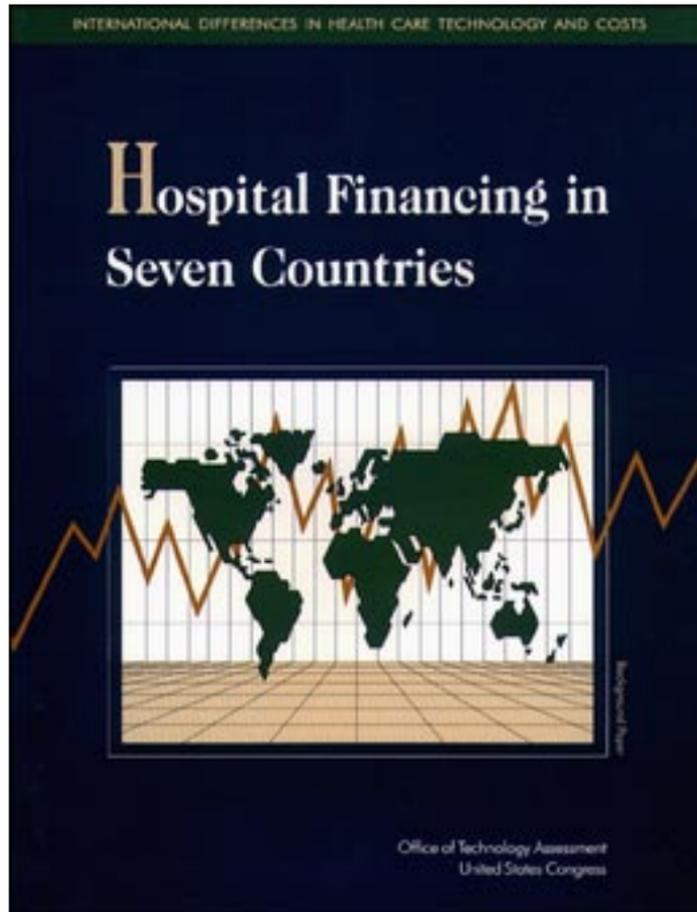


Hospital Financing in Seven Countries

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Foreword

Hospitals—the largest single item in the health care budget—have been a prime target of policymakers in attempts to rein in rising health care spending. In the search for new ideas about how to organize and pay for health care, U.S. policymakers and researchers have looked to other countries that appear to have been more successful at holding down costs. This seven-country study of hospital financing is an attempt to find lessons for the United States.

The individual experiences over the past decade of the United States and six of its international peers—Canada, England, France, Germany, the Netherlands, and Sweden—in hospital financing and payment systems are reviewed by experts in each country. In the other countries, the cost of hospital care (and of all health care) has, in fact, risen more slowly than it has in the United States. Perhaps surprisingly, though, reforms have been and continue to be instituted in these countries not only to keep cost increases down, but also to improve the efficiency of the systems, in part by introducing selected aspects of a market system, many borrowed from the United States.

At a national policy level, there appears to be little for the United States to adopt from abroad. Other countries have managed to keep hospital and total costs down by, in one way or another, imposing cash limits on the health care system. A market-oriented system, such as the current U.S. system, is not as amenable to absolute limits, and in the 1990s progress is more likely to come from within than through imported solutions.

This background paper is part of a larger study, *International Differences in Health Care Technology and Spending*, which consists of a series of background papers. *International Health Statistics: What the Numbers Mean for the United States* was published in November 1993, *International Comparisons of Administrative Costs in Health Care* appeared in September 1994, and *Health Care Technology and Its Assessment in Eight Countries*, in February 1995.

OTA has been greatly assisted by the advisory panel for the overall study, chaired by Rosemary Stevens of the University of Pennsylvania. Miriam M. Wiley, of the Economic and Social Research Institute in Dublin, Ireland, guided the country authors and coordinated much of the work. As with all OTA documents, however, responsibility for the content rests with OTA.



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