

Research Report

Forum: The Second General Assembly
Issue: Establishing An International Framework
Regarding The Expenses of Healthcare
Student Officer: Lucas Voss
Position: Deputy Chair



LMUNA

Lorentz Lyceum
Model United Nations
Arnhem

Introduction	3
Definition of Key Terms	4
General Overview	5
Major Parties Involved	7
United States of America (USA)	7
China	8
European Union (EU)	8
Sub-Saharan Africa	8
National Health Service (NHS)	8
World Health Organization (WHO)	9
Timeline of Key Events	9
Previous Attempts to Solve the Issue	9
Possible Solutions	11
Bibliography	11
Further Reading	13

Introduction

Half of the world's population lacks adequate access to basic healthcare, with 100 people living in extreme poverty as a result of medical bills and expenses. Healthcare is a basic human right and a necessity, yet in our rapidly developing world, despite all our achievements in science, technology, and medicine, we have failed to provide the majority of the world with this basic service. While many treatments and medications are becoming more widely available and developed in various countries around the world, many lack the financial programs in order to make them accessible, leaving life-saving treatment out of reach for those most in need. Without affordable healthcare, millions of people are left in extreme poverty or with extreme medical debt, without life-saving treatment, and with medical conditions that often lead to incurable disability.

If unaffordable health care has such an extreme impact on such a large number of people, and the UN has already stressed the need for universal health coverage (UHC), it leaves the question: why has this issue not been addressed? Establishing an international framework for medical expenses means creating the basis on which all countries are able to build their healthcare systems, ensuring all of their citizens have access to quality treatment. This is easier said than done. Each country faces its own unique problems and circumstances. They have their own needs, challenges, and thought processes.

Many countries have already made steps towards achieving UHC, through various methods such as health insurance, socialized healthcare, and more. Governments have made healthcare more accessible to their citizens. UHC already exists in the European Union (though each country operates differently), and countries such as the US have implemented programmes such as the Affordable Care Act. Despite the efforts made, there is no system which is perfect in eliminating issues regarding the expense of healthcare. Each has their own pros and cons.

This report will outline the effects of unaffordable health care on patients, the different kinds of healthcare systems, and universal health coverage. It will discuss a general overview of UHC and how this pertains to the expenses of healthcare, with a slight focus on the United States, and the medically advanced nations of Europe, particularly western and nordic countries. Throughout this report, the two extremes of socialized and privatized healthcare are discussed in order to make the differences between the two as clear as possible, however it is important to remember that no country is 100% one system, and they all operate uniquely.

Definition of Key Terms

International

Refers to the global body of countries and nations. “International” pertains to multiple of the 195 recognized countries in the world.

Framework

The basic structure and foundation of a system regarding its requirements, creation, implementation, and maintenance. A framework can also be described as a plan that is to be followed through in order to achieve a desired outcome. Frameworks are usually limited in detail but are still clear and decisive.

Medical Debt

Individuals who incur debt as a result of health-care costs and related expenses. Medical debt, unlike other types of debt, is frequently acquired without fault or inadvertence. Medical debt is often extremely costly and difficult to pay off.

Health Insurance

In exchange for a (typically annual) payment, a company or the government agrees to provide a guarantee of an agreed amount of financial compensation for specified medical treatments for disease, illness, or unexpected harm. Premiums are the term used to describe the cost of health insurance. There are many conditions which determine the cost of a premium, or which may change the current cost.

Universal Health Coverage (UHC)

Universal Health Coverage is the system that guarantees health care to all residents of any specific country or region. It means that all citizens of the world are able to access quality healthcare regardless of their financial status, ethnicity, gender/sexual identity, etc.

Affordable Healthcare

Healthcare is affordable when it can be obtained by all citizens regardless of their financial status. It is treatment which can be acquired without worry of medical debt or of not having the means to afford it.

Name Brand Medication

Medication which is being sold under the brand which developed it. These medications are much more expensive than their off brand variety. The brand name of these medications often become unanimous with the product due to the monopoly they hold (eg. Tylenol instead of paracetamol, Advil instead of ibuprofen).

Off Brand Medication

Medication which is being sold under by brands which copied the name brand medication. These medications are much less expensive than their brand name variety. These come after the name brand variety, and go by the name of the active ingredient, rather than a brand name.

Sustainable Development Goals (SDGs)

A set of 17 goals which were designed by the UN that have been deemed necessary work towards in order to have a sustainable future.

