Health Reforms

April 1993

Dear Editor

Andrew Moore's reasoning (*Newsletter*, March 1993) would seem to be based more on blind faith and unquestioning acceptance of the National government's propaganda rather than the use of logic. His theses slavishly follow the ideological theories of the possible benefits of competition (presuming that health care is a free market), funder-provider splitting, and the ingenuous belief that the incentives these introduce will miraculously lead to more cost-effective health care in New Zealand.

His argument indulges the fallacy of appeal to authority in twice claiming, "There is reason to believe we are in for a better health service". Based on what information? Based on what experience? Where is the cost-effectiveness analysis? We need more information. We need less partisan opinion.

Mr Upton sought, and accepted, very narrow ideological advice (from Patricia Danzon - *Options for Health Care in New Zealand*, Lorraine Hawkens - *Report - Task Force on the Funding and Provision of Health Services*, and Susan Begg (CS First Boston) - *Tasks and Priorities - National Interim Provider Board)* which clearly develops the State Owned Enterprise model for health care with a goal of eventual privatisation. *The Health and Disability Bill* is written (by Steven Franks - Chapman Tripp) to implement those structures laid out in these papers. While it is possible that "Health is and is likely to remain a complex and fairly stable mix of public and private provision", should this ideology persist another three years, policy is just as likely to formulate a system where the financial risk of illness and injury is shifted onto the individual and health care provider. User-pays means users pay, period.

Mr Upton's public relations advice, *Health Reforms Group - Proposed Communications Strategy* Network Communications Ltd, February 1991, was to discredit the existing health care system in spite of market research which showed it enjoyed a broad popularity and sense of ownership with New Zealand's public.

Indeed, the "bewildering range of understandings" of the present health care system has delivered imperfect, but by-and-large very good, cost-effective and economical (7% vs OECD average 9% GDP) health care to Kiwis (see Bowie, R., Uncovering the health expenditure myth, *New Zealand Medical Journal* 1992; 105 : 458).

Quite apart from the illogical argument for competition in a non-free market of health care (see Brian Easton - *Is health an economic commodity?* 1992 Nordmeyer Lecture), experience in the only health care market where competition is used to control cost - the US health system - demonstrates great waste and essentially no access for more than 40 million Americans. I have personal experience with that system and know that patients and friends are better served by NZ's present system. In fact, the behaviour of NZ's CHE boards-designate is already running contrary to Dr Moore's assertion that competition will reduce duplication. For instance, the CHE Board-designate for the Hutt Hospital plans to instal a CAT scanner and ultrasound suite (personal communication, WAHB management) to compete with the two units in Wellington, 15 km away, as soon as they can legally sign the loan papers.

Why should employees of CHEs be more accountable when what they do is protected by "commercial sensitivity"?

I must agree with one thing that Dr Moore says, but not for the reason he says it. The RHAs are at the heart of these reforms. Not only are the incentives of competition and the logic of user-pays ideology suspect, but the confusing role of the RHA damns the entire venture at its inception. Are RHAs the agent of the Government or the agent of the people? When there is conflict between the need for health care resources and the perceived demand for fiscal or political capital, which will hold sway over politically appointed functionaries? The Bill obfuscates this point beyond reason.

In the real world, Mr Birch has been brought in to abandon the free market ideology (Ross Patterson - *The Independent* 22 April 1993) and maintain a functional health system until after the next election.
By any form of logical analysis, Dr Moore's view can only be seen as a personal leap in the dark.

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[This letter has been slightly abridged. *Editor*]