

# Voluntary health insurance and health care reforms

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# Health financing policy goals

- promote protection against financial risk
- distribute the burden of funding the system relative to individual capacity to contribute
- distribute health services (by distributing system resources) in relation to need
- promote efficiency (in organisation, service delivery, administrative arrangements)
- promote quality
- be transparent, understandable, accountable

# How to lower public spending and improve efficiency?

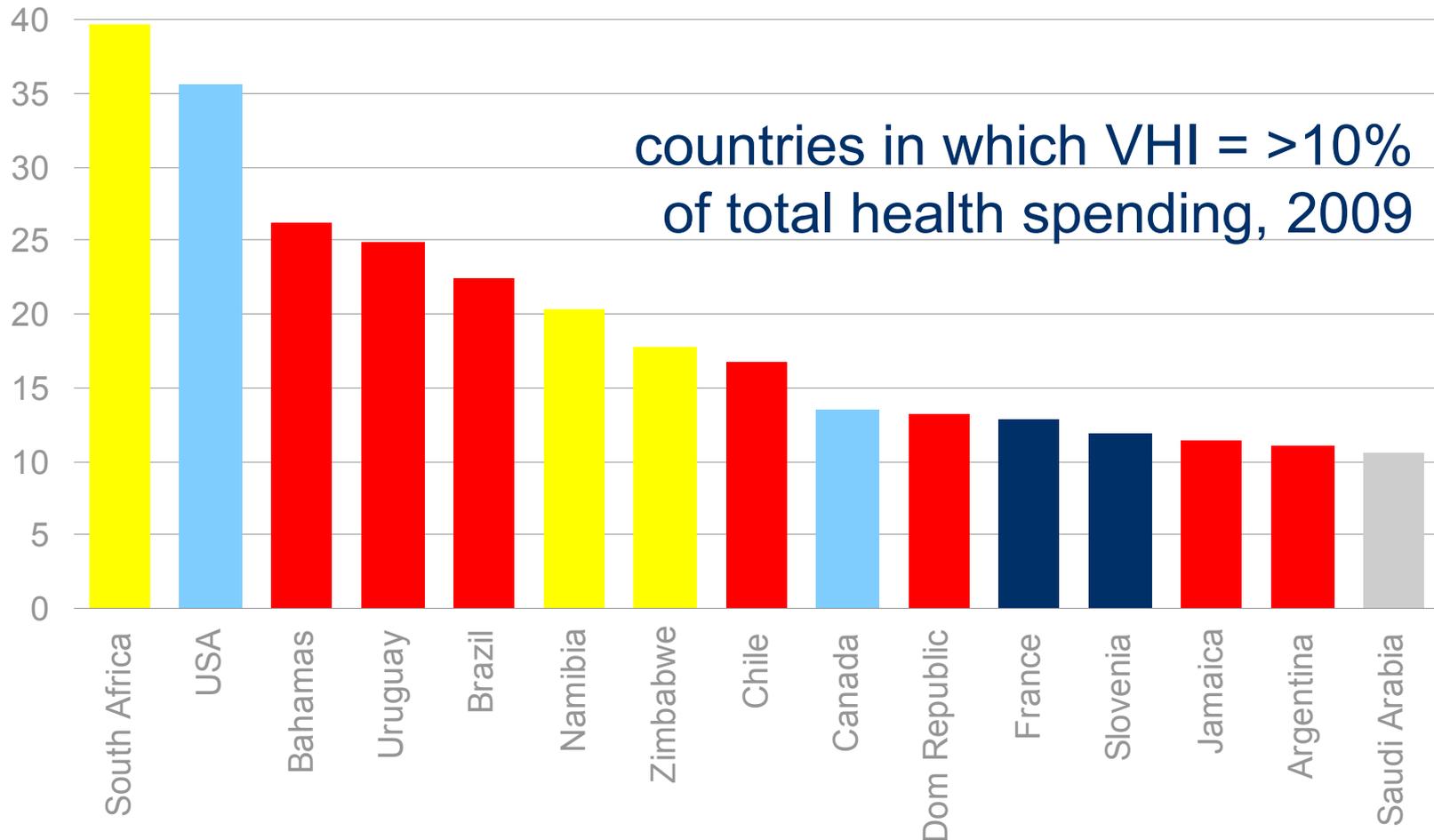
- or: how can we ensure a good return from public health care expenditure (growth)?
- it is difficult to increase out of pocket payments (OOP) **without undermining policy goals**
- could VHI help to relieve pressure on public budgets and contribute to policy goals?

