

Health Finance & Reforms on Curaçao

some selected topics

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XIIIth CCNHFII (Anguilla)

November 2019



- 1. Status of Health Care on CUR**
 - relevance & indicators
 - local & international perspective

- 2. Reforming Health Care on CUR**
 - sustainability (BHI – 2013/2019)
 - recent challenges (new Hospital)

Indicators

Financial:

Curaçao			Source
Health Expenditure	USD 405M	13% GDP	2014 (Volksgezondheid Instituut Curaçao - VIC)
Idem, per capita	USD 2.620	13% GNI/cap	2014 (VIC)
Employment Sector	6 à 7.000 FTE	10 à 12% workforce	Estimates: author (non-acad.) (benchmarks NED/USA/OECD)
Value Added Gross, mp	USD 195M	6% GDP	2017 (Centraal Bureau Statistiek Curaçao- CBS)

Health Care on CUR: **TOP-5 economic sector**
relevance rises yearly (growth exp. > growth GDP)

Indicators

Social-economic & demographic:

Curaçao		Source
GDP per capita	USD 19K	2017 (CBS)
Unemployment rate	14% (< 24 yr: 33%)	2017 (CBS)
Average Age	42 year	2018 (PAHO)
Population < 15 yr	18%	2017 (VIC)
Population > 65 yr	17%	2018 (PAHO)
Fertility rate (children/woman)	2.0 children	2018 (PAHO)
Teenage births (< 20 yr)	3.2%	2018 (PAHO)
Life expectancy	79 year (76M – 81F)	2018 (PAHO)

Indicators

Health Status:

Curaçao		Bron
Neonatal mortality (< 4 wks)	0.8%	2017 (PAHO)
Infant mortality (< 1 yr)	1.0%	2017 (PAHO)
Child mortality (< 5 jr)	1.2%	2017 (PAHO)
Mortality indicators, top-3	<p>37% cardiovascular dis.</p> <ol style="list-style-type: none"> 1. cardiac infarct/attack/fail. 2. cerebral infarct <p>26% cancer</p> <ol style="list-style-type: none"> 1. prostate M / breast V 2. lung M / colon V <p>8% external (not 'natural')</p> <ol style="list-style-type: none"> 1. violence 2. accidents 	2003-2007 (VIC)

Indicators

Health Status by self-reporting:

Data Curaçao 2017 (VIC)		Data Curaçao 2017 (VIC)	
Overweight (BMI >25)	65%	(very) Good health	75%
Obese (BMI >30)	29%	Chronic disorder	26%
High blood pressure	23%	Physical limitation	8%
High cholesterol	12%	Bespectacled	55%
Diabetes (self reported, all ages)	9%	Smoking	13%
Diabetes (estim. SVB 20-80 yr)	10-12%	Drinking	58%
Diabetes (IDF-Atlas, 20-80 jr)	13%	• Daily	4%

'The Curaçao Antithesis': high risk factors & high sense of (very) good health...

Benchmarks

Health financials:

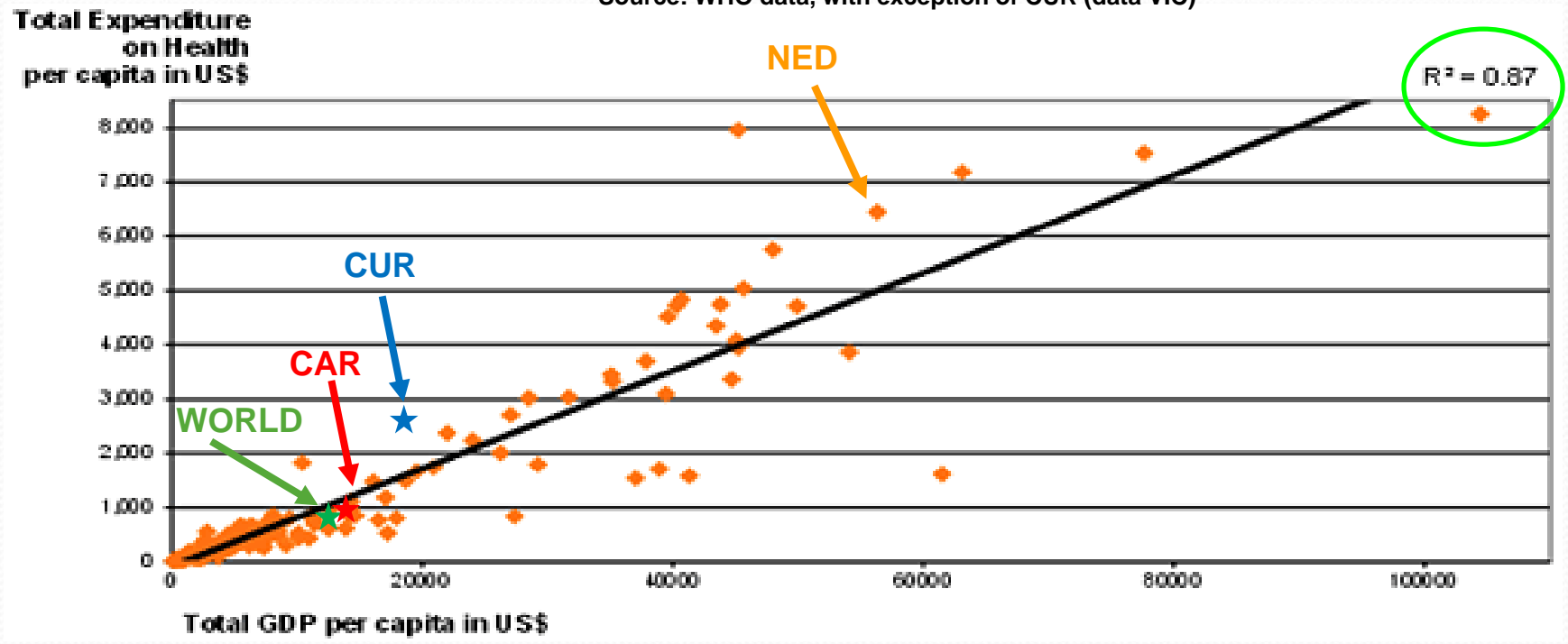
Sources: VIC, WHO, PAHO, OECD	CUR	NED	USA	LATAM	CAR	WORLD
GDP per capita (USD, ppp)	19K	53K	59K	15K	15K	14K
Expenditures per cap. (USD)	2'620	6'504	9'536	1'050	905	822
Expenditures as % GDP	13	13	16	7	6	6
Out-of-pocket / expenditures	<10% ¹⁾	12%	11%	29%	29%	18%
Employment	11%	13%	11%	n.a.	n.a.	n.a.

