

# The Potential Costs of Universal Health Insurance in Ireland

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# Outline

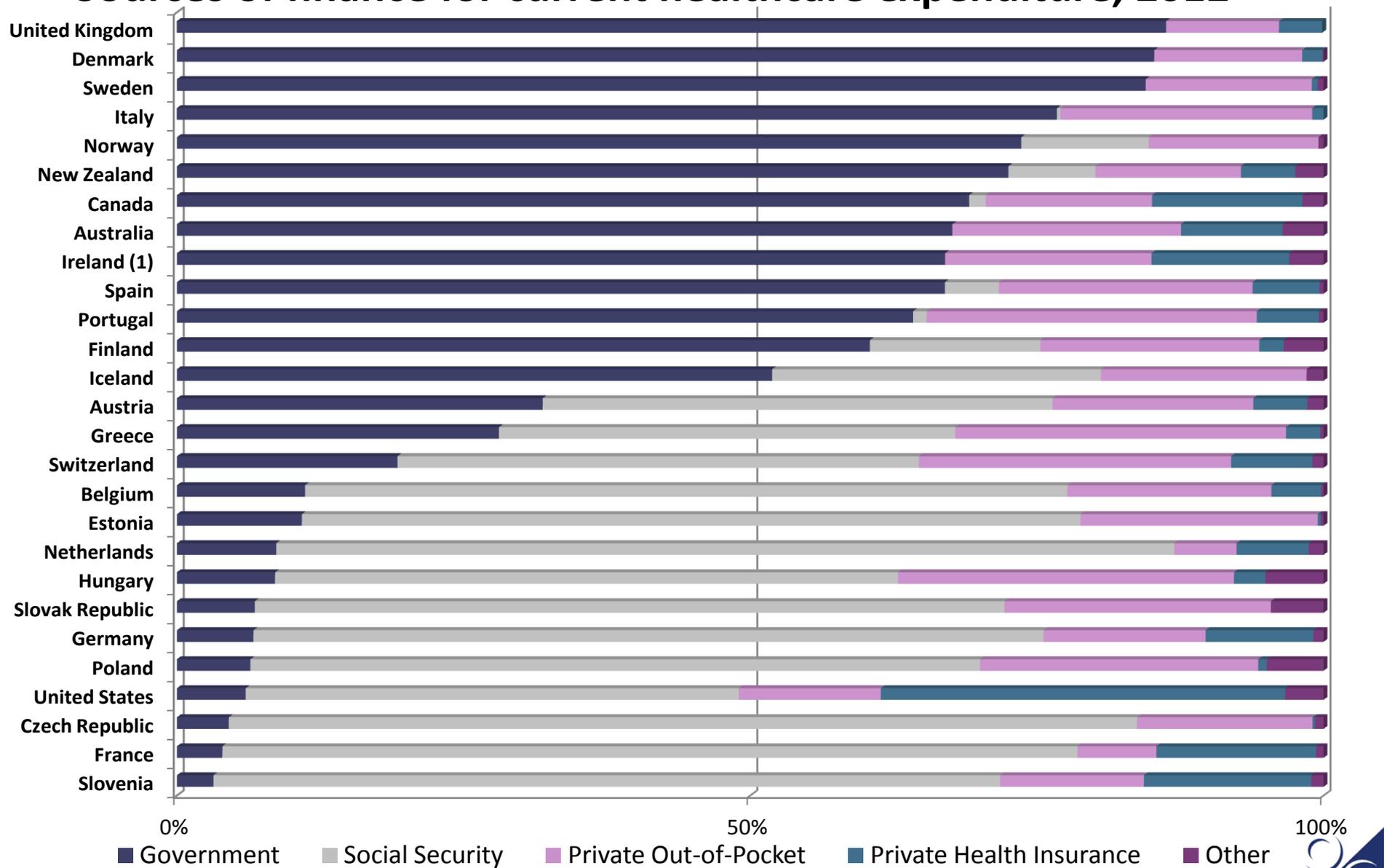
- How healthcare systems are financed
- 2014 White Paper model of UHI
- Findings from analysis of potential cost
- Implications for equity and universality
- Issues in design of an alternative reform

# FINANCING HEALTHCARE

# Financing health systems

- **Four** main approaches
  1. General taxation
  2. Social insurance
  3. Private insurance
  4. Out-of-pocket
- Most countries adopt a combination of methods
- Financing systems evolve over time

