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HEALTH POLICY AND FEDERALISM: A Comparison of Five Federations

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- **The Health Policy Agenda**

- Common pressures
- Common constraints

- **Federalism and Multi-level Governance**

- A more complex process of management of health policies
- Distinctive challenges and opportunities



- **Division of Program Responsibilities**
 - Determination of policy framework
 - Delivery of health care services
- **Division of Fiscal Capacity**
 - Vertical Fiscal Balance
 - Horizontal Fiscal Balance
- **Coordination between Levels of Government**
 - Political mechanisms
 - Formal intergovernmental mechanisms

Criteria For Assessing Federal Arrangements



- **Policy Values**

- equity
- efficiency

- **Democratic Values**

- transparency and openness
- accountability

- **Cultural Values**

- national community
- regional communities



- **Centralization and Decentralization in Health Care**
 - Fiscal measures of decentralization
 - Policy measures of decentralization

- **The Decision Process: The National Framework**
 - Determination by the central government
 - Joint determination



- **Levels of Centralization and Concertation**

- **Belgium**
- **Germany**
- **Australia**
- **United States**
- **Canada**



- **Common pattern of multi-level governance**
 - No case of health as the exclusive responsibility of one level of government
- **Common pressures for decentralization**
 - Rooted in complex fiscal and political trends
- **Limits to decentralizing process**
 - No uniform trend towards decentralization



- **Social Citizenship and Regional Diversity**
 - Social citizenship and common health care benefits
 - Regional Diversity and variation in health care services
- **Central Instruments in Striking the Balance**
 - National Policy Framework
 - Inter-regional Transfers



