

# Private Health Insurance & Market Development in Small Countries

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# Small Countries & PHI

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## Benefits

- inject resources into health systems
- add to consumer choice
- help make the systems more responsive
- enhance individual responsibility (?)

## Potential Drawbacks

- may give rise to considerable equity challenges
- adds to health care expenditure (total, and in some cases, public and out of pocket).
- Policy-makers must address “free market” failures and withdrawals to assure PHI access especially for high-risk groups
- Need to balance the sometimes-competing goals of access and the maintenance of a broad and diverse pool of covered lives, particularly in voluntary markets.

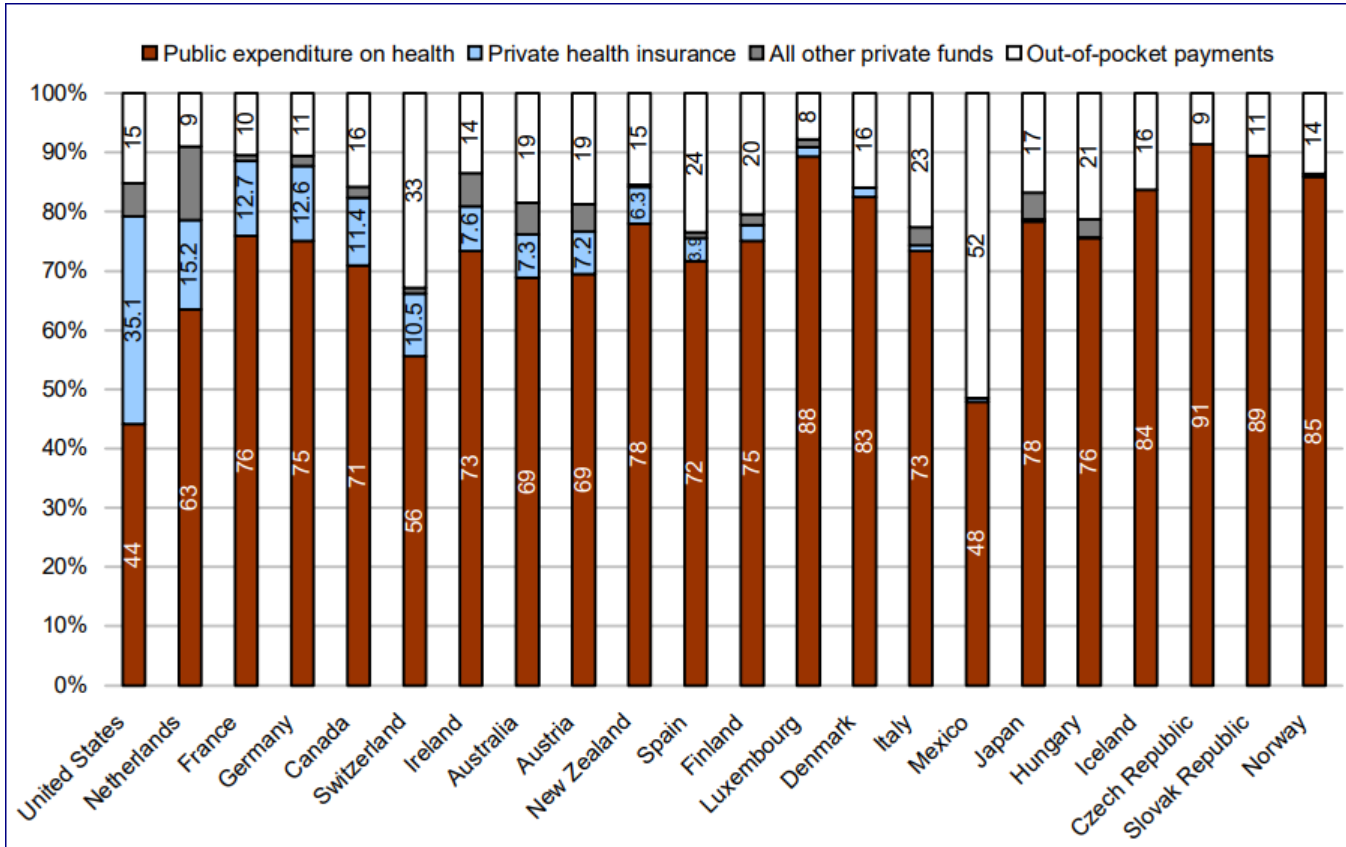


