Health care reform in the Netherlands – role of the employer

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Characteristics Dutch health care

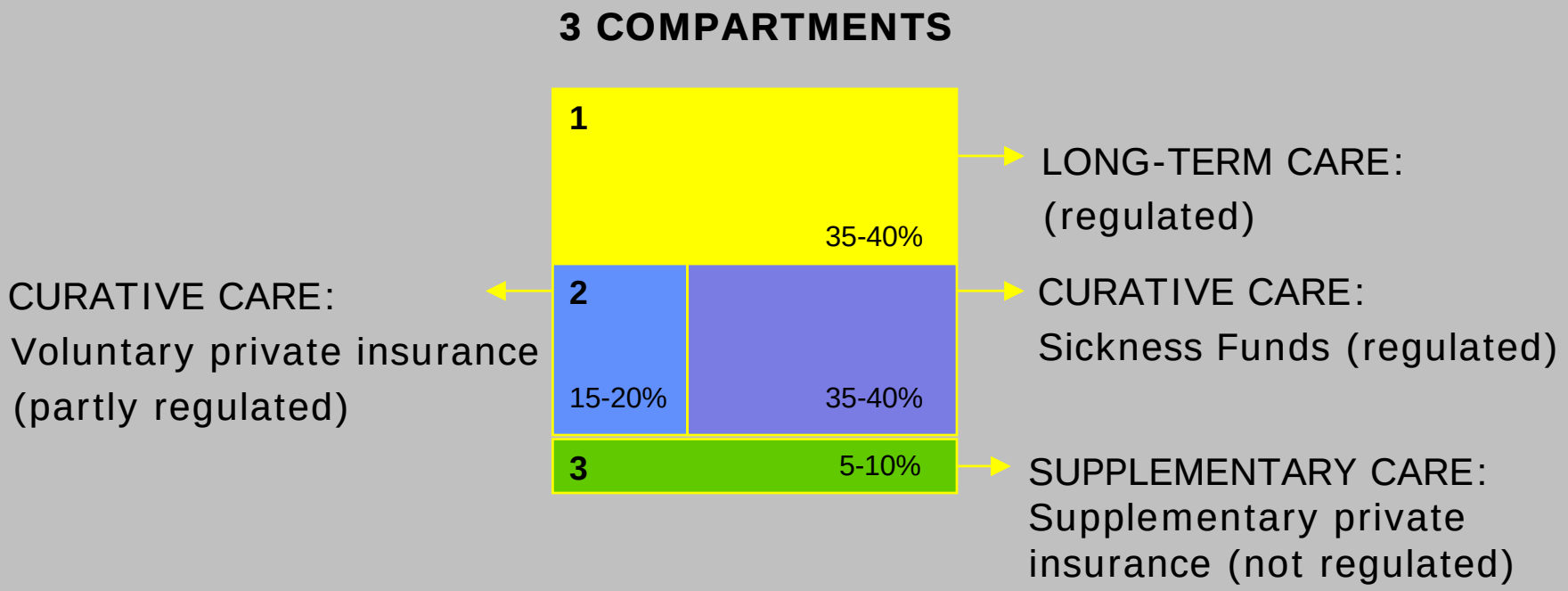
- Private care providers and private insurers
- Tradition of entrepreneurship with strong government role
- Gradual reducing government influence on price and volume, more market incentives
- GP/family physician as care coordinator
- Health expenditure (2005): 9.2%, 3.187$ pc
- Employers contribute to health care costs
- Low co-payments
- The Dutch avoid risks

Dutch Health Insurance System

Three compartments:

- Long-term care insurance
- Health care insurance for curative care (reformed in 2006; involvement employers)
- Voluntary supplementary private health insurance policies

Insurance system before 2006



Key characteristics former system

Former private insurance

- Voluntary, individual
- Nominal premium (differentiation possible)
- Risk selection

- Right to compensation: reimbursement
- Pure indemnity insurance

→ no incentives for efficiency (pool for high risks)

Former social insurance

- Mandatory
- Premium largely income related
- Obligation to accept
- Risk adjustment scheme to compensate
- Right to receive care: benefits in kind
- Contracting providers

→ incentives for efficiency

Basic assumptions Dutch reform

Create a sustainable health care system that is:

- universal
- affordable
- of good quality

Hypothesis is that competition will increase the value for money.

Balance responsibilities for all participants - create a level playing field

Health insurance: market elements → financial sustainability, competition

- Private insurers (profit/non-profit), private contracts, group contracts
- Nominal premium → price incentive
- Policy variation is possible
- Mandatory deductible (>2008, 150 euro/ 235$), option deductible (0-1200$)
- Yearly free choice for citizens
- Competition insurers drive negotiations with providers (selective contracting)
- Transparency

Health insurance: social elements → accessibility, solidarity

- Individual mandate (creates proper risk pool)
- No risk selection (obligation to accept)
- Risk equalisation fund
- Government defines coverage (basic package) – policies may differ
- No risk adjustment of premium
- Subsidy/tax credit for low incomes
- Supervision on quality and competition

Results 2006 (introduction)

- Premiums lower as expected due to competition (app. 7%)
- 25% of population changed
- Massive collective contracts (46%)
- Number of uninsured estimated 1.5%
- Awareness of mobility, incentive to “behave properly” (service, price next year)

Results 2007 - Outlook 2008

- Premiums in 2007 and 2008 lower as expected, but rising
- Less then 5% of population changed in 2007, similar in 2008
- Further grow in collective contracts
- Number of uninsured low (about 1.5%)
- Issue of defaulters (about 1.5%)
- Contracting providers on price and quality

Further steps – reform continues

Improve competition by:

