

NHI IN THE CARIBBEAN

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Main Discussion Points

- a) Health Financing—drivers and functions
- b) Typology of Health Financing Sources
- c) Pattern of Health Services Provision and Financing in the Caribbean
- d) Typology of NHI Systems—Current and Proposed
- e) Goals of NHI Programs
- f) The NHI Macro Environment
- g) NHI Lessons for Caribbean

1. What Drives Demand for Financing?

- Population Growth and Distribution
- Morbidity and Mortality Patterns
- Health Technologies
- Organisation of Health Delivery System
- Efficiency in Spending and Cost Control
- Income Growth and Distribution
- Health Policy Goals

2.Functions of HFS: The Management Challenges

i) Revenue Generation (Adequate-Sustainable)

ii) Pooling Risks and Income (Equitable)

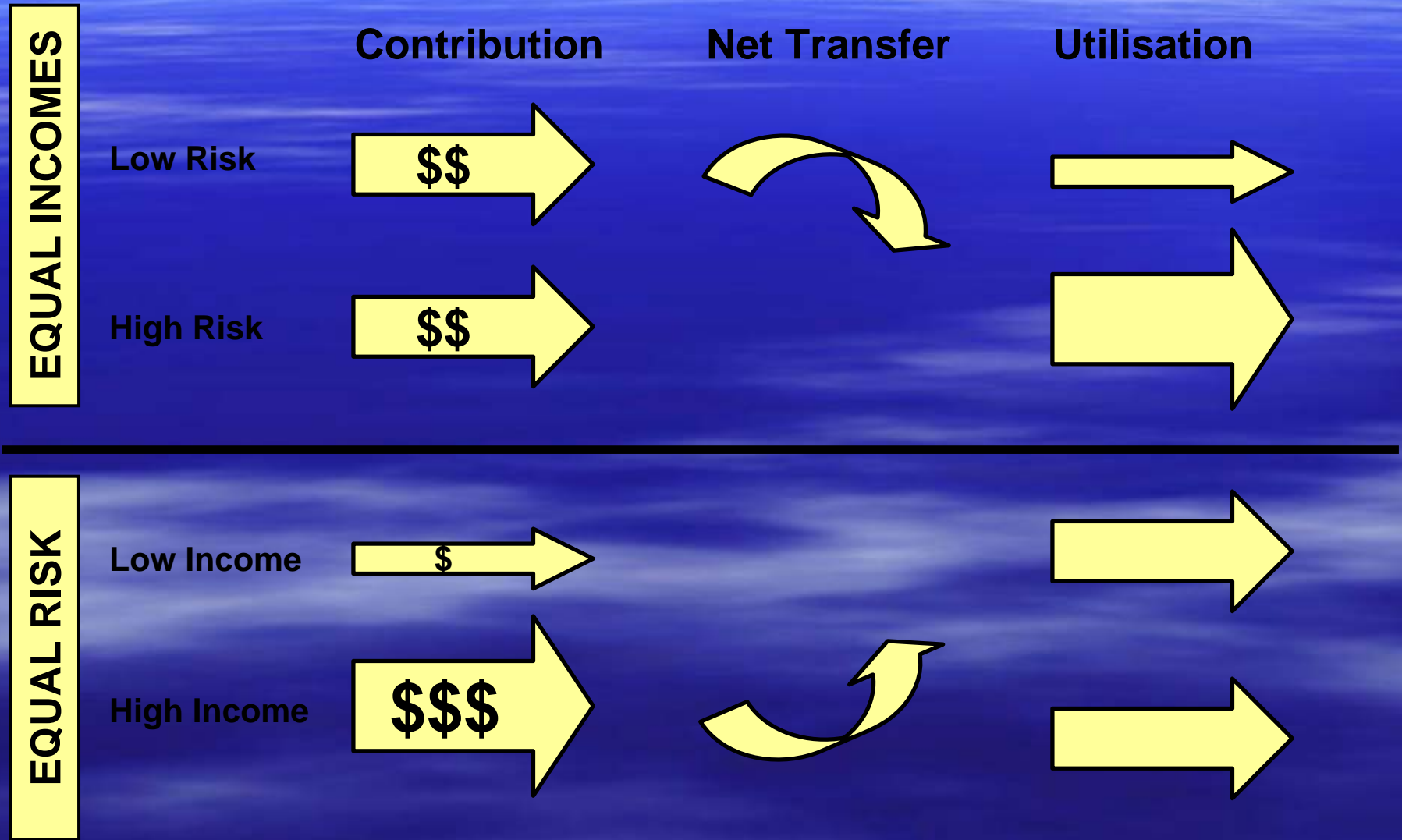
iii) Purchasing Services (Efficiency)

