

The Healthcare Safety Net

Different Approaches Around the World

Presented by:

John D. Meerschaert, FSA, MAAA
Principal & Consulting Actuary

Simon J. Moody, FIA, FSA, MAAA
Principal & Consulting Actuary

International Congress of Actuaries 2014
Washington, D.C.



Presentation Topics

- The Health Care Safety Net
- Three Safety Net Elements
 - Access to coverage (eligibility)
 - Access to services
 - Financing mechanisms
- Actuarial considerations

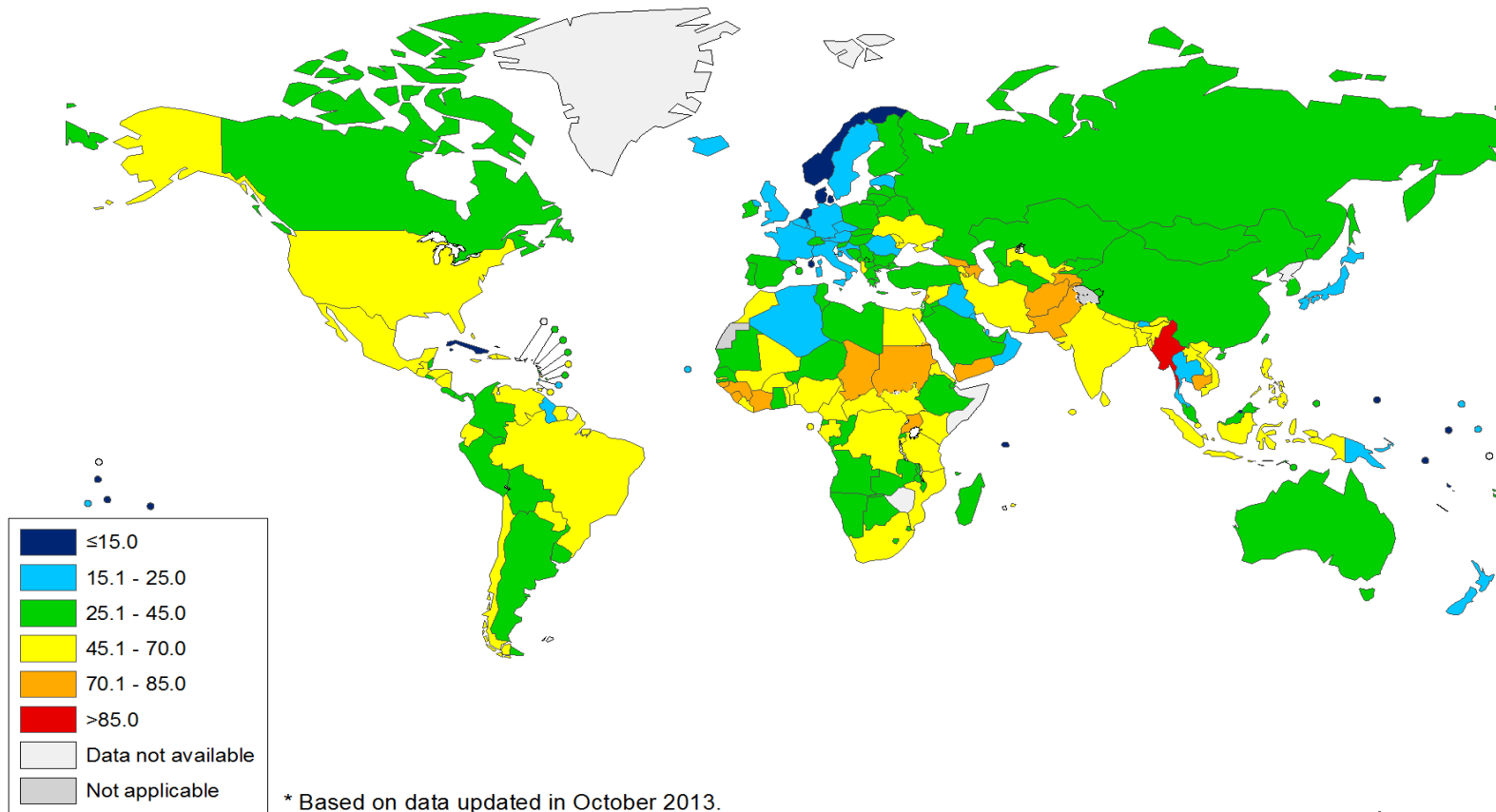
Health Care Safety Net

Every second, three people worldwide are pushed into poverty because they have to pay out-of-pocket for health care¹

¹ Xu, K, Evans D, Carrin G, Aguilar-Rivera AM, Musgrove P, Evans T (2007) 'Protecting households from catastrophic health spending' *Health Affairs*, 26(4): 972-983

Health Care Safety Net

Private expenditure on health
as a percentage of total expenditure on health (in US\$), 2011 *



