

Benefits of State Health Insurance*

Value of Health in Economic Life—Compulsory Insurance Adopted in Europe—
Brings About Better Industrial Relations—Similar to Workmen's Compensation

By E. S. H. WINN

THE prosperity and progress of a community depends, and depends vitally, on that community's health standard. Just as a man with sickness in his family experiences difficulty in paying his bills, so does the community find that preventable diseases act as a brake on the progress of business in that community. Health insurance can therefore be truly said to be an essential factor in the productiveness, prosperity and happiness, and hence in the advance of civilization.

David Lloyd George has said that to be thoroughly equipped to face any emergency of either peace or war, the state must take a more constant and intelligent interest in the health and fitness of the people. If strong bodies are necessary for victory in battles of occasional wars, then they are as necessary for success in the increasing battles of peace-time existence.

The war has resurrected throughout the English speaking world an ideal of physical perfection and the realization of dominance of health and strength. What problems are there that are of more vital interest than that of conservation of health? We believe that the public at large has only a very faint conception of the extent to which sickness and physical disability saps the energy and impairs the efficiency of the nation. A broad constructive program for dealing with this problem is an immediate need. Thus far legislative attention has been directed largely to compensation for wage loss suffered by disability of industrial workers rather than to accident prevention. The desirability of preventing sickness and its attendant losses is obvious. Can it not be said that of the many fundamental problems which the war has pressed into prominence, none offers richer returns to the nations through its solution, than does the problem of sickness.

It is undoubtedly true that the nation's success, both in peace and war, depends upon the strength and vitality of its citizens, yet sickness is prevalent among them and the incomes, especially of the workers, are, in the majority of cases so small, considering the high cost of living, that the wage-earning family cannot afford to pay for adequate medical attention or set aside sufficient to meet the wage loss due to disability. It is believed that health insurance will provide a partial remedy.

Insurance has been defined as a method of co-operation among members of a group subjected to a risk whose frequency can be calculated with a large degree of certainty. The group as such assumes and distributes the risk, thereby reducing the risk for each member. Insurance has now assumed the secondary function of reducing losses by reduction of the hazard. For example—in fire insurance the insurance companies require the installation of a sprinkling system; the Workmen's Compensation Boards required the employer to install safety devices. Prevention, or reduction of hazard, is, therefore, an advantage both to the injured as well as to the Workmen's Compensation Board.

Health insurance may be defined as a method by which economic loss occasioned by illness is distributed among a group of persons, periodical payments being made by the different members of the group. It may further be defined as merely a scientific extension of the accepted principles of insurance, for distributing the cost of sickness which now falls with crushing weight upon those least able to bear it alone.

*An address before the Vancouver Board of Trade, October 4th. A similar address was delivered by Mr. Winn before the British Columbia Manufacturers' Association on October 28th. As stated in these columns already, the former body endorsed his suggestions. The Manufacturer's Association referred the matter to their executive for consideration.

In Force in European Countries

Health insurance is not new. At the present time Canada and the United States have the unenviable distinction of being the only two great industrial nations without compulsory health insurance. For a considerable period the industrial nations of Europe have, one after another, discussed the idea and followed the discussion by adoption. Health insurance has constituted an important part of the policy and career of some of Europe's greatest statesmen, including Bismarck and Lloyd George. Germany paved the way in 1883, under the leadership of Bismarck. Her wonderful industrial progress since that time, her comparative freedom from poverty, reduction in the death rate, advancement in hygiene, and the physical preparedness of her soldiery, are due to this legislation. Following Germany health insurance was adopted by Austria, Hungary, Luxembourg, Norway, Serbia, Great Britain, Russia, Rumania and Holland, and other countries have adopted a subsidized voluntary system, viz.: France, Belgium, Sweden, Denmark, Switzerland and Iceland.

The need for health insurance is twofold. There is the need of indemnification against loss and the diminishing of loss itself. Indemnification is the essence of the insurance principles. It spreads the loss of each person over a large number. The well to do have long made use of fire insurance, marine insurance, life insurance, fidelity insurance, plate glass insurance, steam and boiler insurance, and to some extent, health and accident insurance. The capitalist has long endeavored to eliminate, or at least to reduce every determinable risk, but the curious and unfortunate fact is that outside of workmen's compensation the workers in this country have received as yet very little benefits from the application of the insurance principles, yet it is the poor whose need of health insurance is the greatest, and for two reasons. One is that the worker is more likely to lose his health than the capitalist, for it is well known from several lines of research that the death rate, and therefore the sickness rate, prevailing among the workers is from two to three times that prevailing among the well-to-do. The other is that the loss from sickness is a far more vital matter to the poor than to the rich. The worker who loses his health loses his chief asset. That the low paid working man seldom insures against illness, is unquestioned. It is true that millions of working men in Canada and the United States cannot at the present avail themselves of the necessary medical, surgical and nursing aid.

One of the great reasons why diseases which are mild in the beginning become chronic and incurable, is that in a large number of cases the worker will refuse to stay at home because he must earn up to the highest point in order to insure his family the means of a decent existence. The number of sick and ailing employees remaining at work despite their disability, for fear of losing the earnings necessary for their sustenance, is so large and their productiveness during their physical impairment, is so reduced, that in numerous cases the employer is paying one hundred per cent wages and getting only forty per cent efficiency.

Because they found that society had made no proper provision for the unexpected, the workers added to their union and fraternal constitutions sections which permitted payment of sick benefits and in some cases, medical expenses. Many of the large plants on the Atlantic coast and in the interior of the United States, recognizing the influence of health and home conditions on the efficiency of the workman, have established a health department in charge of competent physicians to care for the requirements of the workman and his family. The fact that this is rapidly extending and particularly at that age when competition is at its peak, is