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The Dutch Experience

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Seminar International Perspectives on Funding Healthcare

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Key topics

- The Netherlands
- Health Care Netherlands versus Ireland
- The 2006 reform
- How does the reform work?
- Next steps

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The Netherlands

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The Netherlands

	Ireland	Netherlands
Area (sq km)	84.412	41.526
Population (mln)	4,4	16,5
GDP 2008 (mln $)	273.328	868.940
IMF worldranking of GDP	34	16
Total health care expenditure as % GDP	7,6	9,8

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Health Care
Netherlands versus Ireland

Health status total population	Ireland	Netherlands
- Life expectancy at birth	79,7	79,8
- Life expectancy at 65 years old	18,5	18,4
- Infant mortality rate, deaths per 1 000 live births	3,1	4,1
- Potential years of life lost (PYLL)	3148	2763
- Suicides, deaths per 100 000 population	298	173

Source: OECD Health Data 2009

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Health Care
Netherlands versus Ireland

	Ireland	Netherlands
Health expenditure		
- Total expenditure on health (% GDP)	7,6%	9,8%
- Total health expenditure per capita, (US$)	$3.424	$3.827
- Public part of health expenditure (2002)	75,8%	62,5%
- Public part of health expenditure (2008)	80,7%	not published

Source: OECD Health Data 2009

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Health Care
Netherlands versus Ireland

Risk factors	Ireland	Netherlands
- Tobacco consumption, % of adult population who are daily smokers	29%	29%
- Alcohol consumption, litres per person > 15 years	13,4	9,6
- Overweight, percentage of adult population with a 25<BMI<30 kg/m2	36%	34%
- Obesity, percentage of adult population with a BMI>30 kg/m2	15%	11%

Source: OECD Health Data 2009

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The 2006 reform: Three tiers …..

1

Exceptional Medical Expenses Act

"Care"

- Elderly
- Chronically ill
- Disabled
- LT Mentally ill

€ 20 billion

2

Health Insurance Act

"Cure"

- Docters
- Hospitals
- Drugs
- Equipment
- Transportation

€ 30 billion

3

Supplemental Private Health-insurance

€ 4 billion

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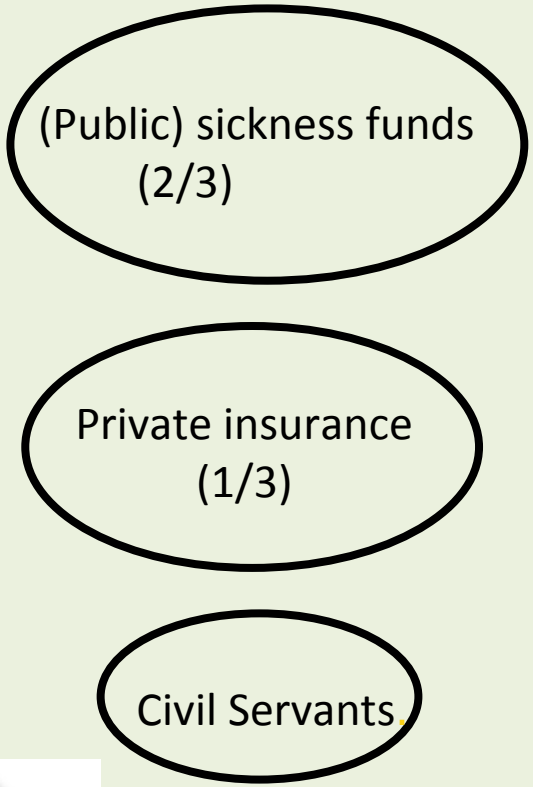
The 2006 reform: Situation before

Insurance landscape



Healthcare delivery

- Capacity regulated by the government
- Tariffs set by the government
- “Moscow at sea”

