



PRESS RELEASE

The Bermuda Health Council clarifies health insurance premium questions

(Hamilton, Bermuda 9th June 2015) – Following concerns raised by the community regarding health insurance rate increases, the Health Council wishes to clarify the process to set the Standard Premium Rate annually.

The standard premium is the premium for the Standard Health Benefit (SHB). This is the basic health insurance package that forms the base for all health insurance products in Bermuda. The SHB ensures that most hospital services and some other benefits are covered for every insured person in Bermuda.

The premium for the SHB is determined through an independent actuarial analysis of all health insurance claims made by Bermuda's adult and senior population. The analysis looks at the amount of services used, their fees, any new services added, and transfers to access programmes. This total cost is divided by Bermuda's insured adult and senior population, which produces the premium amount. The Figure below illustrates this process.

The Health Council publishes the Actuarial Review every year. The most recent Report can be found on their web site at: <http://www.bhec.bm/wp-content/uploads/2012/10/Actuarial-Report-2014-FOR-PUBLICATION.pdf>

In addition, the Health Council also produces a brief explanation of the premium and standard health benefit changes each year. This year's can be found at: <http://www.bhec.bm/wp-content/uploads/2013/06/Standard-Premium-Rate-20150609-Need-to-Know-2.pdf>

Premium changes are derived with careful consideration of the cost of paying for the services used, and the impact to policy holders. Every action is taken to minimize the premium adjustments each year. For example, coverage of the professional fees that some people, particularly seniors, had to pay out of pocket was added to the premium to protect persons on the lowest cost plans. In the context of increased use of services, essential benefit additions, and a smaller population size, it was not possible to sustain the premium at current levels.

The Health Council would also like to invite the public to view the National Health Accounts reports. These reports show that the Government subsidizes health coverage for seniors and indigent in excess of \$100 million per year. Providing services for these populations exceeds this amount, so it is necessary to supplement it with premium contributions. This is in an effort to share the cost with the beneficiaries and curtail the impact on the consolidated fund.

Queries about the actuarial review process can be submitted to healthcouncil@bhec.bm

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About Bermuda Health Council

Established in January 2006, the Bermuda Health Council (Health Council) is tasked with regulating, coordinating and enhancing the provision of health services in Bermuda. Led by a Board representing a broad range of sectors in Bermuda's community, and staffed by a team of committed professionals, the Bermuda Health Council works with health system stakeholders towards achieving a quality, equitable and sustainable health system.

Figure 2: SPR Determination

