

Coalition News

Fifth a series of eight articles on National Health Insurance

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WHAT SHOULD BE DONE TO PROVIDE BETTER HEALTH CARE COVERAGE FOR ALL BAHAMIANS – Find out where the National Coalition of Health Care Reform stands on the issues related to the proposed NHI!

The National Coalition for Health Care Reform (NCHCR) has repeatedly noted that it supports improvements to the health care system that will bring tangible and sustainable benefits to the Bahamian People. We are not simply about objecting to the creation of a National Health Care Plan. What we do believe however is that there is a better, more efficient, more effective way to ensure that Bahamians get access to the best possible health care at the best possible prices.

This series of articles will take an in-depth examination of the key principles of the NCHCR and demonstrate what significant issues we have with the current plan proposed by Government. We will also point out alternative approaches that we believe will lead to real and tangible improvements to the delivery of health care in our Country.



Choice

Part Five of the series highlights the fifth principle in our documented Statement of Purpose.

In this article, the National Coalition for Health Care Reform (NCHCR) discusses and outlines perhaps our most fundamental and important principle. Simply put, it is the matter of public choice: You, as a consumer in a modern, liberal and democratic state should be given choices and options in respect to whatever you choose to consume. Even, wherever possible in the consumption of a public good such as health care.

This is not simply a matter of individual tastes and preferences. The issue of public choice seeks to ensure that we maintain and improve the marketplace for health care. Indeed, the Coalition maintains that only by embracing the core principles of the free market will the Bahamian society be able to ensure the efficient and cost effective delivery of a product as important and as costly as health care. But is that really what a progressive and society would want? Surely, if we leave everything to “market forces” aren’t we just simply saying that we don’t care for poor people and the struggling middle class? Doesn’t that mean that we are prepared to let those without the means to afford insurance and health care actually die in the streets or become paupers caring for loved ones with very costly health care issues?

That is what our dishonest critics would have you believe. In their effort to evade the true issues of what the Coalition is proposing, there have been those who seek to label our efforts as a fight between the have and the have-nots. They contend that our willingness to demand the utilization of the free market in the discussion of public health care can only mean that we are evil and greedy ogres who simply do not care what happens to anybody but ourselves and our families.

The reality, as we continue to state publicly, is that the Coalition expressly embraces the fact that we, as a country, must seek to find a collective and shared response to the need for all Bahamians to have access to decent and affordable health care. But we maintain, without apology, that it will be a critical error to create a monopolistic and centralized government bureaucracy to provide what can and is being provided better and more efficiently through the a competitive private sector.

We can provide many technical and boring economic dissertations as to why we have taken this stance, but the truth behind the economic theory is experienced by all of us each and every day. Bahamians can readily see for themselves the difference in service delivery between a monopoly or quasi-monopoly and that of an agency operating in a competitive environment. How happy are you with the services and products of BEC, Bahamasair, BTC, Water & Sewerage, the Passport Office, the Vehicle Licensing Department?

And whether it is a government agency, a public corporation or even a private sector monopoly makes no difference. Monopolies are never good for consumers, as the lack of competition and consumer choice means that there is no incentive for the monopolist to operate efficiently and be responsive to customer wants and needs. In virtually every instance, a monopoly means high prices, shoddy products and horrible customer service.

It is interesting to note that in most respects the government recognizes this and has been taking steps to sell off monopolies through privatization efforts, while introducing competition in otherwise closed sectors. The government is actively pursuing the sale of BTC and has indicated that the telecommunications sector will be fully opened up within the very near future. Bahamians now have a choice of airline carriers on a number of domestic routes, where, up until recently, the choices were Bahamasair or mailboat. The Water & Sewerage Company has an active partnership with a private water company that has added tens of thousands of gallons of high quality fresh water to the system in New Providence.

In the areas that have been opened to competition, the expanded choices have resulted in consumers getting better services and at better prices. Citizens are overall happier and better off while the government can benefit from new employment opportunities and increased tax revenues as new businesses enter into the marketplace. Most important in this dynamic is an open market where the prospect of customer choice and freedom means that businesses in these sectors now have to do all they can to keep costs down and keep customer satisfaction high. If prices are too expensive and/or service below acceptable standards, the buyer can now go next door to the competitor until such time as prices and the level of service improves. This is the value of a free market where customer choice reigns supreme.

Statement of Purpose Fifth Principle

The Key Issues

The fifth guiding principle of the Coalition is that there should be Public Choice:

The intent of health care reform must be to provide universal health care coverage. It is important that the public should have choice in selecting their insurance carrier and health care provider:

So while our policy makers can actually see the wisdom in opening up the markets in sectors once dominated by monopolies, their NHI task force is seeking to do the complete opposite in the health care system. They seek to take a functioning and competitive market and turn it into an un-sightily, unwieldy and horribly inefficient government monopoly.

What does the proposed NHI plan call for? It calls for a new entity to be created that will be managed by the National Insurance Board (NIB). Bahamian residents and their employers will pay funds into the NHI fund and through a user card system, the customer will be able to access health care services through the public health care system and through private providers that join the system. The management of the records, the administration of the funds, the payments to public and private facilities, the maintenance and handling of your health care will all be done by and through the NIB – for all 300,000 plus Bahamian residents.

