



*Government of Bermuda*  
Ministry of Health

# BERMUDA HEALTH PLAN

## FAQs FOR BUSINESS SECTOR

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### 1. Why is the Government making these changes?

- The status quo is not sustainable. Currently 12% of Bermuda's GDP is related to health expenditure. Healthcare is one of the biggest drivers of the high cost of doing business in Bermuda. At the same time, productivity will be improved by having a healthier workforce. We must reverse this trend to ensure the long-term financial sustainability of Bermuda's healthcare system.
- The significant structural reforms announced are a step forward to fulfilling our commitment to greater affordability and access while improving health outcomes
- Bermuda has nearly the highest per person spending on healthcare in the world. We also have some of the highest rates in the world of chronic diseases, such as hypertension, obesity, type 2 diabetes, asthma and heart disease.
- In short, we are spending a great deal on healthcare but generating less than optimal results. We must tackle this head on so that all residents can live to reach their full potential — long, healthy and productive lives.

### 2. How do these reforms improve health outcomes?

- The Government sets the minimum levels of benefits that must be included in health insurance coverage. Today that is called the Standard Health Benefit. This primarily covers the cost of hospital care, plus select diagnostic imaging and specialized home medical services.
- The minimum benefits package is being redesigned to cover preventative and primary care, personal home care, chronic disease management and some prescription drugs. These services are focused on keeping people healthy, and catching issues before they become severe. These reforms will provide greater access to primary care — the family doctor. This will reduce preventable diseases and allow better care management to those who require treatment.
- Our approach to redesigning the benefits is based on evidence. Medical research supports greater access to services like early prevention and primary care as being effective in combatting the incidence of chronic and acute conditions. Furthermore, it reduces the dependence on expensive hospital care and the debilitating consequences patients may suffer when they do not receive preventative care or early treatment.

- We intend to replace the SHB with a new health package called the Bermuda Health Plan. The Bermuda Health Plan will include greater access to primary care and other essential services to help address many of the drivers of poor health outcomes.
- Creating a more integrated system also leads to more conversations on how we can improve our social environment to reduce health risks. Access to more healthcare is important, but so are making policies that help to eliminate risks that make our communities sick.

### 3. What is primary health care?

- Primary care is best described as the broad range of healthcare services provided by a family doctor or other primary care physicians, such as pediatricians.
- Primary health care plays an essential role in both keeping people healthy and catching health issues before they become serious.

### 4. What do better health outcomes look like?

- Fewer hospitalizations, shorter hospital stays, reduced prevalence of high blood pressure and diabetes, as examples. Better health outcomes also include more healthy aging. It means that as we all get older that we can still get stronger and continue to do the things that we enjoy.
- We must shift our focus from treating disease to preventing disease. When we accomplish that, we will be richer as a society in terms of having an affordable system with access for all and a healthier community.
- Over the past few years, the Health Insurance Department has piloted the Enhanced Care Programme targeted at accomplishing precisely the goals we want to achieve for the entire population. The Enhanced Care Pilot has demonstrated that providing greater access to primary care combined with care management focused on achieving better health outcomes, is highly effective.

### 5. How will this affect my current insurance plan?

- There will be no immediate changes to your current plan. Over time, we believe the introduction of redesigned benefits will allow us to improve healthcare insurance plans.
- Over the next four months, we will hold extensive consultations with the public, healthcare professionals and insurers. We invite you to participate because it is important to understand your views and what is important to you regarding health coverage. Once the consultation period is completed, we will use the briefs, comments and ideas provided to improve the benefits redesign. The Bermuda Health Plan will be launched in phases from Fall 2020.

### 6. Our group plan is currently with Health Insurance Plan (HIP). Can I retain my plan or do I have to change to the Bermuda Health Plan?

- If you are currently covered by Health Insurance Plan, you will retain your current benefits and when the Bermuda Health Plan is launched you will receive the enhanced level of coverage such as more doctors' visits, chronic care management and some prescription drugs. As well, co-pays for services covered under the Bermuda Health Plan will be limited to \$15 - \$25.

