Supporting a sustainable healthcare funding model: the role of private health insurance in addressing out-of-pocket spending

Report summary
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1. Objectives and approach

Affordability persists as a global challenge and priority in global economies with a goal of UHC

Strained public resources have been exacerbated by the COVID-19 pandemic

Relieve some of the burden by diversifying healthcare funding and increasing the role of private health insurance

METHODOLOGY AND APPROACH

Initial literature review on affordability and private funding

Case studies of different funding models

Evidence and expert interviews on impact

Taxonomy differentiating the use private health insurance as part of their funding model

Increasing role of private health insurance in providing coverage

1. Supplementary role in providing access to better hospital services
2. Supplementary coverage of add-on services not covered in the public system
3. Provision of one-off lump sum payment
4. Complementary coverage of mandatory patient co-pays for medicines or services
5. Supplementary coverage of innovative medicines not yet reimbursed
6. Supplementary coverage of medicines excluded from public basket
7. Duplicative coverage of medicines and services in parallel to the public system
8. Substitutive-primary source of funding including medicines for part of the population

2. Funding models

3. Impact analysis

AFFORDABILITY AND EQUITY
- Private health insurance can work alongside public funding to ensure affordable access for a broader population
- Supports development of UHC as coverage expands
- Can lead to inequity, but public “safety nets” can promote equity
- Role varies across models and economies but models can co-exist

ACCESS TO HEALTHCARE
- Supplementary and duplicative models support faster/broader access and broader patient choice, especially for innovative treatments
- In middle-income economies, might offer the only option for access to innovative medicines
- Supplementary models support more uniform coverage where there is regional division and fragmented access

SUSTAINABILITY
- Private health insurance can indirectly support the public system by relieving part of financial burden of care
- Sustainability benefits are key for middle-income economies with smaller tax bases
- Can play a key role during economic crises or healthcare shocks (e.g., COVID-19) by shifting burden of provision and funding e.g., to employers
- Key benefits observed in: adherence, promoting early detection, improved uptake of digital health, follow-up and better monitoring

EFFICIENCY
- Although it can lead to inefficiency in high-income settings, evidence shows promoted utilization of services or medicines in supplementary or duplicative models that reduce future health spend in middle-income economies
- Supporting evidence: 1) inferred from the greater access, 2) often limited to those with coverage

QUALITY OF CARE
- Observed in duplicative models where access to broader and better quality resources is beneficial for serious conditions, innovative therapies and procedures
- Some evidence that public system benefits from cross-utilization in healthcare staff and infrastructure

4. Policy implications

1. Policymakers should recognize and support the role of private health insurance in improving affordability

2. Private health insurance can play an important role as economies move towards UHC

3. Encourage forms of private health insurance that deliver faster and broader access to therapy areas with highly innovative medicines launches

4. Integrate private health insurance provision into national strategies to promote preventative services and to improve adherence to care and treatment leading to savings

5. Anticipate the role private health insurance can play in times of uncertainty

6. Encourage collaboration and cross-utilization of private and public infrastructure and expertise to improve the public system and overall outcomes

7. Policymakers can support the development of a private insurance model through clarity of its role but also targeted incentives to encourage uptake