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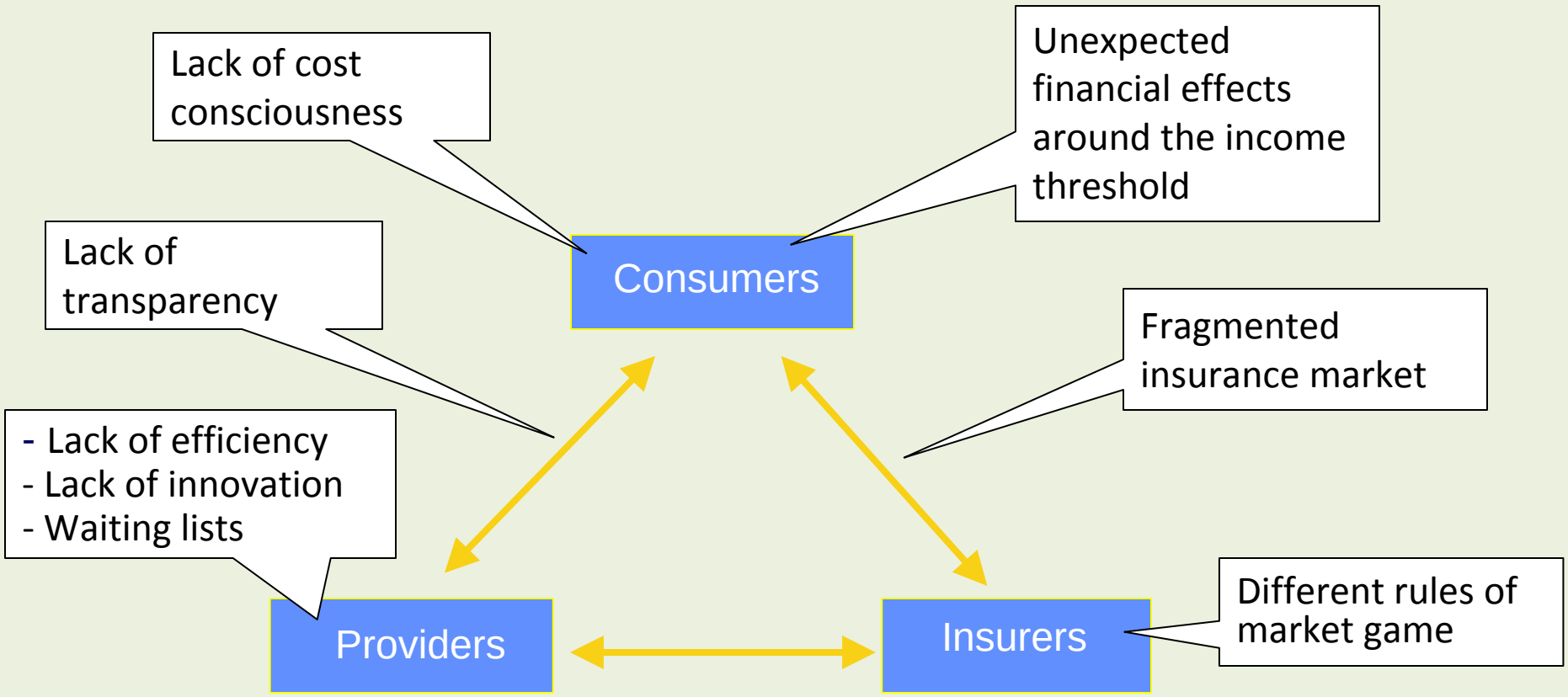
Reform 2006: Why?



Increasing pressure on the system by: growing wealth, advancing medical technology and aging population.

Solution: less central regulation and more competition

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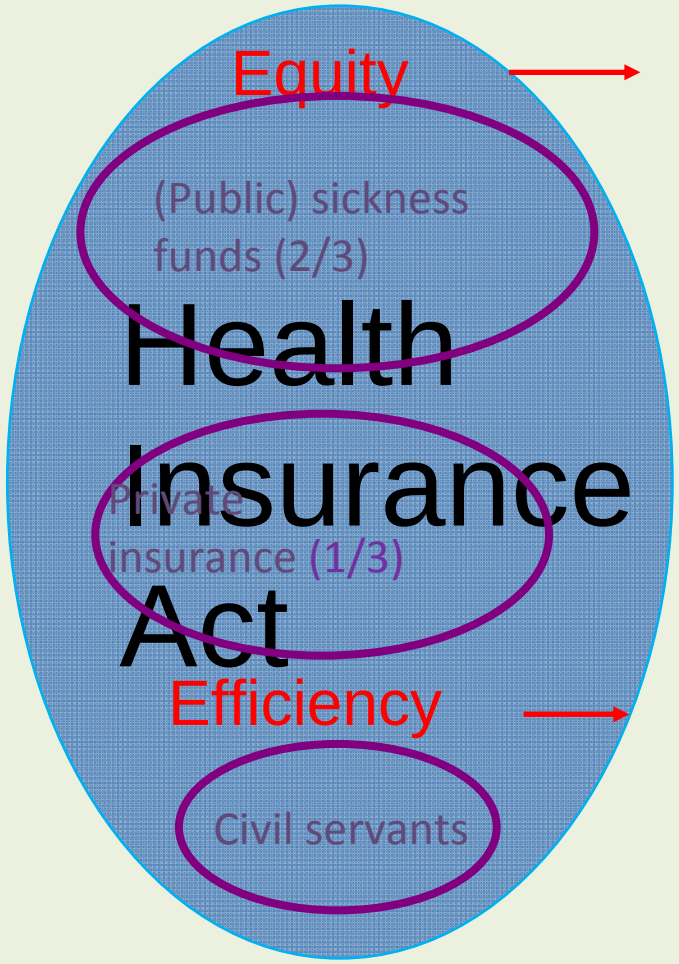
Reform 2006: The essence



