Universal Health Coverage in Aruba

15 years AZV: what's going on?

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Topics

Values, principles and characteristics: historical context

Before AZV

- Pretty good infrastructure of medical resources, services and providers
- Segmented and fragmented system of health plans and health insurers
- Risk selection by private insurers and limited access for specific (high risk) groups
- Different coverage by the different health plans
- Most plans based on reimbursement and out-of-pocket expenditures

After AZV

- Expansion of providers and medical services/treatments covered
- Pooling of all health plans under one single health plan with a single payer
- Equal access for all (legal) citizens; no risk-selection
- Equal comprehensive coverage for all (legal) citizens
- In kind delivery of services; no reimbursement, no copayments or deductibles

Values, principles and characteristics

Before AZV

- High administrative and operational costs (9%)
- Poor Governance structure
- Incomparable data because of incomplete and inconsistent data collection
- High growth rate of yearly expenditures (avg. 7%)
- Declining life expectancy

After AZV

- Lower administrative and operational cost (5%)
- Improved Governance structure
- Central and uniform database to sustain policymaking
- From 2010: moderate growth rate of yearly expenditures
- Increased life expectancy

Values, principles and characteristics

Main Characteristics of universal health coverage

- Mandatory: every legal citizen is mandatory enrolled and legally obliged to contribute by paying a premium
- Equal coverage in scope and quality of health benefits
- Insureds are entitled to in kind delivery of services; no reimbursement, no (or very limited) copayments or deductibles
- Based on solidarity
  - No risk-adjustment or cream skimming based on income, sex, age, geographical area or medical history
  - By contributing in line with one's ability to pay or financial capacity

Topics

The health benefits to include

- The health benefits will have to reflect the scope and quality of existing medical providers and services
- The defining of the health benefits: “…what is usual and common in the profession…”
- Preventive services - Cure - Care
- Based on the coverage of the larger health plans before introduction of AZV

The health benefits of the AZV

- Family physicians (gatekeeper)
- Medical specialists
- Hospital services
- Prescription drugs
- Laboratory services
- Overseas services
- Prosthetic and medical devices
- Pregnancy-related services (midwives)
- Physical therapy
- Dental care
- Ambulance services

Topics

Funding

1 **Fiscal contribution**

2 **(Pay-roll) premium**

3 **2015: Health Tax (dedicated sales tax) and co-payments?**

Financial Outlook 2013

(x mln. florin)	2011	2012	2013
Total Revenues	359.4	369.9	371.2
Fiscal Contribution	122.7	117.7	121.5
Premium (incl. other revenues)	236.7	252.2	249.7
Total Expenditures	359.4	369.9	371.2
Health Services	342.6	353.3	354.8
Operational Costs	16.8	16.6	16.4
% growth	*3,1%*	*2.9%*	*0.4%*

