NORWAY

PHOTOCOPY
PRESERVATION

August 4, 1994

Mr. Svedman:

To reinforce the points you raised in our telephone conversation, there are, indeed, some significant differences between the essential principles of the Norwegian health care system and the system developed by the Administration and the Congress. While Norway has been able to achieve universal coverage and control costs, yours is essentially a socialized system with a large government role in the delivery of health care services.

Your system has a greater reliance of regional and local governments on approval for all spending by the Central Ministry of Health Affairs. Your delivery system works more like a giant Health Maintenance Organization (HMO), in which one must receive a referral to see a specialist from one's primary care doctor. There is prioritization of treatment and strict regulation of the price and number of pharmaceuticals. Also, there is virtually no private insurance market and a very small market for private physicians.

In short, there are real differences, as you noted. Attached are the materials that the Ambassador requested.

Melanne Verveer

TALKING POINTS AND COMPARISON OF HEALTH CARE SYSTEMS IN NORWAY AND IN PRESIDENT CLINTON'S REFORM PROPOSAL

TALKING POINTS

While Norway's system does contain some key differences from the program outlined by President Clinton -- mostly related to the degree of government intervention in the planning and delivery of health care services -- they share many similar themes, including:

Universal Coverage

- Since the 1960's, Norway has guaranteed health care coverage to all of its citizens. President Clinton declared in his State of the Union address last year that he would only sign legislation that guaranteed comprehensive private health insurance to every American.

Employer-based System

- Norway's health care system is financed by individual and employer contributions. President Clinton proposed building off of the current system -- in which 90 percent of people with private insurance today get it at work-- as the simplest and fairest path to universal coverage.

Cost Control

- Norway spends much less to provide universal care and encourages cost-conscious behavior through limited cost sharing and co-payments. President Clinton supports similar policies to make individuals aware of the cost of their care. The President's proposal would also gradually, but dramatically, slow the growth of national health care expenditures.

Preventive/Primary Care

- Norway has traditionally emphasized primary care and, in 1982, assigned every individual a primary care physician. President Clinton's proposal also emphasizes primary and preventive care and invests heavily in a number of public health initiatives.

COMPARISON

Universal Coverage

- Norway Norway provides comprehensive and affordable health care benefits to all of its citizens.

- US Approximately 39 million people in the United States have no health care coverage, which is about 17 percent of the non-elderly population; 58 million lack coverage at some point during the year; 81 million Americans have a pre-existing health condition that often prevents them from buying affordable policies.

Cost Control

- Norway spends much less of its national output than the U.S. while covering everyone.
    - In 1991, Norway devoted 7.6 percent of its GDP to health care spending, compared to 13.2 percent spent in the U.S.
    - Norway's per capita health spending in 1991 was $1305 compared to $2868 in the U.S.

- Norway's health care program and President Clinton's proposal rely on co-payments and limited cost sharing to encourage individuals to make cost-conscious decisions about their health care.

An Employer-based System

- Norway Norway's National Insurance Scheme, which encompasses not only health care but a range of other social services, is financed primarily through mandatory employer and individual contributions.[1]
    - -- Employer payments comprise approximately 45 percent of financing for the National Insurance Scheme;

[1] Note: I was unable to get information on the breakdown of what employers and individuals must pay for the health care portion of the National Insurance Scheme.

-- Employee payments make up about 30 percent;
-- Government grants comprise about 23 percent.

- Evidence indicates that the employer mandate -- which has been in existence in Norway since 1952 -- has had a negligible effect on employment. While Norway has seen relatively high unemployment rates in the last few years, Norway's overall employment index over this period has averaged slow and steady growth.

- President Clinton The President proposed that employers would pay 80 percent of the average price of an insurance plan and employees would pay 20 percent; those choosing lower-cost plans would pay less while those choosing more expensive packages would pay more. Low-income people and small businesses would both receive substantial government subsidies to help them meet this requirement.

  - Independent studies by the Economic Policy Institute, the Congressional Budget Office, and the Employee Benefits Research Institute have predicted that President Clinton's proposal for employer responsibility will have a negligible or slightly positive effect on employment in the U.S.

Primary and Preventive Care

- Norway Norway has traditionally emphasized primary and preventive care services for all members of the population. In 1982, the Parliament passed the Municipal Health Act requiring municipalities to assure all residents complete primary health care -- both preventive and therapeutic. Today, approximately 60 percent of all doctors in Norway are general practitioners. In 1993, the Ministry of Health and Social Affairs launched a five-year study on ways to improve health promotion and disease prevention.

- President Clinton The President's bill includes extensive primary and preventive care services for children and adults and significant incentives for physicians to go into primary care. Under the President's proposal, health plans will have strong financial incentives to keep their patients

healthy, and patients would have no co-payment or deductible for preventive services. The President's plan also invests heavily in health education and increases funds for medical research into prevention.

Public Health Initiatives

- Norway Norway's emphasis on primary care and access has led to the construction of numerous public clinics, which are used by families of all income levels. Services include pre and post-natal care, immunizations, and disease prevention.

- President Clinton President Clinton proposed an increase in funding for public health and education initiatives ranging from school-based health clinics to immunizations. The President's plan also increases funding for a National Health Service Corps, which provides financial incentives for younger doctors to practice in medically-underserved areas.

Flexibility for Locally-designed Reform Efforts

- Norway In recent years, Norway has emphasized moving administrative responsibility for health care services away from the national government to the municipal and other local governments. The Ministry of Health Affairs now makes large general state grants instead of earmarked grants or refunds aimed at particular sectors or programs.

- President Clinton The President proposed allowing States maximum flexibility in designing reform efforts that fit their unique demographic characteristics, so long as they achieve acceptable levels of increasing coverage and control costs in a timely fashion.

Long-term Care/Mental Health

- Norway Norway has a large and increasing elderly population, which is now approaching 15 percent of the general population. In 1991, Norway embarked on a series of reforms to improve long-term care, rehabilitative

services and care of the mentally-ill through grants to provinces.[2]

- President Clinton The President's plan expands home and community-based services to the elderly and individuals with severe disabilities through Federal grants to States. States will be required to develop a "medically needy" program for residents of nursing homes and intermediate care facilities for the mentally-ill. Minimum standards for private long-term care insurance will be established and strictly enforced.

Outcomes

- Despite achieving universal coverage and cost control, Norway enjoys lower infant mortality rates, a similar life expectancy rate, and provides more physicians per person than the United States.[3]

Sources:

US:

Employee Benefit Research Institute

Norway:

Council of Economic Advisors
Organization for Economic Coordination and Development
Health Care Financing Administration
Roemer, Milton I,. National Health Systems of The World Oxford University Press, 1991.
Health Policy Towards Year 2000 Ministry of Health and Social Affairs, Embassy of Norway, 1993.
The Norwegian Social Insurance Scheme Ministry of Health and Social Affairs, January, 1993.
National Report to the Meeting of the Employment, Labour and Social Affairs Committee, OECD, December, 1992.

[2] Note: There are no separate health programs in Norway for the elderly and low-income people, as there are in the U.S. in Medicare and Medicaid.

[3] Norway averaged 7 infant deaths per 1000 births while the U.S. averaged 9.1 (OECD average was 9.7) in 1990. The Norwegian population's average life expectancy in 1990 was 75.2, compared to an average of 75.4 in the U.S. In 1990, Norway supplied 3.1 physicians per 1000 residents while the U.S. supplied 2.3 per 1000 people.