1) Estimate author, data VIC indicate 1 à 2%.

- Globally and in region not (yet) a top-5 economic sector
- **in first world countries (OECD) and locally (CUR) a top-5 economic sector**
- OOP: own contribution / own risk / uninsured care on Curaçao (very) low: BHI

Sources: VIC, WHO, PAHO, OECD	CUR	NED	USA	LATAM	CAR	WORLD
GDP per capita (USD, ppp)	19K	53K	59K	15K	15K	14K
Expenditures per cap. (USD)	2'620	6'504	9'536	1'050	905	822

Source: WHO data, with exception of CUR (data VIC)

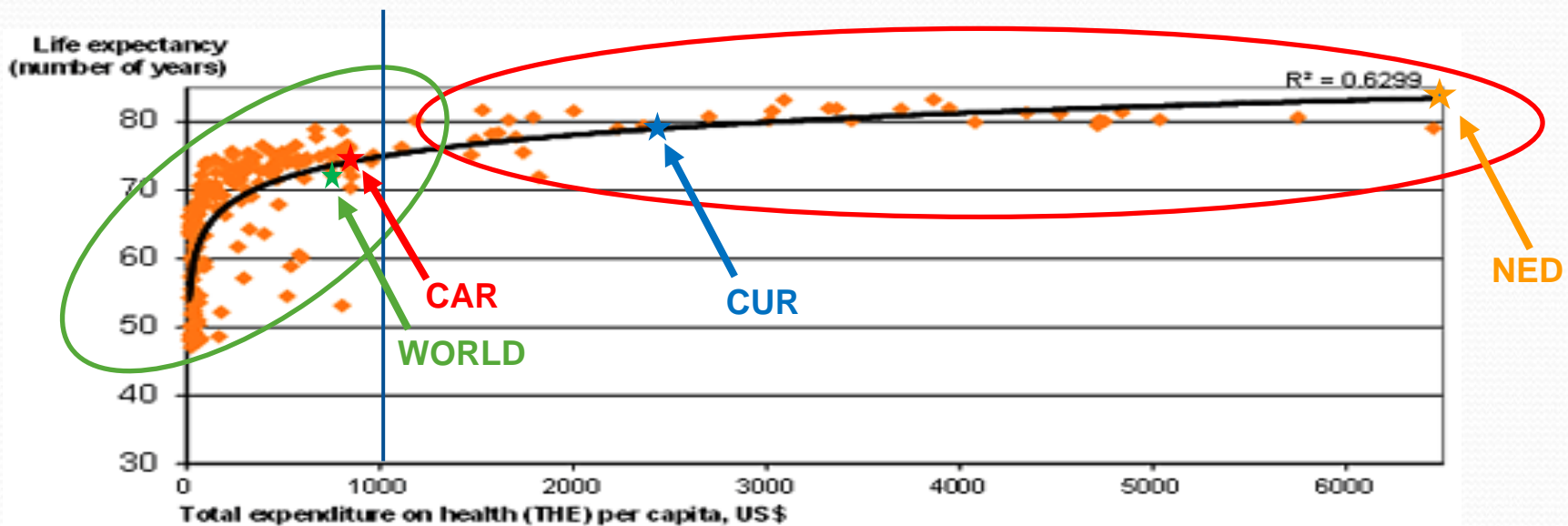


**HIGH CORRELATION:
WEALTH CREATES HEALTH EXPENDITURE, BUT...**



...MORE HEALTH EXPENDITURE CAN'T KEEP 'BUYING' YOU HIGHER LIFE EXPECTANCY:

Sources: VIC, WHO, PAHO, OECD	CUR	NED	USA	LATAM	CAR	WORLD
Expenditures per cap. (USD)	2'620	6'504	9'536	1'050	905	822
Life expectancy (yr.)	79	82	80	76	74	72