- **Implicit Transfers**

- Programs delivered directly by the central government

- **Explicit transfers**

- Programs delivered by other governments or agencies

- **Growing controversy surrounding transfers**

- Belgium, Germany, Canada

Interregional Variation in Health Care Instruments and Outcomes

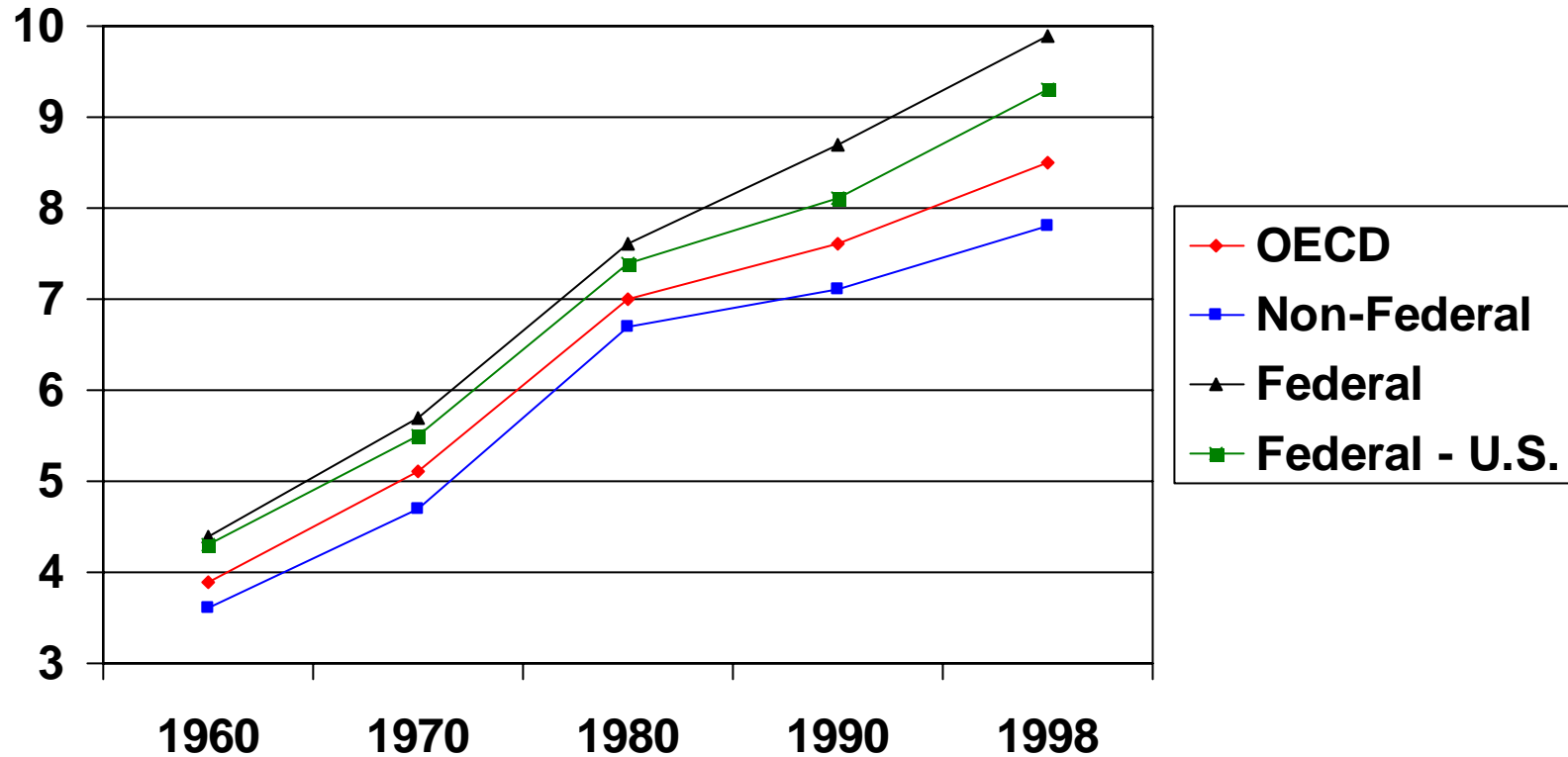


Country	Instruments		Outcomes
	Specificity of Policy Framework	Interregional Transfers	Interregional Differences in Health Care Systems
Belgium	High	High	Low
Germany	High	High	Low
Australia	High	High	Low
United States	Medium	Low	Medium
Canada	Low	Medium	Medium



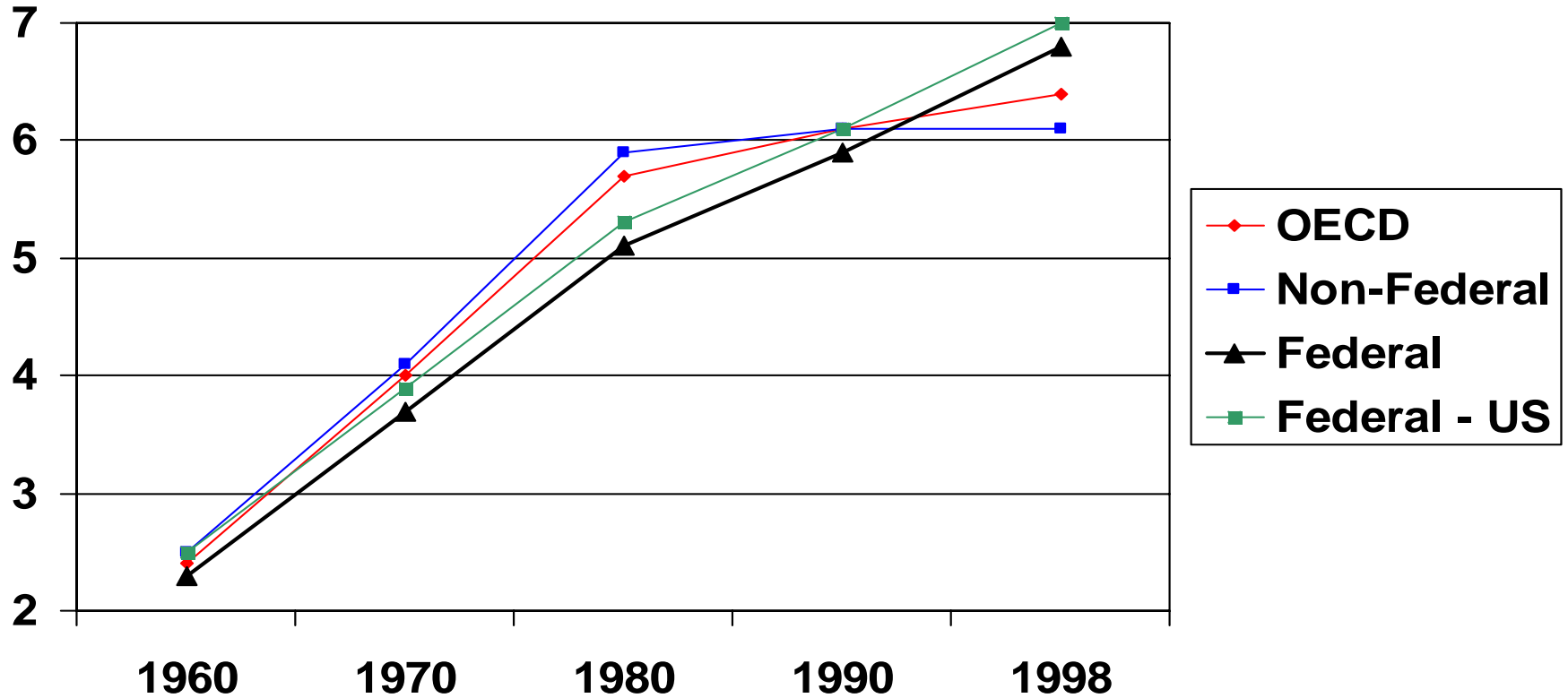
- **Instruments Defined by Institutional Structures**
- **Cost Containment in Multi-Level Systems**
 - Cost containment versus cost-shifting
 - Federations have greater difficulty containing pressures?