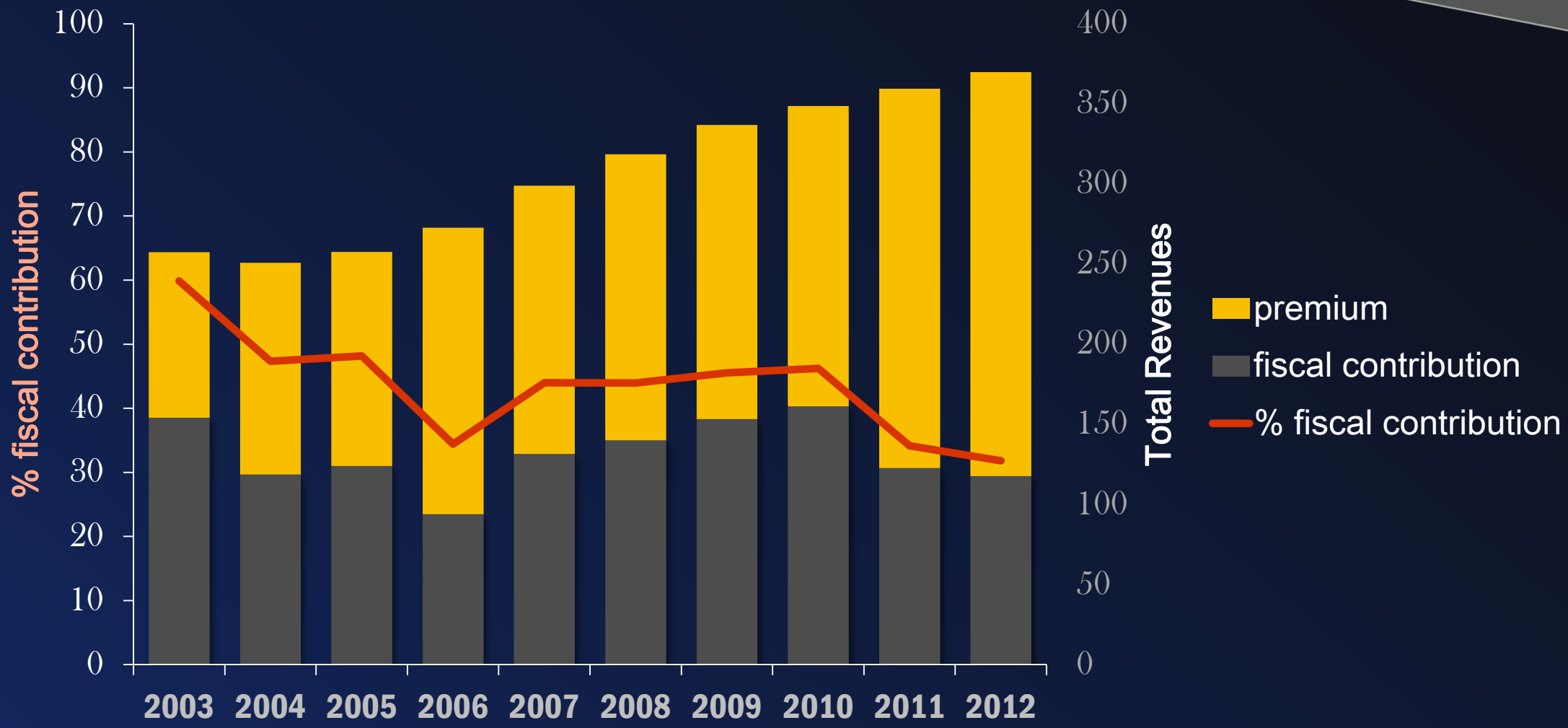
Highlights 2013

- Lower premium revenues: 0,6% lower compared to 2012
- Moderate growth of total expenditures: 0,4%
- Moderate growth of expenditures health services
- Operational costs decreased by 1,5%
- Average cost per insured decreased by 1,2%
- Number of insurees 2008-2013 increased by 1.4%
- Average inflation 2008-2013: 2.0%