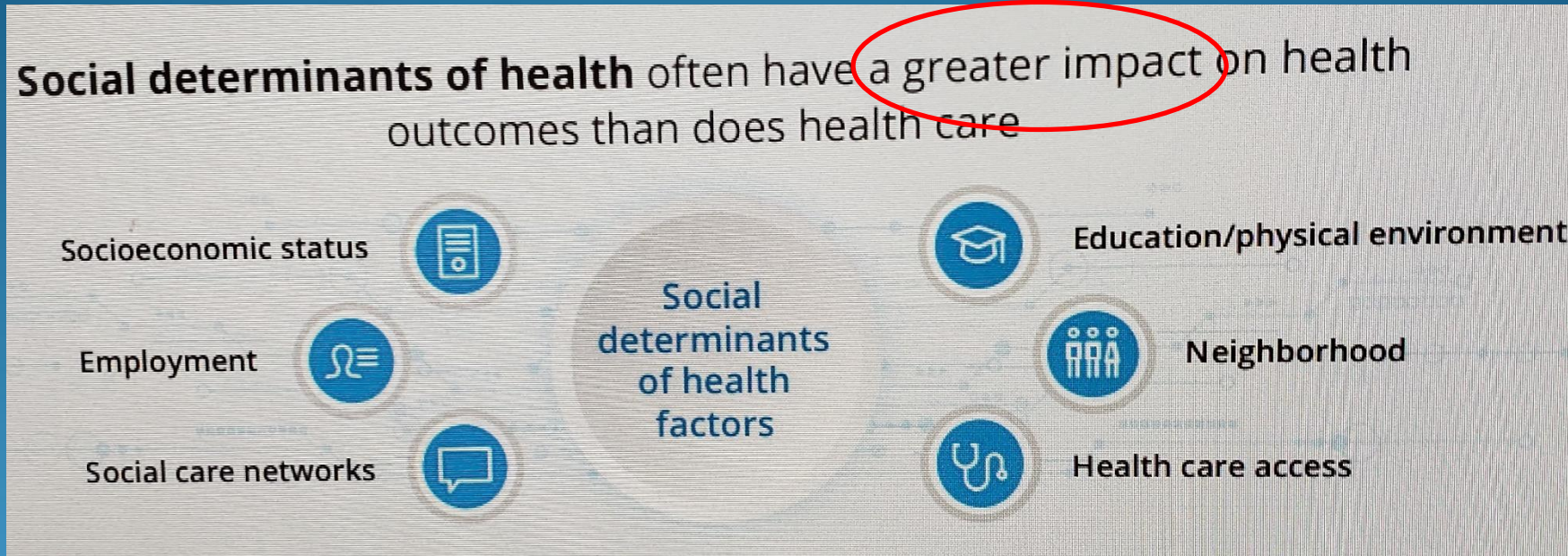


Bron: WHO

- HIGH correlation 'THE' & life expectancy if 'THE' < USD 1'000 p/p/p/y
- VERY LOW correlation if 'THE' > USD 1'000 p/p/p/y

HEALTH CARE?

IT'S MORE IN THE 'SOCIALS' AND THE ECONOMY:



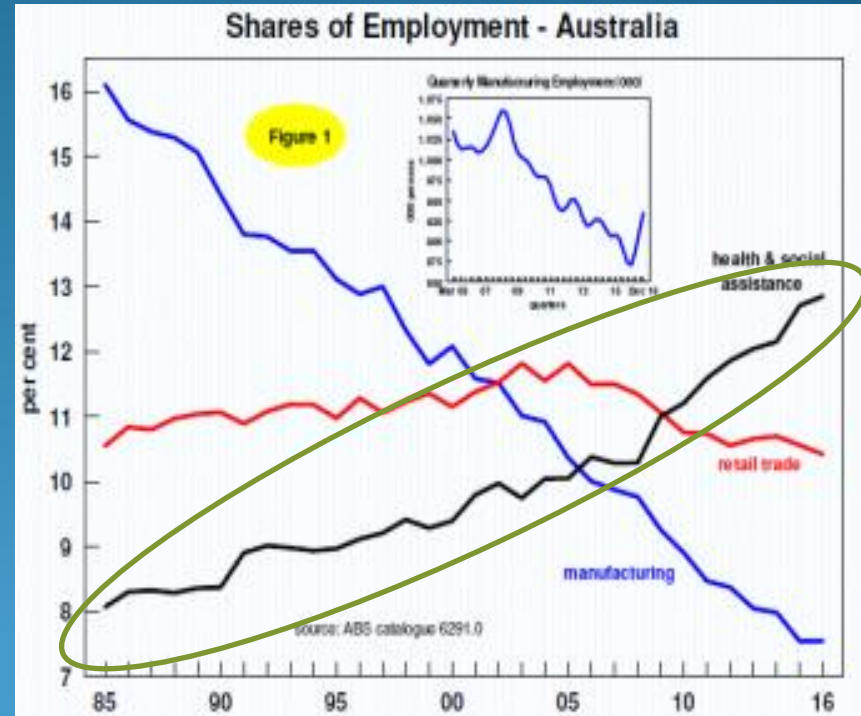
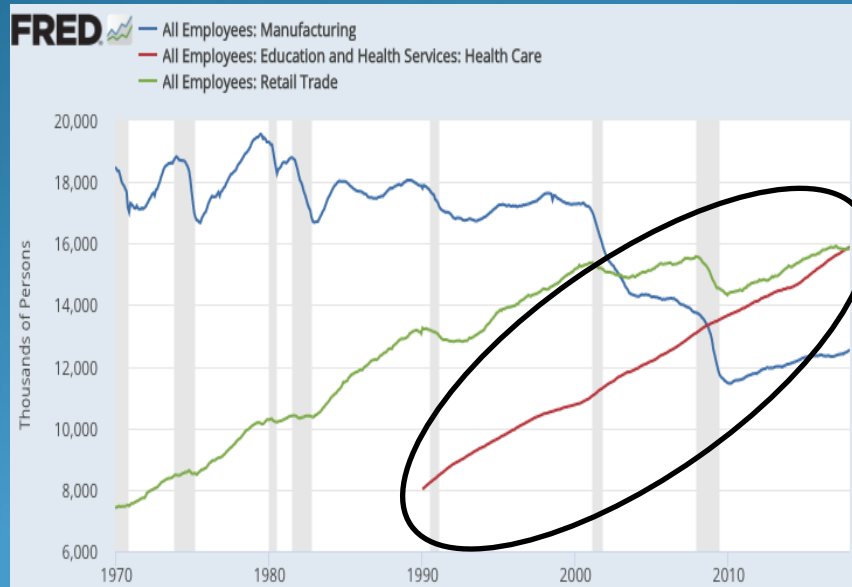
Deloitte, 2019 Global Health Care Outlook