> paying providers

> value for money spending

> cost containment

3. Ideal Risk and Income Pooling



4. Typology of HF Arrangements

Public Financing > Tax-based (Beveridge model)
> SHI/NHI (Bismarck model)
> Medical Savings Accounts (MSAs)

Private Financing > PHI (individual and group)
> Self-funded employer health plans
> Direct payments (out of pocket)

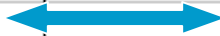
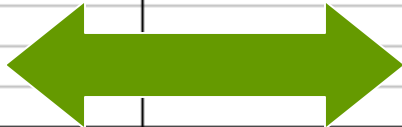
Community Financing > Mutual health funds (micro-insurance)
> NGOs
> Gifts, grants, charity

International Aid > Gifts, grants, charity

5. International Developments in Health Financing

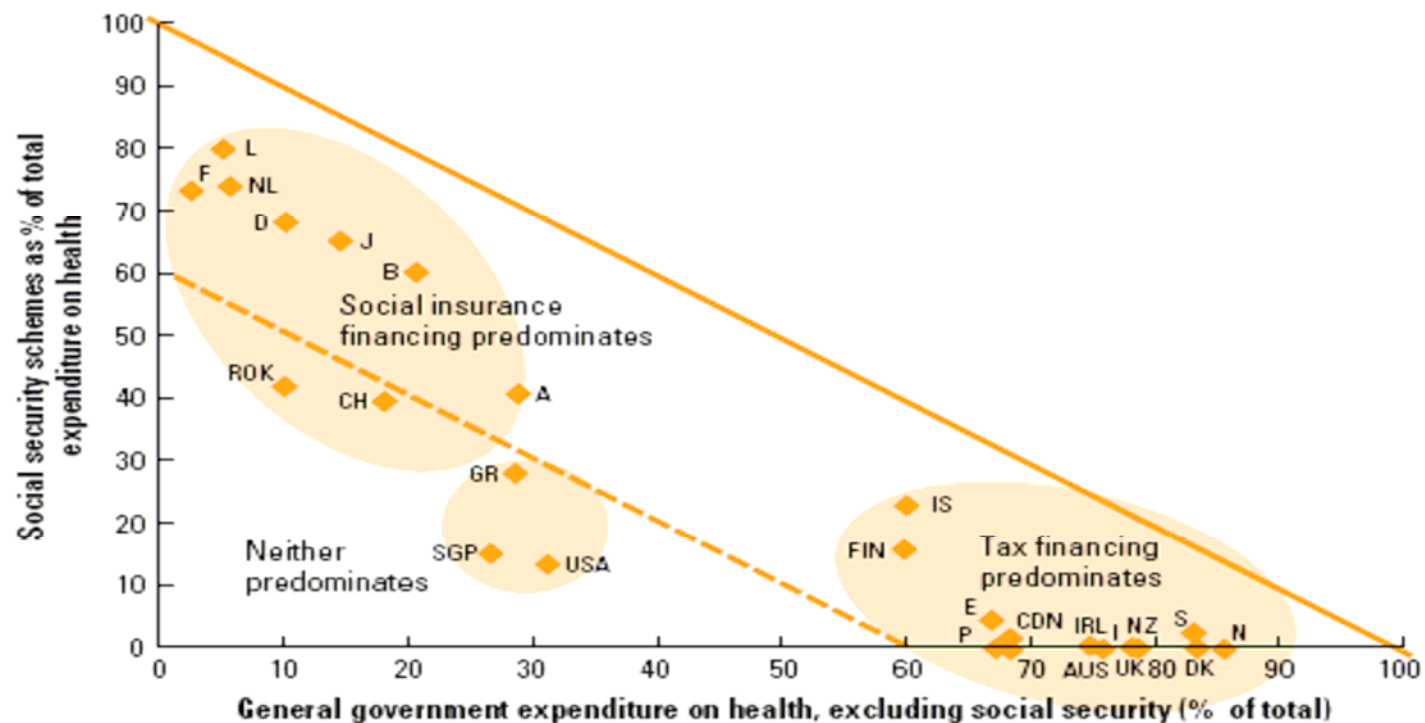
Financing National Health Systems: Few Options

