Evolution, trends and future challenges of health insurers in the Netherlands

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Evolution of the health insurance system:

- The health ‘market’ in the Netherlands
- Characteristics of basic health
- Prudential supervision
- Future challenges
The Dutch health ‘market’
The Dutch health ‘market’

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost (in €)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Care: public system</td>
<td>28 billion</td>
</tr>
<tr>
<td>Basic cure: private system with public elements</td>
<td>35 billion</td>
</tr>
<tr>
<td>Supplementary cure: private system</td>
<td>3 billion</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>66 billion €</strong> ~ <strong>1,2 trillion MXN</strong></td>
</tr>
</tbody>
</table>
Growing cost of health care

% of healthcare expenditure relative to GDP
Characteristics of basic health

1. Compulsory insurance for Dutch citizens
2. Compulsory acceptance for health insurers
3. Prohibition of premium-differentiation!
Three characteristics combined only possible if there is:

An equalisation system
Characteristics of basic health

Ex ante: health insurer receives an amount per insured person based on:

• Age/gender
• Morbidity-indicators:
  • Pharmaceutical costs
  • Diagnose costs (‘hospital history’)
• Kind of income and social-economic status
• Region

Ex post: amounts adjusted per category of expenditure
Evaluation new system in 2009

Solidarity has improved…

People do switch health insurer…

The health insurance market is competitive…

…but ex ante equalization is not perfect yet

…and costs have **not** decreased!!
Prudential supervision

• Prudential supervision comprises solvency and liquidity supervision designed to check that the financial undertaking can always meet its payment obligations.

• Statutory basis for the prudential and systemic supervision is the Act on financial supervision (Wft):
  − Solvency margin
  − Controlled and sound business operations
Prudential supervision

What we do:

- Analyzing financial statements
- Discussions with key operatives (compliance officers, risk managers, actuaries, internal auditors)
- Discussions with policymakers and accountants
- Discussions with politicians and civil servants

If all else fails: formal measures
Future challenges

- Focus on quality
- Further improvement of the equalization system
- Introduction of Solvency II
Future challenges

Overarching challenge: reduction of cost growth
Thank you