

National Health Plan: Frequently Asked Questions

In February the Ministry of Health launched the National Health Plan Consultation Paper, announcing a period for public discussion and feedback until 30 April. By mid-April over 35 meetings and presentations have been held with over 370 stakeholders, and consultation is still going strong. Here are some frequently asked questions from the consultation to date.

1. What is the National Health Plan (NHP)?

The NHP is a proposed strategy to reform Bermuda's health system. It is a consultation paper produced by the Ministry of Health.

2. Why do we need a NHP?

A reform strategy is needed because the system has a few things that are not working well. If we keep making changes in a piecemeal way, the system can't be made to function at its best. We need an umbrella strategy as a roadmap to reforms, and to lay the foundation for a 21st century health system for our Island.

3. What is 'wrong' with the system we have now?

The system does some things well and others not so well. On the upside, it helps to keep most people fairly healthy, and has reasonable manpower, technology, etc. On the down side, the health system is the second most expensive in the developed world – in 2009 it cost \$558 million. Despite this high spending it doesn't provide coverage for the whole population – about 10% of people have no insurance, whereas most high-income countries spend less than we do on healthcare and cover everyone. The present system has not been able to slow down the rise in costs; and it is unaffordable for people with low earnings.

4. The system works for me, why should it change?

The system works for healthy, employed persons with sound financial means. This leaves many gaps: most people will be older and retired one day, and may find themselves without enough coverage. If you lose employment, you lose your coverage and employer's subsidy. No one knows if they will suffer a health catastrophe tomorrow – an injury, cancer diagnosis, or another condition that could cripple you financially. And even if none of that happens, health costs will continue to rise until they become unaffordable even for those who are ok right now.

5. Is the Health Plan an 'insurance package'?

No. The NHP is a reform strategy. Part of it includes improving the minimum insurance package, because at present it only covers hospital costs.

6. If you add benefits to the basic plan, won't health costs be more expensive?

The NHP would improve the minimum package by moving some benefits from 'major medical' into the 'basic plan'. Pooling Bermuda on a core plan will create economies of scale and reduce the price. So the NHP will not increase the cost of health cover; on the contrary, it would make it more affordable and equitable.

7. Will the NHP mean free healthcare for every one?

No. Healthcare can never be free – someone always pays for it. The NHP aims to provide affordable coverage for everyone. Private health insurance beyond a sound basic package would still be available for sale, as it is now.

8. Will I still have to pay upfront in the new system?

When we go for healthcare we usually pay a co-payment – the portion of the charge that insurance doesn't cover. This is different from a full upfront payment, where the patient has to recoup part of the money back from their insurer. Under the NHP reforms, patients may continue to have co-payments, but upfront charges could be abolished for covered services.

9. Will the NHP limit my choices for care overseas?

No. The reforms will protect patient choice. Under the NHP a basic package would guarantee coverage for essential care without lifetime limits, or exclusions for pre-existing conditions. You would be able to use this coverage wherever you choose. Major medical insurance would be optional to cover any additional costs.

10. How will the NHP affect Bermuda's international business community?

The Ministry of Health is in open and constructive dialogue with leaders in the international business sector about the NHP. International business, employers, doctors, insurers and other stakeholders will be part of the task forces to create the best system for Bermuda's people and economy. A key aim of the NHP is to slow down the rate of increase in the country's health bill. This will be good for Bermuda and for international business.

11. What will be the financial impact of the NHP?

The financial modelling will be done to ensure the country's half-a-billion dollar health bill does not increase, to eliminate waste, and make smarter use of resources so coverage is affordable for everyone. At present health

costs are crippling for the poor, but the reforms will not create a system that is crippling for the well-off. What is certain is that the country's health bill will not be bigger as a result of reforms.

12. Where will the money come from to cover more people with health insurance?

From making smarter use of existing resources and eliminating waste. In 2009 the health system cost \$558 million. We know some of that was waste, such as medically unnecessary tests, excessive use of expensive technologies and resources, etc. We are confident that the 6,500 people with no insurance can be covered by making smarter use of resources.

13. Will the reforms make health costs more expensive for employers?

No. One of the main aims of the NHP is to ease the burden on employers and businesses. By making health coverage affordable and slowing down the rise in health costs, employers' will get a much-needed break.

14. Will healthcare be nationalized by the NHP?

No. The plan states clearly that most healthcare will still be provided by private doctors and other professionals.

15. I heard the NHP would force me onto a government-run plan.

This is not true. No decisions have been made on who would provide the basic package. Many options are on the table, including the private sector. The task forces after the consultation will identify the best model for Bermuda.

16. Isn't charging premiums based on 'ability to pay' unfair because it's charging people different prices for the same product?

By international standards, it is considered the fairest way of paying for basic coverage. Leaving people unable to afford coverage is seen as unfair in most of the developed world. Because every single person will need healthcare at some point, in economic terms health coverage is an essential good, not a consumer good. For example, no one has an essential need for a boat or cell phone - we can live without those consumer products. Whereas health coverage is a basic need, and contributions based on ability to pay ensure it is affordable to everyone.

17. I heard the NHP would make 8% to 12% of my salary go to the health plan.

This is not true. The financial analysis will determine the right level of contribution in due course. At present an ordinary major medical policy costs about \$10,000 a year, which is 8% of an annual salary of \$125,000. So even if the alleged proportion were applied in the new system, a person with this above-average salary would still pay the same. But a person earning \$40,000 a year would pay \$6,800 less. However, financial modelling will be done to determine the right contribution level, and set an upper cap for contributions.

18. I keep hearing the terms 'equity' and 'sustainability' associated with the NHP. What does this mean in practice?

Those are the two main goals of the health reforms. 'Equity' means that everyone should have access to basic healthcare, and no one should be impoverished by the cost of coverage. 'Sustainability' means that health costs should not rise more quickly than our national wealth, and that coverage should be affordable to everyone in Bermuda. That is what the NHP seeks to do.

How to give feedback:

The NHP can be obtained from the Ministry of Health or the Bermuda Health Council. Written feedback should be sent by 30 April 2011. To comment by phone call the NHP Hotline on 278-4960.

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