Health Systems in Developed Countries

4

CHAPTER

Learning Objectives

After studying this chapter, the student will be able to:

1. Define the concept of a health system and explain its major components.
2. Describe the evolution of health systems in developed countries.
3. Differentiate between the Beveridge, Bismarck, National Health Insurance, and Market-Based models.
4. Explain the methods of healthcare financing used in developed nations.
5. Understand the organization of primary, secondary, and tertiary healthcare services.
6. Discuss the concept of gatekeeping and continuity of care.
7. Analyze the strengths and limitations of various health system models.
8. Relate developed country health systems to the Indian healthcare context.
9. Explain the role of physiotherapists within advanced healthcare systems.
10. Understand current global trends such as digital health, aging populations, and patient-centered care.

Introduction

Health systems represent the organized framework through which a nation delivers preventive, promotive, curative, rehabilitative, and palliative services to its population. In developed countries, health systems have evolved into highly structured and technologically advanced arrangements designed to improve life expectancy, reduce disease burden, and ensure equitable access to healthcare services.

The modern health system is not limited to hospitals and physicians alone. It includes healthcare financing, insurance mechanisms, public health policies, rehabilitation services, workforce development, pharmaceuticals, health information systems, and community-based care. Developed countries have progressively strengthened these components through economic development, scientific innovation, legislative reforms, and social welfare policies.

Countries such as the United Kingdom, Germany, Canada, Sweden, France, Australia, and the United States have established different approaches to healthcare organization. Although these nations demonstrate excellent health indicators such as low infant mortality, high life expectancy, and effective disease management,

the pathways through which they achieve these outcomes vary considerably.

The World Health Organization (WHO) defines a health system as:

"All organizations, institutions, resources, and people whose primary purpose is to improve health."

This definition highlights that healthcare extends beyond medical treatment and includes prevention, rehabilitation, health promotion, and social support systems. For physiotherapy students, understanding international health systems provides insight into rehabilitation practices, interdisciplinary healthcare delivery, and global standards of patient care.

Evolution of Health Systems in Developed Countries

The development of organized healthcare systems in industrialized nations occurred gradually over the past two centuries. Early healthcare services were largely charitable, religious, or privately funded. During the Industrial Revolution, rapid urbanization, overcrowding, and occupational diseases created a growing demand for organized public health measures.

In the late nineteenth century, Germany introduced one of the earliest social health insurance systems under Chancellor Otto von Bismarck. Workers and employers contributed to sickness funds that financed healthcare services. This marked the beginning of organized insurance-based healthcare.

Following the Second World War, many European countries recognized healthcare as a social right. The United Kingdom established the National Health Service (NHS) in 1948 under the Beveridge model, emphasizing universal healthcare funded through taxation. Similar reforms later emerged across Scandinavia and other European nations.

During the latter half of the twentieth century, advances in medical science, antibiotics, vaccination programmes, and public health infrastructure transformed disease patterns. Communicable diseases declined while chronic non-communicable diseases such as diabetes, cardiovascular disorders, obesity, cancer, and musculoskeletal conditions became increasingly prominent.

As populations aged and healthcare costs increased, developed countries began emphasizing:

- Primary healthcare strengthening
- Preventive medicine
- Community rehabilitation
- Cost containment
- Digital health technologies
- Integrated care pathways
- Evidence-based practice

These reforms continue to shape contemporary healthcare systems.

Core Concepts of Health Systems

A health system consists of several interconnected elements that function together to improve population health.

Components of a Health System

1. **Health Service Delivery**

   This includes hospitals, clinics, rehabilitation centers, community health services, emergency services, and long-term care institutions.

2. **Health Workforce**

   Healthcare professionals include physicians, nurses, physiotherapists, occupational therapists, speech therapists, psychologists, pharmacists, and public health experts.

3. **Health Financing**

   Financing determines how healthcare services are funded, who pays for care, and how resources are distributed.

4. **Health Information Systems**

   Digital records, surveillance systems, telemedicine platforms, and health databases support planning and patient management.

5. **Access to Essential Medicines and Technologies**

   Developed countries invest heavily in pharmaceuticals, medical devices, imaging technologies, robotic surgery, and rehabilitation equipment.

6. **Leadership and Governance**

   Governments establish policies, regulations, accreditation systems, quality standards, and public health programmes.

Models of Health Systems in Developed Countries

Health systems in developed nations are generally classified according to financing mechanisms, ownership patterns, and administrative organization.

1. Beveridge Model (Tax-Funded System)

Concept

The Beveridge model is financed primarily through general taxation. Healthcare services are largely provided and regulated by the government. The model was named after Sir William Beveridge, whose report laid the foundation for the British National Health Service.

Countries following this model consider healthcare a social welfare entitlement rather than a market commodity.

Examples

- United Kingdom
- Sweden
- Norway
- Denmark

Key Features

Table - 4.1

Feature	Description
Financing	General taxation
Ownership	Predominantly government-owned facilities
Coverage	Universal
Cost at Point of Service	Minimal or free
Government Role	Extensive regulation and administration

Advantages

- Universal access irrespective of income
- Reduced financial burden on patients
- Strong emphasis on primary healthcare and prevention
- Lower administrative costs

Limitations

- Long waiting times for elective procedures
- Pressure on government budgets
- Workforce shortages during periods of high demand

Clinical Correlation: Physiotherapy in the NHS

In the United Kingdom, physiotherapists are integrated into multidisciplinary teams across hospitals, community clinics, sports medicine centers, neurological rehabilitation units, and geriatric services. Referral pathways are often coordinated through primary care physicians, ensuring continuity of rehabilitation.

2. Bismarck Model (Social Health Insurance System)

Concept

The Bismarck model is financed through compulsory insurance contributions shared by

employers and employees. Healthcare services are delivered by private or non-profit providers, while insurance funds are regulated by the government.

Unlike the Beveridge model, providers are usually not government employees.

Examples

- Germany
- France
- Netherlands
- Belgium

Key Features

Table - 4.2

Feature	Description
Financing	Employer–employee insurance contributions
Insurance	Mandatory
Providers	Mostly private
Competition	Regulated
Coverage	Near universal

Advantages

- High-quality healthcare services
- Greater patient choice
- Efficient specialist access
- Strong insurance protection

Limitations

- Complex administration
- Higher operational costs
- Insurance premium variations

The Bismarck model maintains a balance between state regulation and private sector participation.

3. National Health Insurance Model

Concept

The National Health Insurance (NHI) model combines elements of the Beveridge and Bismarck systems. Healthcare financing is managed by a single government insurance programme, while service delivery is often provided through private healthcare institutions.

Examples

- Canada
- Australia

Key Features

Table - 4.3

Feature	Description
Financing	Government-run insurance
Providers	Mostly private
Coverage	Universal
Cost Control	Single-payer negotiation

Advantages

- Administrative simplicity
- Universal insurance coverage
- Lower treatment costs through centralized bargaining
- Reduced duplication of services

Limitations

- Delays in specialist services
- Limited availability of certain advanced procedures
- Dependence on government funding policies

4. Mixed or Market-Based Systems

Concept

Market-based systems combine public and private financing with a substantial role for private insurance. The United States is the most recognized example of this model.

Healthcare is highly advanced technologically, but access often depends on insurance status and financial capability.