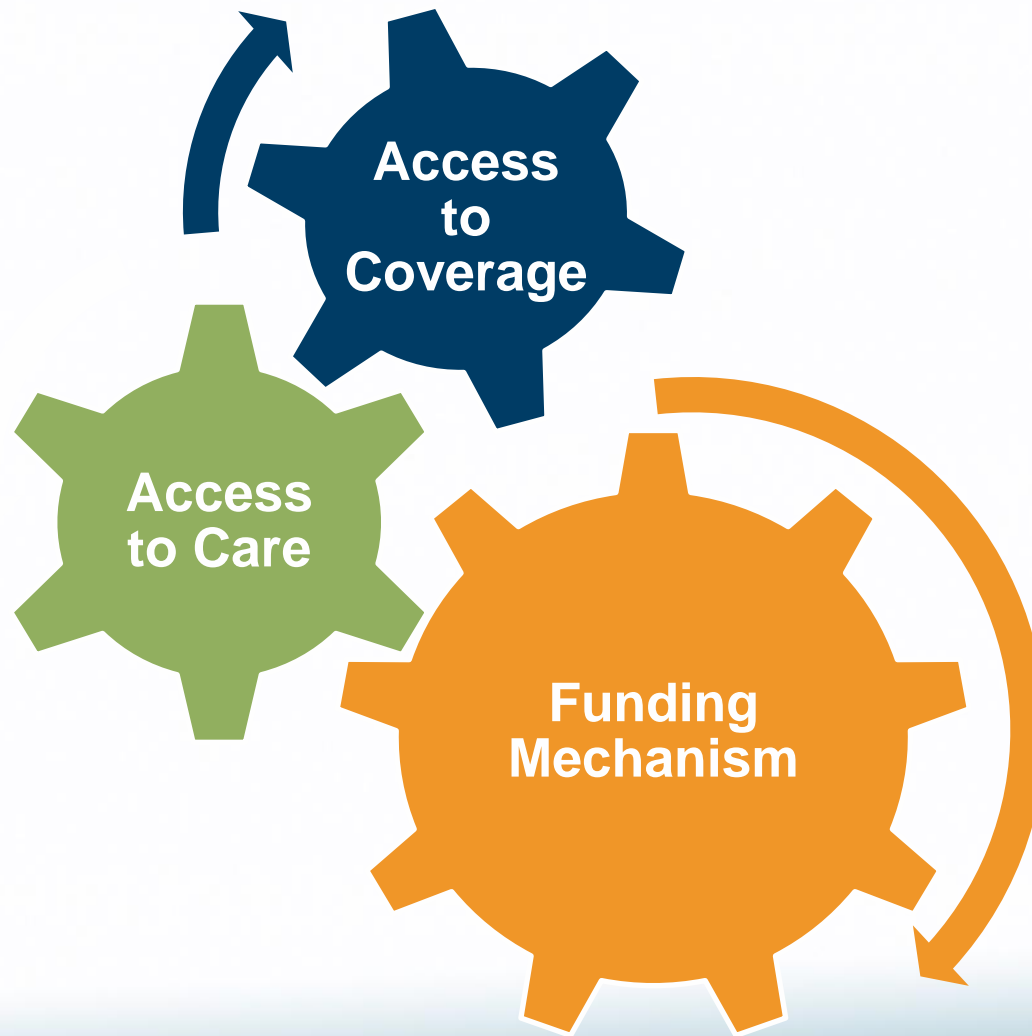
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Data Source: Global Health Observatory, WHO
Map Production: Public Health Information and Geographic Information Systems (GIS)
World Health Organization



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Three Safety Net Elements



Element 1 – Access to Coverage (Eligibility)

- Most countries seek to provide at least a basic level of healthcare for vulnerable populations
- But approach varies, depending to some extent on size of the population, resources available, funding mechanism, and presence / absence of tailored safety net programs

Element 1 – Access to Coverage *(cont.)*

- Universal programs where low-income / disabled have same access as rest of population to public services
- Some programs specify who is eligible for coverage and / or subsidies; often means tested (e.g. based on % poverty level)
- Examples
 - English National Health Service
 - US Medicaid
 - Rashtriya Swasthya Bima Yojana (RSBY) in India
 - Medical card / GP visit card in Ireland

Element 2 – Access to Services

- Universal approach may still unintentionally limit access to services
 - Rationing of services (particularly if underfunded), waiting times
 - Lack of resources where needed - geographic, specialty, materials/drugs
 - Lack of education outreach (e.g. preventive care, drug compliance, etc)
 - Copays, user fees
- Poorer nations often have fragmented public delivery systems with poor infrastructure particularly for the low income / disabled
 - Often exacerbated by huge low income populations => inadequate supply and overcrowding
- Government sponsored programs sitting alongside commercial insurance programs can lead to access limitations (e.g. US Medicaid)

Element 3 – Funding Mechanisms

- Wide range of funding mechanisms
 - General revenue or earmarked taxes
 - Social insurance contributions (often earnings related)
 - Private insurance premiums
 - External financing / aid
 - Direct out of pocket payments (user fees)
- Health costs for the poor typically funded by government
- In low / middle income countries, taxation is not sufficient
- Increasingly, government funded health services in most developing countries have come to depend on payments by patients

Element 3 – Funding Mechanisms *(cont.)*

- Microinsurance has had proven success in funding healthcare for targeted low income populations
 - Low interest medical emergency loans
 - Medical savings accounts
 - Community funded risk pools

Contrasts and Comparisons

- Health education, social issues (lifestyle, diet, living & working conditions, etc.), and access to preventive care is a major issue for the world's poorer, more vulnerable populations
- Care delivery models and how health care for the poor is financed differ widely around the world (no “typical” delivery/financing system)
- Improving/financing health care for the poor is not just a 3rd world problem

Role of the Actuary

- Population, utilization and cost projections
- Data management and analysis
 - Collection, validation, warehousing
 - Predictive modeling
- Social insurance program design
 - Identify how changes in one part of the healthcare system may impact other parts of the system (unintended consequences)
- Risk analysis/financing
 - Capitation, risk sharing programs, pay-for-performance
- Microinsurance
 - Pricing, product design, risk management

Questions



Thank You!

John D. Meerschaert, FSA, MAAA
john.meerschaert@milliman.com

Simon J. Moody, FIA, FSA, MAAA
simon.moody@milliman.com