Employment

Sources: VIC, WHO, PAHO, OECD	CUR	NED	USA	LATAM	CAR	WORLD
Employment in sector	11%	13%	11%	n.a.	n.a.	n.a.

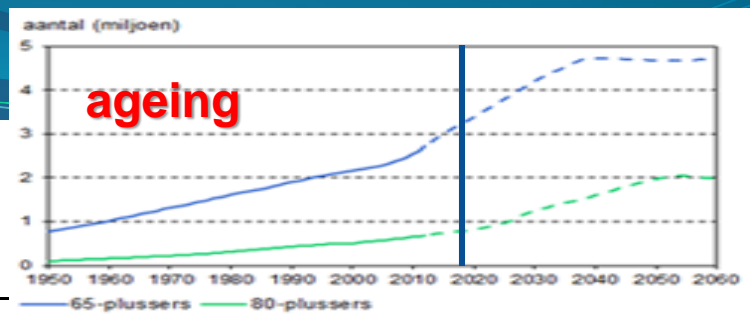
The Atlantic: HUMAN CAPITAL
**Health Care Just Became
 the U.S.'s Largest Employer**

DEREK THOMPSON JAN 9, 2018

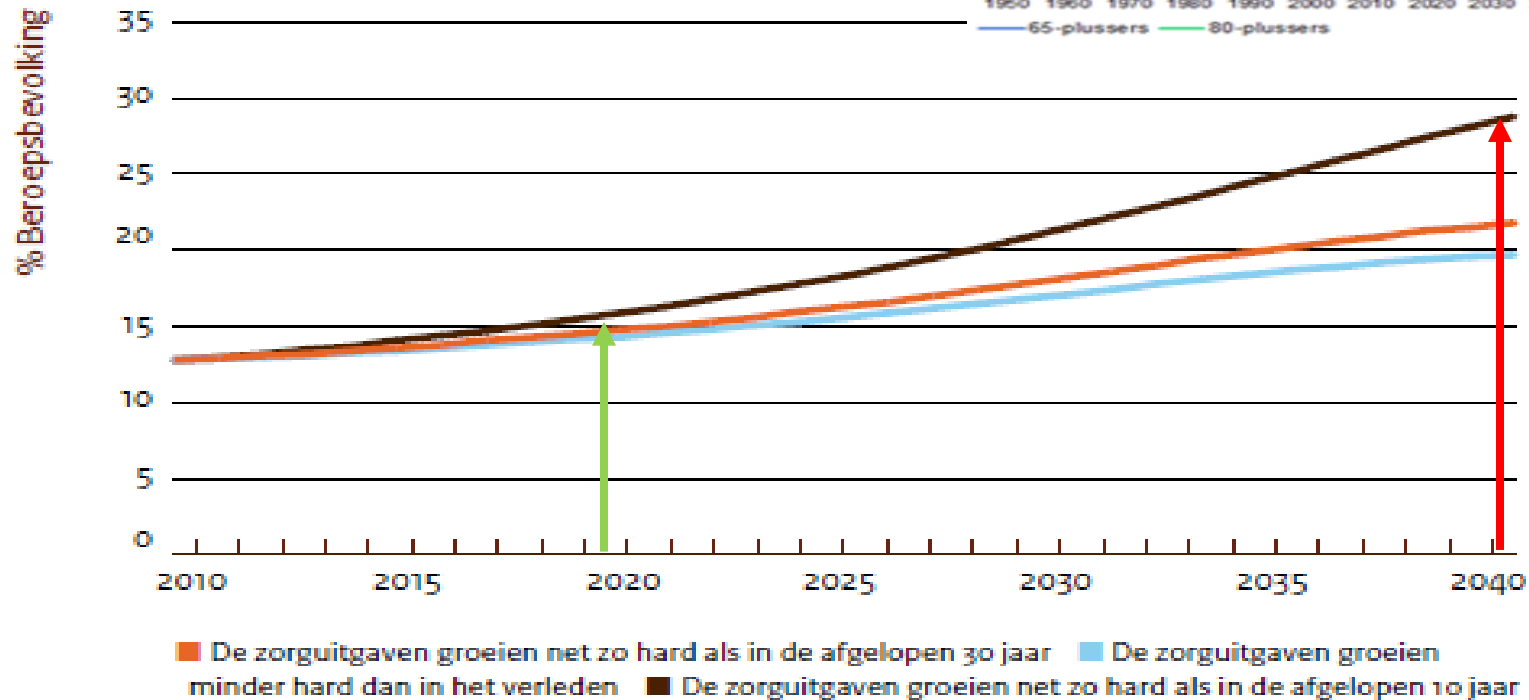


**Health sector remains
 Australia's biggest employer**