		TOTAL REVENUES				
		Classification of revenue				
Institutional sectors	Revenues	Total revenue	1 - Taxes	2 - Social contributions	3 - Grants	4 - Other revenue
	Total Economy					
General government						
Central government						
State government						
Local government						
Social security funds						
Non-financial corporations						
Public						
Private						
Financial corporations						
Public						
Private						
Households						
Non-profit institutions serving households (NPISHs)						
Rest of the world						
Total expenditure						



6. International Developments in Health Financing

FIGURE 9.1 Share of tax and social health insurance revenues in total health expenditures in high-income countries, 2002



Source: OECD 2004a or national data.

Note: A = Austria; AUS = Australia; B = Belgium; CDN = Canada; CH = Switzerland; D = Germany; DK = Denmark; E = Spain; F = France; FIN = Finland; GR = Greece; I = Italy; IRL = Ireland; IS = Iceland; J = Japan; L = Luxembourg; N = Norway; NL = Netherlands; NZ = New Zealand; P = Portugal; ROK = Republic of Korea; S = Sweden; SGP = Singapore; UK = United Kingdom; USA = United States of America.



7. Pattern of Health Services Provision and Financing

Services	Provision	Financing
Public health (regulations; vector control; surveillance)	Public	Taxes
Ambulatory care (GP's, Specialists)	Private; Public	Taxes; Private insurance; OOP, NHI
Hospital Care	Public; Private	Taxes; Private insurance; OOP, NHI
Drugs and Diagnostics	Private; Public	OOP; Taxes; Private insurance; NHI
Overseas care	Private; Public	Private insurance; OOP; Taxes; NHI

8. Typology of NHI Systems

- Based on 3 key design factors:-
 - Breadth of coverage (Population)--Universal or Partial
 - Depth of Coverage (Package)—Broad or Limited
 - Mode of Administration—Single (S) or Multiple (M) Payers



9. Current NHI Programs

Universal and Broad	Partial and Broad
<ul style="list-style-type: none"><li data-bbox="212 570 562 621">■ Aruba (S)<li data-bbox="212 721 646 773">■ Bermuda (M)<li data-bbox="212 872 680 924">■ Cayman Is (M)<li data-bbox="212 1023 963 1075">■ Martinique/Guadelope (S)	<ul style="list-style-type: none"><li data-bbox="1073 570 1478 621">■ Surinam (S)<li data-bbox="1073 721 1486 773">■ Curacao (M)<li data-bbox="1073 872 1463 924">■ Antigua (S)
Universal and Limited	Partial and Limited
<ul style="list-style-type: none"><li data-bbox="212 1300 562 1352">* Belize (S)	<ul style="list-style-type: none"><li data-bbox="1073 1300 1478 1352">● Jamaica (S)