Funding

…The relative share of the fiscal financing decreased from above 60% to 30%…

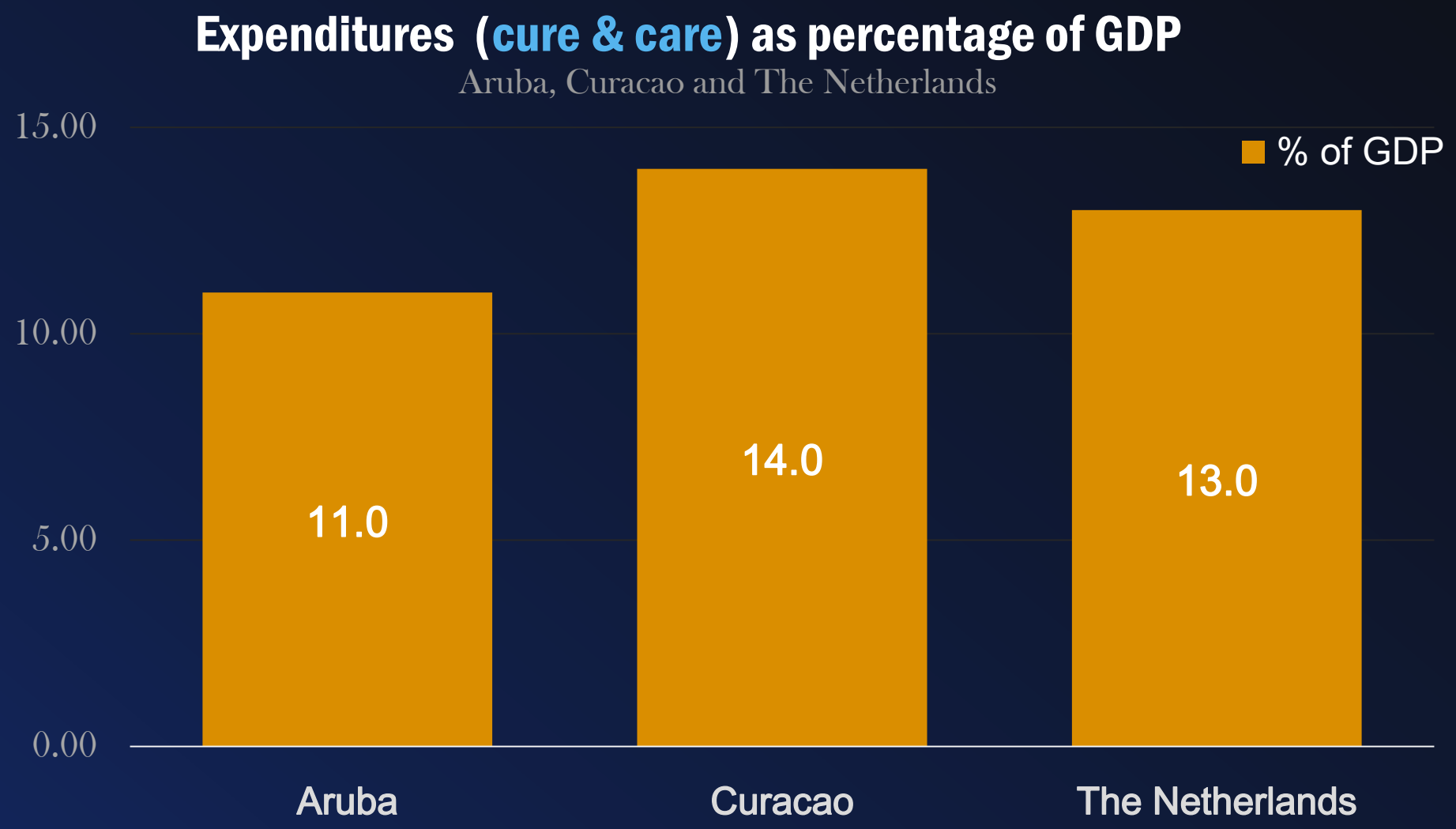
Share of premium & fiscal contribution in total revenues