Stop and think about that for a second. For all of our collective experiences with monopolies – *especially* public corporations and government departments – can we really conclude that the best approach is really to entrust the management of our public health care system to a government monopoly? Do our policy makers and their technocrats truly believe that there are no better alternatives to achieve the desired goal of an improved health care system with guaranteed access for everyone?

Clearly, we can find a better approach. We can and must harness the role of the marketplace to set appropriate prices for our reformed health care system. As noted above, the only way we can ensure the efficient, most productive use of scarce resources is through a competitive and vibrant marketplace.

THE WAY FORWARD

Sadly, what the framers of the current NHI plan seemed to have neglected is the fact that the private marketplace for health care and health insurance is very well developed. We have a competitive health insurance sector that Bahamians and their employers currently utilize to provide health insurance cover for over one half of our residents.

Even more interestingly, the government has been able to harness the power of the private sector, through the Physicians Alliance, to create a novel and extraordinarily effective public-private partnership within the government health care system. This initiative has – since inception - led to the acquisition of cutting edge, ultra-modern diagnostic equipment, the upgrade of the physical infrastructure and the improvement in the delivery of health care in our *public* health care facilities. This public-private partnership has permitted tens of thousands of Bahamians to receive world class health care services at extremely competitive prices.

So then, given that we as Bahamians have a mature and competitive health care insurance industry, a working public-private partnership in public facilities and an extensive and fairly comprehensive private health care network, the simple question must be asked: Why have we not sought to build upon the framework that we already have and expand its reach? Why are we seeking to design and construct a new management infrastructure when it would be more efficient and effective to examine what we now have and fill in the gaps in service coverage?

So, what ought to be done? Given the fact that, in relative terms, health care is expensive, we as a nation will have to commit to put more resources into the system. We should, as the Cayman Islands have recently done, make it mandatory for all employers to introduce a shared private insurance group plan with minimum standards of insurance coverage for a basic or entry level plan. This would mean that all employed persons (about two-thirds of the total population) will then have the wherewithal to cover the health care requirements for themselves and their families through a private group policy network.

When a person covered by their group insurance presents themselves to a public or private health care facility, the customary care price (plus any premium charged by a private provider) for that service would be applied. This means additional resources to a PUBLIC health care system that before would have had to provide the service at a subsidized rate. Over time, the new resources in the public system would mean improved public facilities and better service.

For the unemployed, indigent, incapacitated and terminally ill resident, the government would introduce a levy upon the private health care system to create and build a fund that could be drawn down against service provider claims submitted for covering the care of these persons – thus ensuring that we as a country are able to extend health care coverage to every single solitary Bahamian.

Additionally, this fund would also capture the government budgetary allocations resources that under the current system go directly to the public health facilities. No more direct subsidies would flow from the treasury to the public health care system. This means that the public hospitals will instead be funded through their claims against the private insurance companies, the direct user fees and the newly created indigent fund. The public health care operators, like their private counterparts, would then have to set their prices and services to compete for their fair share of the health market.

What would this approach mean for Bahamian residents and the country overall? We would have fulfilled the government's key aim of extending health care coverage to everyone. We would have expanded the private health care insurance market and created a larger, more dynamic sector that would have to compete for clients – thus improving services and keeping prices as realistic as possible. We would have allowed and supported the core principle of customer choice in a liberal democracy. We would have allowed those who are currently covered with a private insurer and happy with the coverage to maintain their provider. We would be able to set the price of insurance and health care at a level that would over time provide sufficient resources to maintain and grow the health care sector. (We shall discuss the issue of sustainability in a future article).

There is a possible reason why the NHI task force refuses to examine an approach that emphasizes public choice and a competitive market for health care. Their rigidity in thinking stems from a well-intentioned, but woefully misbegotten desire to find an “inexpensive” way to address health care for consumers. The NHI task force doesn’t want to tell Bahamians what those of us who now pay directly for our private health insurance already knows: Health insurance is expensive because health care is expensive. But there are many thousands of Bahamians who make the sacrifice – who fit it into their budgets every month – and forgo many conveniences and luxuries of life to see to it that they maintain their health insurance coverage.

However, although it may be likely more costly for the consumer to go to a private health care system, the benefits will far outweigh the costs. The consumer will have a choice of providers – if they do not like insurance company A, they can turn to company B. The administration of health will be more fluid, efficient and professional, because companies in a competitive environment will have to keep their customers happy to keep them loyal. It is hard to imagine our National Insurance Board really being able to administer a national health insurance plan with any measure of efficiency and prompt customer service, especially when a consumer cannot turn to another provider if he or she is not happy.

In a competitive environment with no direct subsidies, the system will be subject to the price levels that would be required to acquire the appropriate human and capital resources to maintain and grow the public and private health care network. This would allow our public health care system to get the resources it so critically needs to upgrade and expand its facilities and obtain the right levels of staff with the right core competencies.

The Coalition challenges the framers of the NHI to work toward a final plan that scuttles the current proposal to create a single, monopolistic, public sector led administrative solution. Governments the world over are notoriously bad at running things. The same national health systems in Canada, Britain and France that we are seeking to emulate are themselves introducing MORE private sector involvement into their networks to counteract financial crises and poor service delivery. We have the opportunity to start our system on the right foot if we are brave enough and progressive enough to realize what works and what doesn’t.

Let us therefore embrace the notion of public choice and competition as the only way to create a sustainable and dynamic platform upon which to bring full and ready access to public health care for all Bahamians.