction of economic poverty occurs partly as a result of the greater productivity of a healthy and educated population, leading to higher wages and larger rewards from more effective work, but also because UHC makes it less likely that vulnerable, uninsured people would be made destitute by medical expenses far beyond their means. Here again, Thailand's experience shows how penury caused by medical costs can fall rapidly once UHC is established.



*Recovering children with mothers in a pediatric malaria ward in Butare.
Photograph: David Evans/National Geographic/GettyImages*

The mutual support that healthcare and economic development can provide has been brought out very extensively by the results of UHC-oriented policies in south-east Asia, from Japan to Singapore. The complementary nature of health advancement and economic progress is also illustrated in the comparative experiences of different states within India. I remember being admonished 40 years ago, when I spoke in support of Kerala's efforts to have state-supported healthcare for all. I was firmly told that this strategy could not possibly work, since Kerala was, then, one of the

poorest states in India. The thesis of unaffordability was, however, wrongly argued for reasons already discussed. Despite its poverty, Kerala did manage to run an effective UHC programme that contributed greatly to its having, by some margin, the longest life expectancy in India and the lowest rates of infant and child mortality, among its other health accomplishments. But in addition to these so-called “social achievements”, it was possible to argue even in those early days – despite scorn from those who were opposed to UHC – that with the help of a more educated and healthier workforce, Kerala would also be able to grow faster in purely economic terms. After all, there are no influences as strong in raising the productivity of labour as health, education and skill formation – a foundational connection to which Adam Smith gave much attention.

This has actually happened. In fact, the previously poor state of Kerala, with its universal healthcare and universal schooling, now has the highest per capita income among all the states in India. Tamil Nadu and Himachal Pradesh, both of which have made substantial moves towards the provision of education and basic healthcare for all, have both progressed admirably and now belong solidly among the richer Indian states.

There is, thus, plenty of evidence that not only does universal healthcare powerfully enhance the health of people, its rewards go well beyond health. There is, indeed, a strong relationship between health and economic performance, and we have every reason to base public policy on a proper understanding of the nature and reach of what is clearly a positive interdependence. There is no mystery in all this given the centrality of health for better lives and for enhancing human capabilities.

