



Joint Colloquium of the IACA, PBSS and IAAHS Sections of the International Actuarial Association

Westin Copley Place Hotel, Boston, U.S.A. – 4-7 May 2008

Public – Private Healthcare System

The Netherlands

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Watson Wyatt The Netherlands



Some figures

- Population (2007)
 - 16.353.972
- Surface
 - 41.528 km²
- Density
 - 394,3 / km² (no 26 out of 231)



Agenda

- Introduction
- Looking back at the former Dutch Healthcare System
- Background to current Dutch Healthcare System
- The current market
- Free market within the Healthcare system
- Current & future challenges
- Questions / debate



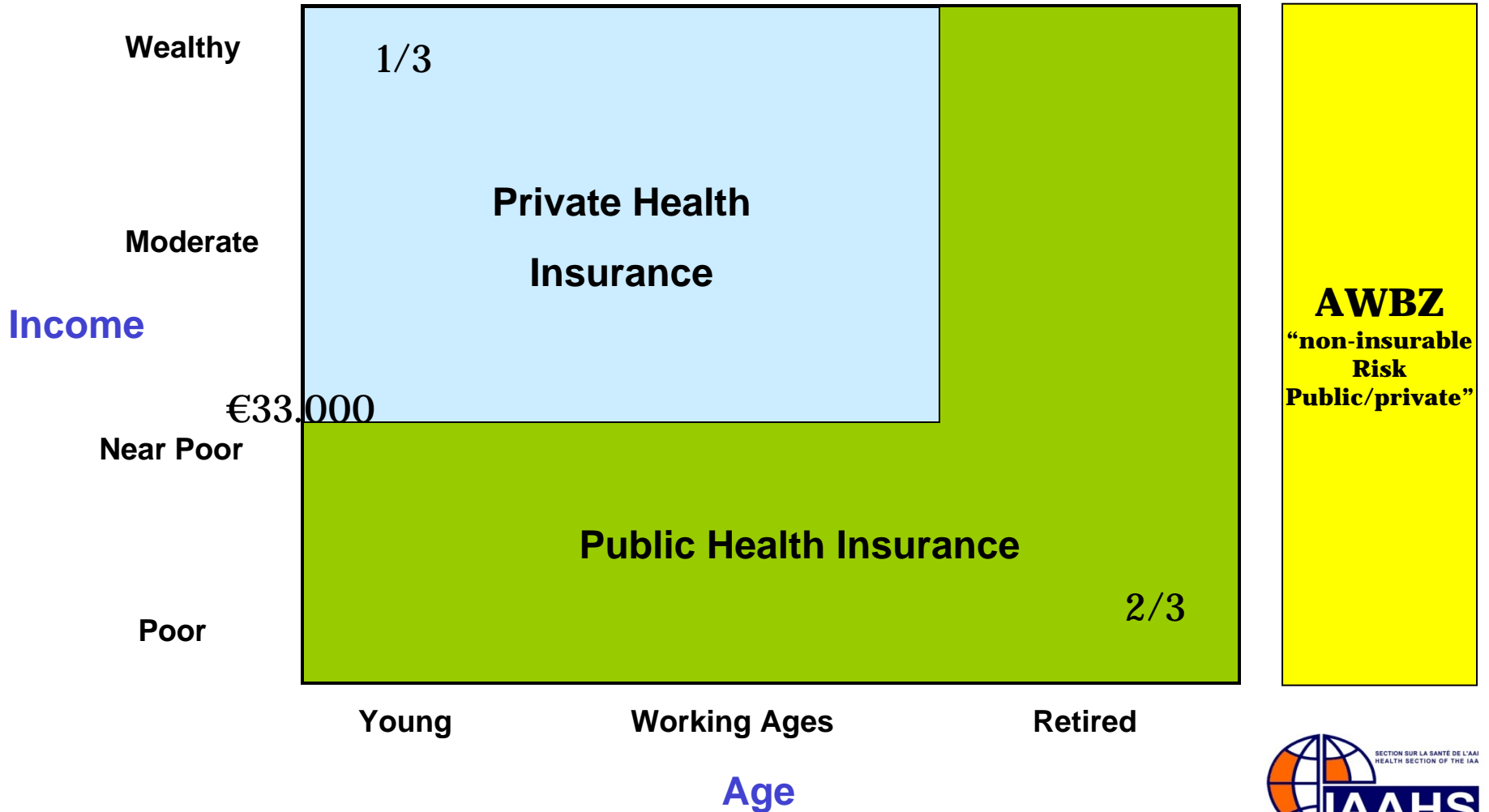
Former Dutch Healthcare system (till 2005)



