

October 2023

# 15<sup>th</sup> Caribbean Conference on National Health Financing Initiatives

Bucaramanga, Colombia

**Theme: Health Financing in the Caribbean:  
Optimizing Efficiency in Governance and  
Public-Private Partnerships**







# HEALTHCARE CONTRACTING FOR THE VIRGIN ISLANDS NATIONAL HEALTH INSURANCE: OUR EXPERIENCE THUS FAR

**Presenter: Roy Barry (Director of the NHI)**







**01** Brief History of the Virgin Islands Health Insurance

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**02** Goals of the Virgin Islands National Health Insurance

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**03** Achieving Goals of the Virgin Islands National Health Insurance

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**04** Provider Contractual/Legal Obligations

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**05** Key Lessons Learned in the Provider Contracting Process



# KEY TERMS



- **NHI**      **National Health Insurance**
- **TPA**      **Third Party Administrators**
- **VINHI**      **Virgin Islands National Health Insurance**

“HEALTHCARE CONTRACTING FOR THE VIRGIN ISLANDS NATIONAL HEALTH INSURANCE”



# Brief History



- Prior to the implementation of the NHI, 60 - 65 % of the population had no health insurance coverage.
- The government struggled to maintain private health insurance for the approximately three thousand civil servants who were insured at the time under the government co-sponsored insurance.
- Severe health crises increased the demand for high-complexity services that had to be sourced overseas.
- Established in 2014 through an amendment to the Social Security Act that established a National Health Insurance System under the Social Security Board and officially commenced full operations in January 2016.





# Goals of Virgin Islands National Health Insurance



To create Accessibility to Appropriate and Affordable Health Care for the territory.



Reduce the healthcare burden on families by providing an additional layer of health and social protection/security.



Build equity into the health system by ensuring that premiums and contributions are shared among members based on ability to pay rather than one's health risk.





# KEYS TO ACHIEVING THE VIRGIN ISLANDS NATIONAL HEALTH INSURANCE GOALS

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**1**

## **RESOURCE MOBILIZATION**

Resource mobilization in an equitable way to ensure sufficient and sustainable revenues streams for the NHI.

**2**

## **FUNDING**

Pooling of funds to ensure that costs of accessing health care are shared where appropriate.

**3**

## **NEGOTIATION**

Maintain and/or increase purchasing power to ensure that provider contracts and fee schedules can be negotiated to the advantage of the National Health Insurance System.





# CHALLENGES TO ACHIEVING THE GOALS OF THE VIRGIN ISLANDS NATIONAL HEALTH INSURANCE:

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Financing is the greatest limitation for most National Health Insurance Plans

- Limited financial support from governments.
- Uncontrolled inflation in health care delivery costs.
- Reduced ability of beneficiaries to co-pay.
- Poor health-management amongst beneficiaries results in an increase in late diagnosis of chronic disease.
- Lack of political will to address national health insurance challenges such as financial constraints, and system inefficiencies.



# LOCAL AND OVERSEAS PROVIDER CONTRACTURAL/LEGAL OBLIGATIONS

## LOCAL CONTRACTING

- The provider contract arrangements on the local level for the Virgin Islands NHI have all been managed internally by the NHI.
- A standardized provider contract has been utilized which has clear legal obligations for the provider and the NHI.
- Claims are filed against a fee schedule which has been preset by the NHI and is based on local and regional comparators.

## OVERSEAS CONTRACTING

- During the first year of the NHI's existence all overseas contracting were completely handled by a Third-Party Administrator except in the USVI's and Puerto Rico where some direct NHI contracts were established.
- In year two of the NHI's full operations, the original TPA arrangements were terminated and another TPA was utilized for contracting in the US mainland and Colombia. All other contracts have been managed by the NHI directly since that time.



# Main Provisions of the Provider Contracts

- Legally binding responsibilities of the NHI and the Provider.
- Provider Manual outlining policies and processes that guide NHI and providers.
- All providers are subject to clinical and administrative audits by the NHI.
- All providers are contractually bound to a commitment to Quality Improvement.
- NHI's Usual Customary Rates are based on local and regional compensation ranges.
- The NHI has an approved package of benefits. All exclusions are not covered by National Health Insurance.
- Pre-authorization of services is standard except for confirmed emergencies





# Our Experience

## Local Provider



### Strengths

- Medical care is readily accessible.
- Audits and compliance activities can be readily performed.
- Strong working relationships can be and are easily fostered for improved patient care.

### Weaknesses

- Limited access at times to the appropriate care. (E.g. Extensive trauma services to manage complex cases.)
- No comprehensive cancer management services.

### Opportunities

- Strengthening local provider contracting (Incentives for chronic care)

### Threats

- Inflation

The costs of providing health care services have drastically increased and is reflected in healthcare pricing, which directly affects the out-of-pocket costs for beneficiaries.

- Healthcare Fraud

Fraudulent practices and irregularities exist which are addressed via compliance and continual engagement with providers.

- Poor Health Care Quality and Outcomes

Poor health outcomes and quality of care increase healthcare costs in most cases which are often passed on to the payor.



# OVERSEAS PROVIDER

## STRENGTHS

- Access to high-quality healthcare.
- Quality concerns and credentialing issues are non-existent.
- Patient care is usually optimal; value for money is usually attained through repricing by the TPA.
- The TPA has been instrumental in limiting fraud on the NHI behalf.

## WEAKNESSES

- Physical access requires travel and is costly



## OPPORTUNITIES

- Improved provider contract opportunities for the NHI overtime as patient volumes remain consistent.

## THREATS

- Inflation has steadily increased health care costs especially post COVID 19, and despite having an effective TPA this escalation is being felt by the NHI financially.





# **PAYOR (NHI) Concerns**



## **Claims Processing**

Meeting claims processing obligations poses a challenge from time to time.

## **Claims Payment**

Meeting claims payment (financial) obligations





# LESSONS OF EXPERIENCE



- A strong and experienced contract negotiating team is critical for attaining the most favorable terms for your National Health Insurance provider contracts.
- Access to a large (TPA) network with a formidable reputation is critical to the financial sustainability of the VINHI with regards to overseas provider contracting.
- The VINHI must be able to renegotiate the contractual terms with all providers within 2-3 years periods to remain financially viable.
- The VINHI must incorporate more preventative and primary healthcare services with incentives in its provider contractual obligations to assist in reducing the burden of chronic disease and by extension cost containment.



# Conclusions



- Strong provider contract agreements coupled with competitive health care service fees are critical to ensuring the sustainability of the Virgin Islands National Health Insurance system.
- Health care financing models are just that, models. Nothing prepares you for every challenge that may be faced through the actual implementation and management of a National Health Insurance system. However, what really matters is finding the solutions to the challenges faced and executing them in a timely manner.





**Thank You !**