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CPB Netherlands Bureau for Economic Policy Analysis

Dutch health care system

Early experiences with the Dutch Health Care System

Coen Teulings

Harvard
October 14
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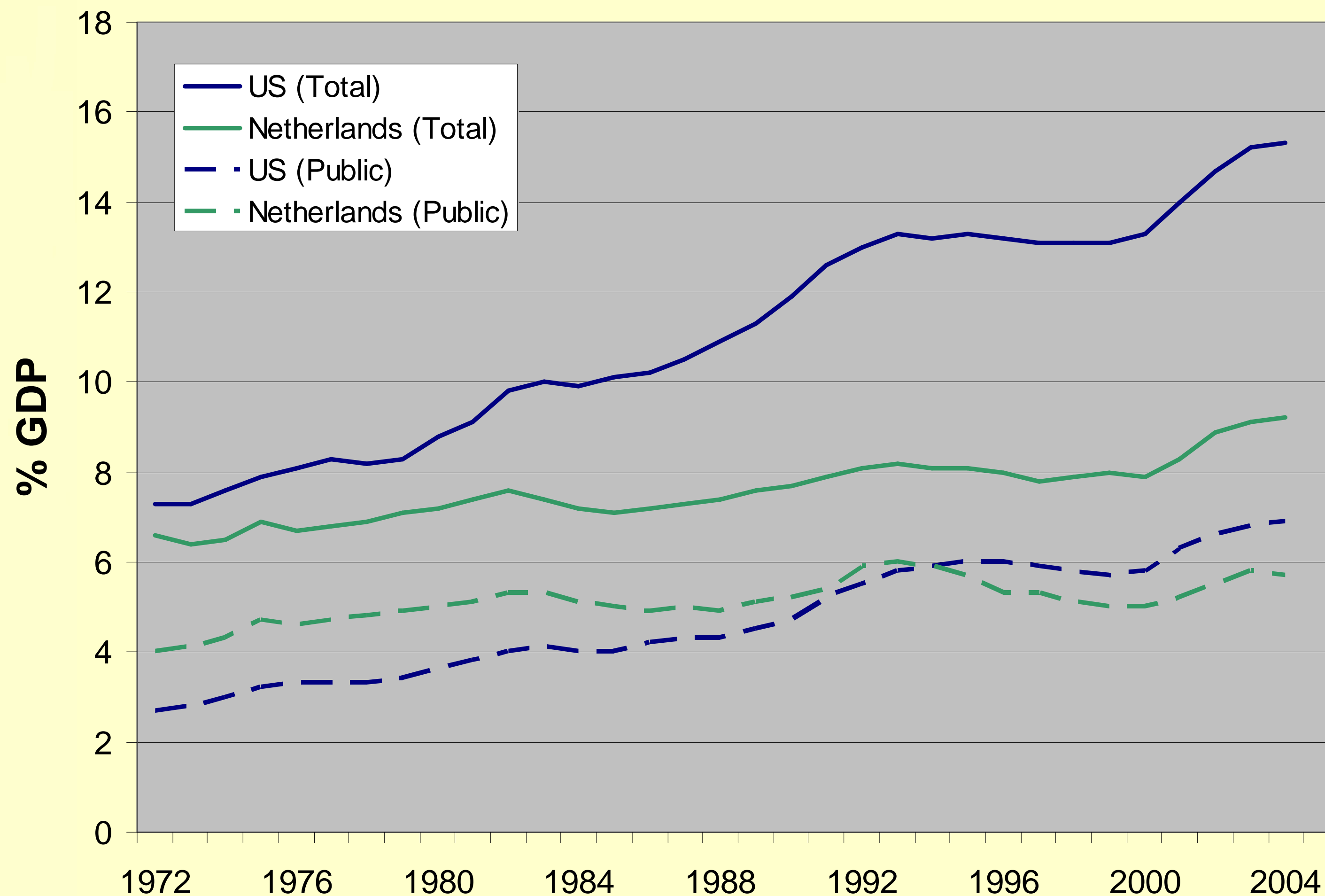
Content

- Health care expenditure
- Dutch health care reform in 2006
- Why reform?
- Some institutional details
- First evaluation