General Overview

Main Healthcare Systems

Socialized Healthcare

Socialized healthcare is a system in which the government owns all hospitals and other care facilities. This means that physicians are government employees, and that all funding is made by the government using their earnings from tax payments. Socialized health care ensures that all citizens are eligible and able to receive the treatment they require, whether that be surgery, medication, or psychiatric treatment, entirely for free¹. This is because the cost of the treatment has already been covered by the taxes each citizen pays. There is a common misconception that, because socialized healthcare is funded by taxes, the money spent on healthcare by each individual must be more than those in a non-socialized system as the total taxes they pay are higher in order to fund the system. This is not necessarily true. While taxes do tend to be higher, healthcare expenditure is not. In 2016 in the UK, which operates almost entirely off a socialized healthcare system, the total healthcare expenditure per capita was \$3,560, compared to that of the USA (a mostly private healthcare system) which was \$9,376. Despite this, it is important to note that this system is not perfect. Socialized healthcare systems often show higher waiting times, certain treatments can be unavailable as they cost too much, and more, however many of these issues can be resolved/improved through better organization and allocation of resources.

Privatized Healthcare

The private healthcare system is the complete opposite of the socialized one. In this system, all hospitals and other care facilities are owned and operated by independent businesses. This means that they determine the prices for the treatment they offer, and that all costs are paid by the patients. Because of this, the quality of treatment you

¹ In some cases of socialized healthcare, certain treatments still require a co-payment, or a flat fee paid by the patient, however the cost of this is negligible.

receive is often dependent on the amount you are able to pay, creating a systematic inequality which places the value of the health of the rich above that of the lower class. Privatized healthcare can become affordable through heavy regulations regarding treatment costs, however the power will still be in the corporations which run treatment centers. Countries with this system tend to have higher healthcare spending per capita. Many countries operate off a mix of these two systems, offering private healthcare to those who are able to afford it, and social healthcare to those who cannot. Neither socialized healthcare, privatized healthcare, or a mix of the two is the perfect solution to reaching affordable healthcare. Each has their own strengths and weaknesses, and will either be a success or failure depending on the approach a government takes when implementing them.

Health Insurance

In Privatized Healthcare Systems

Health insurance is a system in which you are charged a (typically annual) payment. In return you receive a guarantee that any of your healthcare expenses will be covered². This can be seen as a “subscription” of sorts, which guarantees your financial stability. These are private entities. They operate separate from hospitals and the government, though they can be regulated. Different plans are available for different costs, all covering different amounts of different areas. Many citizens receive their insurance through their employer as an included bonus to their position, similarly to how certain jobs may cover schooling for their employees' children, or how some positions may provide housing.

Unreliable and Unsustainable

Relying solely on insurance to cover exorbitant medical costs and be risky. Because many individuals rely on their job for insurance, if they get fired, their coverage may stop as well. Insurance may not cover the specific medication or treatment you need, prices and coverage can change, leaving you with much larger bills than you anticipated, and terms and conditions can go unnoticed. All of these potential problems could cause debt, leaving patients in poverty, and by the time they are noticed it's often too late.

Affordable Healthcare and UHC

Affordable healthcare means that all the life-saving treatment necessary for a patient can be obtained without the fear of not being able to afford it, or going into extreme debt. It means that people aren't afraid to call an ambulance or seek medical attention in an emergency out of fear of going broke. UHC is the guarantee that all citizens have access to healthcare, regardless of financial status, the area they live in, identity, etc. UHC is the ideal goal which countries

² Insurance systems can be quite complex. Oftentimes costs are only covered after a certain point (deductibles), only a percentage of costs are covered, or costs are only covered up to a certain amount.

must aim to achieve in order to reach the SDG of good health and wellbeing for all. While affordable healthcare and UHC are inherently intertwined, they are not the same. Affordable healthcare is only one part of UHC. This means that by reaching UHC, we also achieve affordable healthcare, hence the emphasis of its importance.

Can All Healthcare Be Affordable?

New medications and treatment are extremely difficult to develop. They take millions of dollars, extensive research, and lengthy trials to make. This means that the process is expensive. That money needs to be made back in order for the company developing them to make profit (or at least break even), therefore costs can become ridiculously high. This is further exacerbated when the conditions these treatments are made for are rare, and have a small market. Because of this, in order to offer affordable treatment, either government grants must be given to the developers to cover the costs, or they have to accept that they might make little to no money, an unlikely scenario. Sometimes the treatment is simply expensive to use, for example MRI and CT imagery machinery cost over \$100,000 to maintain (not even use).

Fortunately, as technology advances these machines become cheaper and cheaper to use. Medication also becomes cheaper with time. Because they are much easier to replicate than to develop, after the expensive name brand has been on the market for a while, generic brands are able to copy them without the extreme costs, meaning that they are also able to sell them for much cheaper and affordable prices.