- Compulsory insurance (consumers)
- Open enrolment (insurer)
- Legally defined coverage (insurer)
- No premium differentiation (insurer)
- Submission to risk adjustment (insurer)
- Income related contribution (consumer)

Managed competition

- Compulsory deductible (consumers)
- Free to set nominal premium (insurer)
- Free to offer different policies (insurer)
- Free to offer supplementary deductible (insurer)
- Free to engage group contracts (insurer)

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Reform 2006: Managed competition

Consumers are free in their choice of insurer; possibility to change every year

Maximum discount of 10% on group contracts

Insurers compete for insured on premium, quality, service level

Health care providers compete for contracts with insurers on price & quality of care.

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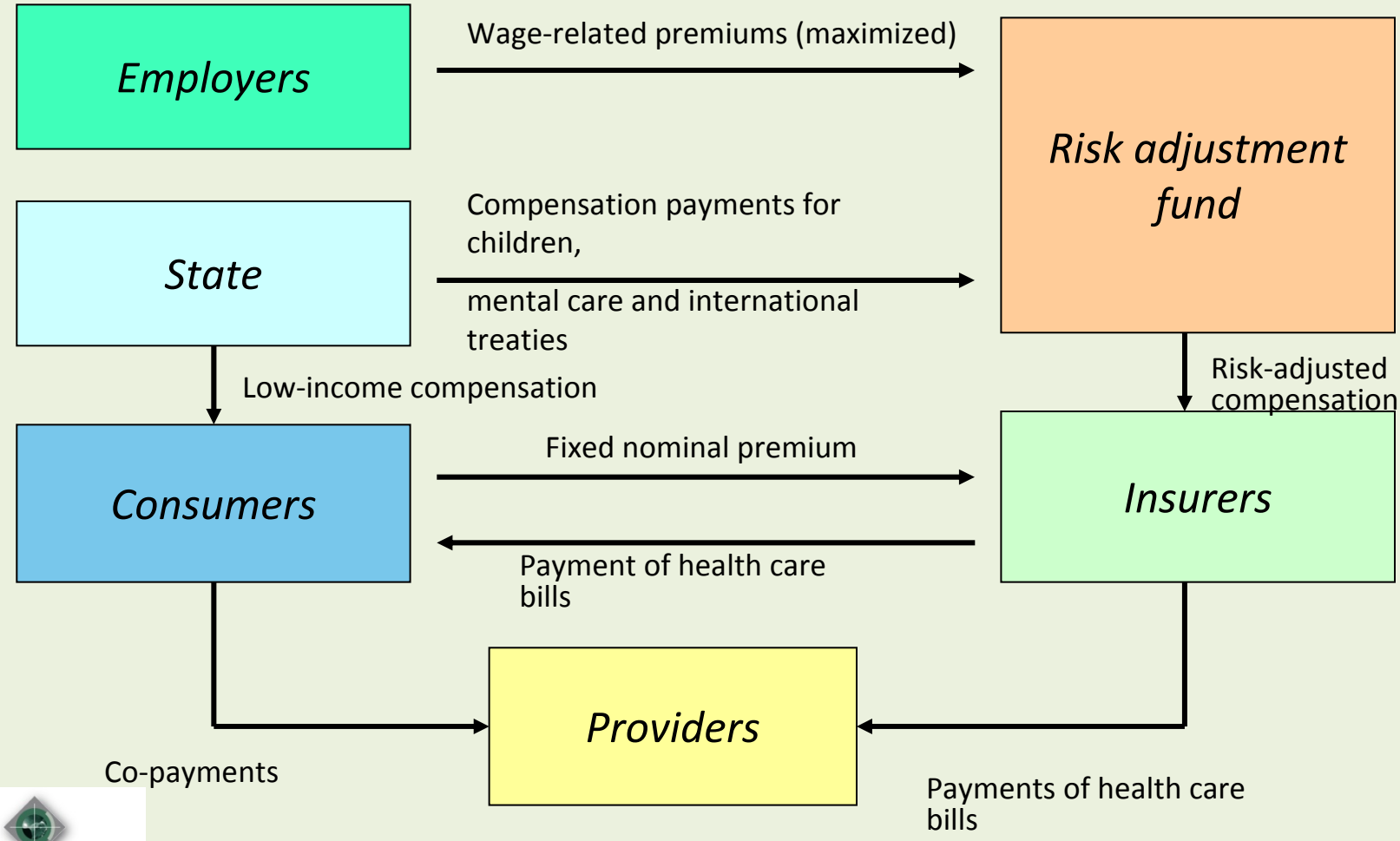
Reform 2006: Financial flows



