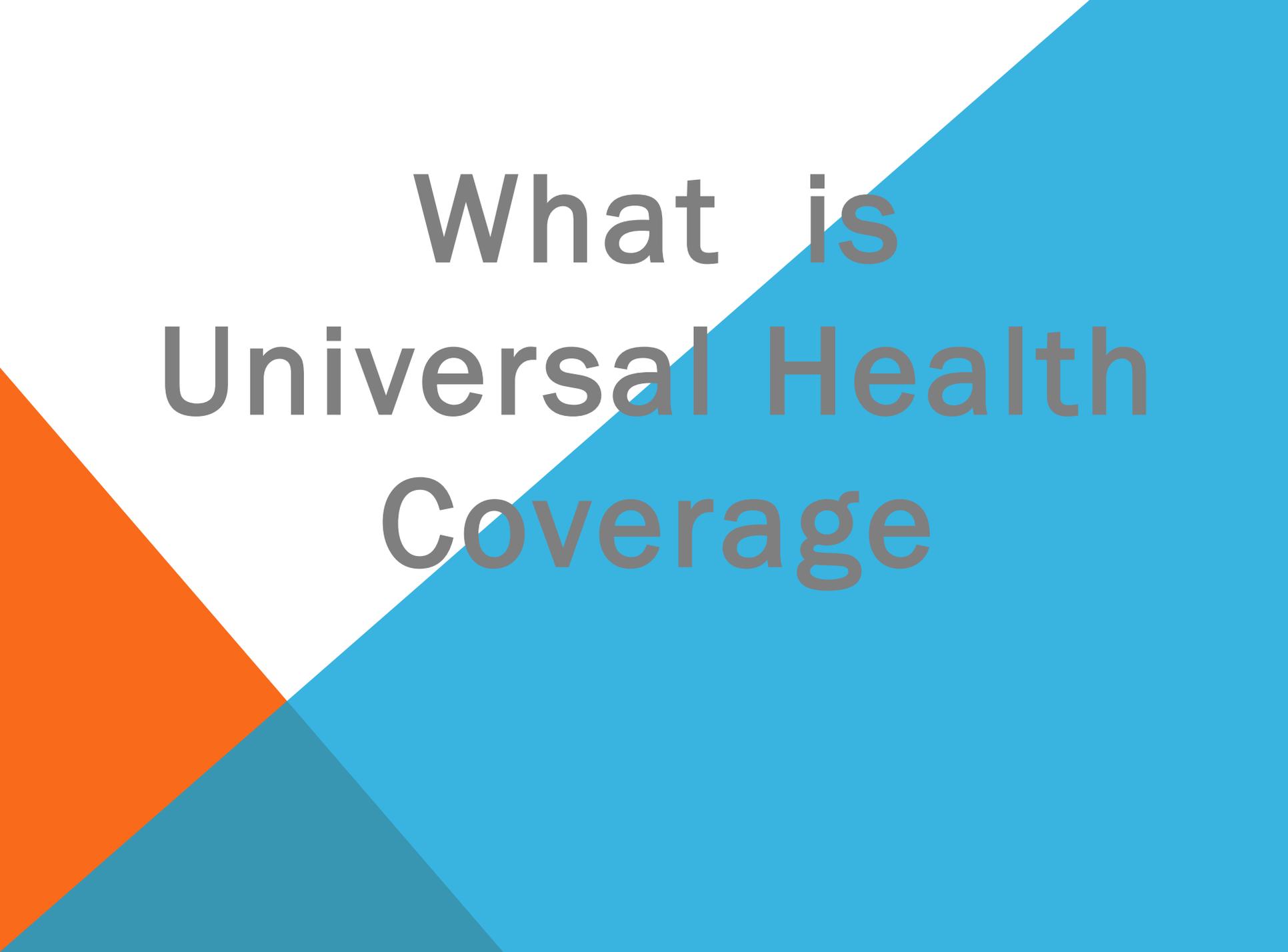


**The role of
Regional Health Insurance
in Caricom on the path to
Universal Health Coverage**

**Presentation to the
PAHO/HSS Senior Policy Seminar
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Raphael D. Barrett



What is Universal Health Coverage

World Health Organisation definition

Equity in access

to key promotive, preventive, curative and rehabilitative health interventions for all at an affordable cost

Equity in financing

households contribute to the health system on the basis of ability to pay

Financial-risk protection

ensures that the cost of care does not put people at risk of financial catastrophe

World Health Report - 2010

Report outlines how countries can modify their Health Financing Systems to move more quickly towards sustainable Universal Coverage

Three fundamental problems identified:

- Availability of resources
- Overreliance on direct payment when care is needed
- Inefficient and inequitable use of resources

Simple Solutions for countries

- ✓ Raise sufficient funds
- ✓ Reduce reliance on direct payments for access to care
- ✓ Improve efficiency and equity