Health care expenditure



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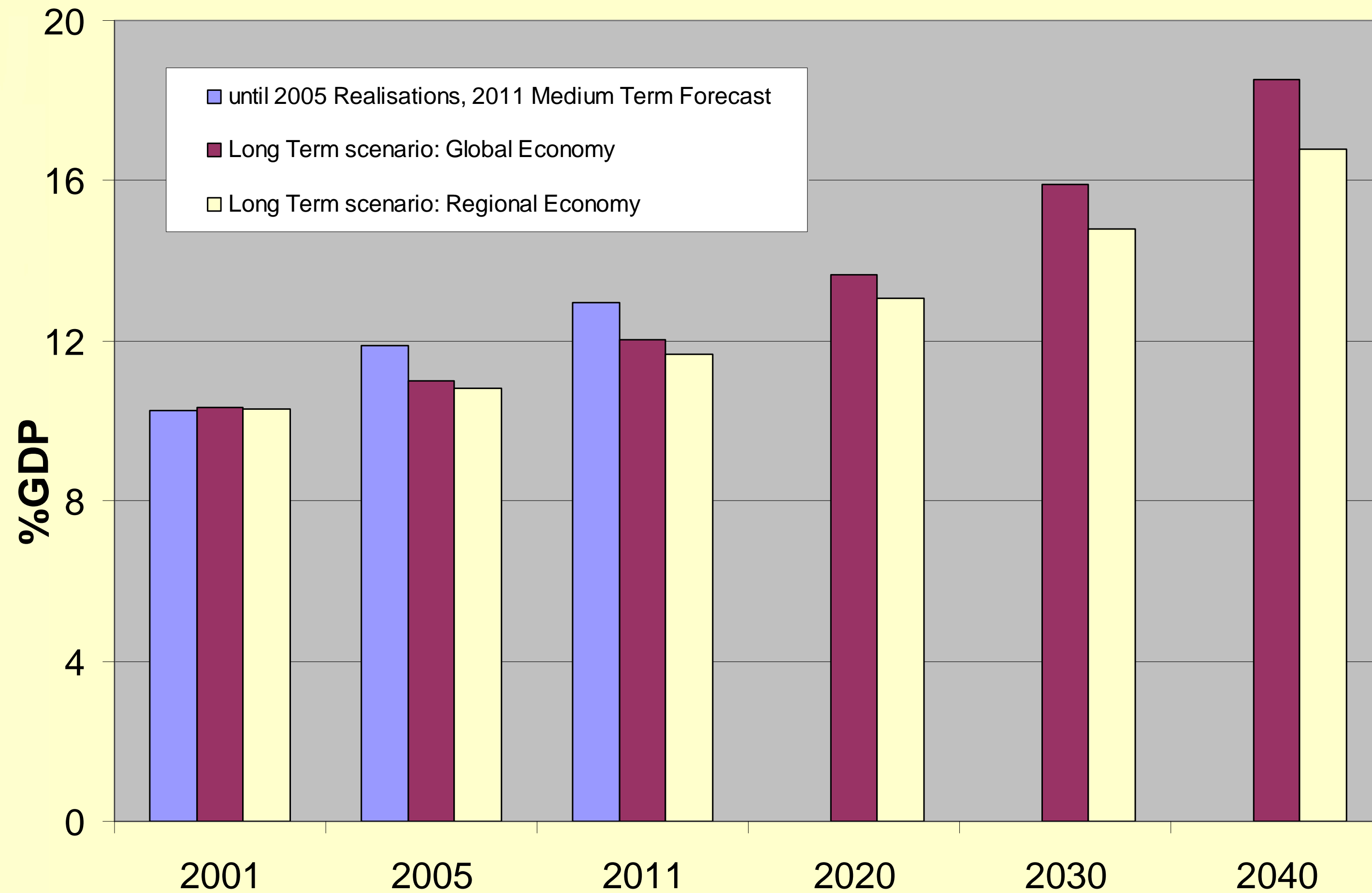
Projections: Total Dutch health expenditure



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Health care Reform 2006

- Basic cure services
- Integration private and public insurance
- Mandatory insurance
- Large basic benefit package
- Open enrollment / Community rating
- Compensation for lower incomes
- System of regulated competition
  - insurance market
  - provider market
  - introduction of regulators

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Why reform?

- Dissatisfaction with public budgets
  - Long waiting lists
  - Perceived low quality
  - Inefficient provision of health care
- Adverse selection in private insurance
- Rising health care expenditure(?)