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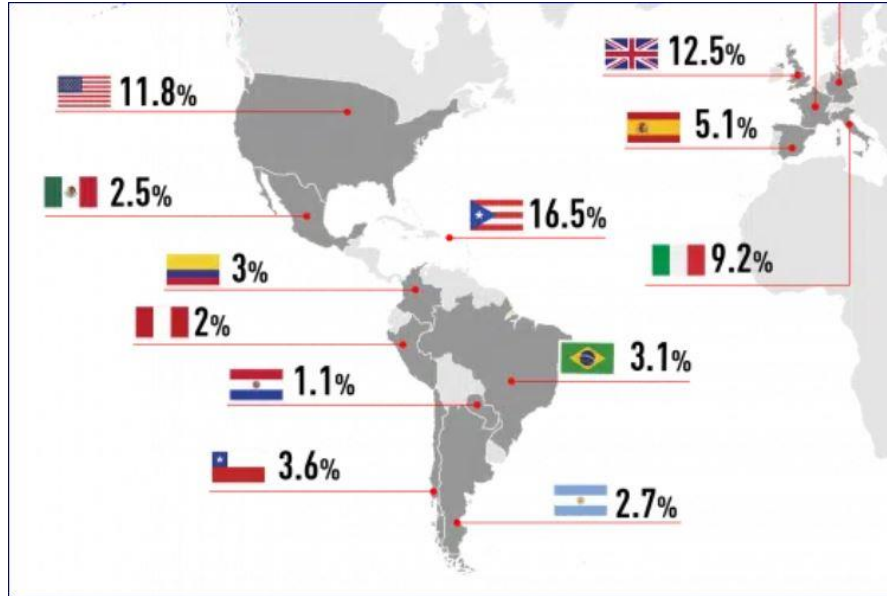
## Critical

- The interactions between public & private cover
- The often competing roles of representative groups (medical, social and advocacy)
- Countries with the highest shares of PHI have lower shares of out-of-pocket (OOP) expenditure in total health spending (THE)
- Stable PHI coverage is critical to stability & growth
- No correlation to GDP to pop'n size or PHI as % of THE
- Countries with > PHI, tend to be those with the highest health spending levels per capita
- Even where PHI is ↑ % of THE, penetration can ↓



# Tempting linkages

- *..."higher the level of insurance, the lower the level of difficulties in consumption and investment – core drivers of economic growth – which in turns leads to greater wealth generation"*