The Regional Health Insurance Mechanism feasibility study - 2010

Commissioned by the Caricom Secretariat
Funded by the Caribbean Development Bank

Conducted by DAH Consulting

Team leaders: John Harvey PhD

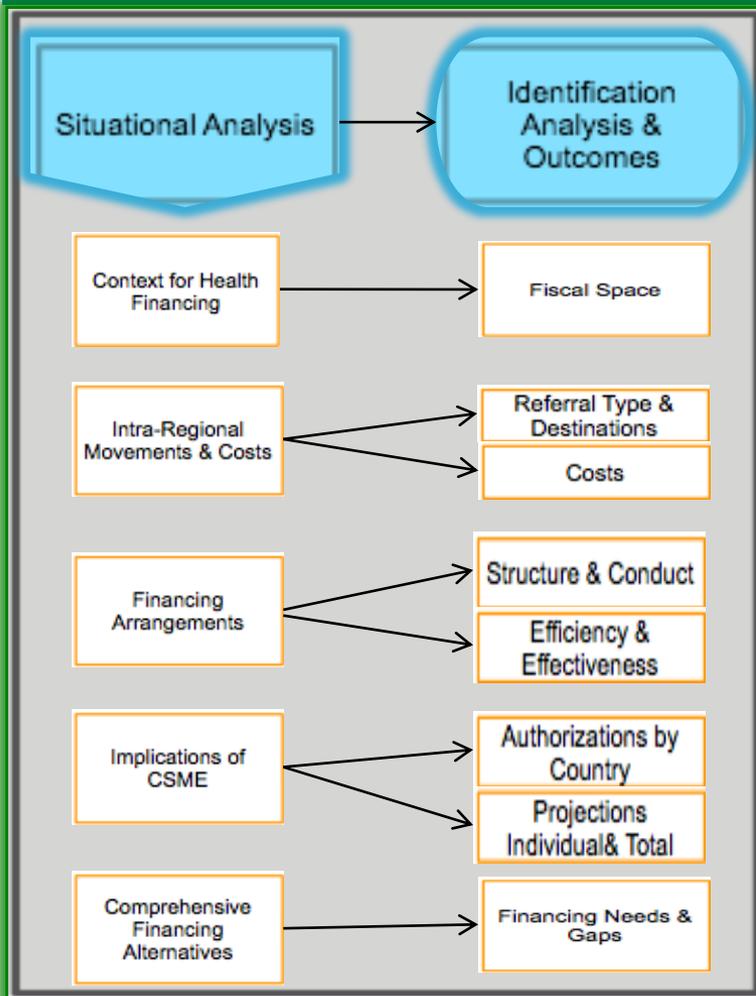
Raphael Barrett MBA

Objectives of the RHIM Study

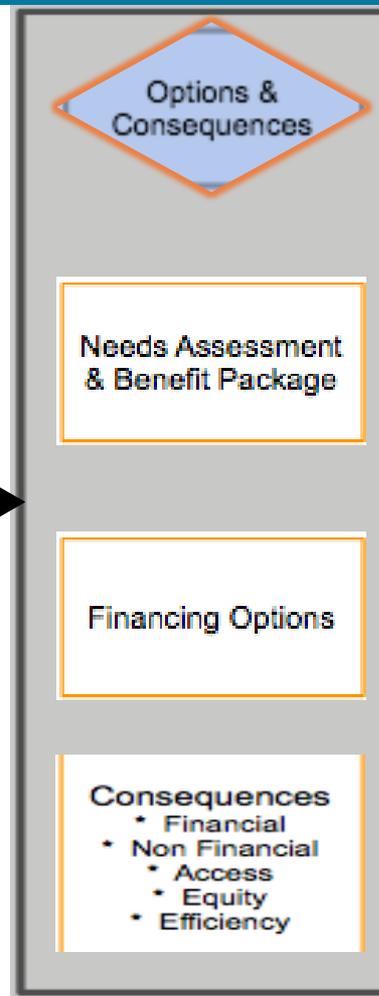
- Analyse the intra-regional movements of patients
- Assess the implications of the free movement of people on the demand for healthcare services in the region
- Assess the feasibility of a RHIM
- Recommend options for meeting the healthcare needs of CARICOM nationals travelling to, or working in, other member states.