Total Health Expenditures as Percent of GDP, Federal and Non-Federal States. 1960-1998



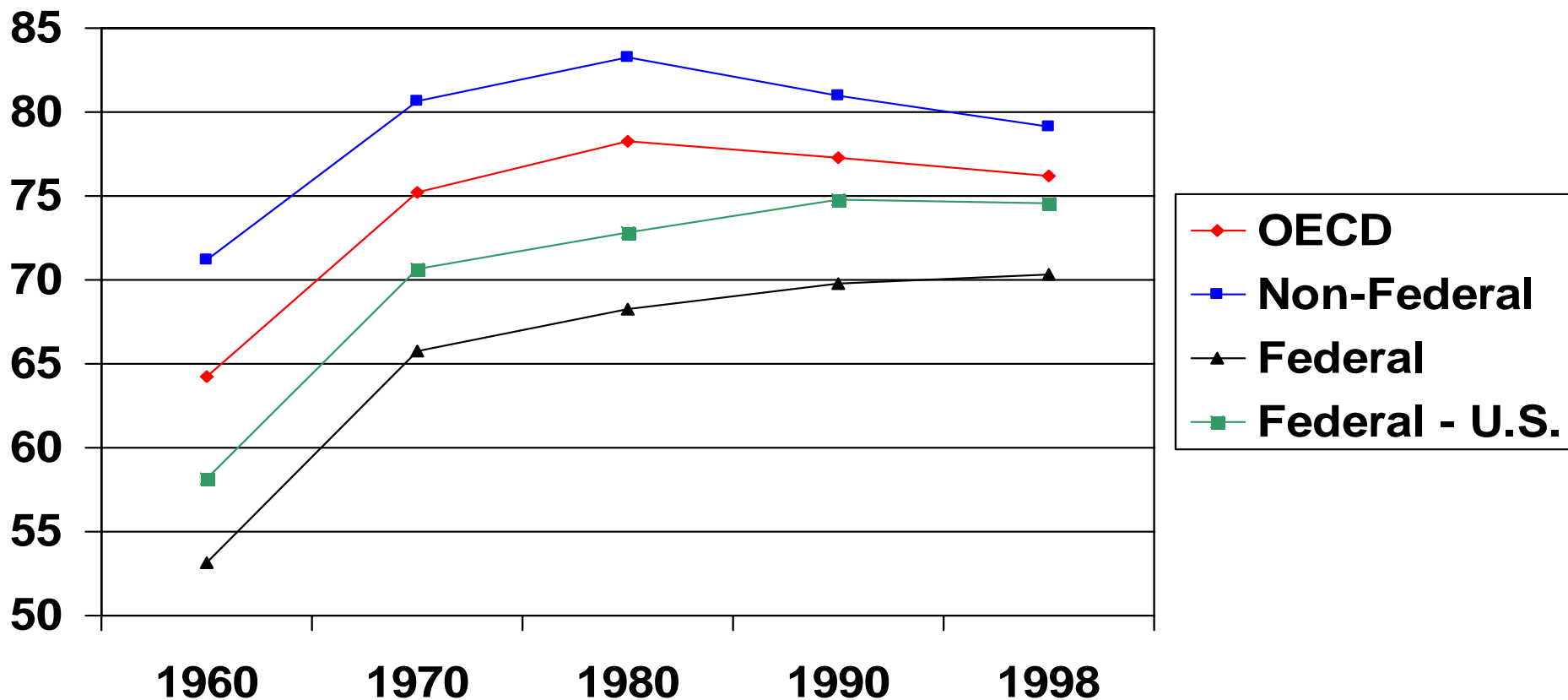
Notes: Belgium is treated as federal throughout the period. Germany data in 1990's include East Germany. Source: *OECD Health Data 2000*

Public Expenditure as Percent of GDP, Federal and Non-Federal States. 1960-1998



Notes: Belgium is treated as federal throughout the period. Germany data in 1990's include East Germany. Source: *OECD Health Data 2000*

Public Expenditure as Percent of Total Health Expenditures, Federal and Non-Federal States. 1960-1998



Notes: Belgium is treated as federal throughout the period. Germany data in 1990's include East Germany. Source: *OECD Health Data 2000*

Successes in Cost Containment?



- **Cost containment easiest when key levers are consolidated at one level?**
 - Belgium
 - Canada

Population Health Status



	Life Expectancy (1998)	Infant Mortality (1998)
Australia	78.3	5
Belgium	77.3	6
Canada	79.1	6
Germany	77.3	5
United States	76.8	7
Average	77.8	6

Source: *United Nations Human Development Report 2000*



- **Common pattern of multi-level governance in health**
- **Decentralizing pressures but limited decentralization**
- **No standard model of federalism**
- **More success in narrowing inter-regional differences in access**
- **Less success in containing health care costs**
- **Policy values, democratic values, cultural values**