10. Proposed NHI Programs

Universal and Broad <ul style="list-style-type: none">■ British Virgin Is (S)■ St Lucia (S)■ St Vincent (S)■ The Bahamas-1 (S)■ T'dad & T'bgo-1 (S)■ Turks & Caicos Is. (S)	Partial and Broad <p>--</p>
Universal and Limited <p>--</p>	Partial and Limited <p>* The Bahamas-2 (S)</p>

11. NHI: Practical Goals

- More (stable-dedicated) funds for health
- Less spending by government (relative)
- Better access for poor, very young, old
- More equity in health financing
- More efficiency in health spending
- Better incentives for providers

12. Health Spending Patterns (latest year available—PAHO, WHO)

Indicator	Range (%)	Mean (%)
Tot. Health Ex.%GDP	4.3—9.8	6.0 (n=13)
Gov.Health Ex.% THE	45---83	62 (n=13)
Priv.Health Ex.% THE	17-55	38 (n=13)
OOP Ex. % THE	15--48	33 (n=13)
Gov. Health Ex.% Tot. Gov. Ex.	5.5—17.7	10.7 (n=13)
Tot. Health Ex. Per capita (US\$)	\$60--\$ 6000	\$250 (weighted)

13. Fiscal Environment

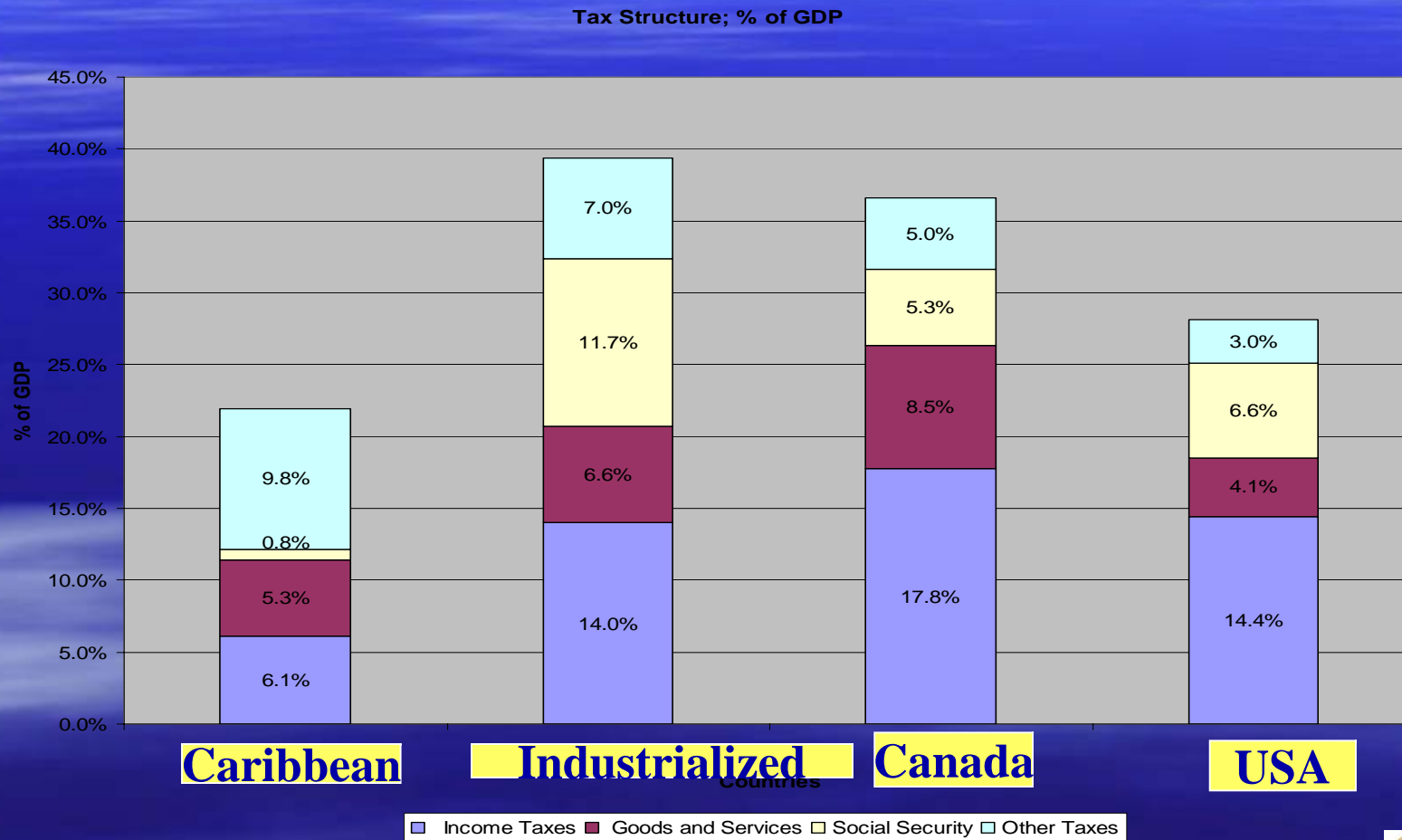
Select Fiscal Indicators (COTA Survey, 2004)	Value (R=range; M=mean)
i) Total tax rev.% GDP	R:14.5--33.2; M: 23.9 (n=18)
> Direct taxes	R: 0.9--16.1; M: 7.2
➤ Indirect taxes	R: 7.0--30.8; M: 16.7
ii) Corp. Y tax rates (CIT)	R: 0%--50% (4 states with 0%)
iii) Pers. Y tax rates	R: 0%--55% (5 states with 0%)
iv) Countries with VAT	7; with rates from 0%--17.5% (n=16)
Countries with sales and/or C-taxes	9; with rates from 0%--40% (n=16)
v) M. duties % revenue	R: 6.4--56.2; M: 20.4 (n=19)