- Both public and private medical care insurances
- Three compartments:
 - “Non insurable risks”: public / social security (AWBZ)
 - More common curatieve dual system:
 - Lower incomes Public (ZFW)
 - Higher incomes Private
 - Supplementary care Private

2003:
Total costs: € 58 billion
AWBZ: 35%
Other: 65%

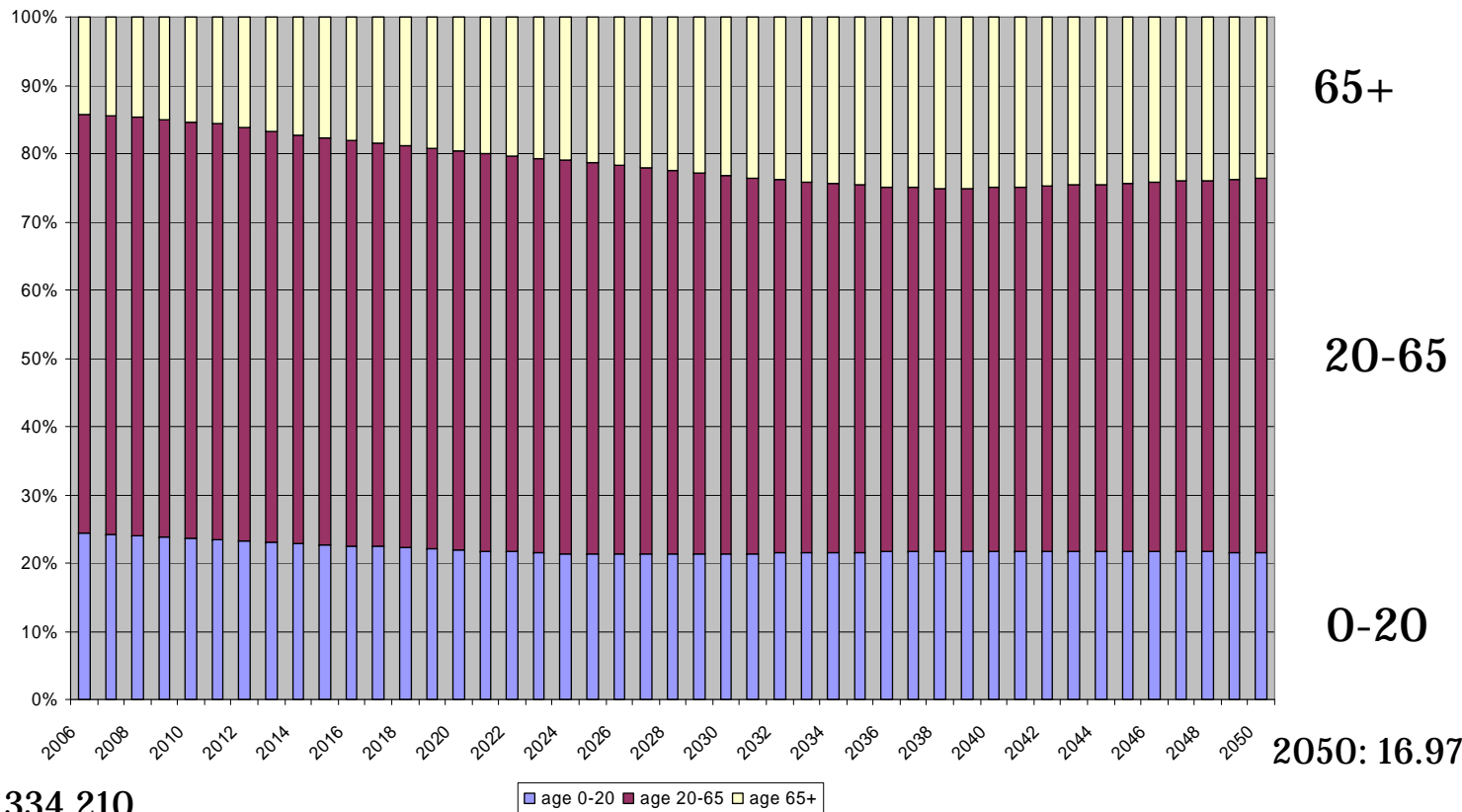
Former Dutch Healthcare system (till 2005)