Human Rights

Despite the challenges this issue poses, the fact remains that it is a necessary goal we must work towards. Good health and wellbeing is among the SDGs which the UN has deemed necessary to safeguard a sustainable future. The WHO constitution also states "...the highest attainable standard of health as a fundamental right of every human being." Affordable healthcare is a human right. If healthcare is not affordable adds nothing to achieving a better future.

Major Parties Involved

United States of America (USA)

Healthcare has long since been a topic of discussion in the USA. It is among the few remaining first world countries not to offer a form of UHC. The USA operates with a mostly private healthcare system. Because of this, companies providing treatment have the ability to price services and medication as they see fit, often creating exorbitant prices; medical expenses have been on the rise for several decades, and the current trend shows no change to this pattern. This especially becomes an issue when life saving treatment is unaffordable to the majority. For

example, an epinephrine injector, a form of life saving single dose medicine for deadly allergic reactions, costs around \$35 in the UK, but \$300 in the USA. It is price disparities like this which put millions of Americans in medical debt.

China

China has the world's largest healthcare coverage system. Over 95% of their population is covered despite insurance being optional. This is achieved primarily by "employed basic medical insurance" for employed persons and "resident basic medical insurance" for those without a job, though employer based is the most common. Subsidizes also exist for low-income residents who are unable to afford health insurance. China's medical insurance system covers the majority of their population and plays a crucial role in providing medical care for their citizens.

European Union (EU)

Though each operates differently, most countries in the EU offer UHC which is effective and affordable. Different countries use different systems, with some having public healthcare, and others having a combination of public and private. Despite the usage of private healthcare similarly to the USA, countries in the EU (particularly western and nordic countries) consistently rank high in healthcare. GDP visits are free in many countries, state funding is provided, and pricing is carefully regulated in order to assure that all citizens have access to the life saving treatment they need without the worry of affordability.

Sub-Saharan Africa

Access to affordable healthcare in Sub-Saharan Africa is shockingly low. There is a great lack of funding for healthcare, with few countries spending the \$34 to \$40 per person per year which the World Health Organization deemed the minimum required cost for basic healthcare. Despite the high rates of poverty, it is estimated that 50% of healthcare costs are paid from the pockets of patients. This means that they often cannot afford treatment and become seriously ill, disabled, and oftentimes die from otherwise preventable causes.

National Health Service (NHS)

The NHS is one of the best examples of affordable healthcare in the world. As a UK government organization, it offers free/affordable healthcare to all citizens in the country. They have shown how healthcare systems can be created and managed in order to cater to and provide proper care to millions of people. Though they are not perfect, they are an effective and constantly improving system. They serve as a success story and an example of how we can ensure healthcare is provided to all 8 billion people in the world.

World Health Organization (WHO)

The WHO is among the largest organizations active in this area. They have long advocated for the need for affordable healthcare, as well as healthcare as a whole, going so far as to declare it a human right. They have worked to provide healthcare to those who don't have access or who can't afford it. One example of this is during the COVID-19 pandemic, when they supplied vaccinations to people around the world. The WHO sets the standards which countries must meet regarding healthcare, and has made a significant contribution to fight for affordable healthcare for all.

Timeline of Key Events

7 April 1948	World Health Organization is founded
5 July 1948	NHS is founded
1948	WHO Constitution and Universal Declaration Of Human Rights declare accessible and affordable healthcare a human right
23 March 2010	Affordable care act is put into effect
12 December 2012	General Assembly endorses a resolution urging countries to work towards UHC
September 2015	Countries adopt the SDGs, agreeing that accessible and affordable healthcare is necessary for a sustainable future
12 December 2017	12th of December is proclaimed International UHC Day
14 December 2020	UHC Compendium is launched

Previous Attempts to Solve the Issue

Outline of Previous Attempts

Many attempts have been made around the world to solve the issue of unaffordable healthcare. Universal healthcare has been heavily promoted by the UN and the WHO, and many countries have created systems and frameworks to work towards reaching this goal. "It is completely unacceptable that half the world still lacks coverage for the most essential health services, and it is unnecessary. A solution exists: universal health coverage allows everyone to obtain the health services they need, when and where they need them, without facing financial hardship." said Dr Tedros Adhanom Ghebreyesus, the Director-General of WHO.

Solutions such as the NHS in the UK, and the Affordable Care act in the USA were created. While they are not perfect solutions to the problem, they have shown significant improvement to the affordability of healthcare, and have visibly reduced the strain of healthcare on the expenses of citizens.