7. Our group plan is currently with a private insurer (e.g., Argus, BFM, Colonial). Can the business remain with the current plan or do we have to change to the Bermuda Health Plan?

- You can retain your current level of coverage but you will need two health plans: the mandatory Bermuda Health Plan and separate supplemental benefits. This is similar to the case with pensions, where employers contribute to the Social Insurance pension and a mandatory private pension.
- It is appreciated that the level of healthcare coverage, including supplemental benefits, varies based on businesses' requirements and can be an important part of a company's benefits package. Hence, companies will continue to have complete flexibility in terms of selecting the supplemental coverage which best suits requirements.

8. Will these reforms lead to additional increases in health insurance premiums? Local health insurers have already raised rates this year. Won't expanded benefits cause further increases?

- The Government's intention is to improve affordability, access and health outcomes. Consultation with Bermuda's health insurers, businesses, charities and health professionals took place before the Government decided to move forward with these reforms.
- The primary driver of health insurance premiums are claims made for healthcare services. These reforms are aimed at improving health outcomes by making lower cost preventative care more widely available — such as primary care and diagnostics — in order to reduce the financial and human burden of acute care and chronic disease management. Creating one unified Bermuda Health Plan risk pool will generate efficiencies that the Government intends to use to expand benefits. In the longer term, improved health outcomes for Bermuda's population will also contribute to slowing growth in utilization, particularly high cost emergency and acute care.

9. Will these reforms cause insurers to lay off staff or increase premiums?

- That is not the Government's intention. From our consultations to date, we know that insurers want to reduce costs as well.
- During the further consultation process, the Government will seek input on establishing quality-based compensation for healthcare services covered by the Bermuda Health Plan. Quality-based compensation aligns the interests of patients, providers and insurers by encouraging efficient and effective healthcare delivery.
- The Government is intentionally proceeding with health financing reform in stages. This will allow the meaningful consultation and dialogue that is already taking place to continue.

10. Will there be co-pays under this new plan?

- It's currently envisioned that a modest co-pay will still be required. In keeping with the Government's objective of increasing affordability and access, it is anticipated that the co-pay will be in the range of \$15 to \$25 per visit to the family doctor. This is among the topics that will be covered as part of the 4-month public consultation process.

### 11. How can I participate in the public consultations?

- The Department of Health will be posting details on its website for how to get involved. Please visit [www.gov.bm/healthplan](http://www.gov.bm/healthplan) for more information.
- We will also be publicizing public consultation events broadly to increase participation. Please stay tuned for these forthcoming Government communications.
- You can start by asking questions and talking within your own circles. This has to be a community wide discussion and everyone should be involved. We have to talk about health more if we are to change the health of each community.

### 12. Will these reforms affect my choice of doctor?

- No. These reforms will not affect patient choice.

### 13. Will employers be able to opt out of the Bermuda Health Plan's requirements and still negotiate benefits directly through a local insurer?

- No. The Bermuda Health Plan will set a new minimum standard for health insurance coverage in Bermuda.
- This is similar to the function of the Standard Health Benefit plays today, which ensures that all healthcare insurance plans provide minimum insurance coverage.
- Companies will continue to be able to select and negotiate supplemental benefits coverage.

### 14. What is a "unified risk pool" or a "single risk pool"?

- A single risk pool means having everyone in Bermuda in one large insurance group, instead of fragmented across multiple insurers and groups. A single risk pool means that everyone contributes to increased access to quality care and towards improving the health of the population.
- Specifically, revenues from a variety of sources – such as from the Government, employers and individuals with private health insurance – would be collected and managed together to cover the relevant claims expenses.
- For additional accountability, it is envisioned that administration of the insurance system would be done by an entity that is financially and administratively separate and independent from the Government. The final form of this entity will be finalized as part of the 4 month consultation process.