- Further liberalizing price, volume
- Contracting providers on price and quality
- Introduction of new providers

Organize health care around the patient:

- Implement Electronic Medical Record
- Intelligent Purchase by health plan

Information and transparency is crucial:

- Information on quality

Improving importance of prevention

Role employers before 2006

- Contributing in health care costs
  - mandatory in social health insurance
  - mostly done in private insurance (part of benefits plan), some more than others
- Offering group insurance
  - about 10% of social insurance
  - over 60% of private insurance market
- Offering additional benefits and supplementary health insurance
- Administrative regulation in social market

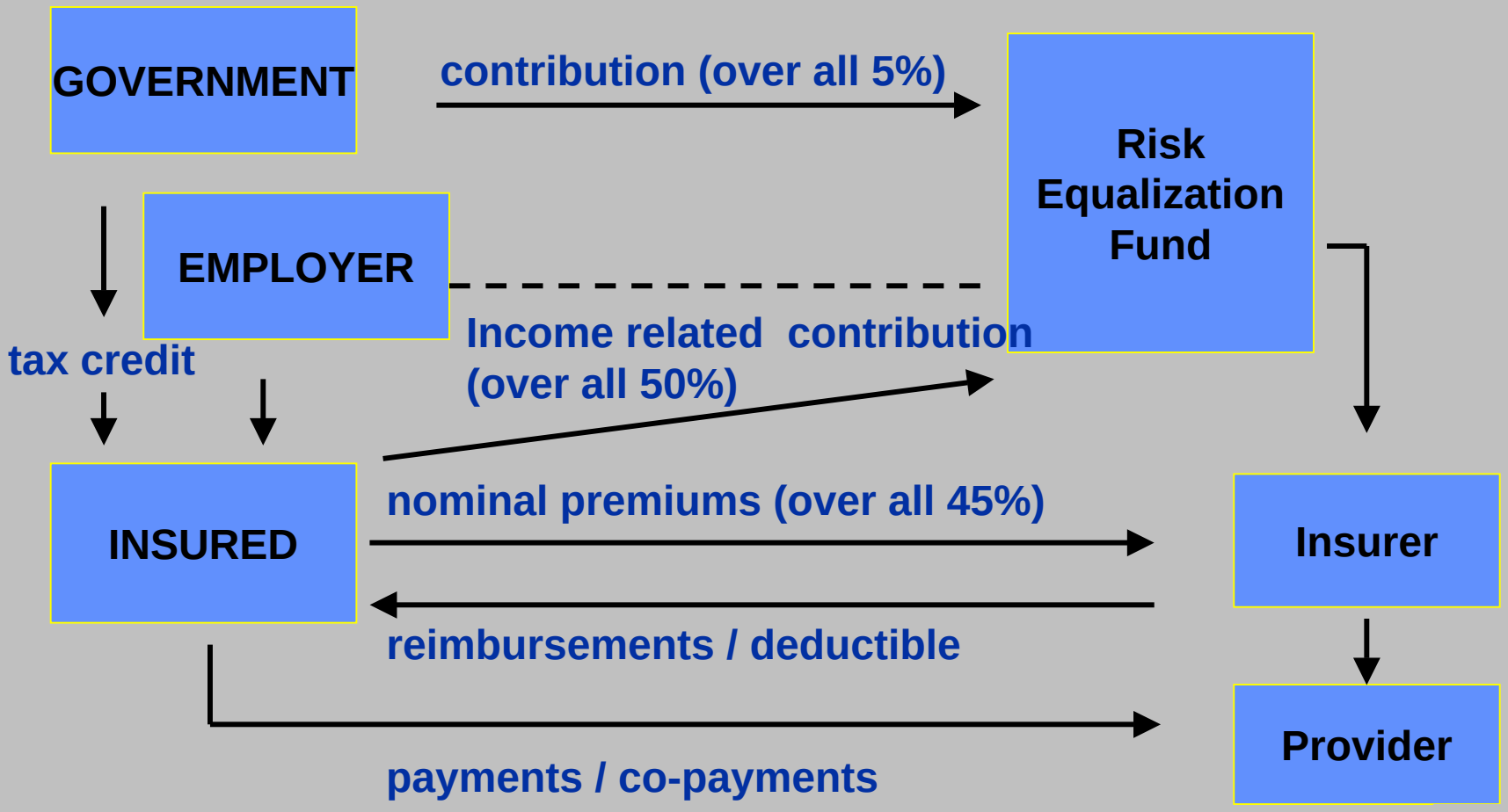
Role employers since 2006

- Contributing in health care costs
  - obligation to reimburse income related contribution
  - overall about 50% of health care costs
- Individual mandate <> group insurance
  - group insurance > 50%
  - choice of group insurance
- Offering additional benefits and supplementary health insurance

Current situation in Netherlands

- Individual mandate, but more and more people have group insurance
- Employer contributes to health plan, regardless of decision employee
- Most people chose a plan offered by employer, part of benefit package
- Health plan continues after changing jobs
- Competition on collectives on insurance market.

Financing health insurance



Figures 2008

- Average nominal premium: 1040 euro (year), range is 933 – 1198
- Income related contribution: 7.2% of annual income up to 31,231 euro (so max. is 2248 euro) - for some 5.1%
- 150 euro mandatory co-payment, only 5% has a supplementary co-payment
- 59% in group insurance
- 92% has supplementary health insurance

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http://www.minvws.nl/en/themes/health-insurance-system

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Warning

Health care reform can be dangerous

Do not use: a foreign health care system

Be aware of:

- Status quo is everyone's second best solution
- Health care reform is both what and how
- Reform comes from an existing situation

Keep out of reach of: …