Demographic development 0-20 // 20-65 // 65+

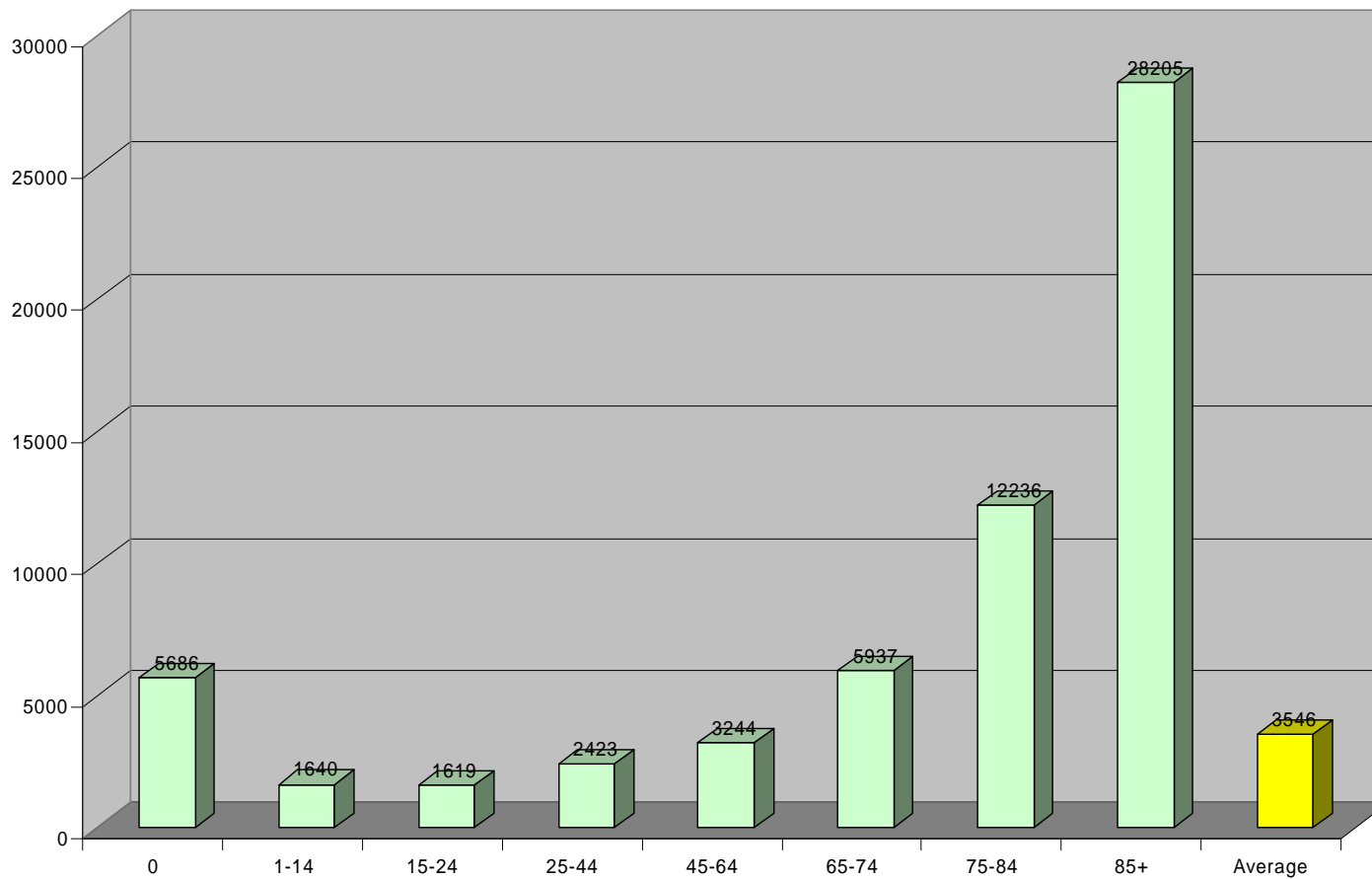


Dutch Population by age
Bron: CBS / rivm



