
National Health Insurance (AZV)

'...What about financial sustainability?'

11th Caribbean Conference
Bonaire - 2016

AGENDA

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spending**

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Healthcare spending: a **value**, not (only) a cost

- **World Bank:**

“...Government investment in health is an investment in economic prosperity”...

- It has been estimated that a one-year increase in life expectancy can increase GDP per capita by 2 %

Healthcare spending: a **value**, not (only) a cost

Effective healthcare spending raises income by:

- **Higher Productivity**

Healthier workers are more productive and have lower rates of absenteeism.

- **Improved Education**

Healthier children are more likely to attend school and have greater cognitive capacity for learning; improved education is a powerful mechanism of income growth.

- **More Investments**

Increased life expectancy is an incentive to save for retirement, which can have a dramatic effect on national savings rates, which in turn can boost investment and economic growth.

Healthier and educated populations also attract direct foreign investment.

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Main characteristics of the AZV

- Introduced in 2001
- Compulsory health insurance: every legal resident is eligible
- Comprehensive benefit-package with family physicians as gatekeeper
- Privately operated providers, self-employed or hired by NGO's
- Single payer, entrusted with procurement , executed by an independent agency

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Improving costcontrol

- Manpowerplanning for different categories of providers
- Maximum budgets or lump-sums for most of the providers
- Promoting generic drugs by making their prices leading (Best Arubean Price List)
- Where there is no generic alternative, reducing prices for brandname drugs with 1% annually during 4 years
- Shifting referrals abroad from the United States and the Netherlands to Colombia and contracting directly with Colombian hospitals without a broker
- Public procurement for some services like medical devices and incontinence material
- Statistical analyses and reviewing of providers, and in doing so reducing for example the number of (dispensable) prescriptions
- Monitoring of expenses by monthly financial reports

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Financing: who pays?

Financing of a compulsory health insurance is based on **solidarity**

- ✓ no risk selection based on age or pre-existing diseases
- ✓ higher incomes pay for lower incomes
- ✓ healthy members pay for sick members
- ✓ Singles and small families pay for larger families

Financing: a broader base

Financing components of AZV

1. Fiscal contribution

- ✓ from general taxes: income tax is progressive (redistribution of wealth)
- ✓ relative share of fiscal contribution has decreased since introduction of the AZV

2. Payroll tax

- ✓ proportional with a maximum premium (employer: 8,9%; employee: 2,1%)

3. Health tax (introduced in 2014)

- ✓ earmarked salestax (indirect tax) of 2%

4. No out of pocket payments

- ✓ (e.g. deductibles, cost-sharing): consumer of care pays according to the law of profitability
- ✓ out-of-pocket payments can limit access to care for low income citizens
- ✓ they can help to encourage appropriate use of services

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Moderate growth of expenditures

(x mln. florin)	2011	2012	2013	2014	2015
Total Revenues	359.5	369.9	370.9	385.9	390.5
Fiscal Contribution	122.7	117.7	121.5	120.0	60.0
Premium	236.8	252.2	249.4	259.7	247.7
BAZV				6.2	82.8
<hr/>					
Total Expenditures	359.5	369.9	370.9	385.9	390.5
Health Services	342.7	353.3	354.8	368.2	372.6
Operational Costs	16.8	16.6	16.1	17.7	17.9
% growth	3,1%	2,9%	0,3%	4,0%	1,2%

