Hochschule Fulda
University of Applied Sciences

Stephanie Heinemann, MPH
Prof. Dr. Stefan Greß

Managed competition in the Netherlands

DGSMP Conference in Essen
September 12, 2012

Managed competition goals

In a system of managed competition, all individuals must be insured and pay community-rated premiums. Insurers are compensated for high-risk patients through a risk-adjustment scheme. Managed competition is hoped to…

1. Ensure high access to care for all (equity)
2. Increase efficiency in healthcare insurance and healthcare provision markets
3. Curb costs in healthcare

Pre-requisites for managed competition

To attain access, equity, efficiency and cost containment with a system of managed competition, 3 pre-requisites are needed:

1. Risk-adjustment (for equity)
2. Consumer choice (for efficiency and costs of health insurance)
3. Instruments to manage care (for efficiency and costs of healthcare provision)

Research question

How is the actual implementation of managed competition in the Netherlands as perceived by stakeholders? What do stakeholders report about…

1. Risk-adjustment
2. Consumer choice
3. Instruments to manage care

Empirical results

- 12, face-to-face, guideline-based interviews
- Key stakeholder groups
  - Elected politicians (3)
  - Ministerial employees (2)
  - Physicians (2)
  - Patient organizations (1)
  - Health insurers (2)
  - Labor unions (1)
  - Academic researcher (1)
- 4-step qualitative analysis using atlas.ti software

Risk-adjustment

In theory, it is necessary to improve the risk-adjustment scheme so that

- Predictable losses for insurers are reduced
- It becomes cheaper for insurers to accept poor risks than search for good risks
- Insurers increase innovation and efforts to provide efficient care to the chronically ill

Risk adjustment

	Stakeholder opinion
Is the risk-adjustment scheme refined enough to reduce insurers' predictable losses?	YES
Are insurers willing to accept poor risks rather than search for good risks?	NO
Are the chronically ill receiving preferred treatment?	YES

A peek into the data about risk selection

"…when you introduce a market, whatever it is, insurance companies want to make a profit. Sneaky, they're all seeking for healthy persons paying a lot of premium and low cost. […] The rules are it's forbidden and it's not easy to do it, but all are seeking for it." (IP9, lines 471-478)

"An insurance company said 'we are going to insure you for this deductible, and the premium is one Euro, but it only goes for students'." (IP1, lines 749-763)

Consumer choice

In theory, consumer choice is needed to achieve efficiency in health insurance markets.

- The threat of losing customers should force insurers to offer more attractive prices and services
- A high amount of consumer switching is an indicator of increased innovation and efficiency in health insurance

Consumer choice

	Stakeholder opinion
Is (the threat of) Exit effecting insurers prices and services?	YES
Are consumers switching health insurers?	NO

A peek into the data about consumer choice

"What people really want is if I need a new hip, I go to the next hospital and I'm sure that they will do their best and get the best result possible. That's what really, deep in their heart most people want. They don't want to have a list […]. It worries them." (IP5, lines 998-1001)

"…people became a member of [our] collective health insurance contract because they trust [us] not to do weird things. They want [us] to negotiate this for them, to understand it for them." (IP5, lines 760-762)

Consumer choice

Stakeholders reported four barriers to consumer switching:

1. The insured may not understand what they are buying
2. The insured prefer to believe that quality is equally good everywhere
3. Members of group contracts confer their personal choice to the larger group
4. Large collectives are less likely to switch insurers

Instruments to manage care

In theory, instruments to manage care are needed to achieve efficiency gains in healthcare provision whereby

- General practitioners (GPs) steer the consumption of specialist services for their patients (gatekeeping)
- Health insurers selectively contract innovative, high-quality healthcare providers (while excluding low-quality providers) on behalf of their insured

Instruments to manage care	Stakeholder opinion
Is patient care being steered by gatekeepers?	YES
Are health insurers selectively contracting innovative, high-quality providers (and excluding low-quality providers) on behalf of their insured?	RARELY

A peek into the data about managed care

"...if you go to your insurance, they will say 'don't go to that hospital, don't go to that specialist because he is too expensive or his quality isn't good enough.' The insured think, 'Well, the insurance company goes only for the money. I don't believe the insurance companies'." (IP8, lines 804-809)

"…patients like to have their freedom of choice. So, they wish to obstruct health insurance companies who tell them 'you go to that hospital for this total hip operation to the exclusion of other ones'." (IP 10, lines 88-93)

Strategies for insurers to influence care quality

Stakeholders suggested 3 strategies to overcome consumer distrust of selective contracting providers:

1. Directly influencing quality through hospital ownership
2. Using consumer-accepted GP gatekeepers as a docking station for new managed care ideas
3. Offering strong financial incentives to consumers who allow their choice of providers to be restricted

Conclusions

- **Risk-adjustment** in the Netherlands is advanced, but incentives for insurers to select risks remain.
- **Consumer choice** and consumer preferences are more in focus of insurers, but large group contracts have replaced individual consumer choice, making switching less likely.
- **Managed care** provided by GPs is acceptable to Dutch patients, but other forms of managed care which involve selective contracting of providers are slow in developing.

Thank you for your attention!

Stephanie.Heinemann@pg.hs-fulda.de

This presentation is based upon an article which has been accepted for publication by *Health Policy*. The article will be available within the next weeks.