

Need to know

Standard Hospital Benefit Changes for 2014/2015

What is the Standard Hospital Benefit?

The Standard Hospital Benefit (SHB) is the minimum benefits package that must be included in every health insurance policy sold in Bermuda. Employers must provide at least this coverage for their employees and their non-employed spouses, and pay at least half the premium. The Government subsidizes this coverage for children, seniors and the indigent.

What does SHB cover?

The SHB currently covers the majority of local hospital services, some diagnostic imaging at private facilities and some overseas hospitalization. Under a separate fund called the Mutual Reinsurance Fund (MRF) kidney-related and long-stay costs are also covered. The premium for this cover is set by Government.

What will change in 2014?

There will be a number of changes in the SHB coverage this year due to the current economic environment. In particular, overseas care will no longer be included in SHB, and subsidies for persons aged over 65 years will come down from 1st April. The changes and their impact are listed below. Changes to subsidy mean that the mandated insurance cover and its premium will also change.

Why change?

Due to the Government's financial position and the fiscal space available, the Ministry of Health and Environment was tasked with reducing its budget by 7% for the upcoming fiscal year. In order to realize savings of \$17.6 million in the fiscal year 2014/15, while protecting many essential services, the subsidies budget was scaled back. This required changing SHB benefits.

SHB Subsidies & how they work

The Government subsidizes 100% of SHB cover for all children and the indigent, and, at differing rates, for seniors. When a subsidized person receives SHB care, the subsidized portion of their medical bill is sent directly to Government. This means their health insurance premiums don't include the SHB cover that Government pays for. The subsidies are a way of ensuring basic coverage for vulnerable populations.

SHB vs Supplemental Benefits

The vast majority of health insurance policies sold in Bermuda also have supplemental benefits that cover doctors' visits, overseas care, dental care, etc. The premium for supplemental benefits is set by each insurer independently and Government plans work the same way.

SHB Changes

- ❖ **SHB will not cover overseas care:** For insured persons, overseas care will be covered by supplemental benefits, which most insurance policies have, including HIP and Future Care. Uninsured persons will not have overseas cover.
- ❖ **Government subsidies for seniors reduced by 10%:** Insured seniors will see no difference in their SHB local coverage or SHB premium. They will still be covered for 100% of SHB under all private and Government plans. If aged 65-74, subsidy will pay 70% and insurers 30%. If aged over 75, subsidy will pay 80% and insurers 20%. Previously subsidy paid 80% and 90% respectively. Uninsured seniors' SHB out-of-pocket payments will increase by 10%.
- ❖ **MRF benefits shifted to SHB:** This will have no effect on the public or providers. The benefits in the MRF will now be part of the SHB and will be covered by all private and public payors, as all SHB services are.
- ❖ **Various MRF transfers:** There has been a historic transfer that allows the Government to provide affordable insurance plans to any Bermuda resident, without turning anyone away. It will be increased and this will have no effect on SHB coverage. In addition, a new transfer of \$0.67 to the Bermuda Health Council will reduce the burden of Government grants. Due to the combined changes, the SHB premium won't see an increase.



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