The UHC Compendiumⁱ

Because UHC and affordable healthcare look different in each country, the WHO created the UHC Compendium. This is a database of information regarding patient care and healthcare services. It includes all the basic information a country should need in order to establish a framework which works towards regulating and ensuring affordable healthcare unique to their situation. The WHO hopes that this tool will allow countries around the world to improve their healthcare services, ensuring that all citizens are able to access and afford it.

The Affordable Care Actⁱⁱ

The Affordable Care Act (ACA) is a framework created by the USA in order to alleviate individuals of their healthcare expenses. It works by combining government assistance together with their already existing private healthcare system. More specifically it:

- Taxes individuals who refuse to pay for health insurance³, encouraging every citizen to become insured, therefore reducing the average individual expense for medical emergencies and treatment.
- Prevents insurance companies from denying coverage to citizens with a history of medical problems, increasing the number of insured citizens who are able to afford healthcare.
- Provides subsidies for health insurance to citizens who are unable to afford coverage.
- Creates a minimum level of care which insurance plans must cover, ensuring that everybody is insured for the treatments they require.

In short, it encourages citizens to invest in health insurance, financially assisting them if they lack the funds to do so, and it sets a standard for health insurance so that it is useful and successful in reducing medical expenses for everybody in need.

Relevant UN Treaties, Resolutions, and Events

- UN resolution on UHC, 12 Dec 2012
(A/RES/67/81)
- Draft resolution on global health and foreign policy
(A/67/L.36)
- WHO and the World Bank's 2 day ministerial-level meeting on UHC, 19 Feb 2013

³ This function was repealed in December 2017 therefore it is no longer in effect, however a few states have independently re-implemented this function after its repeal.

- UN General Assembly high-level meeting on UHC, 23 Sep 2019

Possible Solutions

There are many possible ways in which we can ensure affordable healthcare for all, eliminating the need for medical debt, medical tourism, and suffering without treatment. Many of these have already been attempted; some have been successful, and others haven't. Some are also more realistic or more extreme than others. As aforementioned, each country experiences different situations, therefore it is difficult to find one system or rule which works everywhere.

The existing system of socialized healthcare could be expanded on and attempted in more countries around the world. This has proven to be the most effective form of healthcare when it comes to reducing costs. Using the UHC compendium to help, countries can identify their needs, and create the combination of social and private medicine which is ideal for them, of course with a larger emphasis on the social sector. This would also require a tax reform, or at the very least reallocation of existing resources. With this method, each country's existing healthcare system could change over time, until the ideal balance between affordability and quality is achieved. The existing solution of UHC should be more heavily emphasized, and more time and effort should be put into achieving this.

Together with the WHO and respective governments, an international cap on the price of each medication and treatment could be made. These price caps would be dependent on the local population, income, and the country's financial situation, with low income countries having cheaper medicine, and higher income countries having more expensive medicine. Regulations regarding the costs doctors may charge for their services could also be implemented. Service charges could be capped, once again based on the local area, possibly depending on the experience of the doctor and the number of years they have been practicing.

Bibliography

- ABC News In-depth. "Private vs Public Healthcare: Comparing Systems around the World | the Drum." *YouTube*, 15 Oct. 2019, www.youtube.com/watch?v=CIqLzYsx1Kk. Accessed 20 June 2022.
- BBC. "Reality Check: Does UK Spend Half as Much on Health as US?" *BBC News*, 6 Feb. 2018, www.bbc.com/news/uk-42950587. Accessed 20 June 2022.

