Response to the health crisis is responsible investment, not more rationing

Sarah Dalton, Lyndon Keene

Dr Saxon Connor describes well the mounting pressures on our health system that are creating impossible conditions for services to operate effectively. But the answer to this is not in more rationing which, aside from causing additional suffering, would simply shift the cost of ill health elsewhere. The response to his question: "Is 'cradle to the grave' philosophy still appropriate, sustainable or affordable?", is yes, yes, and yes, though requiring more forward-thinking fiscal policies.

In reverse order, here's why:

Affordability

Of 15 comparable countries in 2019,[1] New Zealand ranked second-to-bottom, both on per capita health spending and total health spending per gross domestic product (GDP). In terms of spending per GDP, New Zealand (9.1%) would have needed an additional $4.5 billion to match the spending of the median country level (Norway, 10.5%).[1,2] It would be much higher today. Those countries—the USA aside—have overall better health statistics than New Zealand. And there's no evidence to support the commonly argued idea that health spending is an economic drain. Most have stronger economies than New Zealand.

New Zealand's relatively low spending on health is a consequence of having a relatively small government and overly conservative fiscal policies. While our GDP per capita is around average for OECD countries (measured in US dollars), our general government spending per GDP is among the lowest in the OECD, and our government debt is one of the lowest in the world.[3,4,5]

The affordability of our public health system, then, is more to do with politics than economic capacity, as is its sustainability. As well as having a low-tax economy,[6] few other OECD countries appear to have been so obsessed with making budget surpluses as New Zealand. The usual rationale for making a surplus is to reduce the fiscal burden for future generations, but the economic reality of this has been challenged.[7] Among other things, a government's failure to invest in infrastructure, for example, can create significant costs for future generations. A simple example is today's $14 billion bill (announced by the Minister of Health in 2020) to restore our dilapidated hospital buildings due to the penny-pinching of previous governments. The social and economic costs loaded on future generations due to today's under-investment in healthcare and the determinants of health will be much greater.

Sustainability

The seminal report of the WHO's Commission on Macroeconomics and Health in 2001 found that poor health dragged down economic growth in developing countries. Later work showed how the same was true in high- and middle-income countries. People in poor health are less likely to work and, when in work, are less productive. They are less likely to invest in their own education or to save for retirement, and so to support the wider economy. Researchers have found a healthy population including healthy older people can contribute very substantially to the economy, and that "the economic position of countries today owes much to the extent to which they were able to achieve better health historically".[8]

As the United Nations' High-Level Commission on Health Employment and Economic Growth (the UN Commission) points out, investing in health is not only good for population health and wellbeing, but the health sector is also a key economic sector, a job generator and a driver of inclusive economic growth.[9]

Some analysts argue that investing in appropriate health system interventions may actually reduce the growth of healthcare expenditure in the future. The two Wanless Reports, in their exam-

1 USA, Germany, Switzerland, France, Sweden, Canada, Belgium, Norway, Netherlands, UK, Denmark, Australia, Finland, New Zealand, Italy

ination of the financial sustainability of UK health services, recommended further investment to strengthen the National Health Service, and in particular its contribution to public health, as a means of achieving long-term sustainability.[10,11]

These are not arguments for a blank cheque. Investments in health system interventions must be underpinned by evidence on performance, including impacts on overall population health gain and value for money.

'Cradle to the grave' healthcare?

It is never going to be perfect, but if the health system is, in principle, affordable and sustainable, then the universal approach to healthcare must surely be appropriate.

Responsible funding vs rationing

In 2016, the UN Commission sought to change the mindset of political leaders, policy makers and economists who view health employment as a burden on the economy. It wanted to shift the focus of health employment (about two-thirds of health expenditure) as 'consumption' to health employment as an 'investment'. That same year an *NZMJ* editorial called for "an honest appraisal and public debate… to determine more appropriate levels of healthcare spending".[12] That debate is needed now more than ever. Health professionals, who see the effects of under-investment every day, are in a strong position, with support from their representative organisations, to lead the way. While more rationing is not the answer to the health system's current crisis, Dr Connor's editorial is a timely reminder that rationing is the slippery slope alternative to adopting more responsible funding policies.

Which way we go must be determined by the public; getting that debate started may be largely up to us.

COMPETING INTERESTS
Nil.

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