

Bermuda Health Council Comment
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FREQUENTLY ASKED QUESTIONS ABOUT HEALTH INSURANCE IN BERMUDA

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There is a lot of information available on how health insurance works. Private and public local insurers are always happy to explain this to their clients and the public, and the internet is a near-infinite source of information. But despite the wealth of information out there, some basic questions keep popping up in the local debates about health insurance. Here is a “Bermuda FAQ” on this topical issue.

What is health insurance?

The purpose of health insurance is to ensure people are able to afford healthcare when they need it. Health insurance is a way of pooling the risk of healthcare expenses for a group of people in exchange for a payment. Health insurance in Bermuda is provided by private, for-profit companies and by the government. But the purpose is to protect people, no matter who provides it.

How does it work?

Health insurance is not like a bank account. The money or premium we pay for health insurance does not sit in an account designated for each insured person to pay for that individual’s bills. Health insurance works by taking a premium from a large number of individuals and using it to pay for their healthcare costs. In practice only a few insured individuals have large medical expenses, so an insurer can afford to pay these claims. Insurance is a means of reducing the risk of financial disaster due to healthcare expenses, by spreading the costs across a large group of people. For example, treating Mr Smith for cancer can cost in the region of \$200,000; while he may pay \$600 in monthly health premiums.

Why do I need it?

Nobody knows when illness or injury will strike, but everybody knows how expensive healthcare can be when they do strike. You need health insurance for the same reason you need other types of insurance: to protect you against risk.

Why are my premiums so expensive?

The premiums we all pay go to cover the costs of healthcare for the insured population. As the cost of healthcare in Bermuda increases, the premiums increase too. The premium is more or less expensive depending on what proportion of your earnings it represents. However, for over thirty years premiums have been increasing for everyone faster than our salaries. Today we dedicate much more of our income to healthcare costs than we did in the early eighties.

Providing the level of healthcare quality we are used to in Bermuda requires a lot of highly trained professionals and a great deal of technology such as tests and drugs. In order to pay for these, health insurers have to set their premiums at a level that will enable them to cover these costs.

Why is it that after paying premiums all my working life, an insurance company can increase my premiums so much when I'm no longer working and most need health insurance?

Employers are required by law to provide a minimum level of health insurance for their employees and unemployed spouses, and to pay for half the premium. Once your employment finishes, the obligation to cover you ends. You can still purchase health insurance but you will have to pay 100% of the premium. In addition, as your age and health status can impact the premium you pay, your premiums will be higher than what you paid before.

Why do I have to pay some healthcare providers for the full bill when I'm already insured?

Most healthcare providers charge insurance companies directly. However, some providers don't accept this way of getting paid, preferring to recover their fees from patients directly, who can claim it back from their insurer. Excepting hospital care, there is nothing in law preventing healthcare providers from charging at the time of delivering services.

Why don't insurers pay healthcare providers more quickly?

Currently most claims are processed manually. This takes much longer than billing and paying electronically, and it allows for more mistakes to be made which take longer to resolve and delay payment. There is no legislation locally mandating public or private insurers to settle claims within a specified period.

Bermuda is lucky to have enjoyed decades of good insurance coverage. However, recent trends and demographic changes have highlighted that this model is leaving some populations without cover. The Bermuda Health Council is actively working to find ways to prevent these gaps, and to ensure that everyone living in Bermuda is protected.

Dr. Jennifer Attride-Stirling is the Chief Executive Officer of the Bermuda Health Council and has been a healthcare advocate for over a decade. She has worked at the UK healthcare regulator and the London School of Economics; and has published papers on health regulation, health promotion, mental health and research methodology. Her work in Bermuda led to the introduction of various national initiatives by the Department of Health.