



S. Societal Impact

Social Responsibility and Tomorrow's Society

Spain, the Best Health System in the World?

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Abstract

This impact paper aims to review health care and its implications for personal finance decisions in the new light of the post-Covid19 facts in Spain. In 2017, we published two articles entitled "El mejor sistema sanitario del mundo... ¿en España?" ("The Best Health System in the World... in Spain?") in the blog of OpSeeker, a fintech start-up that aims to improve people's financial health. The message in the title was a very popular one among certain politicians, so we decided to explain why it was not true and what the disastrous personal financial implications of this lie were. As things turned out, in February 2020 as the Covid19 crisis was starting in the country, Spanish prime minister Pedro Sánchez stated openly that Spanish citizens did not need to worry because they were perfectly protected against Covid19 for this reason. The facts were to show the great error of this, with disastrous consequences for our country (Jiménez, David 2020).

Keywords: Personal Finance, Insurance, Covid19

Spain, the Best Health System in the World?

In February 2017, we published two articles in OpSeeker titled "El mejor sistema sanitario del mundo... ¿en España? (I/II)" ("The Best Health System in the World... in Spain? (I/II)"). This message was a very popular one among certain politicians in Spain, despite of the OMS ranking us in 23rd spot in the world in that same year (Ortega, Eduardo 2017), and since we felt that this fallacy could have negative consequences for the financial health of our readers and users, we were obliged to write about the situation and its possible disastrous financial implications.

OpSeeker

OpSeeker is a Spanish fintech start-up founded in 2016 by two ESCP alumni (one of them is Gonzalo Camiña Ceballos, co-author of this paper), an ESCP Finance Professor (Carlos Casanueva Nárdiz, co-author of this paper) and an engineer. On its webpage, OpSeeker states: "A clear mission: to nudge our users to manage their money maximizing their financial health... What We Do: Build online tools to help financial institutions prepare and drive individuals towards better financial habits." Over the past 4 years, OpSeeker has achieved some important accomplishments related with these objectives. For example, in July 2018 OpSeeker won the Metlife Foundation Inclusion Plus Competition for the best start-up in Spain and Portugal focusing on financial inclusion, which included a €40,000 donation and a trip to New York to participate in the Metlife Financial Inclusion Summit.

Pre-Covid19 status quo

Insurance products play a key role in improving people´s financial health in many ways. For this reason, we wrote two articles in 2017 for OpSeeker: "Los seguros, el gran instrumento para mejorar nuestra salud financiera (Insurance, a great instrument to improve our financial health)" and "Los seguros y la lotería: el Ying y el Yang de las finanzas (Insurance and the lottery: the Ying and Yang of finance)".

Specifically, health insurance issues have a huge impact on personal financial prosperity. For example, long-term investment decisions must take account of our personal health insurance plan for our old age, because it is during those years that the most money will be needed.

Before the Covid19 crisis, we were facing an important problem. Despite the great necessity of discussing the Spanish healthcare situation, both public and private, it was very difficult to have this conversation because Spaniards were contaminated by the political mantra that Spain had one of the best health systems in the world. By doing a quick search with the keywords "España mejor sistema de salud público del mundo", it is easy to find articles dating from the 2010s about how Spain has the best healthcare system in the world, despite the lack of facts to support any such claims. We decided that we had to speak out against this lie. The way we started the article sadly proved to be premonitory:

"The Best Health System in the World... in Spain? The title of this post takes us back a few years to when it was popular among Spanish politicians to say that Spain had the best financial system in the world. It now seems that this statement was not exactly true. Will the same thing happen with the health system?"

Nowadays, it is very common to hear politicians saying that Spain has one of the best health systems in the world. However, at OpSeeker we don't think like that. We believe the situation is complex and the solution is bad... The implications of this situation for our personal finances are huge..."

Post-Covid19 experience

We did not think that something like Covid19 was going to be the issue that would make the problems of our healthcare system salient, but it has been. It therefore seems interesting to analyse the problems we identified in 2017 in the new light of the Post-Covid19 experience in order to try to discover new possible solutions.

We will begin by reviewing some private health insurance industry issues and then the some public health system challenges.

Private Health Insurance Industry issues

In the OpSeeker publication of February 2017 we highlighted the following issue:

"... the private health insurance typology changed in Spain at the end of the 20th century. Health insurance was no longer a tariff-level system in which, by contract, premiums could only increase by inflation each year. It was replaced by annual renewable health insurance contracts... the problem with this is that the price increases exponentially on approaching old age, when the coverage is most needed and people are not able to pay for it... losing their coverage when is most needed.

But the worst part is that Spaniards are not aware of this problem. This tariff technification, as it was called in the insurance industry, was not explained to customers... It is interesting to note that in many other countries, like Germany, Netherlands or USA, health insurance is taken out under a life coverage contract, eliminating the price increase risk as you get old. Of course, this explains why insurance companies in these countries have set aside billions in provisions in their balance sheets to face future liabilities."

On Saturday March 14, the Spanish Government declared a state of emergency and the private health system was then placed under the command of the public health system. If you were an old Covid-19 patient, it might happen that you were not prioritized for access to an intensive care unit, despite the fact you were paying for and held private insurance, due to the overflow from the public health system.

If Spaniards were not covering their old-age health and financial risks sufficiently with private insurance before, they are unlikely to be keener to do so now after the Covid19 crisis. Is it really smart to save money via a health insurance policy throughout your life in order to protect your finances in old age if you have seen the Government seizing your rights when they consider it necessary? It is probably less interesting than before the crisis.

Therefore, Spaniards will likely see the public health system as being the solution, even more than before the crisis. We will therefore review some challenges in this area.

Public Health System Challenges

We published a post on this topic in OpSeeker in February 2017:

“... on this complex topic, we will simply dare ask some questions that worry us... First question: We worry a lot about the pension plan system due to the age pyramid problem, but is it not even worse for the health system, because it is in old age that most of the health costs arise?... Second question: Nowadays there are already huge budget issues that are being managed through waiting lists... what will happen 15 or 30 years from today with the increase in demand resulting from age pyramid pressure? Will the waiting lists be longer?... Third question: ... it looks as if there are certain groups in Spain with more social power, who have the ability to solve waiting list problems. These groups know how to navigate their way through the system... Should the public health system not be equally good or bad for everybody?... Is it sustainable to have a system in which people try to find pragmatic shortcuts to the normal procedures?...”

In the Post-Covid19 area, at least one thing is true. Nobody believes the “Spanish best health system” mantra any more. Hard facts have revealed the reality to Spaniards. Tough as this may be, we believe it is a huge step forward, and probably the first one toward finding truthful solutions for the country’s health system and solving one of the most challenging financial problems people are facing.

Conclusion

Due to the Covid19 crisis, the message from politicians that Spain has the best health system in the world has disappeared as hard facts have proved it was not true. As a result, Spaniards are now much more likely to demand a profound and serious debate about present and future health challenges. This should have very positive personal financial implications for everybody. Due to the Spanish population’s experience during the Covid19 crisis, it is likely that the solutions will probably rely more than before on the public health system, with all its challenges, and less on a private insurance industry which was already weak before the crisis and has suffered a loss of credibility after it.

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