Definition of Single Payer and How it Compares with Multi-Payer Models

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There is confusion in the literature as to what is a single-payer health care system and the impacts of such a system. Writers/speakers are using different definitions, thus producing different results and criticisms. Writers and commentators using the same words but with diverse meaning muddle the public discussion and inhibit citizens in reaching agreement on the better design of health care systems to achieve universal health coverage.

I'd argue that we can NOT do meaningful research or debate the merits and demerits of a single payer health system and its feasibility unless we agree on the definition of single payer systems.

Various definitions of single-payer have appeared in the literature. Some define it as a single source of revenue for a given population (Sherry Glied, 2009), others as a single purchaser of all health care services (Kutzin, 2001), and others define it a system where an organization pays all health care bills as well as sets prices for the services.

I would argue a single-payer health system has three major attributes:

1. Mandatory health insurance coverage of the whole population of a nation (or province) into one single risk pool with financing for insurance via tax revenues and a zero or uniform premium rate.
2. Every citizen in that nation/province covered with one uniform and essential benefit package of health care services, while people can voluntarily purchase supplementary insurance coverages.
3. One single purchaser of healthcare who promulgates one uniform set of rules for providers on the quality and medical necessity of reimbursable health care and uniform payment rates to providers.

Under this definition laid out, Canada, South Korea, and Taiwan would be classified as single-payer systems while Germany is a more of hybrid model.

In contrast, multi-payer systems operate with many different insurance plans, offering group and individual health insurance as the principal sources of health care financing. Risks are not pooled nationwide, but instead by various population groups, including employers, employment status, occupation, community, age and sex, health status, individual preference for health insurance and willingness or ability to pay, etc. There are numerous benefit packages but no uniform benefit package for everyone. Lastly, the multiple insurance plans each set different rules for the provision of services and for payment to health care providers. Complying with these multiple rules and multiple payment systems vastly increases provider administrative costs. The U.S. is the best example of a multi-payer system.