
“How Insurers are Compensated by Government and/or Insurance Premiums for Extra Health Risks in the Netherlands”



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Overview presentation

- History
- Compulsory protection
- Voluntary protection
- Setting prices and charges for health insurance



History

- Roots
- Social Health Insurance Funds/Private Insurance
- Legislation '41, '66, '68, '89, '94
- New role health insurance



Numbers (1996)

Total population	15523
life expectancy at birth (fem.)	80,4
life expectancy at birth (male)	74,7
health exp./BBP	8,6
public health exp./tot health exp.	72,1



Compulsory protection

- Organisation
- financing
- population covered
- health care covered
- providers of health care
- role of mutual health funds
- principal reforms underway



Organisation



Financing (1): (1999; bilj. Dfl)

AWBZ 26,6 (37%)

ZFW 25,9 (36%)

private insurance 10,5 (15%)

government 3,4 (5%)

direct payments 4,8 (7%)

Financing (2): procedures

AWBZ: collected with income tax => central fund => regional care offices

ZFW: funds have taken a financial risk:

- (1) income related contributions => General fund => risk adjusted payment to fund (av. 90%)
- (2) nominal premium (av. 10%)



Financing (3): risk adjusted payment

Parameters:

- age
- gender
- disability
- region



Population covered

- AWBZ: entire population
- ZFW: people with income under statutory level (2001: Dfl 65.700)
- Private: civil servants + people with income > Dfl 65.700



Health care covered (1): A WBZ

- Long term care and
- Care which is difficult to insure against in the private sector (mental, care for handicapped, home care)



Health care covered (2): ZFW and private

Normal necessary care:

- medical and surgical treatment
- dental care
- pharmaceutical
- hospital
- ambulance
- etc.

Health care covered (3): luxury

Free market for luxury care:

- dental care for adults
- class-level stay in hospitals
- alternative medical treatments



Extent of compulsory cover

- Benefits of kind system: patients do not receive bills and out of pocket payments are uncommon



Providers of health care

- General practitioners (“huisarts”) fulfil gatekeepers role
- ZFW/AWBZ work with associated providers: they need a contract with the health insurance fund



Role of mutual health funds

- Social health Insurance Act (ZFW): health insurance funds are the only bodies authorised to administer compulsory health insurance
 - non profit organisation
 - managed in line to the wishes of those insured
 - properly carry out the tasks



Principal reforms underway (?)

Discussion about:

- National insurance for long term care
- Dual system of public and private insurance for basic medical care, incl. hospital
- Voluntary additional insurance for less necessary care, incl. dental care.



Voluntary protection

The private health insurance market

types of voluntary protection



The private health insurance market

15% of health care spending (Dfl. 10,5 bilj)

competitive private insurance companies

free to refuse clients except for “Standard Packet Policy”.

Nominal premiums, often age related

fee for service for provider reimbursement



Types of voluntary protection (1)

- All persons who are not insured under the ZFW or the public servants schemes are free to insure themselves on the private market



Types of voluntary protection(2)

Medical Insurance Access Act (WTZ) for bad risks:

- all insurance companies are required to offer a policy to any individual who meets statutory criteria
- coverage is similar to the ZFW
- premium Dfl 2880 (65-) and Dfl 2650 (65+)
- the financial gap between revenues and expenditures under the SPP scheme is subsidised by the premiums paid by private policy holders



Setting prices and charges for health insurance

Medical fees

Synthetic material



Medical fees (1)

Guiding principles

- AWBZ/ZFW: services in kind
- => contracts with health providers, regarding quality volume and price of care,



Medical fees(2)

Fixing procedure

- Standard contracts, negotiated at national level
- National health Tariffs Act (WTG): insurers and providers negotiate guidelines and tariffs
- It is forbidden to charge tariffs without a statutory WTG-basis



Market for insurance companies (mln people)

Achmea	2,7
CZ	1,7
VGZ	1,7
Amicon/RZG	1,7
AGIS	1,7
OZ/DSW/SR/A'foortse	1,0
Unive	0,6
others	5,5

Questions and discussion