Healthcare cost by age/person

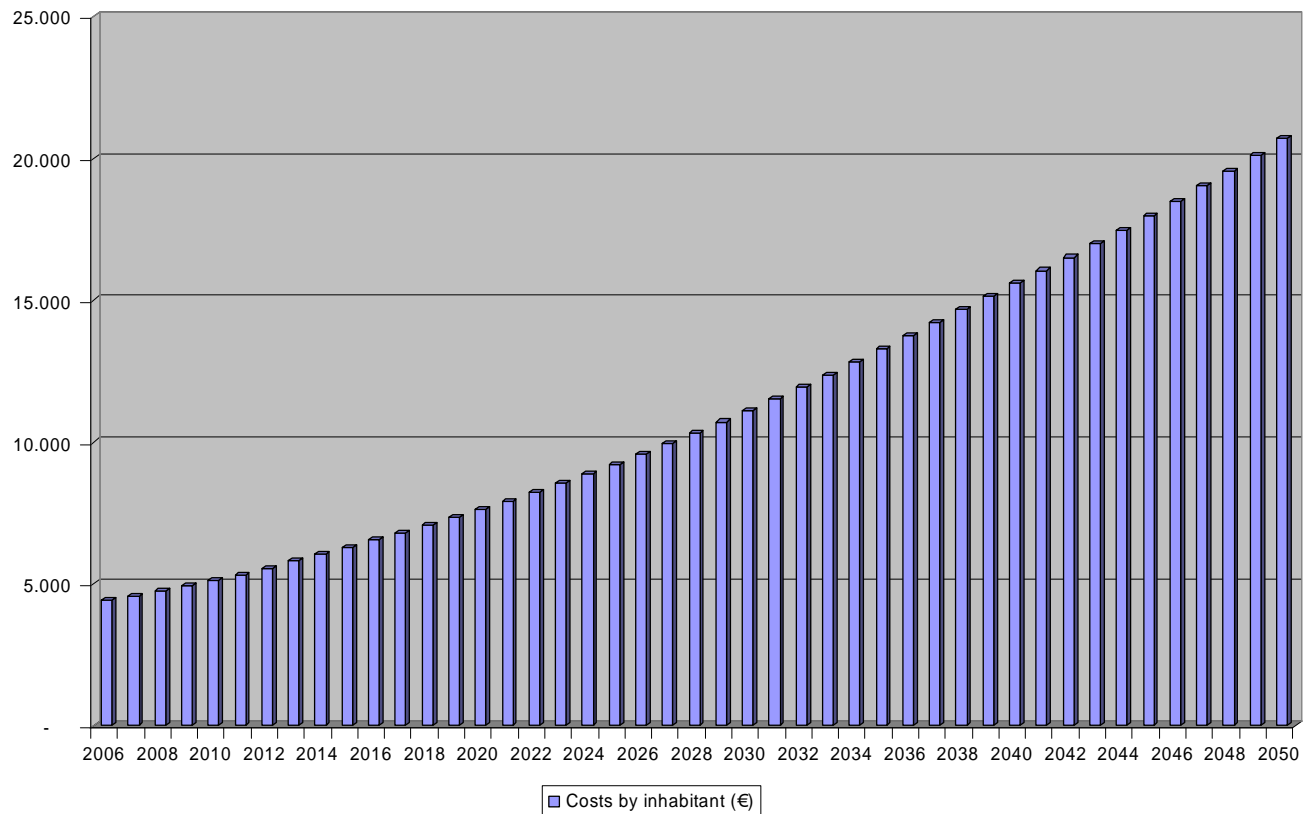
Healthcare Costs by age (€)
2003 figures



