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**Actuarial and Plan Design Issues:
A Regional Assessment**

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- **Objective of the Presentation**: Provide senior officials a synopsis of key implementation issues.
- **Original Regional Models**: A national health service financed with Government transfers (taxes), but rising health costs required structural amendments.
- **Asymmetrical development**: No uniform model in place in the CARICOM region. Schemes adapted to local pre-conditions. (See case studies later).
- Political and Economic Environment had an influence on the implementation process.

The Forces at Play

➤ The Medical profession – whose inclination is to:

- Ignore health economics (emphasis is on science and ethics)

➤ The Patients

- Are unequal participants in the market for medical care
- Can increase demand subject to the elasticity

➤ Governments

- Regard health as a social priority but there are competing demands.
- Burden on public finances imposes constraints on the allocation of needed resources.

➤ Employers

- Realize the impact of the scheme on cost and productivity.
- Expect more efficiency but ignore the complexities of the system.

Selected Health Financing Models in the CARICOM Region

- Anguilla: Tax revenues and high co-payments (HAA)
- Antigua: Payroll contributions + share of MoHealth budget (tax revenues)
- Belize: Tax revenues (expanding regional scheme)
- BVI: Payroll contributions / new scheme
- TCI: Complex model: Payroll contributions + tax revenues NHIP + hospitals. Except for the BVI, all these schemes are planning structural reforms, including also Granada, St. Kitts, and others.

Selected Case Studies

➤ Case Study 1. Curtailment of Actuarial Assessment

- Careful analysis of the MoH budget
- Actuarial assessment of required Governments' transfers
- Non-compliance with financing needs caused operational deficits, causing...
- Increase in contributions and actuarial deficits.

Case Study 2. Fiscal Space

- Scheme in transition
- 100% financed by tax revenues
- Limited geographical coverage causes a regressive fiscal redistribution
- Reversion of Fiscal Space: Restructure private insurance policies and expand geographical coverage.

Case Study 3. Transitional Scheme

- Specific model in transition
- Complex financial operations
- Less traumatic transition into a comprehensive NHI

Actuarial Formulae

- Total Income = Total Expenditure, or
- $Pr(t) \cdot CB_t = B_t + AC_t + TR_t - CP_t - I_t$
- Where for the year (t):
- Pr = PAYG cost rate (payroll + transfers)
- CB = Contribution base
- B = Benefit expenditure
- AC = Administrative cost
- TR = Contingency reserve
- CP = Co-payment or other income
- I = Investment income

Key Issues

- Public / Private Providers
- 3- Pilar Financing Model (MOH / Payroll / Co-payments)
- Aging of the population
- Fiscal space
- Role of Insurance Companies
- Contingency Reserve
- Co-payments