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Health Reform Monitor

Low-budget policy tool to empower Israeli insureds to demand their rights in the healthcare system[☆]



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ABSTRACT

Since 1995 universal healthcare coverage has been provided in Israel through National Health Insurance (NHI). Although the country has lower rates of health spending than most OECD countries, the NHI Law stipulates that a broad benefits package will be provided by four competing Health Plans (HPs). These third-party payers manage healthcare utilization and cost through mechanisms that affect both provider and consumer behavior. *Cost Containment* is one of their main organizational objectives. The Ministry of Health (MoH) supervises HPs to ensure that they provide their members with adequate healthcare of high quality in accordance with the NHI Law and uphold the principles of efficiency and equity.

In this paper we report on a policy instrument recently introduced by the MoH which enables it to share some of its responsibility for supervision with the insureds. This policy instrument is a website launched in 2014 that gives access to transparent information about the coverage of the NHI and voluntary health insurance (VHI) benefits packages. The idea is to empower insureds with knowledge and awareness of their rights and eligibility to benefits, so they can demand them from the HPs and/or private insurers; if refused, they can refer the case to the supervisor (the MoH). This policy instrument addresses market failures related to information asymmetry and can potentially improve competition among the HPs and within the VHI market.

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1. Introduction

Following the example of other OECD countries, Israel uses digital media to improve access to information about

the healthcare system. The Ministry of Health (MoH) has recently launched a brand new website that is accessible to all residents of Israel (<http://call.gov.il/>). This website contains independent, up-to-date information on aspects of health insurance (public and voluntary). In this paper, we report on this policy instrument and its possible consequences within an original conceptual and analysis framework.

This policy tool may be of interest to healthcare systems that are facing the challenge of supervising third party payers (i.e., health plans, insurers) to ensure that they manage the utilization and expenditure of healthcare services

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according to the law and watch for selection and moral hazard risks. For example, there is evidence that countries such as the Netherlands, Belgium, Germany, and Switzerland are facing this challenge [1].

Our analysis and conceptual framework may be useful to policymakers and researchers in other OECD countries that have launched similar websites, who wish to have a better understanding of the broad consequences of this tool. For example, Italy, Switzerland and France operate similar websites. In the USA, as part of the ACA the website for the new federal health insurance marketplace (Health-Care.gov), as well as state websites for states running their own marketplaces, were launched to help individuals shop for coverage [2]. To the best of our knowledge, no studies have been conducted to evaluate these websites and their outcomes.

2. Background: the health system in Israel

Since 1995, Israel has had a National Health Insurance (NHI) system that provides a benefits package to all citizens and permanent residents of Israel, which the government updates each year. Compared to other OECD countries, Israel has had low health spending in the last decade [3]. Nevertheless, health outcomes have improved [4] and public satisfaction from health plans has remained high [5].

Every year the government determines the level of funding for NHI, which is financed predominantly from public sources. NHI funds are collected primarily via payroll and general tax revenues. MoH data show that the funding does not grow at the same pace as the population or the health cost index [6]. The share of public financing declined to 61% of the total health expenditure (THE) in 2012, way below the OECD average of 72%. Accordingly, the share of private financing increased to 39%, which is one of the highest rates among OECD countries [7]. According to data from the Ministries of Health and Finance, this increase is due to a sharp increase in spending on voluntary health insurance (VHI) premiums [8,9].

Payment and provision of care are the responsibility of the health plans (HPs). Every permanent resident is free to choose from among four competing, nonprofit HPs (see

Fig. 1). The HPs are required by the NHI Law to provide all their members with the services in the benefits package and to ensure reasonable accessibility and availability. They receive public funding for managing and providing these services mainly through prospective payments according to a risk-adjusted capitation formula that considers the insureds' age, sex and place of residence (periphery/center of the country). Only small co-payments are required for pharmaceuticals, physician visits, and certain diagnostic exams (which constituted 6.45% of the HPs' revenue in 2013).

The four HPs are third-party payers that manage the utilization and costs of healthcare services through mechanisms that affect the behavior of both provider and consumer, taking into account three key organizational objectives: cost containment, quality improvement, and equity promotion [10]. Cost containment is one of the HPs' main organizational objectives. Their efforts to control costs include reviewing the utilization of hospital care, arranging discounted bulk purchasing from hospitals and pharmaceutical manufactures, and the creation of a network of primary care providers throughout the country [11]. Other efforts include implementing an information technology infrastructure for monitoring utilization and expenditures at the level of physicians [12].

The voluntary health insurance (VHI) market in Israel offers two products: supplemental insurance (SI) provided by the HPs and commercial insurance (CI) provided by for-profit commercial insurance companies (see Fig. 1). SI is a collective insurance plan that offers a standard package to all policyholders, with fees determined solely by age. HPs provide the SI plans in addition to the mandatory health basket they provide under the NHI Law. Commercial insurance companies market both collective and individual policies, tailored to the purchaser's preferences. Both SI and CI have a complementary and a supplementary role in the health system. VHI policies cover (a) services that are not included in the NHI basic health care package (for example, dental care or alternative medicine); (b) services that are covered by the NHI, but only to a limited extent (for example, in vitro fertilization (IVF) and physiotherapy); (c) reimbursement for care purchased in the private sector

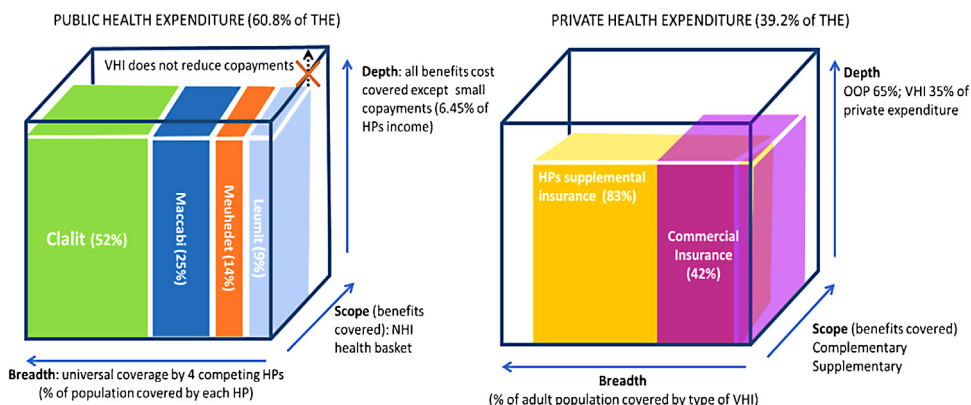


Fig. 1. The Israeli health insurance market (THE: total health expenditure; OOP: out of pocket expenditures).

Source: [6,13–15] and author's adaptation.

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