14. Social Security Environment

Payroll Deductions (% insurable wage)	Number of Countries
A. Social Security (Osborne, '04)	N=16
i) 5%--8%	5
ii) 8.1%--10.0%	8
iii) 10.1%--16.25%	3
B. NHI-related only:- 1.0%--8.0%	8 (n=8)

15. Fiscal Space and Health Financing

Sustainable Financing: Fiscal Space ?



16. NHI: Lessons for Caribbean Countries

- **Specify purpose**
- **Involve stakeholders**
- **Start with what is manageable**
- **Get financing plan right including roles of tax and private funding (insurance and OOP)**
- **Get provider network-payment system right**
- **Establish legal framework**
- **Establish audit, performance monitoring and evaluation systems**

17. Risk Adjustment Factors in Health Financing

TABLE 9.3 Risk adjusters in the capitation formulas for resource allocation in countries with social health insurance systems

Country	Year of implementation	Risk adjusters
Austria	None	
Belgium	1995	<ul style="list-style-type: none"> • Age, sex, social insurance status, employment status, mortality, urbanization, income
	2006	<ul style="list-style-type: none"> • Age, sex, social insurance status, employment status, mortality, urbanization, income, diagnostic and pharmaceutical cost groups
France	None	
Germany	1994/1995	<ul style="list-style-type: none"> • Age, sex, disability pension status
	2002	<ul style="list-style-type: none"> • Age, sex, disability pension status, participation in disease management program
Japan	None	
Korea, Rep. of	None	
Luxembourg	None	
Netherlands	1993	<ul style="list-style-type: none"> • Age, sex
	1996	<ul style="list-style-type: none"> • Age, sex, region, disability status
	1999	<ul style="list-style-type: none"> • Age, sex, social security/employment status, region of residence
	2002	<ul style="list-style-type: none"> • Age, sex, social security/employment status, region of residence, diagnostic and pharmaceutical cost groups
Switzerland (within canton)	1994	<ul style="list-style-type: none"> • Age, sex

Source: Adapted from Busse, Saltman, and Dubois 2004 and updated with data from Risk Adjustment Network (RAN).

