Public Health Insurance Under a Non-Benevolent State

Pierre Lemieux
(pierre.lemieux@uqo.ca)
Paper presented to the
Istituto Bruno Leoni
Milano, January 18, 2008
The missing link

“In single-payer systems,” one organization – typically the government – collects and pools revenues and purchases health services for the entire population.”


- State central to public health insurance
Benevolent model of the State

- What is the state? How does it work?

- Generally assumed by public health analysts: the State wants to selflessly satisfy the demands of all the citizens

- State like loving angels
The growth/monopoly puzzle

- From Bismark in late 19\textsuperscript{th} century, to 38\% of OECD countries with virtually complete coverage in 1968, to 88\% now
  - US: 27\% covered (15\% uninsured)
  - Medicare quasi-monopoly

- \textit{De facto} monopolies
  - \textit{De jure} in Canada

- Why?
  - Popular demand?
  - Unanimous?
  - With the inefficiencies?
Why do people accept waiting lines?

- Average time between referral from a general practitioner and treatment in Canada = 18.3 weeks
  - Nadeen Esmail and Michael A. Walker, *Waiting Your Turn: Hospital Waiting List in Canada* (Vancouver: Fraser Institute, 2007)

- Waiting lines reported in 60% of the OECD countries that have been analyzed (including in Italy)
One Bismark objective

“That the state should assist its needy citizens to a greater degree than before is not only a Christian and humanitarian duty, of which the state apparatus should be fully conscious: it is also a task to be undertaken for the preservation of the state itself. The goal of this task is to nurture among the unpropertied classes of the population, which are the most numerous as well as least informed, the view that the state is not only a necessary but also a beneficent institution.”

Others have noticed

“A single-payer insurance system can also foster citizens’ trust in the ability of the government to protect their welfare, enhancing the population’s view of the legitimacy of the government.”

Revealed preferences of the state

- Theory of revealed preference
- Public choices reveal preferences of the state
- Consequences are wanted
- But model of the state necessary to understand how individual interaction translate into policies
The benevolent model of the State

- Satisfy demand of potentially uninsurables and/or provide efficient coverage for everybody
- Does not fit with reality
  - Why not subsidize private insurance for the non-insurables?
  - Why a monopoly for efficient health insurance for all?
  - The State: a benevolent institution in history?
  - 20th century: 262 million persons killed by their own state (R.J. Rummel at http://www.hawaii.edu/powerkills)
The standard Public Choice Model

- The Public Choice school of economics

- Growth/monopoly of public health insurance: look at incentive of State actors
  - Bureaucrats and health workers’ unions: job and perks
  - Politicians: buying off electoral clientèles
  - Voters: rationally ignorant
The Leviathan Model

☐ The State as
  ■ Ruling class/group
  ■ Redistributes income/benefits in its favour
  ■ Maximizes its power

☐ Favours some clientèles whose supports it needs, at the expense of others

The Leviathan model in action

- The issue of universal or selective?
- Colleen Flood et al. argument for universal and monopolistic. Otherwise...
  - “... the well-to-do and the well-insured will not continue to lobby governments for improvements in health care. With the political incentive diminished, the public system will wither and waiting lists will grow.”

Leviathan explains public health insurance

- The State likes it as a means to other ends
  - Builds trust towards the State
  - Make dependent populace, captive clientèle
    - According to James Buchanan, dependency and socialism will continue to grow. The State *in loco parentis*.
  - Helps surveillance
  - Makes control easier
Leviathan and lifestyle control

- Controlling lifestyles in the future
  - Putting the information to good use
  - Which unpopular minority will be attacked

- Controlling lifestyles now
  - Smoking in the U.K.
What’s Happening in the U.K.

- To commemorate the 60th anniversary of the founding of the NHS, Gordon Brown plans to introduce a "constitution" setting out the rights and responsibilities of our healthcare system. What this seems to amount to in practice are the Government's rights to refuse treatment ... There is apparently to be a clear warning that those who adhere to unhealthy habits such as smoking or failing to take regular exercise may be refused NHS care.

Two-tier medicine

- Waiting lines only cost to obtain other benefits (for Leviathan)
- What the market will bear
- Nomenklatura escapes

George Jonas in National Post: “There is two-tiered medicine in this country, or rather three-tiered, only the second tier is called the “inside track” and the third, the United States. Anyone who thinks that wealthy or well-connected Canadians stand meekly in line and wait 18.3 weeks to see a specialist doesn’t live on this planet. The well-connected jump the queue, while the rich hop on a plane – make it a private plane for the really rich – and get themselves looked after in Cleveland, Austin, Phoenix or Rochester.”
Empowerment?

- Yes, if the State behaves like in the benevolent model
- No, if the State uses public health insurance to better control its subjects
  - The State harms some to help others to gain their support
  - “Primo non nocere” is not a maxim of politics