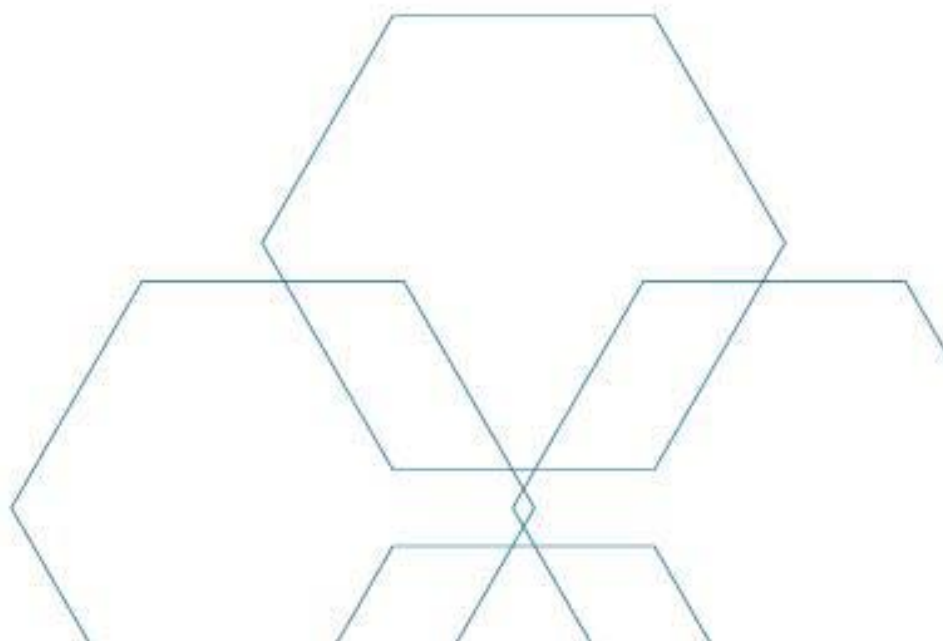




Health Insurance Regulation Proposals: Update on the public consultation process

March 2011



Background

1. In July 2010 the Bermuda Health Council (BHeC) published a public consultation paper entitled *“Enhancing the Regulatory Framework for Health Insurers”*. The purpose of this report is to provide a summary of the feedback received, and to advise stakeholders and the public of the next steps in the reform process.

Feedback Summary

2. BHeC published its consultation paper with proposals to reform the regulation of health insurers on 5th July 2010. The final deadline for submission of written feedback was 30th September 2010. In total, 24 submissions were received by BHeC.
3. Four submissions were received from health insurance entities, including professional groups, and private and public payors. Responses were broadly supportive in principle of the goals to protect the public and promote cost-efficiency, but raised concern about implementation and the financial impact on insurers and premiums. Three responses expressed concern about the goal to promote equity. All submissions raised concern with the proposed time frames for implementation.
4. Four responses were submitted by non-insurance businesses and business advocacy organizations. The issues raised by each of them were: opposition to rules to tighten up the financial management of insurers, concern that a community rated Standard Health Benefit and guaranteed issue would increase operating costs to the business sector, concern about increased costs to businesses, objection to standardizing the basic health benefit because it was seen to lower employers’ ability to compete for employees through health insurance benefit offerings.
5. Nine responses were received from individual members of the public. The reaction was mixed with five in favour of the proposals, three against them, and one neutral. Those supportive of the proposals agreed with the need to make insurance more accessible and affordable for all; those opposed favoured contributions based on the level of risk represented by the individual. The neutral response focused on monitoring the cost of healthcare.
6. Four responses were received from health professionals and associations. Two expressed the need for health insurance reform to address incentives for individuals to live healthier lifestyles. One response proposed that health insurers should cover public health services. One agreed with the need for our proposed reforms, but opposed linking providers’ fees to health insurance reimbursements in the future.
7. Three responses were received from public advocacy groups. All were supportive of the goal to promote equity and changing the regulatory standards for health insurers.

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8. Overall responses ranged in their support for the proposed regulatory changes to health insurance. Of the 24, 9 were fully supportive, 9 were not supportive, 2 were mixed, and 4 were neutral or did not take a position.
 9. The concerns noted were that:
 - 9.1. The timelines proposed are not achievable.
 - 9.2. The proposed reforms do not create incentives to adopt healthier lifestyles by the insured population.
 - 9.3. The structure of the proposed new standard health benefit could increase the overall cost of premiums.
 - 9.4. The elimination of current underwriting practices by health insurers and introduction of proportional premiums, could lead to higher premiums and administrative costs.
 10. The support expressed focused on:
 - 10.1. Increasing transparency and fairness in health insurance.
 - 10.2. Eliminating discriminatory practices by health insurers.
 - 10.3. Benefits to the population of wider coverage.
 - 10.4. The benefits to those on lower incomes of increasing access and affordability.
 - 10.5. Need to encourage wellness through any financing mechanism.
 - 10.6. Support for sustainability in healthcare system.

Next Steps

11. On 8th February 2011 the Minister of Health unveiled the National Health Plan Consultation Paper. The Plan outlines the proposed direction for the health system, with a focus on achieving equity and sustainability. One of the objectives of the Plan is to provide context and direction to future health reforms.
12. The National Health Plan supersedes the 2010 proposals to reform the regulatory framework for health insurers. Some of the original proposals will be carried out in 2011 following direction from the Ministry of Health. However, a number of the proposals will be impacted by the National Health Plan reforms and will thus need to be shaped by that process in due course.
13. The health insurance regulation amendments that will take place in 2011 focus on enhancing reporting requirements by health insurers in line with current practice, and

enhancing reimbursement processes for providers. These will be achieved through amendments to the Health Insurance Act 1970.

