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“HEALTH ECONOMICS”

1st year Medicine (2024-25)

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LESSON 2:

**Health systems in the world
and in Algeria**

COURSE OBJECTIVES

- ✓ Understanding the different **approaches to organizing and financing** health systems around the world
- ✓ Identify the **strengths** and **weaknesses** of each model
- ✓ Situating the **Algerian health system** in its contemporary developments

Definition of a health system

- **Organizations , institutions and resources** dedicated to health
- **Activities** aimed at improving, maintaining or restoring health
- **Interactions** between actors

Key Features

- **Multidimensional:** medical, economic, social, political aspects
- **Adaptive:** evolves according to needs
- **Goal-oriented:** health, equity, efficiency

Interest in studying large models

- Understanding organizational and financing approaches
- Identify strengths and weaknesses
- Drawing inspiration from best practices
- Anticipating future challenges
- Promote critical thinking

The 3 major models

- **Liberal (decentralized) model**
- **Planned model (Beveridgian)**
- **Socialized (Bismarckian) model**

Liberal (decentralized) model

- Mainly private care
- Financing by private insurance and patients
- Market regulation
- Country: United States, Switzerland

Advantages and disadvantages of the liberal model

- **Advantages:** Innovation, competition, freedom of choice
- **Disadvantages:** High costs, unequal access, overconsumption of medicine

United States: A Fragmented System

- Strong presence of the private sector
- Private and public insurance
- Obamacare Reform: Reducing the Uninsured
- Health expenditure: 17.8% of GDP

Switzerland: a regulated liberal system

- Compulsory health insurance
- Free choice of insurer
- Administrative decentralization
- Health expenditure: 11.8% of GDP

Planned model (Beveridgian)

- Public Health (NHS)
- Tax financing
- State regulation
- Countries: United Kingdom, Canada, Sweden

Advantages and disadvantages of the Beveridge model

- **Advantages:** Controlled costs, fairness
- **Disadvantages:** Waiting times, bureaucracy

Example from the United Kingdom (NHS)

- Free healthcare
- Tax financing
- Health expenditure: 10.9% of GDP

Socialized Model (Bismarckian)

The 3 Pillars of the Model

- 1) **Dominant public healthcare provision**
 - 2) **Financing by social contributions**
(often with additional public financing through taxes)
 - 3) **Mixed regulation** (State and social partners)
- **Representative countries:** Germany, France, Belgium... and Algeria

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Model Advantages and Disadvantages

- **Advantages:** Equity in access to care, Broad population coverage
- **Disadvantages :** Risk of social security deficit, Dependence on the labor market

The Application of the Bismarckian Model in Algeria

1) Predominance of the public sector

- ✓ **Public Hospital Network (MSPRH)**
- ✓ **Dense network of local structures**
(EPSP : Polyclinics, Health Centers, Treatment Rooms)
- ✓ **Almost free care in public structures, financed by:**
 - ✓ **Direct State Budget**
 - ✓ **Hospital package** (social security contribution to the financing of public hospitals)

The Application of the Bismarckian Model in Algeria

2) Mixed Financing (Taxes and Social Contributions)

- ✓ **Contributions of salaried workers**
- ✓ **Central role of the State in the management and financing of public health establishments**
- ✓ **Broad population coverage**
 - ⇒ **1983 Reform** ⇒ **Extension of social coverage to a larger part of the population:**
 - Self-Employed Workers (CASNOS)
 - Students
 - Disabled People
 - ⇒ **Introduction of unemployment benefit** (March 2022) ⇒ **Extension of coverage to young unemployed people (19 - 40 years old)**

The Application of the Bismarckian Model in Algeria

3) Regulation more or less shared between the State and social partners

- ✓ **Strong state control over the system**
- ✓ **Indirect and very limited involvement of social partners (workers' unions and employers' representatives)**
- ✓ **Occasional consultation during tripartite meetings**

The Application of the Bismarckian Model in Algeria

Major Challenges

DEFENSES	IMPACT
1) Demographic aging	Expenses +++ Resources - - -
2) Increase in chronic diseases	Expenses +++
3) Rising costs of medical technologies	Expenses +++
4) Regional inequalities	Limited access in rural areas
5) Deterioration of public health services	Overload and lack of human and material resources
6) Risk of social security deficit	Informal sector and oil dependence

⇒ **Need for structural reforms**

The Application of the Bismarckian Model In Algeria: Possible Solutions

DEFENSES	Possible Solutions
1) Demographic aging	<ul style="list-style-type: none"> • Adaptation of infrastructure • Training of specialized personnel
2) Increase in chronic diseases	<ul style="list-style-type: none"> • Prevention programs • Therapeutic education
3) Rising costs of medical technologies	<ul style="list-style-type: none"> • Sharing of equipment • Cost-benefit assessment
4) Regional inequalities	<ul style="list-style-type: none"> • Mobile clinics • Incentives for settling in rural areas
5) Deterioration of public health services	<ul style="list-style-type: none"> • Increase in staff numbers • Review of the remuneration and compensation system • Strengthening equipment • Modernization of hospital management
6) Risk of social security deficit	<ul style="list-style-type: none"> • Integration of the informal sector • Broadening the contributory base (stimulating job creation) • Review of contribution rates