# Sources of finance for current healthcare expenditure, 2012

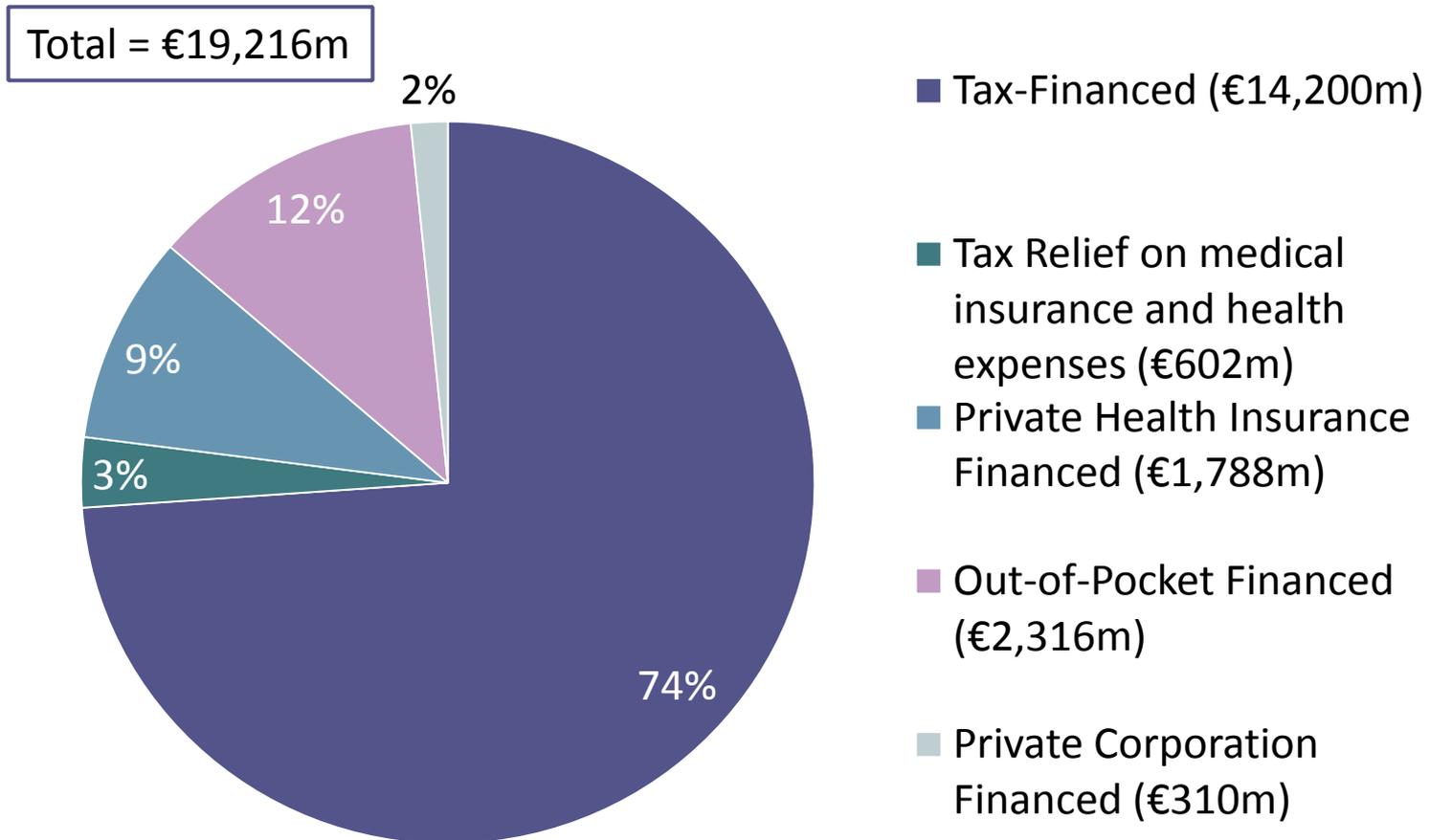


(1) Irish financing shares for current expenditure not available, sources of finance for total healthcare expenditure shown

Source: OECD Health Data: OECD definition of current healthcare expenditure



# Total Irish healthcare financing, 2013



Source: Wren, Connolly and Cunningham (2015)