RHIM Valuation Phases

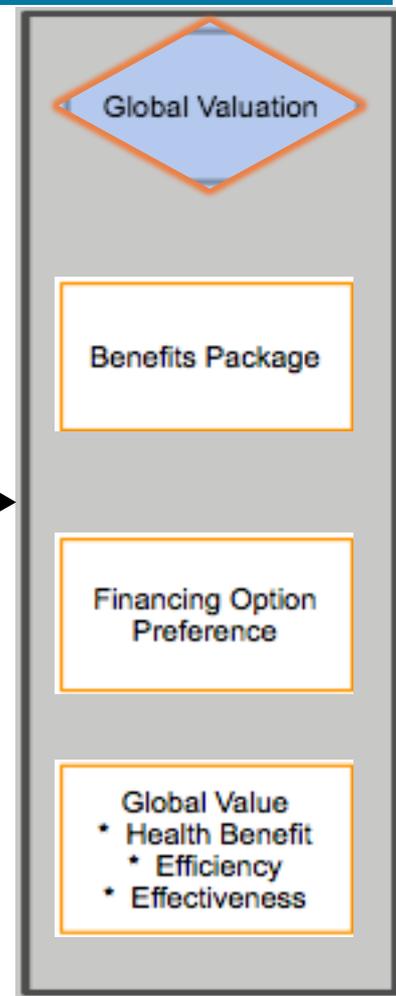
I



II



III

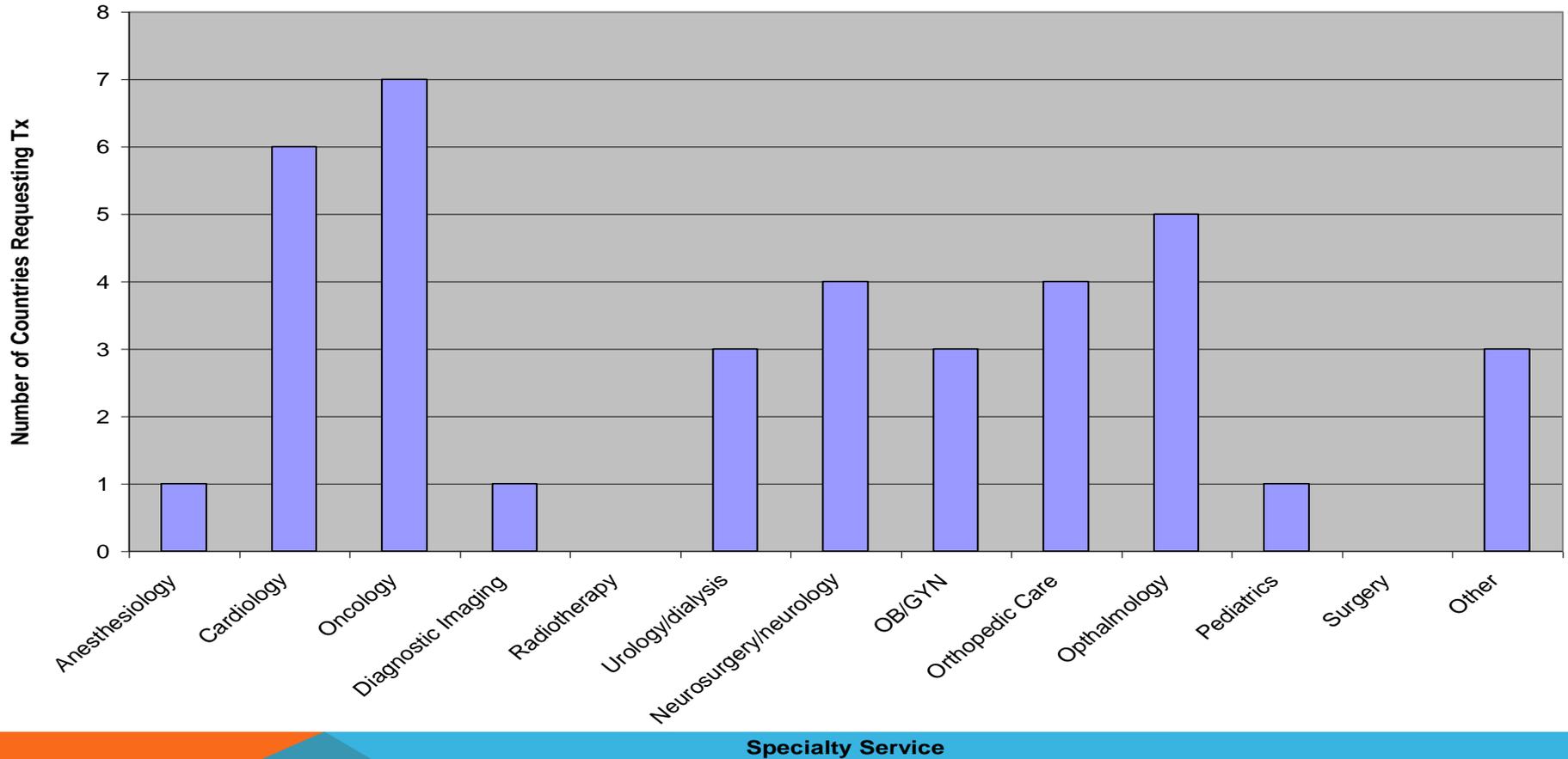


Fiscal Space and Insurance considerations

Direct taxes	<i>limited scope</i>
VAT/sales, property, sin taxes	<i>some scope</i>
Import duties (tariffs)	limited scope
Social security/payroll taxes	some scope
Private insurance	some scope