**Average growth 2006-2010:
6,3% (CPI avg. 3,5%)**

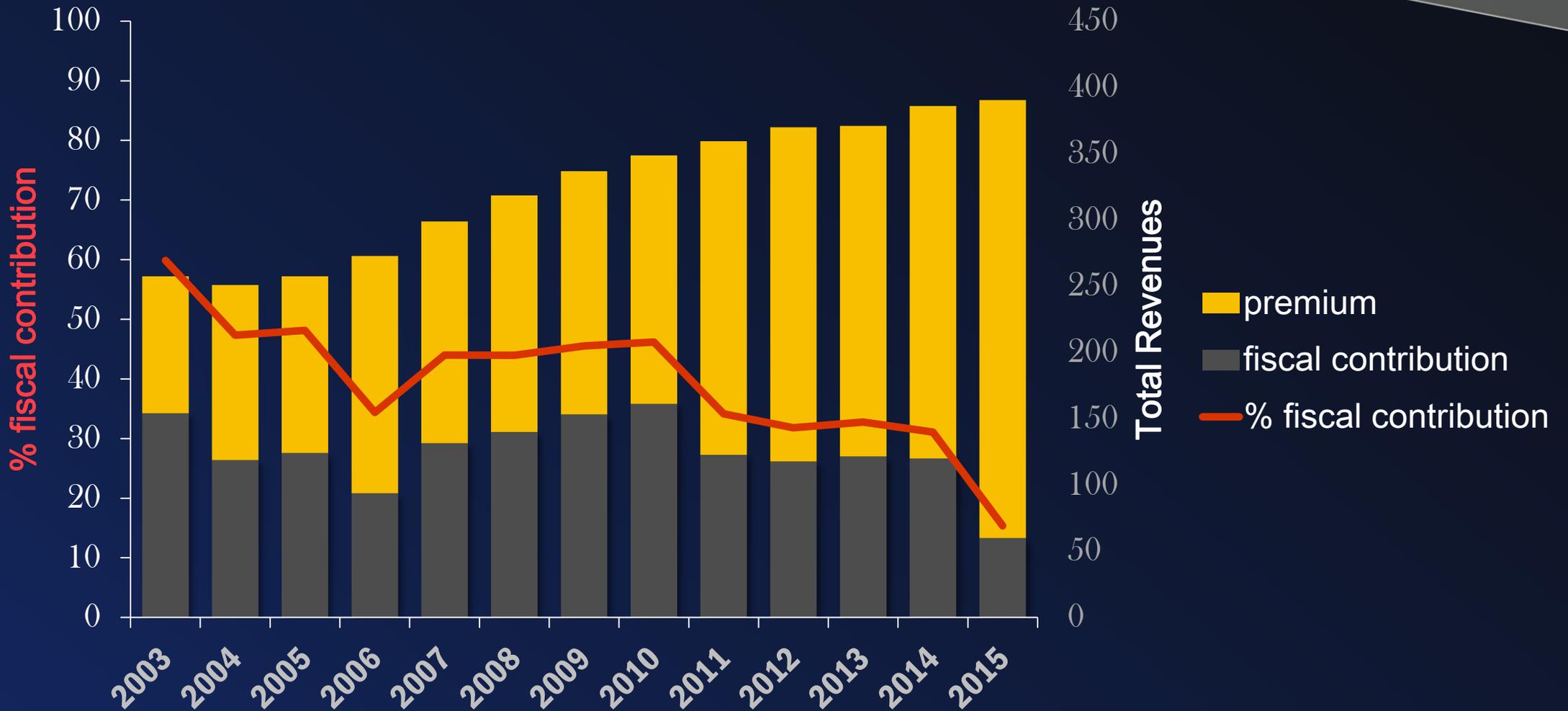
**Average growth 2011-2015:
2,3% (CPI avg. 0,7%)**