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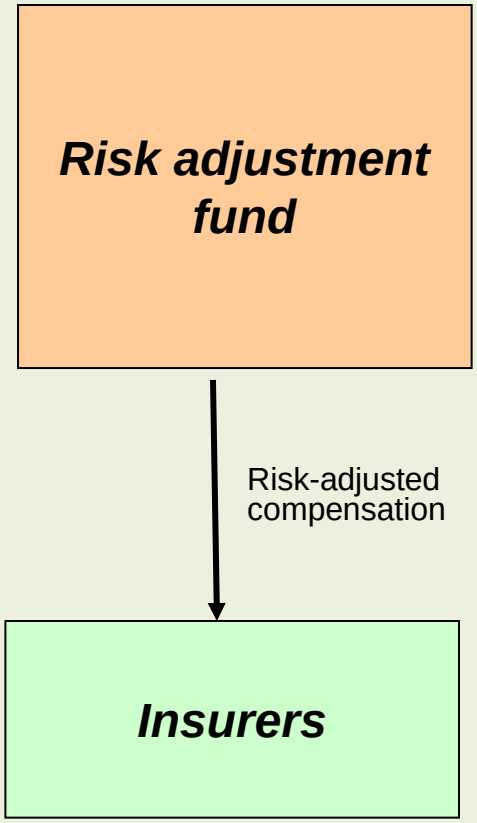
The 2006 reform: RAF

Goal is to compensate insurers for the financial losses due to the obligations

- to accept everyone
- not to use risk selection



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The 2006 reform: RAF

Factors in the precalculated pro capita budget

- Age and gender (38 subgroups)
- Drug consumption (72)
- Health care consumption (13)
- Economic status (5)
- Regions (10)

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The 2006 reform: Example RAF

An example of a precalculated pro capita budget (€)

Woman 35-39	1.242
Drug consumption: none	-320
Drug and health care consumption class 8	8.042
Economic status self employed	-172
Region 1	100
ex ante budget	8.893

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The 2006 reform: Example consumer

Enne's yearly decision

Employer pays 6,5%	€ 1.950	
	min	max
premium range basic policy	€ 935	€ 1.200
option: premium reduction deductible (€ 500)	-€ 250	€ 0
option: group discount (max 10%)	-€ 69	€ 0
option: supplementary policy	€ 0	€ 780
option: dental policy	€ 0	€ 700
decision range	€ 617	€ 2.680

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How does the reform work?

Insurers

- 25% of population changed to another insurer in 2006
- Less than 5% changed in 2007, similar in 2008
- Massive collective contracts (46%)
- Premiums lower as expected due to competition (app. 7%)
- Number of uninsured estimated 1.5%
- Premium range between insurers decreases
- Insurers are developing other ways (than premium) to differentiate themselves

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How does the reform work?

Providers

- Increase in financial risks
- Increase in revenues
- Desire to measure and appreciate “health services delivered to members” next to “costs”
- Focus on efficiency
- More requests for transparency by providers to better understand their own performance

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Next steps

"The best health care system in the world would be the Dutch insurance system combined with the fully integrated Kaiser delivery system."

Alain Enthoven, PhD, professor at Stanford University

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Next steps for the Government

- Improve quality transparency
- Increase risk providers
- Increase risk insurers
- Incentive compulsory deductible
- More prevention
- Limit free rider behaviour
- Privatize and decentralize (part of) CARE segment

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Next steps for the private market

- Create outpatient primary care centers
- Use electronic health records to manage chronic conditions
- Use evidence-based guidelines
- Introduce “email your doctor” services to reduce doctor visits and increase patient satisfaction
- Create and compile patient-reported outcome measures
- Create transparency on medical performance to give the consumer the opportunity to select the doctor that best fits their needs
- Align financial incentives with desired behavior

Don’t ever give up

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