By business reporter Thuy Ong
 Updated 4 Jan 2017, 10:37pm



Steeds meer personeel naar de zorg



Bron: Centraal Bureau Statistiek (NED)

NED: from 14% (now) to 20-28% (2040) of workforce

Growth factors: medical technology & economic prosperity (ca. 2/3)

ageing & population growth (ca. 1/3)

Benchmarks

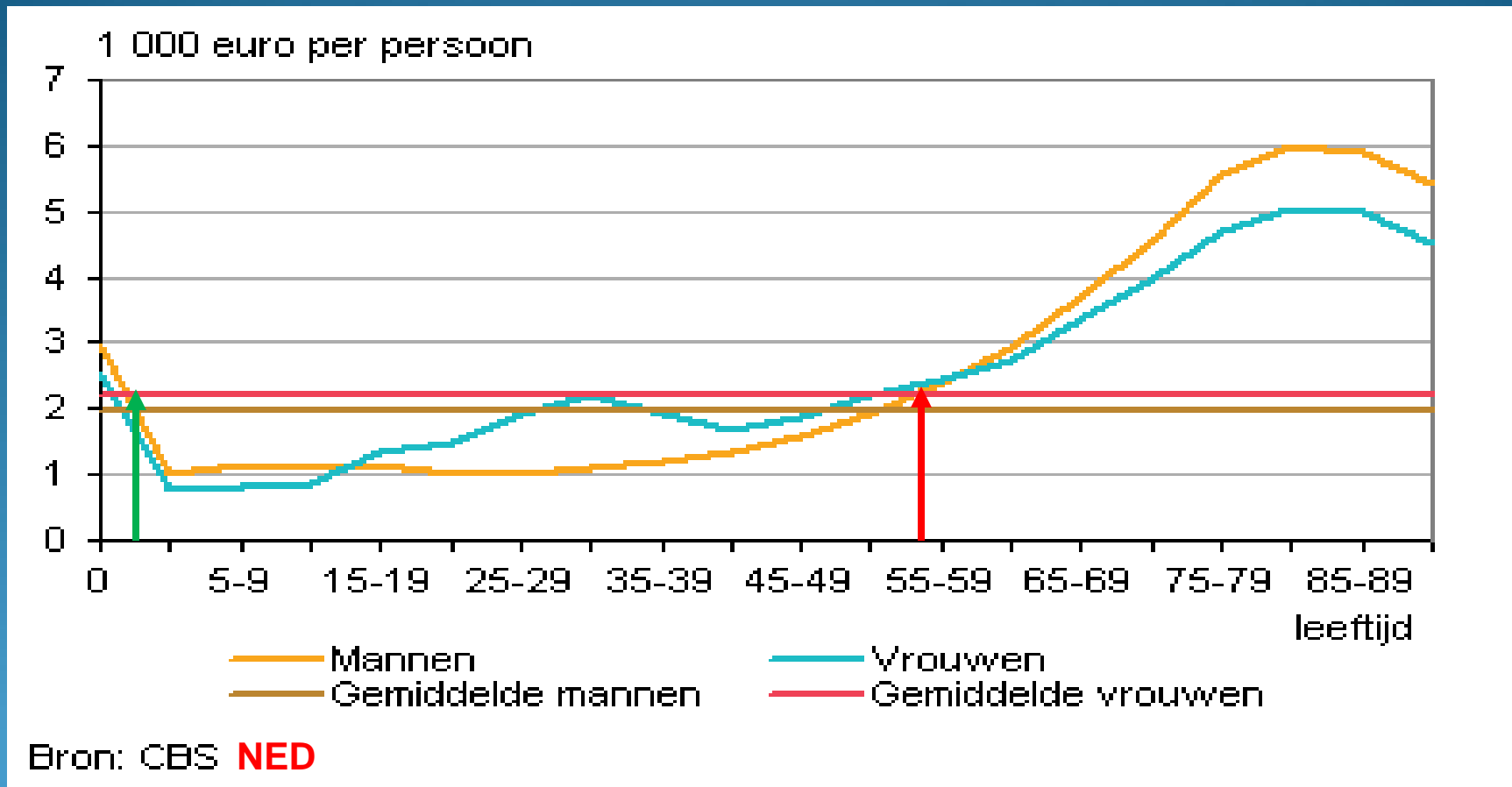
Social-economic & demographic:

