

## **PRESS RELEASE**

8<sup>th</sup> July 2010

**BERMUDA HEALTH COUNCIL ANNOUNCES THE PUBLICATION OF  
A PUBLIC CONSULTATION PAPER:**

### **Enhancing the Regulatory Framework for Health Insurers**

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*Report available at: [http://www.bhec.bm/resources/reports\\_pub.html](http://www.bhec.bm/resources/reports_pub.html)*

**(Hamilton, Bermuda 8th July 2010)** – The Bermuda Health Council (BHeC) today announced the release of a public consultation paper that lays out its proposals to enhance the regulatory framework for Bermuda’s health insurers.

The purpose of the document is to disseminate, both to health insurers (defined as the licensed private insurance companies, employers operating approved self-financed health schemes, and the publicly operated health insurance plans), and to the public, the conceptual framework of BHeC’s proposed reforms to health insurance legislation and regulations in Bermuda.

The report is available at [www.bhec.bm](http://www.bhec.bm). The consultation period commences 9<sup>th</sup> July 2010. All feedback must be submitted in writing and reach BHeC by 30<sup>th</sup> August 2010.

The consultation paper identifies key demographic, economic, and health trends that highlight the need to enhance the current regulatory framework for health insurers in order to ensure Bermuda’s health system is sustainable. Prominent among the trends is the 8.8% annual growth in health system expenditure since 2000 and the growing financial burden this presents to the insured public. Other trends identified as impacting on the sustainability of Bermuda’s health insurance system include:

1. Life expectancy of 79.3 years, versus 65.0 years in 1950
2. A median population age of 40.2 years
3. Percentage of population overweight – 64%
4. Percentage of population living with diabetes – 14%
5. Percentage of deaths attributable to circulatory system disease – 47%
6. Share of GDP spent on the health system in 2009 – 9.2%
7. Estimated health system expenditure in 2017 – BD\$ 1.04 billion.

The consultation paper explains that the BHeC's analysis of these health system trends lead to implications that are financial, economic, and social in nature.

Those implications were the impetus for the proposed regulatory reforms. In designing the reforms the BHeC focused on three issues critical to the island's ability to adequately finance health care in the future:

1. The prudential regulation of health insurers
2. Bermuda's population demographics
3. The predominance of group health insurance coverage, and the resulting difficulty for some individuals to obtain affordable private coverage.

The proposed reforms are designed to achieve three primary goals, each of which aim to achieve several objectives, including:

1. Protect the public
  - Ensure financial solvency of insurers
  - Ensure transparency and fairness in the contractual relationship between the health insurer and insureds
  - Ensure health insurance packages provide adequate financial protection by creating an enhanced standard health benefit package
2. Promote equity
  - Require insurers to provide a standard health benefit package to anyone, for a regulated price based on community rating
  - Ensure insurers cannot deny coverage to anyone for the standard health benefit or charge different premiums for this minimum package
  - Ensure a wider pool of insureds and enhance risk-equalization schemes for the standard package
3. Promote cost efficiency
  - Ensure accurate and prompt reimbursement of providers
  - Encourage adoption of fully electronic claims processing

The BHeC considers the following initiatives to be the core features of the proposed reforms:

Protecting the public by ensuring the financial solvency of health insurers is essential to the long-term viability of the health insurance system. This initiative



relates to the Bermuda Monetary Authority's (BMA) planned implementation of Solvency II - equivalent risk-based capital adequacy and asset liability management rules for the local health insurers.

Protecting the public by ensuring that health insurance packages provide adequate financial protection refers to the proposal to enhance the minimum insurance package to include more than the current "standard hospital benefit". An enhanced "Standard Health Benefit" would be available and offered for sale to all Bermuda residents by all licensed health insurers, without discrimination by age, health status or any other demographic characteristic. The current minimum health benefit that all health policies in Bermuda must by law offer (the Standard Hospital Benefit (SHB)) only mandates coverage for hospitalization, and is not currently available for sale as a stand-alone health plan from any health insurer. Currently, the SHB must be included in any insurance policy, but is only sold as an imbedded feature of "major medical" policies. The BHeC believes that an enhanced minimum insurance package will provide greater protection for the population in the context of contemporary health trends.

The consultation paper was developed in line with the BHeC's authority as the licensor of health insurers, given by the Health Insurance Act 1970 and the Bermuda Health Council Act 2004. This work is part of BHeC's strategic and corporate objectives, and has been reviewed and endorsed by the Ministry of Health as promoting the public interest. The proposals outlined in the consultation paper were developed in consultation with the Bermuda Monetary Authority and the Ministry of Finance.

Health insurers, employers, and the public are invited to provide feedback on the proposed reforms to Mr. Dane K Commissiong, Director of Health System Regulation by 30<sup>th</sup> August 2010. All feedback must be in writing and can be emailed to [dkcommissiong@bhec.bm](mailto:dkcommissiong@bhec.bm) or mailed to:

Bermuda Health Council  
PO Box HM 3381  
Hamilton HM PX  
Bermuda

Linda Merritt, Chairman of the Bermuda Health Council commented: "The Bermuda Health Council has spent the last year analyzing and assessing the current system of health finance in Bermuda. The proposed reforms as outlined in the consultation paper reflect an objective assessment of the strengths and weakness of the health insurance system in Bermuda within the context of the financial, demographic, economic, and health imperatives of the island. Many countries around the world are currently engaged in this same process, which is made all the more pressing by the ageing of our population, the increase of chronic diseases, and the global



financial crisis, which demands that we give closer scrutiny to the financial condition of our health insurers. ”

Dr. Jennifer Attride-Stirling, Chief Executive Officer of the Bermuda Health Council, commented: “The consultation paper is just the beginning of the process to enhance the regulatory framework for health insurance. We look forward to receiving feedback from health insurers, employers, and the public on the proposed legislative and regulatory changes. This work represents part of our continued efforts to secure the sustainability of our healthcare system, and we look forward to the community’s input to ensure the reforms protect the public, promote equity and promote cost-efficiency for all Bermuda’s population”.

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### **About Bermuda Health Council**

Established in January 2006, the Bermuda Health Council is tasked with overseeing Bermuda’s healthcare system to ensure its sustainability. Staffed by a team of eight professionals with over 100 years of experience in administration, healthcare and finance, the Health Council draws upon the expertise and experience of its 15 Council members to regulate, coordinate and enhance the delivery of health services in Bermuda.

**Media Contact:** Jennifer Attride-Stirling  
CEO, Bermuda Health Council  
Telephone: 292-6420

### **Consultation feedback:**

All feedback must be received in writing by 30<sup>th</sup> August 2010, and can be emailed to [dkcommissiong@bhec.bm](mailto:dkcommissiong@bhec.bm) or mailed to:

Mr. Dane K Commissiong  
Director of Health System Regulation  
Bermuda Health Council  
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