Development Healthcare costs by inhabitant

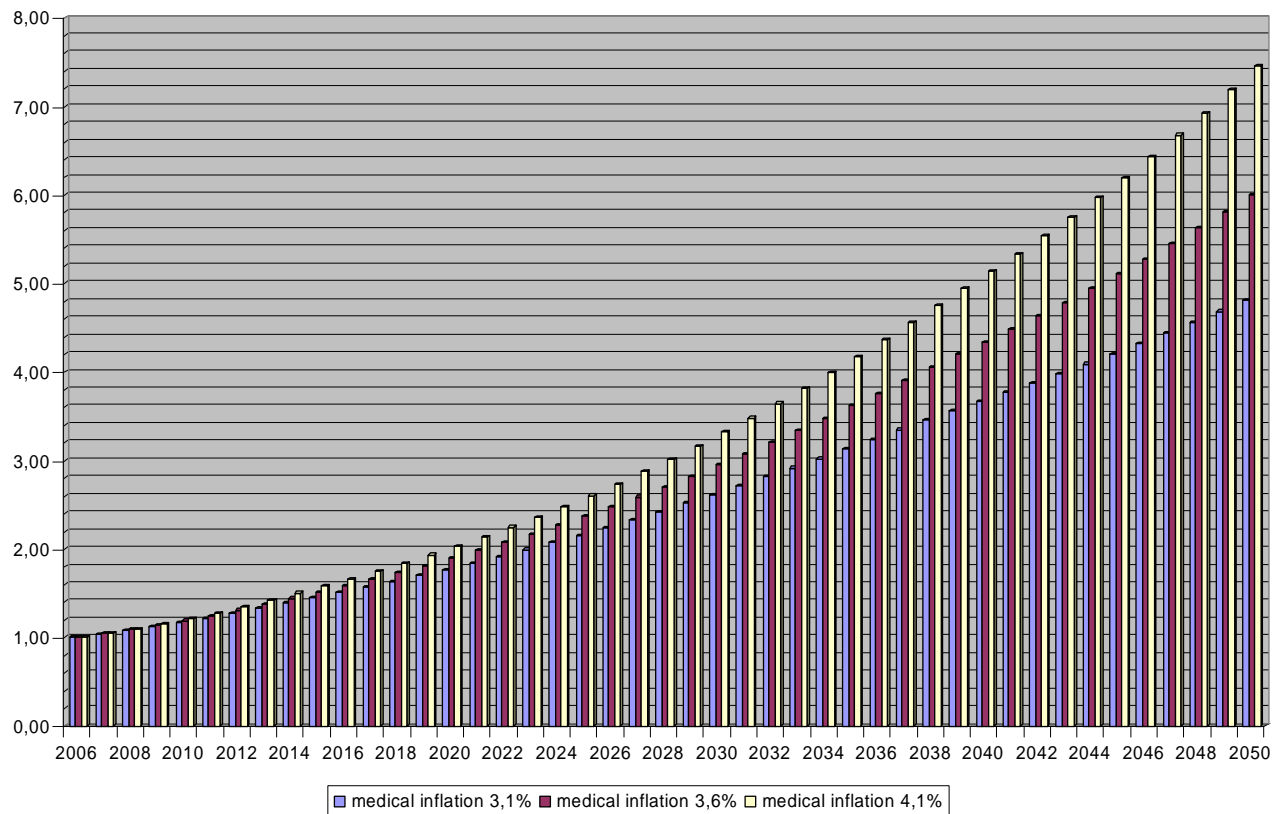


Dutch Healthcare Costs by inhabitant (€)
medical inflation 3,1%, general inflation 0,0%