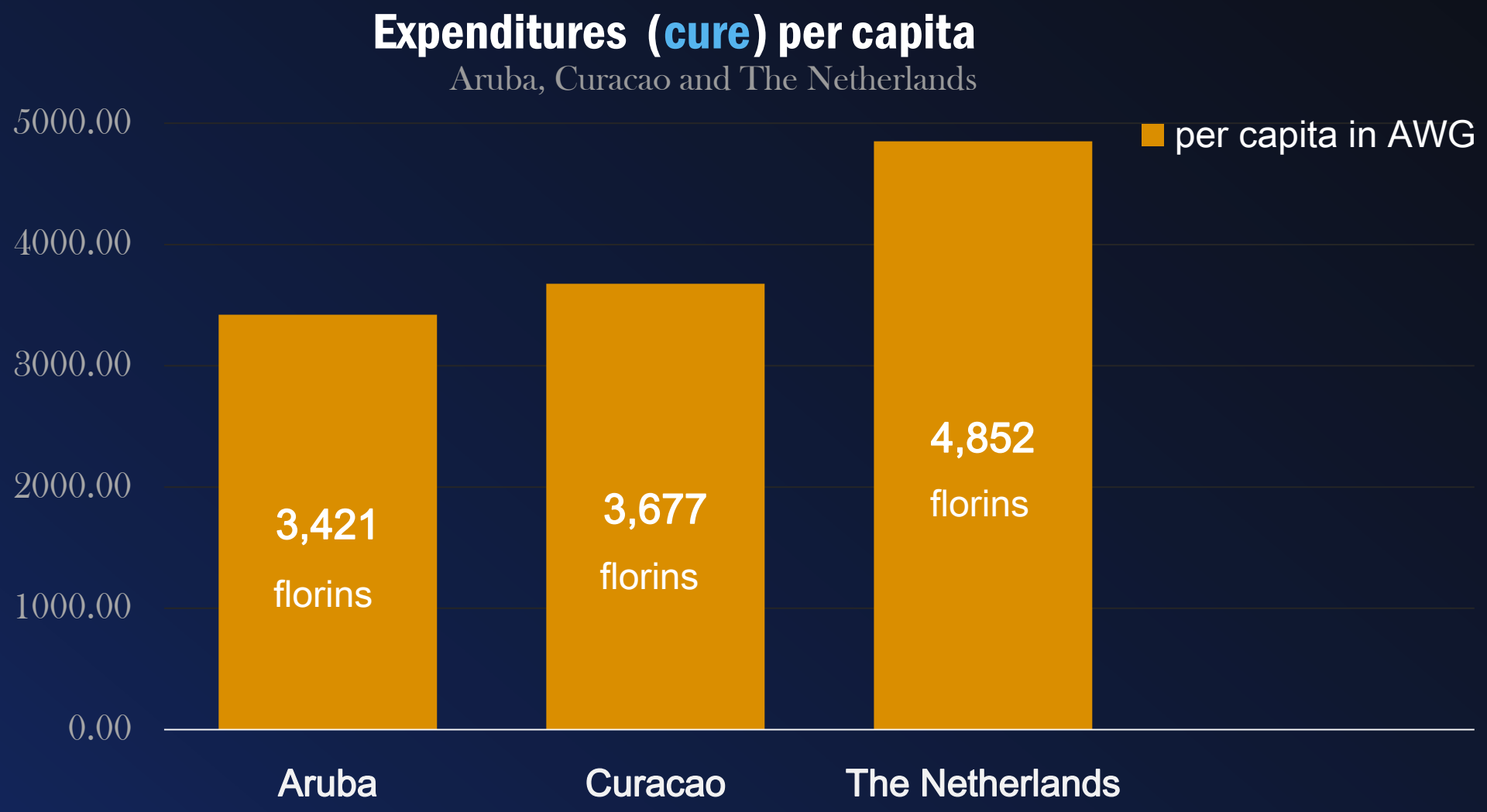
Health Care Expenditures CIJFERS HOH EN IMSAN 2009-2012 CORRIGEREN VOOR DIALYSE (3.3 3.4 3.5 en 3.6, HM 2013 voor 4.0).

