Regulated competition in the Netherlands

Chris James, OECD
(based on discussions with Gijs van der Vlugt & OECD 2015)
Average annual growth rate in real health spending per capita – **Neths close to EU average**

Source: OECD/EC Health at a Glance: Europe 2016
History of curative care in the Netherlands

• Pre-reform
  – Long waiting lists, underfunded, low on innovation, lack of responsiveness
  – No productivity, transparency, no level-playing field, no competition
  – Dual system: middle/upper class has private insurance, low-income public insurance
Health Insurance Act (2006 and beyond)

- Mandatory insurance
- Private insurers (different premiums)
- Guaranteed access to insurance policy
- Extensive risk solidarity (no price differentiation for a given insurance policy)
- Private payments limited to 385 euro per year
- Pooling fund for insurers (ex ante and ex post risk equalization)
- Covenants with macro control instruments
- Selective contracting; gatekeeper role for GPs
Supervision by independent institutions

- **Zorginstituut Nederland**: Advises on insured package, Improving quality and innovation, Risk pooling fund.

- **Nederlandse Zorgautoriteit**: Regulator and supervisor.

- **Inspectie voor de Gezondheidszorg Ministerie van Volksgezondheid, Welzijn en Sport**: Enforcement of minimum quality.

- **Autoriteit Consument & Markt**: Competition watchdog.
Financial flows (curative health care)

- **Employer**
  - Income-dependent contribution (50%)

- **State**
  - State contribution (5%)
  - Health care allowance

- **Citizen**
  - Nominal premium (45%)
  - Reimbursement of costs /- no claim, personal excess

- **Health Insurance Fund**
  - Risk Structure Compensation

- **Health Insurer**
  - Equalisation payment
  - Payment of health care bills

- **Health care provider**
Cost containment for regulated competition – early experiences (van der Vlugt and others in OECD 2015)

Annual increase in expenditures by cost deciles funded by HI Act, 2006-08

Note: The figure is sorted along patient cost deciles; for example, annual increases in expenditures went up by 47.9% for the 10% cheapest patients.

Cost containment for regulated competition – pre-conditions (van der Vlugt and others in OECD 2015)

*Essential pre-conditions not fully met...*

- Insurers and healthcare providers sharing financial risk with government
- Selective contracting
- Sufficient competition
Private insurers’ market shares (big four)
Cost containment for regulated competition – some areas for improvement

• Implementation of 2012 reforms

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• Co-payments policies?

• Budgeting and more timely information

• Benefit package and better use of HTA

Regulated competition has both advantages and disadvantages to alternative prepaid financing arrangements – context (starting point) crucial