Sources: VIC, WHO, PAHO, OECD, WB, IMF, ILO	CUR	NED	USA	LATAM	CAR	WORLD
Average age (median, yr)	42	42	38	30	32	30
Population <15 yr	18%	16%	19%	25%	26%	25%
Population >65 yr	17%	18%	16%	9%	12%	9%
Fertility rate (child/woman)	2.0	1.8	1.9	2.0	2.2	2.5
Life expectancy (yr)	79	82	80	76	74	72

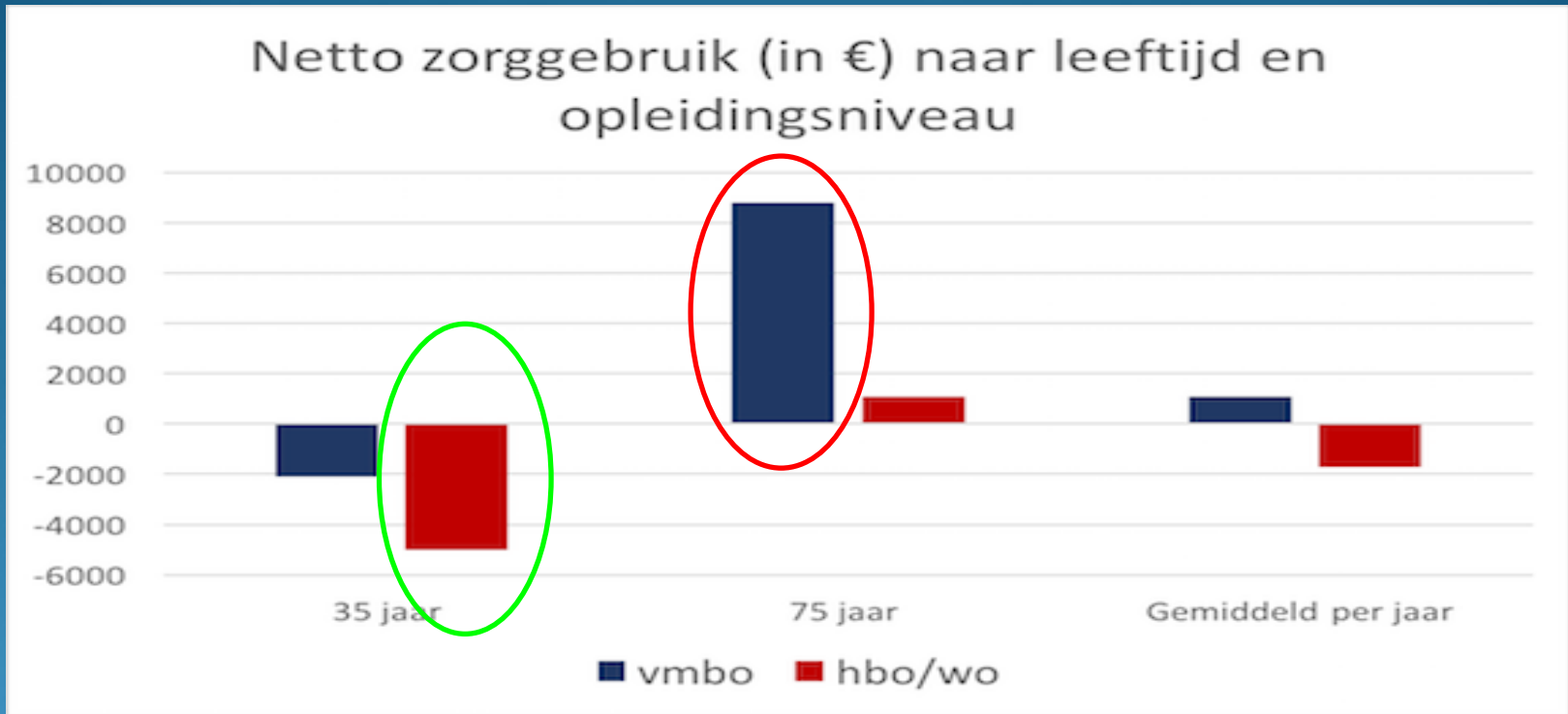
- **Relative old & also aged / derelicted population** compared to region & world, population pyramid similar to USA and NED.
- Fertility on average, **high life expectancy** compared to region & world

The AGE Factor...

Sources: VIC, WHO, PAHO, OECD, WB, IMF, ILO	CUR	NED	USA	LATAM	CAR	WORLD
Average Age (median, yr)	42	42	38	30	32	30



.... AND the EDUCATION Factor



Bron: CPB NED

YOUNGER & HIGHER EDUCATED

'SUBSIDIZING'

OLDER / LESS HIGH EDUCATED

Benchmarks

Health Status:

Sources: WHO, PAHO, VIC	CUR	NED	USA	LATAM	CAR	WORLD
Infant mortality (< 1 yr)	1.0%	0.3%	0.4%	1.5%	3.0%	1.9%
Child mortality (< 5 yr)	1.2%	0.4%	0.7%	1.9%	4.4%	4.1%
Dead by unnatural causes	8%	5%	6%	7%	6%	6%
Overweight (BMI > 25)	65%	49%	68%	60%	57%	31%
Smoking	13%	26%	15%	13%	12%	20%
Consuming Alcohol (liters/yr)	n.a.	9.6	9.0	6.9	6.1	6.2
High Bloodpressure	23%	18%	32%	21%	22%	37%
Diabetes Mellitus II	9%	6%	7%	9%	10%	6%

- **Low infant/child mortality (region/global), high vs. NED/USA**
- **Higher risk unnatural dead** (accident, murder, suicide)
- **High obesity** (also vs region) en **high diabetes** (like region)



Ministry of Health, Environment and Nature

“Un Korsou Salú” *A Healthy Curaçao*

HEALTH CARE SYSTEM REFORM

Towards Managing Health & Wellness instead of solely Disease
Management

Jeanine Constansia-KooK MSc.