Health Services Most Frequently Sought

Treatment Sought (Case Mix)



Cost of Care

- Private Health Insurance sets limits on costs with cost-sharing
- Per referral costs are greater for government entities
- Cost per referral varies across the region
- Some countries report capacity as “Centres of Excellence”

Financing Arrangements:

Private Health Insurance

- Industry dominated by a few large firms
 - Administrative costs
 - ❖ For large companies between 10% and 20%
 - ❖ For smaller companies costs average around 30%.
 - Non-price competition and medical underwriting
 - Industry has a network of providers across the region
- 

Financing Arrangements:

Social Security Organisations

- SSO are social safety nets that collect revenues, pool resources, purchase and administer services
- All countries showed increases in the insured contributors ranging from 2.6% to 26%
- Twelve of the fourteen (14) countries had positive/spike growth in contributions
- Administrative cost ratios in 2008 varied from a low of 4% to a high of 34%
- Health claims, as a percentage of contributions, varied from a low of 1% to 210% (*related to loss of income*)



Policy Questions



- What is the Financial Capacity and Equity in accessing healthcare
- Can the Caribbean handle a shift in referrals from extra-regional to intra-regional institutions?
- Which organisations can: provide access at reasonable rates; have a network of providers; are accountable
- Have Social Security Organisations developed the capacity to plan, collect revenues, develop risk pools, purchase services and distribute benefits to enrollees?
- Do the SSO enjoy economies of scale from running programmes of social protection throughout the region?

Health Needs of Patients moving under the CSME and otherwise Intra-Regionally

- Essential Services include:
 - Infectious diseases
 - Cardiology and Cardiovascular services
 - Neurology and Neurosurgery
 - Oncology
 - Ophthalmology
 - Urology and Dialysis services
- Diagnostic services include:
 - Laboratory
 - Imaging (MRI, CT etc)

Many of these services require the same support structure so measures taken to improve one specialty will undoubtedly improve some others

Models for Regional Health Insurance

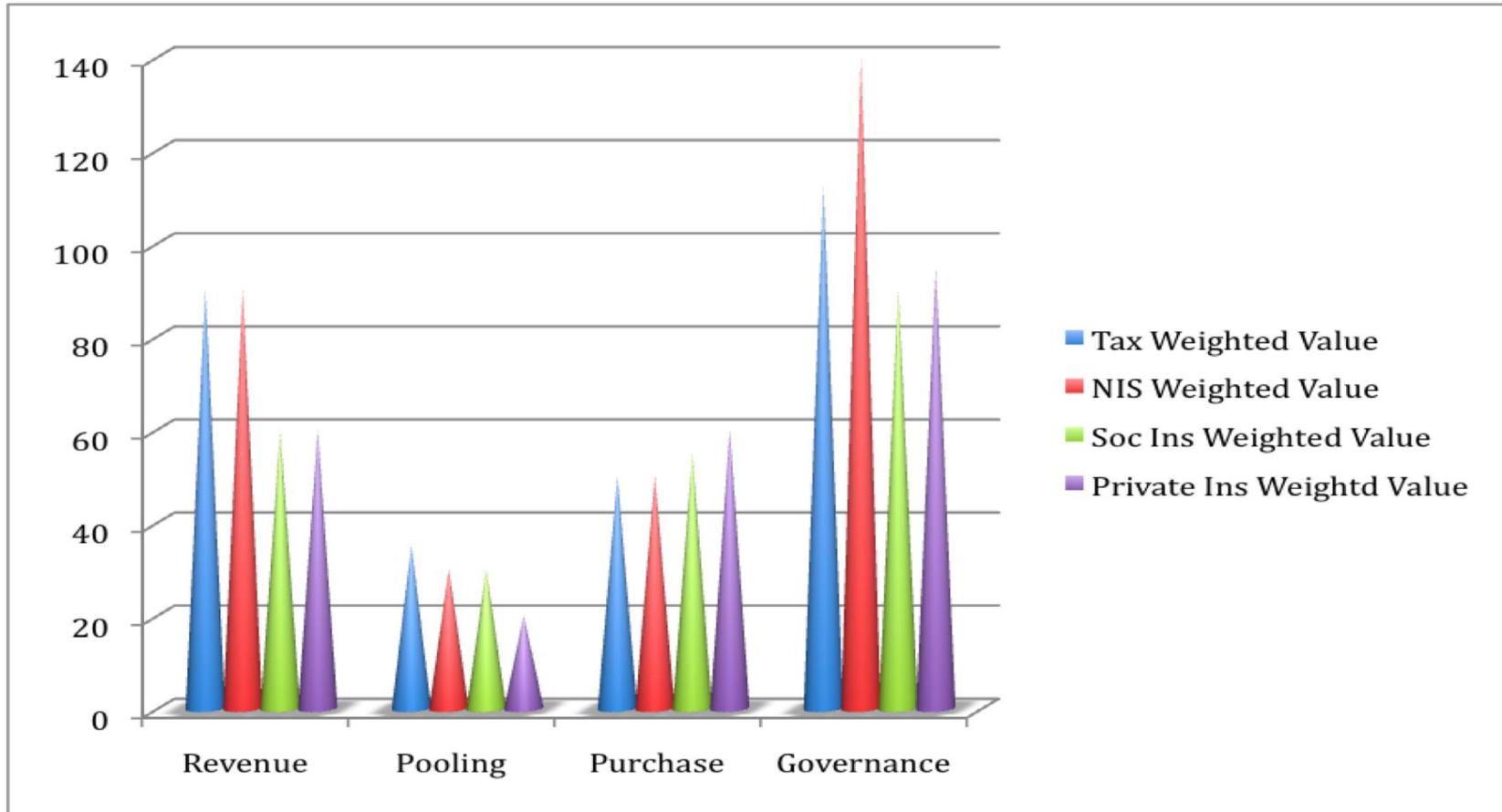
- Universal Coverage
 - ❖ defined services financed through payroll/general taxation and/or social security contribution
- National Insurance (*Social Health Insurance*)
 - ❖ defined services financed by contributions from individuals and government (for the poor and indigent); barriers could be financial or due to economic performance
- Special Purpose Plans
 - ❖ NHF (Jam), CDAP (T&T), CDPD (Bah) funded by special taxes and/or social security payments
- Private financing
 - ❖ Private Health Insurance, Out Of Pocket spend, Grants, Aid