# What role for VHI?

| Market driver         | VHI role                     | VHI covers                      | Examples                    |
|-----------------------|------------------------------|---------------------------------|-----------------------------|
| coverage breadth      | substitutive                 | groups excluded or opting out   | Germany, Chile, NL pre-2006 |
| coverage scope        | complementary (services)     | excluded services               | Canada, NL, Hungary         |
| coverage depth        | complementary (user charges) | statutory user charges          | France, Latvia, Slovenia    |
| consumer satisfaction | supplementary                | faster access & consumer choice | Ireland, Poland, UK         |

Gaps in statutory coverage create space for VHI – but are not sufficient for market development

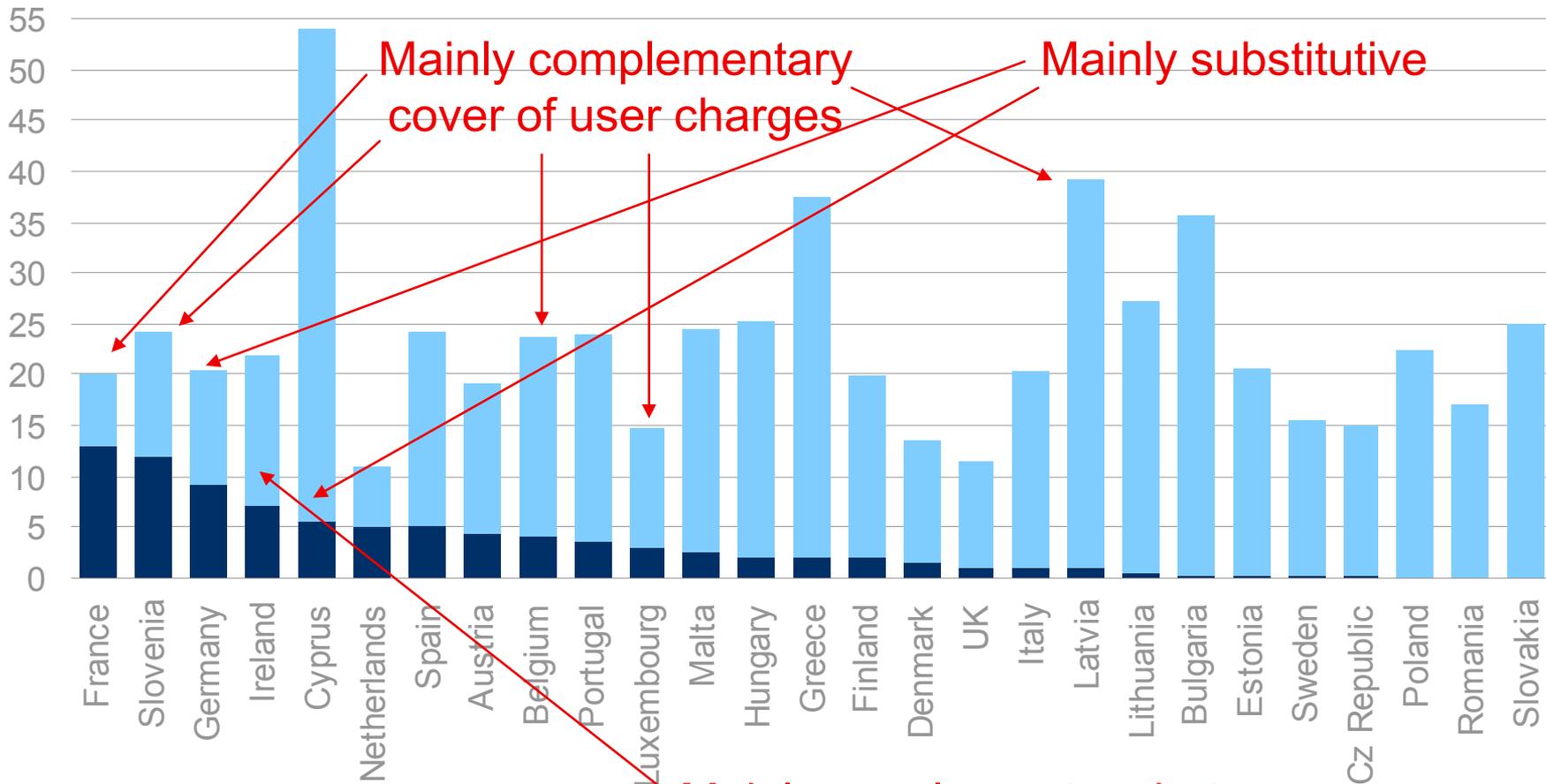
# Large VHI markets globally



are few and far between...