13.1. Amend the current annual relicensing reporting requirements to include more pertinent information from health insurers (as detailed in the paper). (*Ref. point #36 of consultation paper*)

13.2. Set 30 days as the maximum allowable time frame for the reimbursement of a clean claim by a licensed health insurer. The terms “clean claim”, “date” and “receipt” will be defined. This standard would apply only to claims which are 90 days or less past the date of service. No claim shall be submitted to an insurer that is more than 365 days past the date of service. This serves to establish a baseline of efficiency for both insurers and providers. This should be in law in 2011 with one year for full implementation by providers. (*Ref. point #42 of consultation paper*)

13.3. Prescribe the BHeC standard health claim form as the required claims form for all providers seeking insurance reimbursement (except those utilizing EDT) for claims submitted. Full implementation due in 2013. (*Ref. point #42 of consultation paper*)

13.4. Set a temporary standard for the submission of health insurance claims by all providers in the period up to 2013. The standard should establish the acceptable form and pertinent details required on all claims submissions prior to the mandated use of the system-wide standardized claims form in 2013.

14. In addition, the 2010 Throne Speech stated that “the Health Council will reform the minimum health insurance benefit to ensure it is a 21st Century package”. Development work towards this goal will commence in the next fiscal year, and will be conducted in close consultation with stakeholders.

15. The remaining reforms will be aligned with the National Health Plan, the content and timing for which will be determined following its consultation period and development of implementation plans.

The National Health Plan and Health Insurance Regulations

16. The proposals to enhance health insurance regulations focused on three goals: protecting the public, promoting equity and promoting cost-efficiency. These goals are aligned with the National Health Plan proposed core values of equity and sustainability. Following the outcome of the National Health Plan consultation process, the Ministry of Health and the Bermuda Health Council will determine how to proceed with the specific health insurance policy instruments proposed.

17. Alignment of the reform proposals is anticipated as follows:

Health Insurance Reform Policy Instruments	Next steps
<i>Proposals to be implemented in 2011</i>	
2. Establish financial reporting requirements that ensure financial transparency of all payers (companies and schemes)	In collaboration with health insurers, 2010 and 2011 licensing has included increased requirements which will be reflected in Health Insurance Act 1970 and regulations in 2011
12. Mandate reimbursement to providers in 30 days max (<i>via electronic claims processing</i>).	To be reflected in Health Insurance Act 1970 and regulations in 2011
11. Standardize health insurance claims forms.	To be reflected in Health Insurance Act 1970 and regulations in 2011
9. Require community rating of the standard benefits package to promote cross-subsidies between healthy and sick.	This is the current practice for pricing the Standard Hospital Benefit. It will be continued pending initiatives of the National Health Plan.
<i>Proposals to be aligned with National Health Plan health sector goals:</i>	
6. Mandate individual enrolment if not in group or dependent.	1. Universal access to basic health coverage shall be assured for all residents of Bermuda
10. Consider mechanisms to make premiums be set based on ability to pay.	3. Health coverage contributions shall be based on ability to pay to ensure equitable access to healthcare
5. Enhance mechanisms to protect insurers such as system-wide reinsurance and risk-equalization schemes.	These will be impacted by NHP goals 1 & 3 and: 9. Bermuda's health system shall be financed through the most cost-effective means available
7. Require guaranteed issue and renewal of health policies; along with pricing guidelines to make premiums more affordable for sicker individuals.	
13. Move the health system to fully electronic claims submission and processing.	6. An integrated health IT system shall be established throughout the health sector to improve efficiency and quality
<i>Proposals independent of or to be determined following National Health Plan</i>	
1. Establish risk-based solvency and minimum capital standards for all payers; and set risk management parameters and standards for all payers, including approved schemes.	This work is led by the Bermuda Monetary Authority. BHeC to align with reporting requirements.
3. Establish disclosure requirements for policy terms and conditions, benefits, and costs.	To be determined following National Health Plan initiatives
8. Regulate lifetime limits on coverage	

18. Questions or comments may be directed to Mr Dane Commissiong, Director at healthcouncil@bhec.bm.

ABOUT THE BERMUDA HEALTH COUNCIL

Who we are

The Bermuda Health Council (BHeC) was established by the Bermuda Health Council Act 2004 to regulate, coordinate and enhance the delivery of health services. Our vision is to work together for a sustainable healthcare system.

What we do

The Bermuda Health Council provides oversight for Bermuda's health system in many ways. We work with all relevant stakeholders to ensure residents enjoy good quality care while assuring the financial sustainability of the health system. We also work to enhance the regulatory framework for healthcare in order to assure an acceptable standard of care and patient safety.

Among our tasks are to:

- ❖ Enhance the regulation of healthcare providers and professionals
- ❖ Review Standard Hospital Benefits and the cost of the package annually
- ❖ License health insurers
- ❖ Advise the Minister of Health
- ❖ Identify ways to enhance the financial sustainability of the healthcare system
- ❖ Engage with healthcare stakeholders in the conduct of our functions
- ❖ Assure the healthcare system can meet the needs of Bermuda residents

Contact us:

If you would like further information about the Bermuda Health Council, or if you would like to bring a healthcare matter to our attention, we look forward to hearing from you.

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Reference as:

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