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**"New trends in private healthcare insurance in Belgium
Private insurance complementing social security"**

In this presentation we will give some comment on recent developments in private healthcare insurance in Belgium.

Healthcare is part of the Belgian social security system. Almost everyone is covered by this social insurance as well for inpatient as outpatient care. Today, only self-employed don't benefit from legal reimbursements for outpatient care. On the contrary, private and public employees do. However, new governmental initiatives will lead to the same reimbursements for self-employed and employees.

The Belgian social healthcare insurance is based on a tariff which defines the legal reimbursement and the co-payment for the patient. However, the system does not limit prices to this official tariff. For instance, medical providers and hospitals can charge supplements above this tariff and generally do so. These can vary from twice to ten times the official tariff.

A tariff is by definition also historical and its efficiency depends on the speed of recognition and reimbursement of new medical techniques. Due to budgetary constraints, this has been used to limit increase in public health care expenses because of the increasing time-gap between recognition and reimbursement of new medical techniques.

The budgetary constraints are the consequence of the financing method of social healthcare insurance in Belgium which depends on social security contributions. The ageing population leads to more medical expenses that have to be financed by a diminishing working population.

It is also important to note that the cash flow of the system is managed throughout private non-profit organisations : every citizen has to affiliate himself to one of these organisations and gets his reimbursements from it. These organisations, originally only focused on social healthcare insurance, developed recently also activities in complementary health care insurance and became competitors of private healthcare insurers.

Private healthcare insurance is still rather small with respect to the global healthcare expenditures in our country but is growing at a high rate. This insurance is qualified as complementary because it complements reimbursements of the social insurance : co-payments, supplements, not yet reimbursed medical devices, etc....

The market is quite well developed for hospitalisation insurances. At this stage, ambulatory care is still generally uninsured.

New trends in private healthcare insurance

1. The results of a study conducted to forecast the growth of healthcare expenditures show –even under conservative hypotheses- the burning platform : it is impossible to maintain the social healthcare insurance system at its actual level. Private insurance can be an alternative to cover needs that will be unmet throughout the legal system.
2. The increasing gap between public budgets and healthcare needs and the pressure of consumer organisations, patients, politicians will force insurers to guarantee access to an affordable insurance. The Belgian private insurers proactively developed a proposal in this direction : a right to insurance could be given for a standard cover for inpatient care (excluding the private room) at a limited premium. To avoid the negative impact of adverse selection, a legal framework should be worked out for the compensation of bad risks.

3. Hospital insurances evolved gradually from fixed amount insurances to insurances covering real expenses. Billing practices of hospitals however lead to fundamentally different claims costs for private insurers. Especially, in Brussels, hospitals bills are twice as high as in the rest of the country. Some insurers responded to this by applying geographical premium segmentation : inhabitants of Brussels pay more. Other insurers preferred to reduce reimbursements in those expensive hospitals proportionally (approach comparable to a PPO) in order to increase responsibility of the customer.
4. For inpatient care several systems are applied to organise TPP. Till now, it is not yet clear which is their impact on claims cost and which system is the more performing.
5. As pointed out earlier, sickness funds are competing with private insurers on the complementary healthcare market. They benefit from fiscal advantages and are not subject to any insurance regulation. Private insurers intended legal actions in order to obtain a level playing field between all service providers.

Conclusion

The complementary healthcare insurance market is characterised by a lot of dynamics and challenges. The future will show if the market can turn into a customer driven, competitive market in a socially acceptable way.