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# Quality improvement and cost containment in the Dutch health insurance system

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ASSPRO meeting, Budapest May 16-18, 2011

# Aims of health insurance reforms in The Netherlands in 2006

- To combine universal coverage and competition
- A more equal distribution of the costs of health care
- To improve quality of care by improving transparency and selective contracting

# Health insurance reforms in The Netherlands in 2006

- All residents are obliged to buy basic package of health insurance
- Basic package includes:

general practitioner	maternity care
medical specialist care	obstetrics
hospital care	technical aids
prescription drugs	dental care for children

## Universal access

- Insurers are obliged to **accept** every applicant
- **Community-rated premium** regardless of expected claims or pre-existing conditions
- Once a year individuals have the opportunity to **switch** health insurer

## Financing of health insurance

- 50% of total health expenditures are financed by income-related contributions
- These are put into Risk Equalization Fund (REF)
- Insurers receive payment from REF based on risk profile of insured to create level playing field
- Community-rated premiums cover 45% of total costs

## Cost to the consumer

- Average insurance premium is appr. €1100 per year
- Income related premium is 7%
- There is a compulsory deductible of €170
- Maximum voluntary deductible is €500
- For care not in basic package there is voluntary supplementary insurance

## Access for all

- Children below age of 18 are exempted for paying insurance premiums
- Compensation for insurance costs for people with low income
- 98% of population has basic package of health insurance

# Effects of health insurance reforms

- Fierce price **competition** among insurers
- **Consolidation** of health insurance market
- Development of **consumer collectives** as countervailing power to insurers (through employer, union, patient group, etc.)
- **Coalitions** of insurers and patient groups have emerged aimed to improve quality and patient-centred contracting of health care providers



# Incentives for cost control

- Risk Equalization Fund (and obligation to accept every consumer) has eliminated adverse selection
- Price competition provides incentives for cost controls, however ex post compensation mechanisms in Risk Equalization system eliminates cost control incentives almost completely.
- Selective contracting to improve quality and lower costs (quality and efficiency go together) is slowly developing
- Insurers have used market power to reduce costs of pharmaceuticals

## **Conclusion: Health insurance reforms in The Netherlands has resulted in**

- Price competition on health insurance market
- Incentive for health insurers towards cost control are still too small
- Increased attention for quality of care in contracting of health care



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Thank you for your attention