 **Moderate growth**

Relative share of fiscal contribution is decreasing

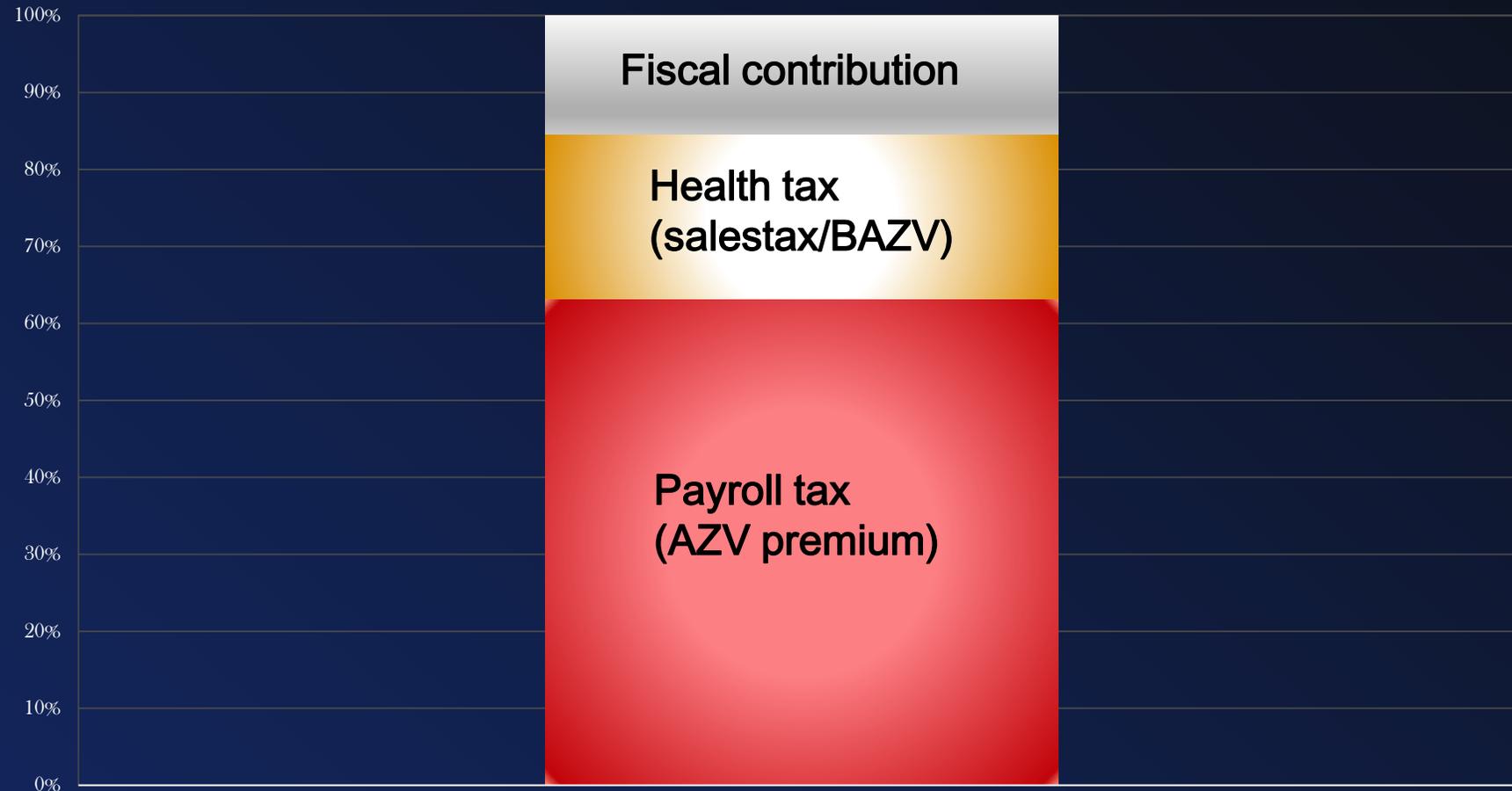
...The relative share of the fiscal financing decreased from 60% to 15%...