Basic benefit package

- definition in functions of care
- "in kind" or "reimbursement"
- preferred provider contracts
- mandatory deductible
- voluntary deductibles
- premium rebate (<10%) group contracts

Evaluation:

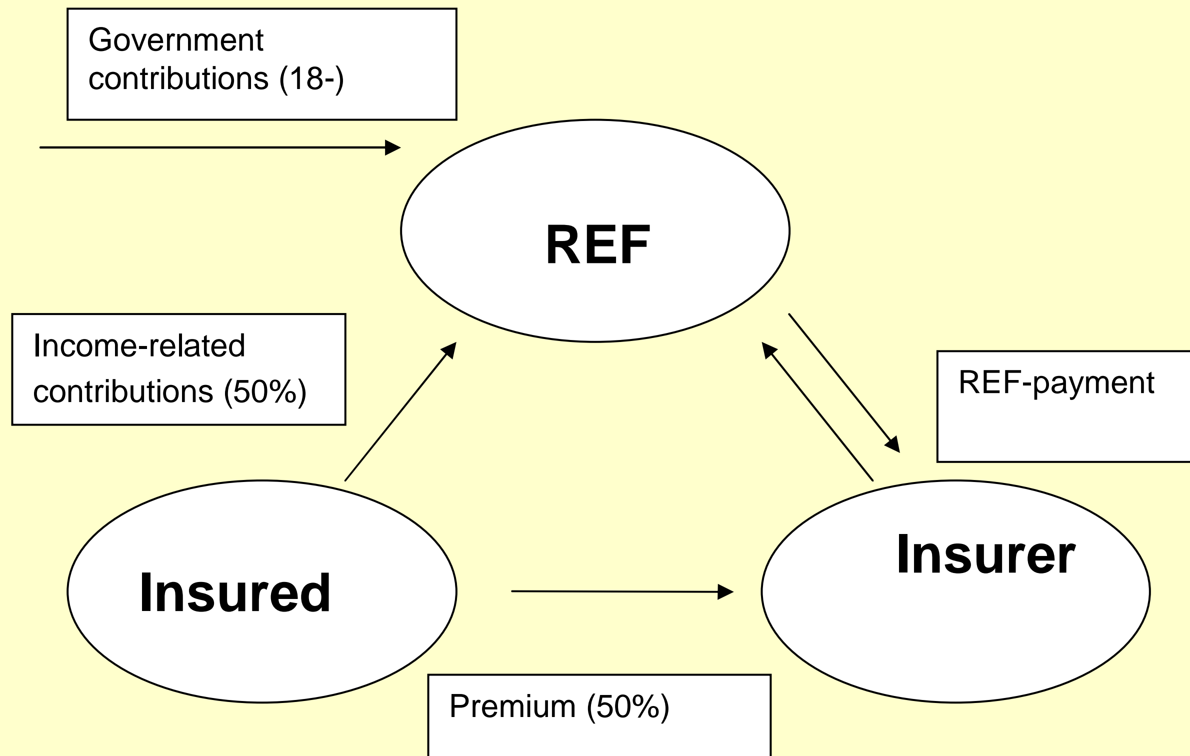
- +: increases consumer choice
- +: tools for improving efficiency
- -: tools for risk selection

Risk adjustment

- Advanced system of risk adjustment
  - to avoid adverse selection
  - best in the world?

Risk Adjusters	Explanatory Power
age, sex	2%
kind of income	2%
urbanization	2%
pharmaceutical cost	10%
hospital costs	4%
SES	1%
	21%

Payment system and Risk Equalization Fund (REF)



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Evaluation: Insurance market

- Premium war in 2006 and 2007
  (average loss of 40 euros per enrollee)
- Increasing number of group contracts
  (diabetics, elderly, banks, vegetarians(?) etc.)
- Many consumers switched health insurer
  (2006:19%, 2007:4%, 2008: 3%)
- Mergers (4 large concerns have 90% market share)
- 1.5% population is uninsured
- Few risk-selection problems
- High degree of ex post equalization
  (insurers' risk on health expenditures is 'only' 50%)

Evaluation: Hospital market

- Introduction of new payment system
  - A-segment (30%, prices freely negotiable)
  - B-segment (70%, budgets)
- More transparency needed (quality, volume)
- For-profit hospitals in 2012 (?)
  - Growth in number of clinics
- Vertical relations with insurers:
  - “in kind” contracts are crucial but uncommon
    usually associated with some selection
  - Mergers not present (yet)
    risk of anti-competitive foreclosure

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