# Private – Public Roles

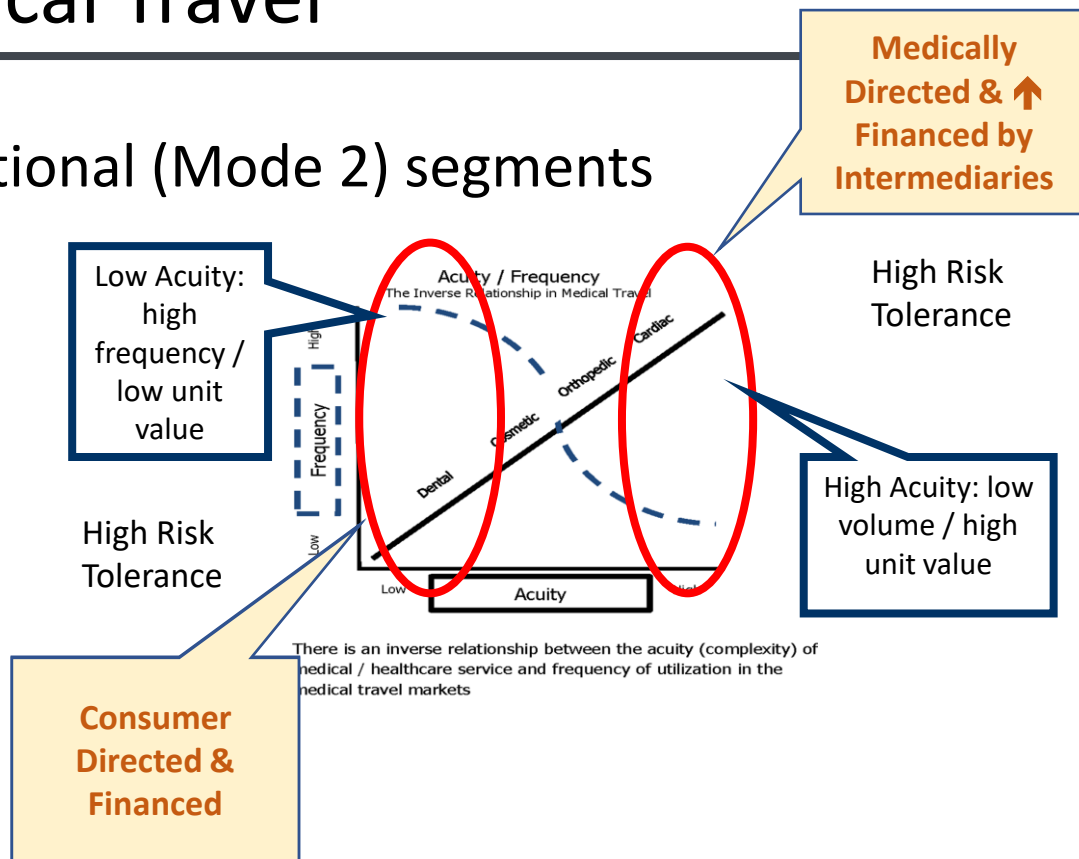
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- Public policy defines the role and the size PHI arrangements in most countries.
- Public and statutory health systems shape PHI markets and determine roles.
- PHI focuses on demographic, epidemiological or service gaps

Mode	Type	Trade in healthcare	Examples
<b>Mode 1</b>	Cross border supply of services	Trade across borders through electronic media; shipment of materials; analysis of information	Telemedicine; Transfer of images for evaluation and analysis such as radiology, histology, cardiology, etc.
<b>Mode 2</b>	Consumption abroad	Care for foreign patients in a destination across a border; foreign students attending classes	Consumers traveling across borders for the express purpose of receiving treatment; students from one location traveling to another location for training
<b>Mode 3</b>	Commercial/operational presence	Establishment of foreign operations, subsidiaries or investment for the management or provision of health services	Providers from one country initiating services through an operating entity in another country
<b>Mode 4</b>	Presence of natural persons	Temporary movement or location of health professionals providing services abroad; short-term consulting assignments	Locum tenens across borders; consulting

# Medical Travel

- Traditional (Mode 2) segments





# Two Samples

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- Costa Rica (5.09 million pop'n)
  - Started with mission-based hospitals
  - Exports began w/ dental (60%)
  - Net exporter med-surg interventions
- Barbados (287,250 pop'n)
  - Started w/ a couple ~ 20 years
  - Net exporter of IVF + treatments

# Conclusions

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## For small countries

- ↑ Penetration of PHI can
  - generate choice &
  - (maybe) greater wealth generation & investment
- Public sector failure or withdrawal *may* – or *may not* lead to ↑ PHI
- Private sector health / medical exports
  - Create jobs & investment
  - Require 5+ years
- Public / private systems require alignment
  - Cultural assessment: antagonistic or collaborative

# Thank you!!

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# Bibliography

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