x mln. AWG	*2009*	*2010*	*2011*	*2012*	*2013*
Hospital care (incl 2/3 of dialysis)	125.2	131.3	137.2	148.5	152.1
Pharmaceuticals + bandages	69.9	71.6	72.8	70.5	61.7
Medical referrals abroad	23.0	29.2	34.9	29.1	33.4
Diagnostic Laboratory tests	22.9	21.6	21.9	25.4	24.5
Non-hospital employed medical specialists	26.4	25.9	24.6	23.0	21.6
Primary care physicians (Family doctors)	16.3	17.0	17.2	18.2	20.1
Instituto Medico San Nicolas + dialysis entity	18.9	17.7	17.0	19.8	22.1
Dental	5.7	6.1	6.4	7.0	7.6
Physical therapy	4.2	4.6	4.7	5.2	4.8
Hearing aides, prostheses, ortheses, etc	3.0	3.4	3.4	4.0	4.0
Midwives	1.4	1.5	1.6	1.7	1.8
Non-urgent medical transport	0.8	0.8	0.9	1.1	1.1
Total health care expenditures	**317.7**	**330.6**	**342.6**	**353.3**	**354.8**

Health Care Expenditures as a percentage of GDP



Health Care Expenditures per capita



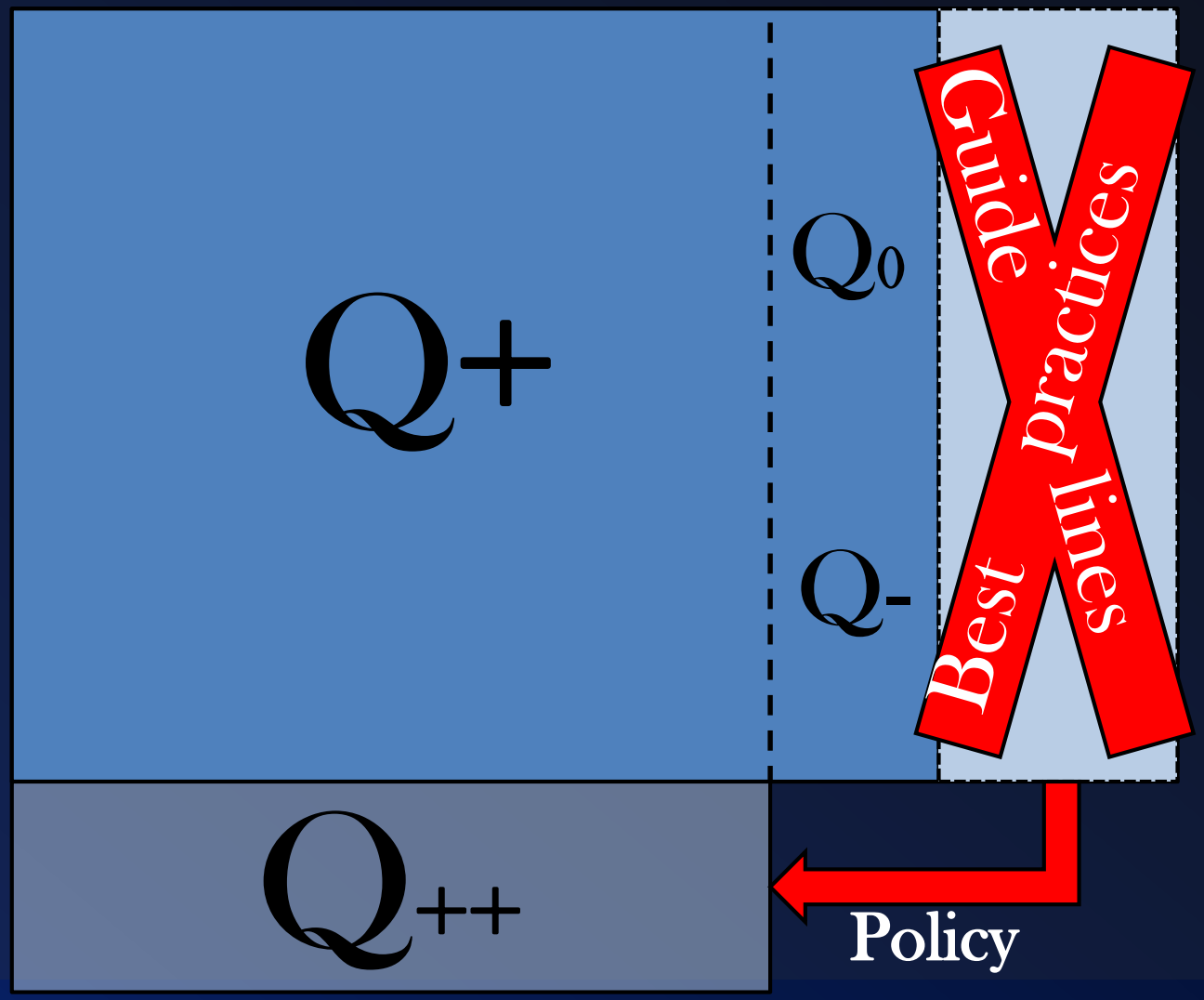
Topics

Sustainability and cost control

Main mechanisms of cost control

- ✓ Starting point: procurement based on transparency of prices and quality
- ✓ Capitation (family doctors)
- ✓ Fee-for-service with annual budget caps (medical specialists)
- ✓ Lumpsum (hospital)
- ✓ Public Tender (medical devices)
- ✓ Hospital: Case payment (DRG – Canadian Case Mix Groups)
- ✓ Authorization in advance for selected treatments or services
- ✓ Guidelines and protocols for selected treatments and diagnostic tests
- ✓ Bonus/malus payments for selected providers based on performance indicators
- ✓ Recurrent statistical information for selected providers to benchmark their practice with their peers
- ✓ Pharmaceuticals
  - Fixed fee per line prescription for operational costs of the pharmacies
  - Penetration of generics by Best Aruban Pricelist
  - MoU between minister of Health and importers about price reduction for brand names and generics
- ✓ Co-payments for selected services

Sustainability and cost control: current policy explained



Sustainability and cost control: significant results

Farmaceuticals (BAP policy on generics)
Laboratories (budget, court case in appeal)

<u>Specific results due to AZV policy on quality focus</u>
Diabetic Care (Wednesday)
Care for the elderly (Wednesday)
Physical Therapy (Thursday)
Complex medical referrals (Thursday and November 24 & 25)

Topics

Some other requirements for succesful implementation

- Political commitment and leadership
- Legal framework with a phased implementation road
- Involvement of all stakeholders, keeping in mind that there will never be complete consensus
- Payment agreements with providers which are capped
- IT investments

Topics

Future developments

- Medical challenges: Increase in NCD’s
- Transparancy and Quality: DRG implementation
- Financial changes: Co payments, sin tax?

- Interregional cooperation: medical referrals, farmaceuticals, prevention

Thank you for listening…