Assessment of Operational Options

<i>Revenue Collection</i>	<i>Purchasing Services</i>
Efficient and equitable way to collect revenues	Method to purchase effective services
Sustainable source of funding	Payment mechanism
System to ensure equity	Service networks
<i>Contribution Pooling</i>	<i>Governance</i>
Sharing costs and risk	Achievement of policy objectives
Building Solidarity	Cultural sympathies, current practices
	Fiscal space

Analysis of Options

NIS & Tax Based Systems are the most efficient in Revenue Collection & Governance



RHIM Preferred Option

NIS/SSO has the favorable context and attributes:

- ☑ Has the administrative capacity to collect revenues and pool resources
- ☑ Has lower administrative – transaction – costs
- ☑ Existing structure supports timely implementation of RHIM
- ☑ Has policies, contingent rights and agreements
- ☑ Possesses Regional reach



**FINANCIAL ANALYSIS
OF HEALTH
INSURANCE
OPTIONS**

Methodology

- A risk-based approach to national healthcare financing
- The policymaker must determine:
 - ❖ Healthcare Benefits: the range of Individual and Institutional benefits to be provided
 - ❖ Healthcare Coverage: the population to be provided with the benefits and the nature of the coverage
 - ❖ Financial Resources: the extent of financing available to provide benefits

RHIM Analysis – population served

- Three scenarios considered:
 - ❖ CARICOM POPULATION - residents
 - ❖ CSME POPULATION – persons with skills certificates
 - ❖ PATIENT POPULATION - persons sent outside their country for treatment
- Medical areas for priority attention
 - ❖ Phase II report

RHIM Analysis – benefits provided

- Within each medical area, epidemiologic analysis was used to identify **specific medical conditions** for treatment
- **Prevalence rates** were determined for these conditions
- Typical **annual treatment costs** were estimated for each specific condition

RHIM – Prevalence Estimate sources

RHIM coverage	Prevalence	Reference
Cardiology	3.3%	NHF-JA Study (Barrett - 2000) World Bank Study (Armstrong - 1994)
Prostate cancer	4.1%	NHF-JA membership data (Barrett - 2010)
Breast cancer	1.9%	NHF-JA membership data (Barrett - 2010)
Diabetes	6.3%	NHF-JA Study (Barrett - 2000) World Bank Study (Armstrong - 1994)

RHIM – Cost Estimates

RHIM coverage	Avg. annual cost (est)	Reference
Cardiology	US\$35,000	RHIM Study (2010)
Prostate cancer	US\$12,000	Crawford et al. (European countries) and Fourcade et al. (USA) (2010)
Breast cancer	US\$21,000	Wendy Max (California, USA), University of California, San Francisco (2003)
Diabetes	US\$5,000	RHIM Study (2010)

RHIM Preliminary Results (US\$M)