# 2014 WHITE PAPER MODEL OF UHI

# The Irish healthcare system

- ....is a complex mix of public and private
- ....is the only European health system that does not provide universal primary care
- ... has two-tier access to hospital care
- ...has been the subject of much criticism

# Proposed reforms – The 2011 Programme for Government

- Committed to a health system
  - *“...designed according to the European principle of social solidarity: access will be according to need and payment will be according to ability to pay”*
- In particular,
  - *“Universal Primary Care will remove fees for GP care”*
  - *“Guaranteed access to care for all in public and private hospitals”*
- Financed (in part) through
  - Universal Health Insurance (UHI)

(Department of the Taoiseach, 2011)

# The Path to Universal Healthcare: White Paper on Universal Health Insurance (2014)

- Under UHI
  - People purchase insurance from one of a number of competing insurers
  - Financial support available to ensure affordability ... what level of subsidy?
  - Everybody insured for the same basket of services ... what basket?

(Department of Health, 2014)

# **THE 2014 WHITE PAPER MODEL OF UHI – IMPLICATIONS FOR COSTS**

# Assumptions in analysis of potential costs of the White Paper UHI model

- Contents of UHI-financed basket of services
- Premium and subsidy systems
- Payment mechanisms for health professionals
- Application of EU and Irish competition law
- Service demand to meet unmet need
- Higher hospital transaction costs and potential efficiency gains

# Which services in UHI basket?

UHI financing effects of 8 baskets examined

Focus on 3

	Basket HM_GP	Basket HM_PC	Basket HM_PC MED
Included services	✓	✓	✓
Hospital care	✓	✓	✓
Mental health care	✓	✓	✓
GP care	✓	✓	✓
Other primary care		✓	✓
Prescribed medications			✓

# Analysis of potential costs of the White Paper UHI model

- Could increase total Irish healthcare expenditure by €666m - €2,055m (3.5% to 10.7%)
- Mean per capita UHI cost/premium €1,600 - €2,509 compares to mean PHI premium of €1,104
- Range reflects varying assumptions and baskets of services
- Insurers' margin (expenses and profit) generally greatest contributor to costs
- System remains predominantly tax-financed despite UHI

# **THE 2014 WHITE PAPER MODEL OF UHI – IMPLICATIONS FOR UNIVERSALITY AND EQUITY**

# What is universality in healthcare?

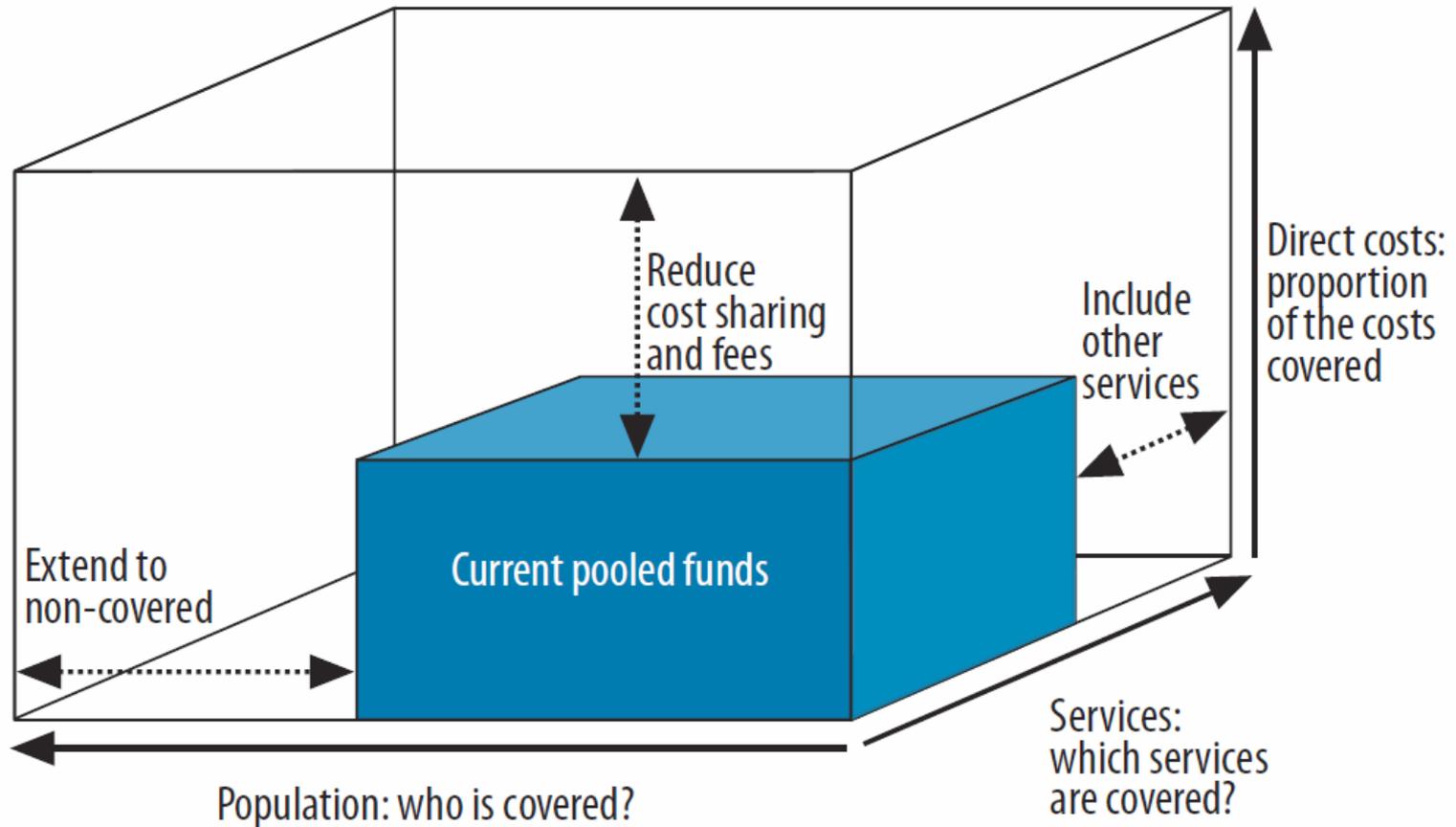
- WHO framework to define and monitor universality
- Three dimensions:

Population coverage

Service coverage

Cost coverage

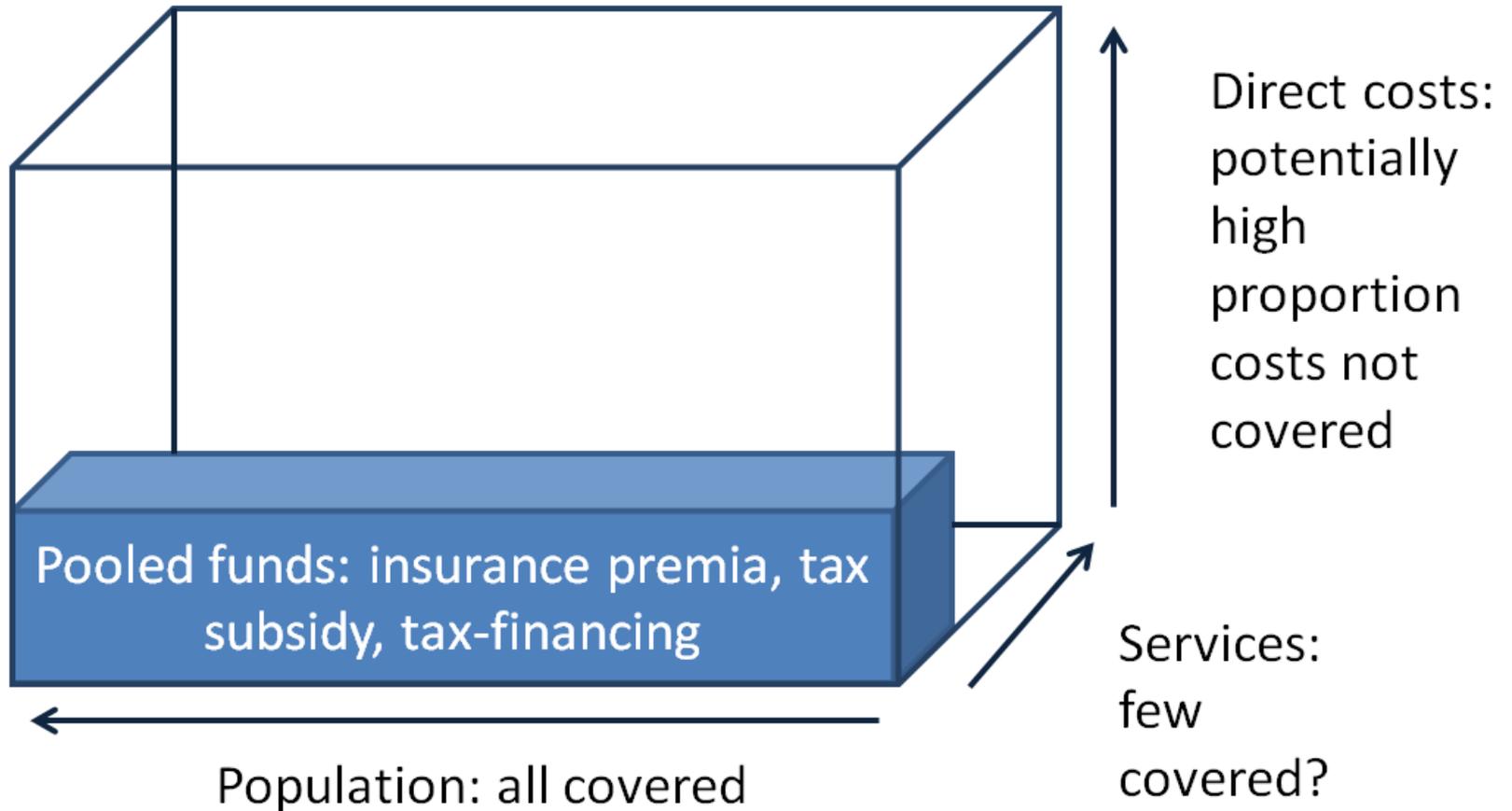
# 'The universal coverage cube'