LmunA 2022

- Carroll, Aaron. "Britain Shows How Real Socialized Medicine Works." *PNHP*, 19 May 2014, pnhp.org/news/britain-shows-how-real-socialized-medicine-works/. Accessed 20 June 2022.
- Deam, Jenny. "He Bought Health Insurance for Emergencies. Then He Fell into a \$33,601 Trap." *ProPublica*, 8 May 2021, www.propublica.org/article/junk-insurance. Accessed 20 June 2022.
- Dolan, Ed. "What's Wrong with Employer Sponsored Health Insurance - Niskanen Center." *Niskanen Center*, 6 Nov. 2018, www.niskanencenter.org/whats-wrong-with-employer-sponsored-health-insurance/. Accessed 20 June 2022.
- eHealth Insurance. "Understanding Obamacare." *EHealth Insurance Resource Center*, eHealth Insurance, 28 Feb. 2018, www.ehealthinsurance.com/resources/affordable-care-act/understanding-obamacare. Accessed 18 June 2022.
- Glover, Lacie. "Why Your MRI or CT Scan Costs an Arm and a Leg." *The Fiscal Times*, 21 July 2014, www.thefiscaltimes.com/Articles/2014/07/21/Why-Your-MRI-or-CT-Scan-Costs-Arm-and-Leg. Accessed 22 June 2022.
- "Health Care Quality in Europe and Scandinavia: Italy, France, Germany, Sweden, Norway, Denmark, the UK and Norway." *Aetnainternational.com*, 2019, www.aetnainternational.com/en/about-us/explore/living-abroad/culture-lifestyle/health-care-quality-in-europe-and-scandinavia.html. Accessed 9 June 2022.
- Hill, Laytoya, et al. "Key Facts on Health and Health Care by Race and Ethnicity." *KFF*, 12 Nov. 2019, www.kff.org/racial-equity-and-health-policy/report/key-facts-on-health-and-health-care-by-race-and-ethnicity/. Accessed 9 June 2022.
- "How Sweden Achieved World-Class Medical and Social Care." *Symbiocare*, 20 Oct. 2015, www.symbiocare.org/how-sweden-achieved-world-class-medical-and-social-care/. Accessed 9 June 2022.
- Joseph, Ludi. "Health Care in Africa: IFC Report Sees Demand for Investment." *Ifc.org*, 2019, www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/healthafricafeature. Accessed 9 June 2022.
- Montagu, Dominic. "The Provision of Private Healthcare Services in European Countries: Recent Data and Lessons for Universal Health Coverage in Other Settings." *Frontiers in Public Health*, vol. 9, 2021, www.frontiersin.org/article/10.3389/fpubh.2021.636750, 10.3389/fpubh.2021.636750. Accessed 6 June 2022.
- "Obamacare Overview." *Ballotpedia*, ballotpedia.org/Obamacare_overview. Accessed 18 June 2022.
- Public Citizen. "American EpiPen Price as Much as Nine Times Higher than in Other Wealthy Countries, Public Citizen Survey Shows." *Public Citizen*, 20 Sept. 2016, www.citizen.org/news/american-epipen-price-as-much-as-nine-times-higher-than-in-other-wealthy-countries-public-citizen-survey-shows/. Accessed 9 June 2022.

LmunA 2022

Shmerling, Robert H. “Is Our Healthcare System Broken?” *Harvard Health*, 13 July 2021, www.health.harvard.edu/blog/is-our-healthcare-system-broken-202107132542. Accessed 9 June 2022.

Tikkanen, Roosa, et al. “United States.” *The Commonwealth Fund*, The Commonwealth Fund, 5 June 2020, www.commonwealthfund.org/international-health-policy-center/countries/united-states. Accessed 9 June 2022.

United Nations. “Goal 3: Ensure Healthy Lives and Promote Well-Being for All at All Ages.” *United Nations Sustainable Development*, 2018, www.un.org/sustainabledevelopment/health/. Accessed 22 June 2022.

---. “International Universal Health Coverage Day | United Nations.” *Un.org*, United Nations, 2019, www.un.org/en/observances/universal-health-coverage-day. Accessed 22 June 2022.

WHO. “Human Rights and Health.” *Who.int*, World Health Organization: WHO, 29 Dec. 2017, www.who.int/news-room/fact-sheets/detail/human-rights-and-health. Accessed 22 June 2022.

---. “UHC Compendium.” *Www.who.int*, World Health Organization, www.who.int/universal-health-coverage/compendium. Accessed 18 June 2022.

---. “Universal Health Coverage (UHC).” *Who.int*, World Health Organization: WHO, 1 Apr. 2021, [www.who.int/news-room/fact-sheets/detail/universal-health-coverage-\(uhc\)](http://www.who.int/news-room/fact-sheets/detail/universal-health-coverage-(uhc)). Accessed 6 June 2022.

---. “World Bank and WHO: Half the World Lacks Access to Essential Health Services, 100 Million Still Pushed into Extreme Poverty because of Health Expenses.” *Www.who.int*, 13 Dec. 2017, www.who.int/news/item/13-12-2017-world-bank-and-who-half-the-world-lacks-access-to-essential-health-services-100-million-still-pushed-into-extreme-poverty-because-of-health-expenses. Accessed 6 June 2022.

“Why Are Some Medicines so Much More Expensive than Others? | Narcolepsy UK.” *Narcolepsy.org.uk*, 2019, www.narcolepsy.org.uk/resources/why-are-some-medicines-so-much-more-expensive-others. Accessed 22 June 2022.

Further Reading

- i. [More on the UHC compendium](#)
- ii. [More on the affordable care act](#)
- iii. [An overview of the Chinese healthcare system - PMC \(nih.gov\)](#)