LIABILITY ESTIMATES: CARICOM POPULATION

CARICOM Member	UTILISATION					
	2009 Pop (000)	1% Cardio	10% Prostate	10% Breast	10% Diabetes	ToTal
Antigua & Barbuda	86	\$1.00	\$4.23	\$3.40	\$2.73	\$11.36
Bahamas	342	\$3.98	\$16.82	\$13.52	\$10.85	\$45.18
Barbados	256	\$2.98	\$12.59	\$10.12	\$8.12	\$33.82
Belize	307	\$3.58	\$15.10	\$12.14	\$9.74	\$40.55
Dominica	73	\$0.85	\$3.59	\$2.89	\$2.32	\$9.64
Grenada	104	\$1.21	\$5.12	\$4.11	\$3.30	\$13.74
Guyana	762	\$8.87	\$37.48	\$30.13	\$24.17	\$100.66
Jamaica	2,719	\$31.67	\$133.75	\$107.52	\$86.24	\$359.18
Montserrat	5	\$0.06	\$0.25	\$0.20	\$0.16	\$0.66
St. Kitts & Nevis	40	\$0.47	\$1.97	\$1.58	\$1.27	\$5.28
St. Lucia	172	\$2.00	\$8.46	\$6.80	\$5.46	\$22.72
St. Vincent & the Grenadines	109	\$1.27	\$5.36	\$4.31	\$3.46	\$14.40
Suriname	520	\$6.06	\$25.58	\$20.56	\$16.49	\$68.69
Trinidad & Tobago	1,339	\$15.60	\$65.87	\$52.95	\$42.47	\$176.88
<i>Sub-ToTal</i>	<i>6,834</i>	<i>\$80</i>	<i>\$336</i>	<i>\$270</i>	<i>\$217</i>	<i>\$903</i>
Anguilla	14	\$0.16	\$0.69	\$0.55	\$0.44	\$1.85
Bermuda	68	\$0.79	\$3.34	\$2.69	\$2.16	\$8.98
British Virgin Islands	24	\$0.28	\$1.18	\$0.95	\$0.76	\$3.17
Cayman Islands	49	\$0.57	\$2.41	\$1.94	\$1.55	\$6.47
Turks & Caicos Islands	23	\$0.27	\$1.13	\$0.91	\$0.73	\$3.04
<i>Sub-ToTal</i>	<i>178</i>	<i>\$2</i>	<i>\$9</i>	<i>\$7</i>	<i>\$6</i>	<i>\$24</i>
ToTal	7,012	\$82	\$345	\$277	\$222	\$926

RHIM Preliminary Results (US\$000)

LIABILITY ESTIMATES: CSME POPULATION

COUNTRIES	UTILISATION				1%	10%	10%	10%	ToTal
	2009	proj	2014 (estimate)		Cardio	Prostate	Breast	Diabetes	
Antigua & Barbuda	85	545	630	2.4%	\$7.34	\$30.99	\$24.91	\$19.98	\$83.22
Bahamas									
Barbados	694	1,960	2,654	9.9%	\$30.91	\$130.55	\$104.95	\$84.18	\$350.59
Belize	72	60	132	0.5%	\$1.54	\$6.49	\$5.22	\$4.19	\$17.44
Dominica	148	375	523	2.0%	\$6.09	\$25.73	\$20.68	\$16.59	\$69.09
Grenada	292	513	805	3.0%	\$9.38	\$39.60	\$31.83	\$25.53	\$106.34
Guyana	2,785	4,107	6,892	25.8%	\$80.27	\$339.02	\$272.54	\$218.61	\$910.43
Jamaica	1,913	3,915	5,828	21.8%	\$67.88	\$286.68	\$230.46	\$184.86	\$769.88
Montserrat									
St. Kitts & Nevis	198	394	592	2.2%	\$6.89	\$29.12	\$23.41	\$18.78	\$78.20
Saint Lucia	650	1,621	2,271	8.5%	\$26.45	\$111.71	\$89.80	\$72.03	\$300.00
St. Vincent & the Gren	266	1,122	1,388	5.2%	\$16.17	\$68.28	\$54.89	\$44.03	\$183.36
Suriname	66	44	110	0.4%	\$1.28	\$5.41	\$4.35	\$3.49	\$14.53
Trinidad & Tobago	2,039	2,870	4,909	18.4%	\$57.17	\$241.48	\$194.12	\$155.71	\$648.48
ToTal	9,208	17,526	26,734	100%	\$311	\$1,315	\$1,057	\$848	\$3,532

RHIM Preliminary Results (US\$000)