### 15. Is it the Government's intention to use the Bermuda Health Plan as a gateway to a nationalized health system?

- No. These reforms are about increasing affordability, access and sustainability. Without reform, the healthcare services we have face a future of increasing costs with sub-optimal health outcomes. Nobody wants that.

## 16. What is capitation? How does it differ from the current system?

- “Capitation” is a different way of paying for healthcare which is opposite to “fee for service”. It means that periodic lump sums are paid to doctors and other providers per enrolled patient, instead of paying medical providers for each service they perform individually.
- Capitation is a globally recognized way for controlling the cost of healthcare and encouraging quality care through a greater focus on population health outcomes.
- Compensating healthcare providers based on the quality of care provided to their patient group, aligns fees with patients’ health outcomes. Better health outcomes reduce the need for more expensive healthcare such as emergency and acute care treatment.

## 17. Why are you releasing the health reforms in phases? Why not announce all at once?

- These are significant changes and it’s important to get them right. Health financing is the foundation of our current healthcare system. These initial changes will create the foundation for future reforms to achieve the objectives of greater accessibility, affordability and better health outcomes.
- In 2010, the National Health Accounts projected that total healthcare expenditure could reach \$1 billion by 2017. Notwithstanding considerable pressure on the system, the actions taken so far to further the Healthcare Strategy have resulted in containing total expenditure to approximately \$700 million.
- But the system is still far too expensive and there are too many working families who do not have the healthcare coverage they need to adequately cover necessary care. The longer-term journey will involve further reforms but we need to continue to address the issues systematically and in a way which leads to progressive improvements in affordability, access and health outcomes.
- Health reforms build on each other. For example, before we can refine how we measure quality we have to collect data right. Health reforms are strategic so that each layer can support the next.

## 18. Is the Government going to address the conflict of interest where practitioners are incentivized to self-refer?

- It is the Government’s position that Bermuda’s healthcare practitioners deliver high quality care in line with the ethical standards associated with their respective fields.
- Most countries prohibit healthcare practitioners from owning or benefiting from health related services such as laboratories, pharmacies and diagnostics. Some countries allow healthcare practitioners to ‘self refer’ but impose restrictions or reduce compensation for services performed.
- As a result, it is our intention to enhance regulations to bring Bermuda in line with leading practice.

19. If we are moving to a single pool will the Government take any steps to restrict access to elective healthcare?

- As part of the reform introduced by the Bermuda Health Plan, the Government intends to exclude elective healthcare from the basic package, if the Government is satisfied that these elective procedures do not contribute to prevention of chronic conditions, or are valuable in catching diseases in their early stages. These types of procedures will continue to be covered through supplemental insurance.

20. Will the Government be taking steps to treat high risk individuals using data analysis?

- Through the Enhanced Care Pilot the Government used data analysis to identify a pool of high risk individuals who could benefit from increased utilization of preventative services. This pilot program led to a decrease in emergency room visits for this group of individuals, better health outcomes and a reduction in healthcare costs. The Government is looking to build upon this success to use data to align appropriate care pathways with high risk individuals.

21. What steps will be taken to address the high cost of pharmaceuticals?

- We will continue to work with our pharmacist, hospital and physician partners to make improvements to our prescription medication industry in the near future so that we can do our local part to reduce the costs of medications to our consumers and their families.
- Consolidating the purchase of prescription medications and encouraging greater adoption of generic medications are two potential options for reducing the high cost of prescription drugs which are being considered.

22. Are there any plans to eventually reward healthy lifestyles through reduced premiums?

- Given Bermuda's relatively small size moving away from a community rated premium system, where the costs of providing healthcare to everyone is divided equally among the population, to one that is aligned with individual circumstances is very challenging. Tying premiums to an individual's health status can build inequality into a system that is designed to provide affordable access to healthcare for everyone. However, the Government will consider ways to is exploring other methods to reward healthy behaviours without 'punishing' persons who are ill for reasons beyond their control