Different medical inflations

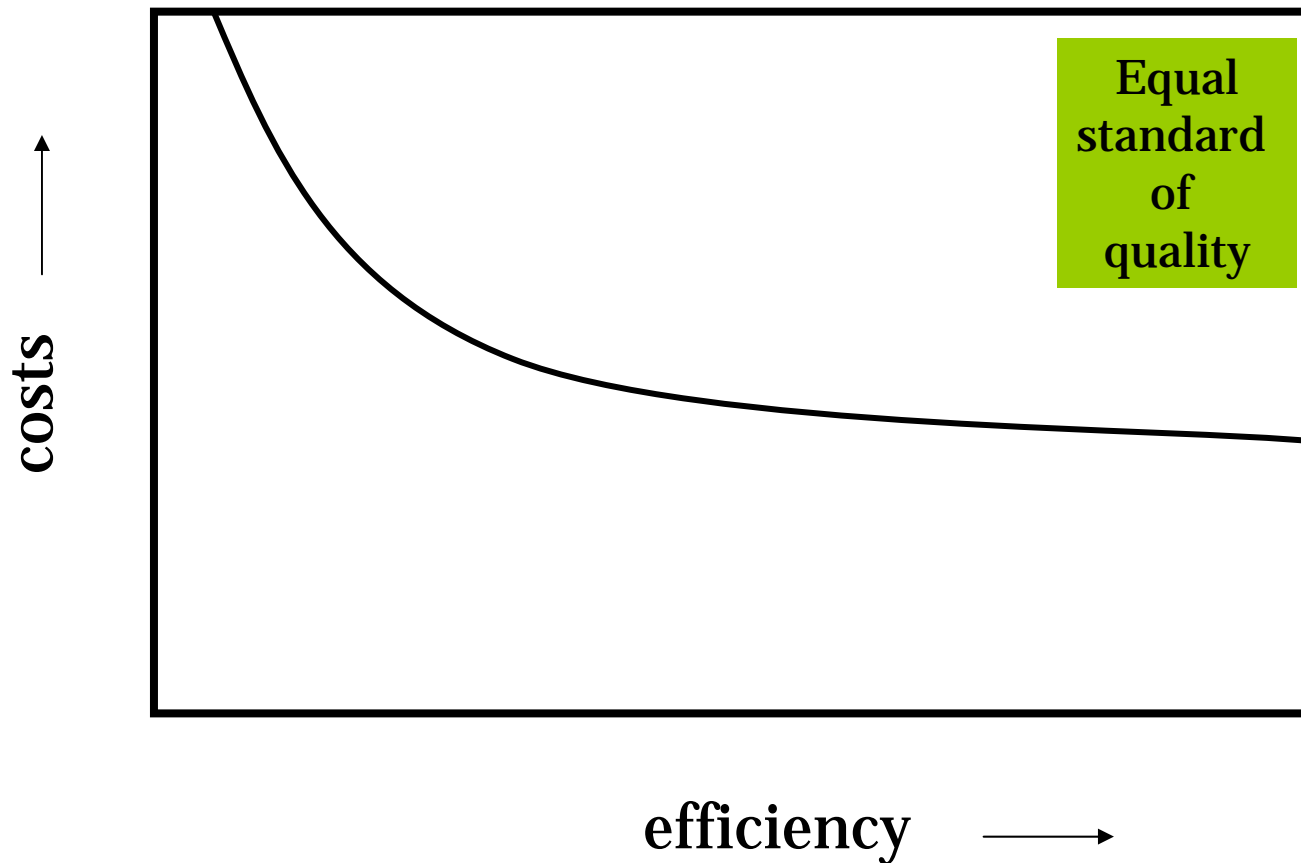
Increase of Dutch Healthcare costs
Different medical inflations (general inflation 0,0%)



Need for change

- Heavy increase of the costs for healthcare
- Healthcare market not based on performance
- Inefficient system
- No (real) free market

Quality – Efficiency - Costs



New Dutch Healthcare system (as of 1/1/2006)



