

Overview of Health Systems

Overview of Health Systems

Designed as a quick-reference guide for students, health-policy analysts, and anyone new to the field.

1. What Is a Health System?

Element	Definition	Key Question
Population	All individuals who receive or could receive health services.	Who is being served?
Resources	Workforce, facilities, equipment, medicines, financing, information systems, and governance structures.	What inputs are available?
Activities	Prevention, promotion, treatment, rehabilitation, and palliative care.	What services are delivered?
Outcomes	Health status, patient experience, and system efficiency/equity.	How well does the system perform?

*In short, a health system is the **organized set of institutions, people, and resources** that deliver health-care services to meet the health needs of a defined population.*

2. Core Functions (WHO Framework)

1. **Service Delivery** – Safe, effective, timely, and people-centred care.
2. **Health Workforce** – Adequately trained, motivated, and distributed staff.
3. **Health Information Systems** – Data collection, analysis, and use for decision-making.
4. **Medical Products & Technologies** – Availability of essential medicines, vaccines, and equipment.
5. **Financing** – Revenue generation, pooling, and purchasing mechanisms that protect users from financial hardship.
6. **Leadership & Governance** – Policy formulation, regulation, accountability, and stewardship.

Each function interacts with the others; weaknesses in one area can undermine the whole system.

Overview of Health Systems

3. System Goals (The “Triple Aim” + Health Equity)

Goal	Description	Typical Indicator
Improve Population Health	Reduce morbidity & mortality, increase life expectancy.	Infant mortality rate, DALYs averted
Enhance Patient Experience	Quality, safety, and satisfaction of care.	Patient-reported outcome measures (PROMs)
Reduce Per-Capita Cost	Achieve value for money; avoid waste.	Healthcare expenditure per capita
Promote Equity	Fair distribution of health services and outcomes across socioeconomic groups.	Gini coefficient for health, coverage gaps

4. Financing Models

Model	Mechanism	Strengths	Weaknesses
Tax-Based (Beveridge)	Government collects taxes & funds public providers.	Universal coverage, low out-of-pocket (OOP) costs.	Vulnerable to fiscal constraints, possible long wait times.
Social Health Insurance (SHI)	Mandatory payroll contributions & pooled fund for contracted providers.	Risk pooling, strong provider competition.	May exclude informal workers, complex administration.
Private Insurance (Bismarck)	Employer/employee premiums & multiple insurers.	Choice of providers, innovation incentives.	Higher OOP, risk of fragmentation.
Out-of-Pocket (OOP) Dominant	Direct payment at point of service.	Simple to administer.	Catastrophic financial risk, inequitable access.
Mixed Systems	Combination of the above (most countries).	Balances coverage and choice.	Coordination challenges, regulatory complexity.

Key financing terms

Overview of Health Systems

- **Revenue collection:** How money enters the system (taxes, premiums, donor aid).
 - **Risk pooling:** Combining funds to spread financial risk across the population.
 - **Strategic purchasing:** Paying providers based on performance, quality, or outcomes.
-

5. Governance & Regulation

| Component |