# VHI & OOP as % of total health spending in the EU (2009)

■ PHI ■ OOP

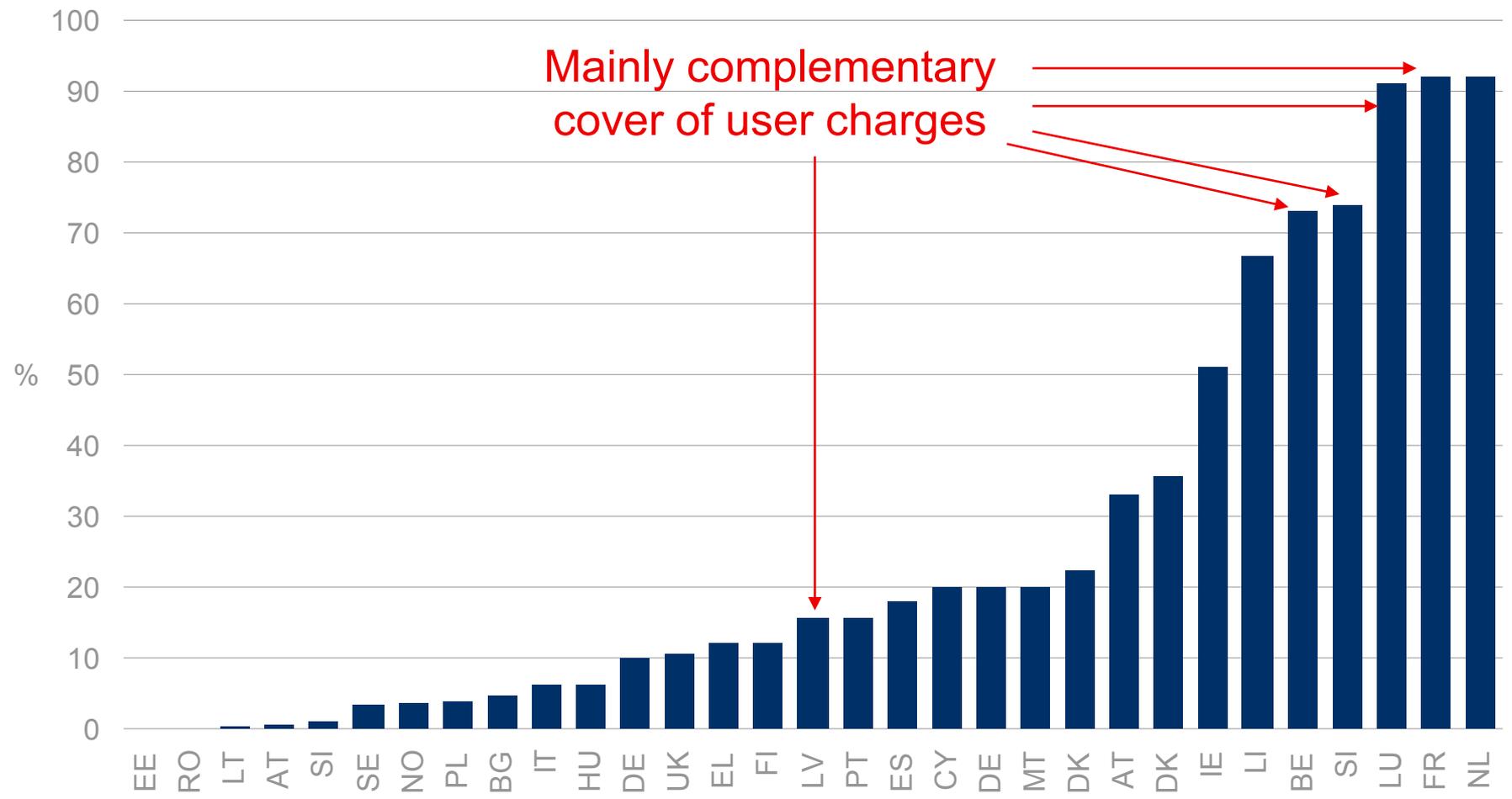


Mainly complementary cover of user charges

Mainly substitutive

Mainly supplementary but some complementary

# % population covered by VHI in the EU (2008)



Source: Thomson and Mossialos 2009

# A role for substitutive VHI?

## Requirements

- careful design to avoid undermining value in public spending: exclusion better than opting out
- regulation for affordable access to VHI
- monitoring and political will

## Risks

- risk segmentation
- cross-subsidies from public to private
- inadequate financial protection
- equity concerns (access to care)
- EU legal challenges

**Most substitutive VHI markets in the EU have been abolished due to expanded statutory coverage**

# Risk segmentation and differences in health care use in Germany

| Prevalence of:                       | Public plan | VHI     |
|--------------------------------------|-------------|---------|
| People aged 65+                      | 22%         | 11%     |
| Chronic disease*                     | 23%         | 11%     |
| Self-reported poor health*           | 21%         | 9%      |
| GP contact*                          | 81%         | 55%     |
| Specialist contact (outpatient)      | 47%         | 45%     |
| Difficulty paying for outpatient Rx* | 26%         | 7%      |
| Waiting time for gastroscopy         | 36 days     | 12 days |

Source: Mielck and Helmert 2006, Schneider 2003, Lungen et al 2008

\*Statistically significant after controlling for differences in age, gender and income

# A role for complementary VHI covering user charges?

## Requirements

- high statutory user charges (often coinsurance)
- regulation for affordable access to VHI
- careful design to avoid undermining value in public spending

## Risks

- inadequate financial protection in statutory system
- equity concerns: access to care, regressivity, financial protection
- labour market costs?
- EU legal challenges

**As in substitutive markets:  
regulation has intensified over time**

# If VHI is to contribute to health financing policy goals...

- there must be a **strategy** for the market
- strategy and policy design should ensure **complementarity** with statutory coverage and avoid cross-subsidies from public to private
- otherwise VHI will not relieve pressure on public budgets and may undermine value in public spending
- the larger the market, the larger the **challenges** and the need for careful **regulation**
- if VHI is not **accessible** and **affordable** to those who need it, it is of limited use to health policy makers