“Balancing multi-payer competition with cost-containment: is it possible?”

Some lessons from the ‘market-reforms’ in the Netherlands

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Agenda

- Theoretical basics: neo-corporatist stewardship ‘marries’ micro-economic reforms
- Midterm review: successful towards the ‘end-of-the-beginning’ - which is now
- Some lessons for institutional adjustments that induce cost-containment through multiple-payer competition
A new market, but with...

*More not less solidarity*

- Individual mandate for basic benefit package of essential healthcare
- Open enrolment and community rating
- Risk adjustment prevents risk selection and induces narrow premium range
- Health care allowance (tax credit); free care for children (< 18)
- Low compulsory deductible (€ 165 in 2006; € 220 in 2012)

*Stable political and professional governance*

- Stewardship: negotiating, mediating, co-governing with major interest groups (polder model)
- Global budget, although enforcement mechanisms eroding
- Professional – not payer - navigation: gatekeeper is the family physician
Competition among payers: midterm review

- Stiff payer competition: people ‘do’ vote with their feet (2006: 18% (anchor effect); 2011: 7%)

- Declining choices (...) increasing choices: concentration towards ‘big four’ (95%), but increasing choice from ‘within’ through internet and network labels

- Still in the political ‘comfort zone’: low increase of basic package (3-4%) goes with substantial cost inflation (7-9%)

- Returned substantial levels of cash on balance-sheets to customers

- Solvency requirements: 14% (< 2006); 8% (2006); 9% (2010); 11% (2012)

- Heavy reductions in administrative expenses, (from 8-9% towards 2-3%)

- Providers strengthened their balance-sheets: 7-8% (< 2006), 15-16% (2011)
Negative payer margins; positive hospital margins (€ mln.)

Voettekst

Baten min lasten basisverzekering voor de zorgverzekeraars (in miljoenen euro’s)

Baten min toegerekende opbrengst beleggingen min lasten basisverzekering voor de zorgverzekeraars (in miljoenen euro’s)

Omzet min totale kosten voor de ziekenhuizen (in miljoenen euro’s)
Midterm review: some shadow sides

- There exist some bad debt problems

- ‘Hidden’ increase in the personal burden (OUP, entitlements); rapid cost-inflation of supplementary insurance policies

- Lack of insurer-risk (on volume) hamper cost-competition through managed care

- Marginal costing ‘might’ dominate the 2-3% lower rates on the liberated segments; since volume increases 9-14% in these segments
The big ‘problem’: health care is already crowding-out ‘all’ other categories: real budget increases up to 2015
Possible lessons for a new budgetary Taskforce

- From micro-economics towards institutional economics:
  1) lack of budgetary guardians (actorist approach)
  2) low-cost competition requires some non-negotiable structures
  3) ‘high-penalty’ often not a feasible political option
  4) negotiating institutions more ‘difficult’ than negotiating budgets
  5) balancing patient steering through professionals and MCOs

- Importance of ‘tipping-point’ effects to get leverage on value-for-money and low-cost competition: increasing risk, P4P, transparency etc.

- Building coalitions through transparency possible; quality-of-care still a missing metric

- One-size-does-not fit all: contemplate different solutions for different problems

- In healthcare rationalization policies have no constituencies ...
Thank you for your attention

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