LIABILITY ESTIMATES – PUBLIC (MOH/NIS) REFERRALS

COUNTRIES	UTILISATION	1%	10%	10%	10%	ToTal
	# Referrals	<u>Cardio</u>	<u>Prostate</u>	<u>Breast</u>	<u>Diabetes</u>	
Anguilla	112	\$1.304	\$5.509	\$4.429	\$3.553	\$14.795
Antigua & Barbuda	n/a					
Bahamas	466	\$5.427	\$22.923	\$18.427	\$14.781	\$61.559
Barbados	117	\$1.363	\$5.755	\$4.627	\$3.711	\$15.456
Belize	n/a					
British Virgin Islands	169	\$1.968	\$8.313	\$6.683	\$5.361	\$22.325
Cayman Islands	1,795	\$20.906	\$88.297	\$70.981	\$56.936	\$237.120
Dominica	n/a					
Grenada	n/a					
Guyana	706	\$8.223	\$34.728	\$27.918	\$22.394	\$93.263
Jamaica	n/a					
St. Kitts & Nevis	n/a					
Montserrat	287	\$3.343	\$14.118	\$11.349	\$9.103	\$37.913
St. Lucia	80	\$0.932	\$3.935	\$3.164	\$2.538	\$10.568
St. Vincent & The Grenadines	150	\$1.747	\$7.379	\$5.932	\$4.758	\$19.815
Suriname	242	\$2.819	\$11.904	\$9.570	\$7.676	\$31.968
Trinidad & Tobago	79	\$0.920	\$3.886	\$3.124	\$2.506	\$10.436
Turks & Caicos	3,154	\$36.734	\$155.146	\$124.722	\$100.042	\$416.644
Total	7,357	\$86	\$362	\$291	\$233	\$972

RHIM Preliminary Conclusions

- The per capita cost for the coverage proposed is US\$132.10 per year
- The cancers included account for two-thirds of the estimated liability, diabetes 24% and cardio conditions 9%



Policy Options for RHIM



- A sustainable health financing mechanism determined by fiscal space and the capacity to
 - ❖ Collect revenues efficiently
 - ❖ Pool resources and risks
 - ❖ Purchase services efficiently
- Take advantage of institutions with experience, cultural acceptability and reach to manage system
- Governance – oversight, accountability, quality
- Incentives to use cost saving precision technology to achieve desired healthcare outcomes



RHI Administration



CONSIDERATION – A

RHI to have operational responsibilities collecting revenues, pooling resources, and purchasing services. RHIM shall need a centre of control to administer and manage the operation.

CONSIDERATION – B

The operational functions are contracted to a third party and the RHI operates as a Supervisory Board monitoring results, setting standards and determining policies and the scope of coverage.

Recommendation

The RHIM should be implemented as proposed in Consideration B using the Social Security Organisations in each country to administer the system and manage the provision of services

RHIM STAKEHOLDERS' CONSULTATION JANUARY 2011

**Feedback from Participants
CEOs of National Insurance Boards
Chief Medical Officers**

AREAS OF GENERAL AGREEMENT

- Major role for NIS/SSO in the RHIM
- An **Essential** package of services should be covered based on each country's current health service offerings
- Over time, a standard **Essential** package for CARICOM should be developed and integrated into each country's healthcare system

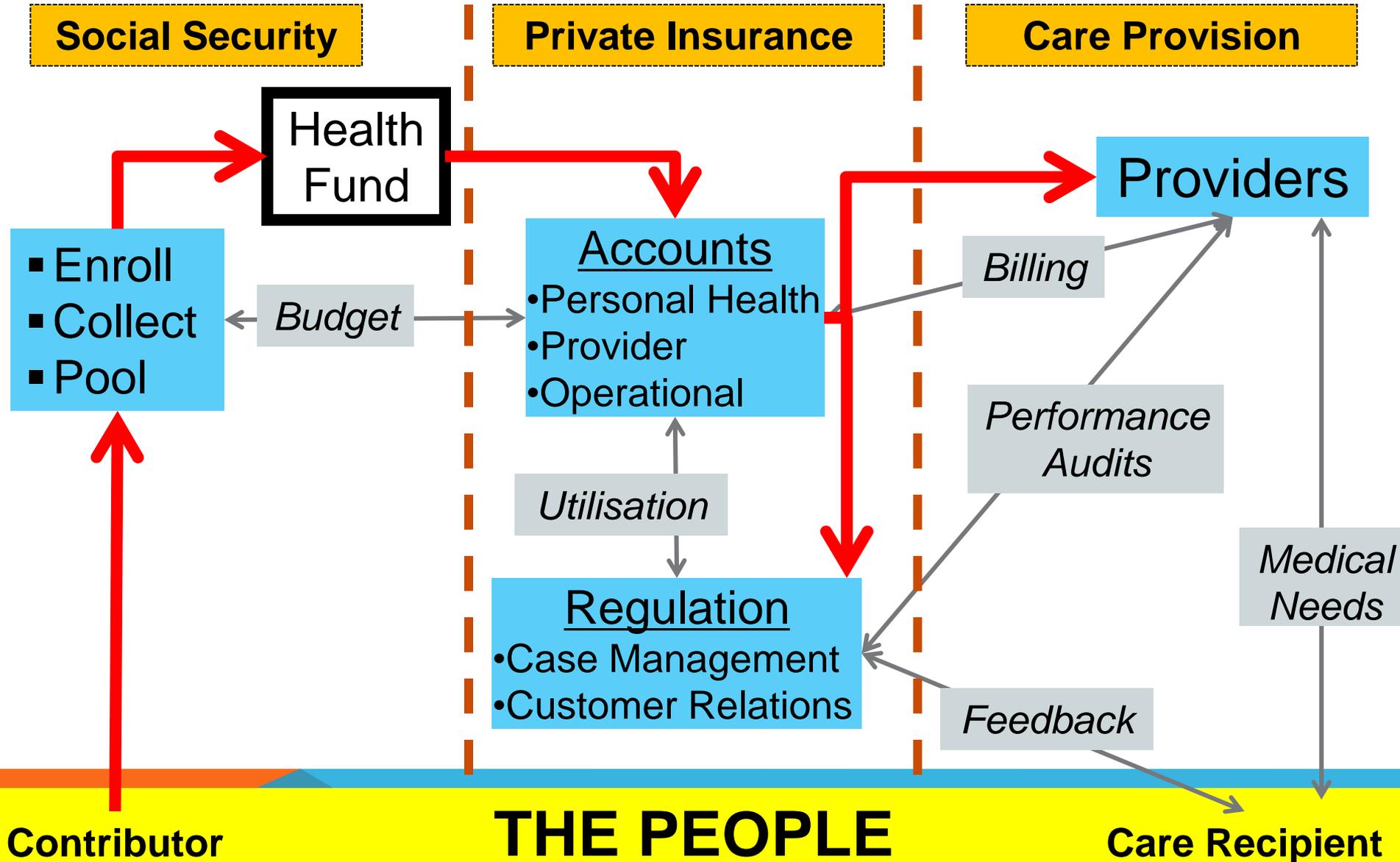
Target Beneficiaries - CARICOM nationals only