# The White Paper UHI model, universality and equity

- Unclear if White Paper model would achieve equity objectives
- Unclear to what degree it would advance universality
- Assessed using WHO universal coverage cube:
  - Population coverage: broad
  - Service coverage: limited?
  - Cost coverage: remaining user charges? For prescribed medications? Emergency Department services?

# The White Paper UHI model, universality and equity



Wren and Connolly (2016)

# The White Paper UHI model, universality and equity

- Since insurers could selectively contract with healthcare providers...
- ...and offer differing types of policies with differing unreimbursed levels of excess...
- UHI might not offer equal access to services...
- and might cost some more than others, based on a choice of insurance policy not ability to pay...
- Conflicts with social solidarity principle of equal access based on need rather than ability to pay

# **ISSUES IN THE DESIGN OF AN ALTERNATIVE ROUTE TO UNIVERSAL HEALTHCARE**

# The 2016 Programme for a Partnership Government

*“ Considerable work has been conducted by the last Government on the costs and implications of the introduction of universal healthcare ... Further work needs to be conducted on the costs of various models, how to meet those costs and on how best to deal with unmet need for health services prior to the move to a new system.”*

(Department of the Taoiseach, 2016)

# Universality as an objective of reform

- If objective is to achieve universal healthcare...
- ... WHO universal coverage cube provides a framework to aid design and monitoring
- Features of system design to meet universality objective:
  - Pre-paid, pooled funds to remove financial barriers to care
  - Population coverage
  - Service coverage
  - Cost coverage

# Mechanisms to achieve universality

- Financing mechanism is secondary to objective of universality
- Other aspects of system to consider – and evaluate:
  - Single payer (like HSE) versus multi-payers (introduced in NHS in 1990s)
  - Public, private or mixed provision of care
  - Adequacy of supply
  - Access guarantees

# How to ensure a cost-effective system

- Design system with greater Government control over pricing, costs and insurers' margins (if financed by insurance)
- Such control requires system outside EU competition law scope...
- ...achievable if accords with principle of social solidarity with equal access to services irrespective of ability to pay (Prosser, 2010)
- Analysis of cost drivers – private and public – prerequisite to address costs and design cost-effective universal system

# Considerations in designing a reform

- Issues that reform is intended to address
- Objectives of the reform
- Design of the reform
- Steps and sequencing
- Feasibility
- Costs and benefits of reform and of steps on the pathway to the reform

# Integrated care?

- If UHI-financing for hospital and GP care only...
- ...how integrate with other primary care services?
- ...how integrate with community and long-term care?

# Conclusions

- White Paper UHI model shelved on cost grounds and, furthermore, might not have achieved universality or equitable access
- Feasible reform is likely to build from the existing Irish system
- Proposed reforms should be subject to rigorous cost-benefit analysis...
- ...assessing cost relative to potential gains in health outcomes, equity and system efficiency; and relative to alternative pathways to universality

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