Policy Director

Ministry of Health, Environment & Nature

Curaçao

13th CCHFI, 6-8 November 2019,

Ministry of
Health, Environment and Nature

“Un Korsou Salú”
A Healthy Curaçao

Towards Managing Health & Wellness instead of solely Disease
Management

Jeanine Constansia-KooK MSc.N
Policy Director
Ministry of Health, Environment & Nature
Curaçao
12th CCHFI, 8-10 October 2018,

Reforming Health Care:

- Sustainability, BHI 2013-2019 (pres. Oct18)
- Challenges & Policy Reforms (MoH)

Basic Health Insurance ('BVZ') - Curaçao

- Objectives
- **Evaluation Objectives (2013-2019)**

Prior to 2013: 6 public health funds, 4 categories

'Patchwork of systems, funding, tariffs and coverages'

1. Private sector	income < USD 35K	70.000 (Bismarck model)
2. Less / unwealthy	income < USD 10K	29.000 (Beveridge)
3. Civil Servants		16.000 (Bismarck)
4. Retired Civil Servants		<u>13.000</u> (Dual)
Total insured via public funds		128.000
Private funds / uninsured etc.		25.000 (Bismarck)

**Result: Inequal accessibility, coverage and contribution,
market imperfections**

Objectives BHI

*Intro: Feb 2013 **Lv Basisverzekering Ziektekosten ('BVZ')***

(preparations as of 2011)

➤ Main Objectives:

- | | |
|--------------------------------------|--|
| I. Raise Accessibility | => Legislation: ' Landsbesluit Verzekerdenkring ' |
| II. Uniform Coverage (& Tariffs) | => Legislation: ' Landsbesluit Verstrekkingen ' |
| III. Harmonize Premium % | => Legislation: ' Landsbesluit Premieheffing ' |
| IV. Improve Financial Sustainability | => Government & Executive Body (SVB) |
| V. Raise Level & Quality Care | => Executive Body (SVB) & Health Care Providers |

Evaluation Objectives I

Raise Accessibility:

- Feb 2013: Insured **128'000** of 153'000 population CUR (**84%**)
- Oct 2019: Insured **151'000** of 160'000 population CUR (**94%**)
- Insured (n): + 23'000 (+18%)

CONCLUSION: ACCOMPLISHED

Evaluation Objective II

➤ Uniform Basic Coverage:

CRITERIA FOR PROVIDED CARE:

1. NECESSARY? AND 2. EFFECTIVE? AND 3. EFFICIENT? AND 4. PUBLIC RESPONSIBILITY?

ALL CONFIRMATIVE? => IN BHI (BZV) COVERAGE PLAN

Prevention, GP, Dental Care (<18 yr, >60 yr, less- & unwealthy)

Paramedic, Maternity, Mental Health

Hospital (3rd class) & Specialist Care, Referrals Abroad (incl. air ambulance) Lab,
Pharmacies, Medical Aids & Devices, Medical Transport (non-urgent)

Glasses Provisions (<18 yr, >60 yr, less- & unwealthy)

Revalidation, District Nursing & Home Care

CONCLUSION: UNIFORMITY COVERAGE ALMOST FULLY ACCOMPLISHED

(IF NOT: POLICY CHOICE)

Objective III: Harmonize Premium

➤ Legislation: Landsbesluit Premieheffing (> 18 yr, minors for free)

Employer:	9.3% of gross income
Employee:	4.3% (pensioners: 6.5%)
Income ceiling:	USD 83'000
Premium free inc:	USD 7'000-10'000 year (0%-4.3%)
Out-of-pocket:	USD 0.55 per prescription line

**CONCLUSION: HARMONIZATION / SOLIDARITY ALMOST FULLY ACCOMPLISHED
(IF NOT: POLICY CHOICE)**

Objective IV: Improve Financial Sustainability

➤ Improve Financial Sustainability (dual system Bismarck/Beverage)

- 2013:

Expenses:	USD 256M
Premium income:	USD 124M (43% of income)
Government contribution:	USD 163M (57%)
Expenses per capita:	USD 1'798

- 2019 (proj.):

Expenses:	USD 306M
Premium income:	USD 161M (51%)
Government contribution:	USD 156M (49%)
Net result (after overhead):	+USD 1M
Expenses per capita:	USD 2'029: <u>trend ca. +2% p/year (nom.)</u>



CONCLUSION: FINANCIAL SUSTAINABILITY ACCOMPLISHED (SO FAR)

Objective IV: Improve Financial Sustainability

➤ Expenditures per capita & growth BHI benchmarked:

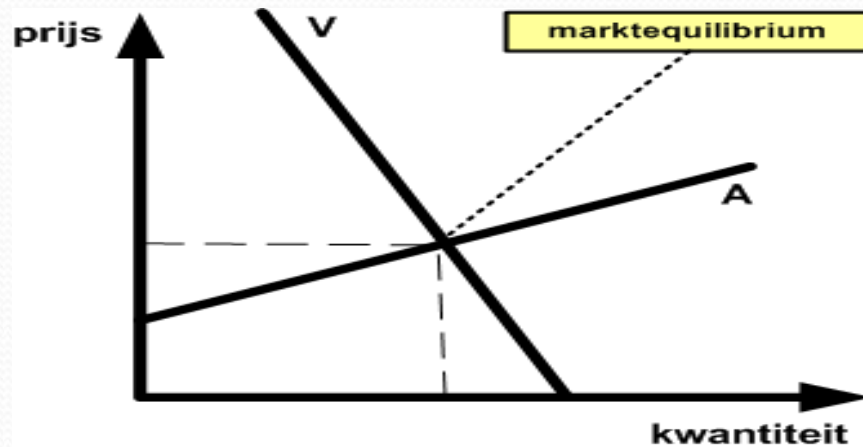
Per capita per year (Naf)	<u>2019 (proj.)</u>	<u>2013</u>	<u>trend p/y</u>
BHI Curaçao	2'029	1'798	+2.0%
<u>DUTCH KINGDOM:</u>			
AZV Aruba (2017, bron: jaarrekening)	2'022		
BES-Islands (2017, bron: ZVK)	5'244		
ZvW Netherlands (2017, bron: Ministerie VWS)	3'079		
SXM (10+ fragmented funds)	n.a.		
MLT YEAR TRENDS per capita (real)			
World			+2.5%
LatAm & Carib			+2.5%
USA			+2.0%
Netherlands			+1.5%
<i>Source: IHME (2010-2015)</i>			

Objective IV: Improve Financial Sustainability

➤ Tools used to improve sustainable health expenses, e.g.:

- **Budget institutions** (closed end)
- **Budget specialists** in service Hospital (on payroll, closed end)
- Introduce **Production ceilings** (paramedics, psychologists)
- Implement **Tariff cuts** in selected profitable sectors (lab, non-urgent transport)
- Develop **Pharmaceutical List** (generics, max prices and volumes, negative list, etc.)
- Intensify **Control procedures** (ex-post, on efficiency & lawfulness)
 - Data-analyses ('peers', crosschecks)
 - Spotchecks
 - Interviews
- Maintain Strict **Admission policy** (caregivers)

Admission (and Price) policy, WHY?



Multiple Imperfections in health 'market', interventions needed:

- **Consumers don't pay.** SVB does. No financial incentive Demand side.
- If Supply > Demand, **prices don't drop.** Tariffs fixed by Government.
- **Competition** Suppliers **doesn't exist.** Not on prices (e.g. local gas stations).
- Suppliers more or less create own Demand. **Knowledge asymmetry.**
- More Suppliers: **Pieces don't shrink** accordingly, but Pie becomes larger.

Evaluation Objective V

➤ Tools used to improve Quality of Care

- Quality Agreements (groups of) caregivers
 - Continuing education (accredited, e.g. 40 hours a year)
 - Minimum and maximum production standards
 - Treatment protocols
- Implementation Policy Papers & Vision Documents Care Providers
- Centralisation Patient Treatment & Registration
 - 1 GP – 1 Dentist – 1 Pharmacy (pending)

CONCLUSION: QUALITY OF CARE PARTLY RISEN (IN PROGRESS)

Evaluation Objective V

➤ Tools used to improve **Level of Care**

- Expansion Local Care – Substituting Medical Referrals
 - Set up **Cathlab unit** (2014) referrals cardio from **293 (2013) => < 150 pats (2018)**
 - Set up **Neurosurgery unit** (2017) referrals neurosurgery from **182 (2015) => < 50 (2018)**
 - Expand **Dialyses capacity** (2018) **no more referrals as from 2019**
 - Expand quantity medical specialists 92 (2013) => 107 (2019)
 - contracted in Hospital 8 (2013) => 49 (2019)
- Expenses per Capita Medical Referrals **trending - 2% per year.**

CONCLUSION: LEVEL OF CARE **RISEN, REFERRALS DOWN**

Major Future Challenge =>

15 NOVEMBER 2019, 07:00 AM

- Transition process Central Hospital to **Curaçao Medical Center (CMC)**: 300 beds



Challenge => Curaçao Medical Center CMC

- **Additional financial burden BHI: + USD 33M PER YEAR (+44%!)**
- **Compensating measures (inforced by Legislation) to break even BHI:**
 - **Medical Specialists:** Care Contracts => retirement age: 65 year
Production Ceiling: USD 417K
 - **Medicines:** Profit margin on brands: from 20% to 10%
Profit margin on generics: 20% (unchanged)
Instant Registration Generics from WHO countries-of-origin
=> Price cut 'brands': 38.33%, generics 30%.
Exoneration sales tax
 - **Medical Referalls:** From n=1'000 to n=500 a year by:
 - contracting more specialist in hospital
 - flying in more specialists
 - create more capacity
ICU, NICU, dialyses, equipment, materials

THANK YOU ALL!