RHIM ADMINISTRATION

	Option 1	Option 2
Financing	Fee for Service	Global Budget
Operations	✓ NI/SSOs finances and manages RHI (incl. claims processing)	✓ NI/SSOs finance but do not manage RHI
Control, Monitoring & Evaluation	<ul style="list-style-type: none"> ✓ Case Management System - full-time case managers on staff ✓ Peer Reviews ✓ Use of Approval Codes for authorizing and monitoring health care treatment 	<ul style="list-style-type: none"> ✓ Case Management System – use of Health Review Nurses ✓ Peer Reviews ✓ Strong MIS for recording and tracking health care treatment and costs
Administrative Cost	<ul style="list-style-type: none"> ✓ Higher administrative costs (tied to full time case managers) ✓ Long-term savings through better management of treatment by medical professionals 	✓ Lower costs over the short and medium term
Delivery of Health Care	✓ Preferred providers across the region	✓ Preferred providers across the region

HEALTH CARE FINANCING

PREPARED BY
Dr. Patrick Martin



RHI MEMBERSHIP CARD

PREPARED BY
Dr. Patrick Martin

Social Security

Enroll Members
Collect & Pool Revenue
Pay Providers

Issue
Card



- ✓ Proves health coverage or a personal health account
- ✓ Portable (should be subject to immigration inquiry)
- ✓ Swiping the Card results in
 - ❖ Approval for service
 - ❖ Debit of the Personal Health Account
 - ❖ Credit to the Provider's Account
- ✓ CSME : card is required to obtain skills certificate

BENEFITS & PAYMENT MODALITY

PREPARED BY
Dr. Patrick Martin

**National Cover
with Portability**

- Standard Package**
- Prevention/Wellness
 - General Medical
 - Dental
 - Ophthalmic/Optician
 - Rehab/Convalescent
 - Long term
 - Diagnostics/Medicines

Gatekeeper

Local Providers

Preferred Regional Providers

Service type
or quality
unavailable
at home

Firewall

**Additional
Services**

**Supplemental
Cover**

CONCLUSIONS:

TO BE AGREED/DETERMINED

- Caricom Essential package – minimum standard for all countries
- Issues of reciprocity between health funds
- Bidding criteria and process to contract private sector insurance entities where desired
- Criteria for preferred providers - national and regional
 - ❖ Accredited - recognised as best practice
 - ❖ Non-denial contingent upon proof of current cover
 - ❖ Negotiated pricing schedules
 - ❖ Barrier-free accountability
 - ❖ Timely reporting

IMPLICATIONS FOR A CARIBBEAN UHC

- To provide access to healthcare for all persons in the Caribbean – not citizens/'legal' residents only
- Access to healthcare should be a human right
- Agreement on a standard basic package of healthcare services
- UHC system necessary to support the unrestricted movement of persons within the Caribbean
- Issues of financial sustainability – cooperation on regional measures, e.g. taxes on tourism, 'sin' products, and the availability of services – development of 'regional centres of excellence'