Share of premium & fiscal contribution in total revenues

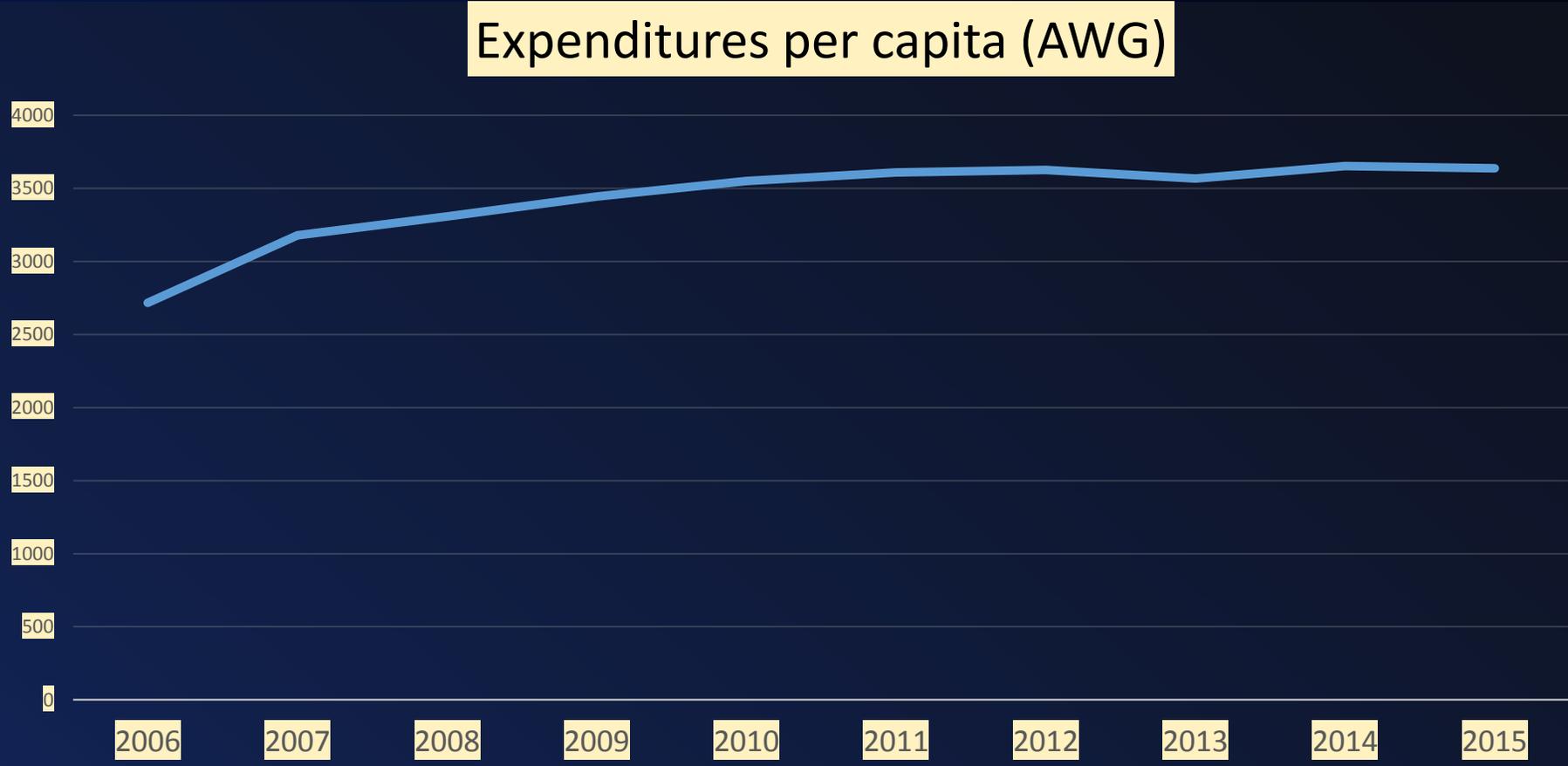


Share of financing components

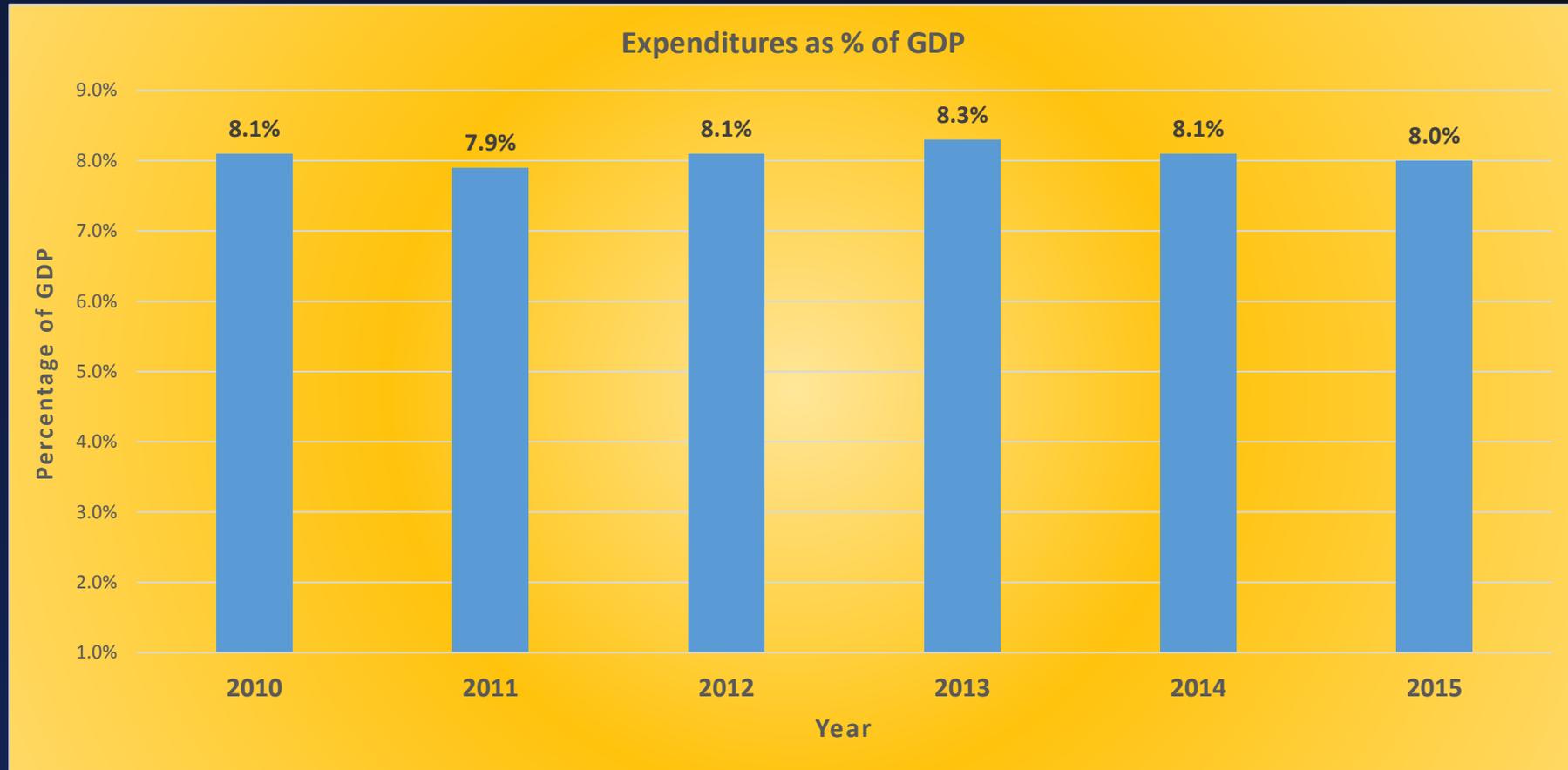
Relative share in financing (2015)



Stable expenditures per capita from 2010-2015



Stable expenditures as % of GDP from 2010-2015



Outlook for coming years

Projections for 2017-2020

- Higher growth rates of expenses due to
 - ✓ Local introduction of top clinical services
 - Intervention cardiology
 - Radiotherapy
 - ✓ Deployment of new operating rooms in Imsan clinic
 - ✓ Expansion and renovation of Horacio Oduber Hospital
 - ✓ Restructuring and strengthening of mental healthcare services
 - ✓ Incorporation of elderly care in the benefit package of AZV



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healthy
island



Thank you for listening...

Questions & Answers



