

Recent Literature of Interest

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Medical Savings Accounts in publicly funded health care systems: enthusiasm versus evidence

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<http://www.cmaj.ca/cgi/content/full/167/2/159>

Abstract

Medical savings accounts (MSAs) have been suggested as a possible solution to Canada's health care funding woes. This approach is intended to reduce demand for health services by making individuals financially responsible for their pattern of consumption. MSAs may have appeal in the private insurance industry. A review of the scant literature on the experience in the public systems of Singapore and China, where such plans have been implemented, and on a simulation using United States Medicare data, suggests that the approach alone has not controlled costs and may increase inequalities in publicly funded systems. The conclusion is that current knowledge of MSAs is too limited to recommend their incorporation into the Canadian health care system.

Medical Savings Accounts: Will they reduce costs?

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Background: Medical Savings Accounts are an attempt to reduce health care costs by transferring responsibility for expenditures to patients, while providing them with state-supported base amounts to cover some of the costs. We wondered whether such a system would actually be effective, given the fact that medical care expenditures (and illness) are unequally distributed across the population.

Methods: We used the Manitoba Population Health Research Data Repository to assess costs incurred by individual residents of Manitoba for all physician visits and admissions to hospital between 1997 and 1999, and we calculated an average expenditure per person per year over the 3 years. **Results:** During fiscal years 1997–1999, physician and hospital costs that could be attributed to individual Manitoba residents averaged \$730 each year. Most users accounted for very little expenditure. About 40% of the entire population of Manitoba used less than \$100 each, and 80% used less than \$600. The highest-using 1% of the Manitoba population accounted for 26% of all spending on hospital and physician care, whereas the lowest-using 50% accounted for 4%. When examined by age category, the results were similar. Even in the highest age category, most of the population falls into the low-usage category. If the entitlement under a Medical Savings Account scheme was set at the current average cost of \$730 per year, then total spending by government on health care for this healthy group would increase (by \$505 million) rather than decrease. If the "catastrophic threshold," above which the insurer would pay costs, was set at \$1000 per year, then the sickest 20% of Manitoba residents would become personally responsible for just over \$60 million of current healthcare costs. The net result is a 54% increase in spending on hospital and physician costs that can be allocated to individuals.

Interpretation: Medical Savings Accounts will not save money but will instead, under most formulations, lead to an increase in spending on the healthiest members of the population.

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