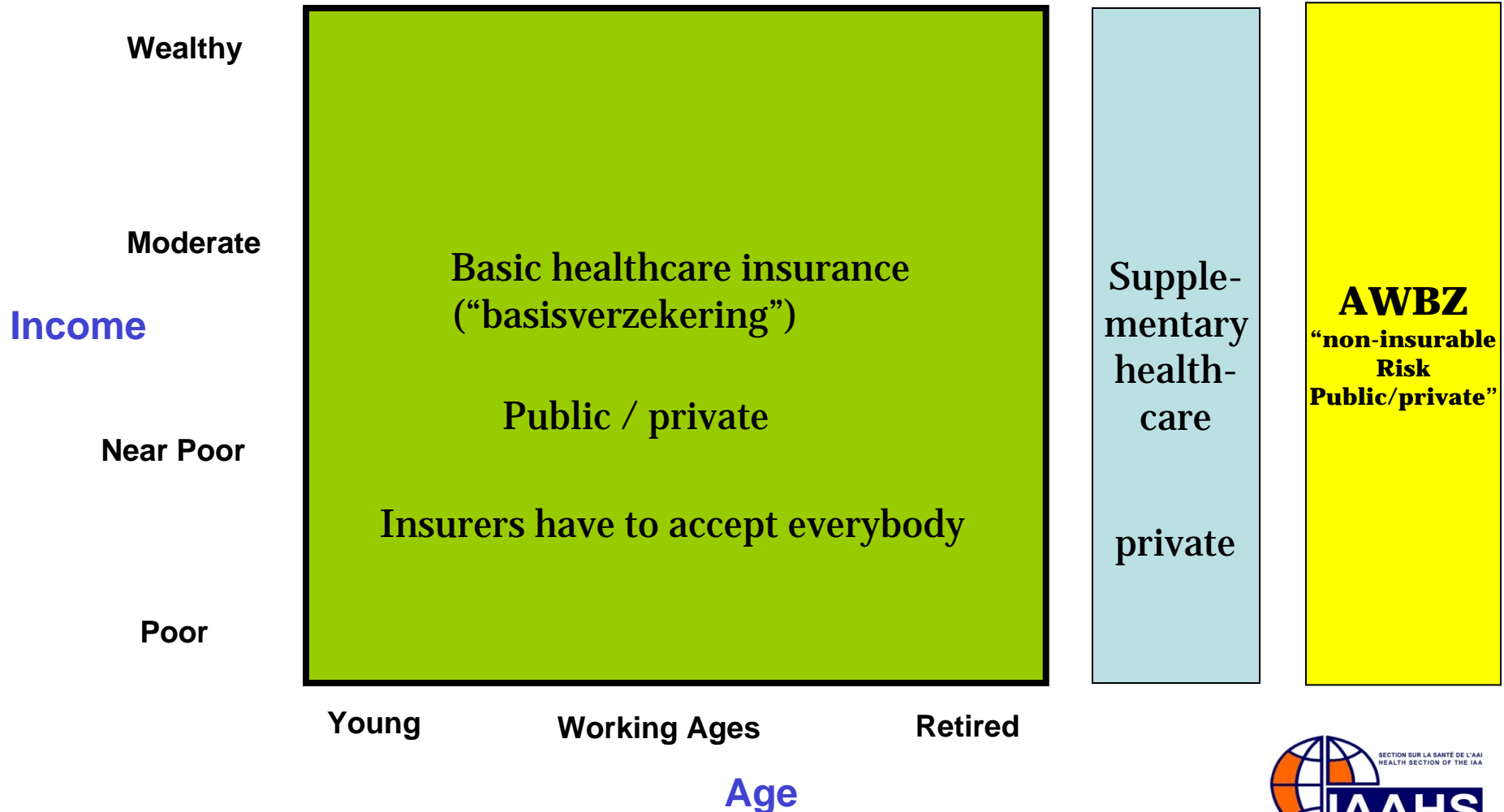
- A 'basic' healthcare insurance (the *basisverzekering*) compulsory for all residents
- Provided through private insurers, but operates within the overall public health framework
- The cover provided under the 'basic' insurance has been determined by the government and reimburses the costs of the main parts of people's healthcare needs
- The 'standard package' does not reimburse all healthcare expenses, so people can choose to supplement their 'basic' health insurance policy

New Dutch Healthcare system (as of 1/1/2006)



- While the government has indicated an average cost across the Dutch population of providing the 'standard package' at around €1,100 a year, insurers can set their own premiums
- They are not however allowed to apply medical selection, so no-one can be excluded
- All applicants must be charged the same premium (regardless of age, sex, health status etc)
- People can choose individually for supplementary health insurance
- People can also change insurer each year.

New Dutch Healthcare system (as of 1/1/2006)



'Challenging' market for insurers

- Compulsory acceptance
- Premium differentiation based on age or health is not permitted
- Risk and claims settlement
- To 'compensate' the insurer for the less healthy risks in their portfolios, the government will operate a 'risk and claims settlement' (risk equalisation) system
- Settlement delay
 - Year 2006 is not settled yet
 - Year 2007 is not settled yet

Future developments

- Stimulate free market thinking & acting
- Make use of techniques in other branches, like
 - Retention (Motor)
 - Capital funding / pay-as-you-go system (Retirement)
- Get rid of budgeting methods but use methods based on performance
- Increase the free market possibilities in hospitals
-

but

- Always beware of the social component within Health (solidarity)



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