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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

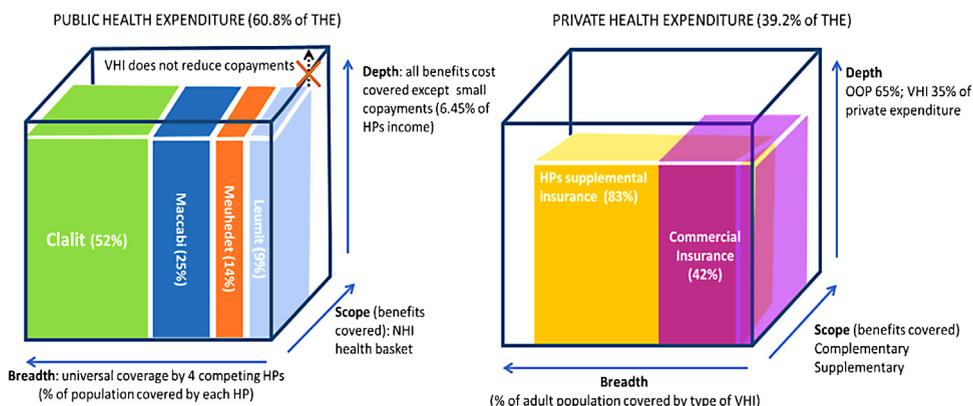


Fig. 1. The Israeli health insurance market (THE: total health expenditure; OOP: out of pocket expenditures).

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

that provide enhanced choice of provider, faster access or improved facilities. They enable policyholders to use the private system for services that may also be available in the public system, thereby facilitating rapid access, choice of provider and improved amenities. The VHI does not cover or reduce co-payments in the public system. For more details on the VHI market, see the following section.

2.1. Concerns about the managed-care model in Israel

The managed care model may create incentives for the HPs to contain utilization and costs, either directly through selection of low-risk enrollees, or indirectly by rationing provision of expensive coverage [16–18]. The financial environment in Israel is one of strict rationing of funding for the public health system. The Ministry of Finance (MoF) sets the annual government funding level for NHI. The MoF is also influential in healthcare decisions that have budgetary implications, such as specifying nationwide contracts of physicians' salaries or setting CAPs on hospital revenues from HPs [19]. Therefore, the incentives for cost containments by the HPs are intensified in Israel. The cost containment objective on the one hand, and the inability to add significant resources to the public system on the other, raise concerns that insureds may be (1) deterred from obtaining adequate healthcare or (2) persuaded to purchase and use VHI. That might be related to information asymmetry in which the insureds are not aware of their rights and coverage within the NHI, and are therefore more susceptible to decisions made by the HPs.

One example of evidence of the above concerns is the Israeli VHI market, which is larger than that of most OECD countries: in 2012, 83% of the adult population had SI and 42% had CI (see Fig. 1). In 2010, the only countries in which the percentage of the population covered by VHI was larger than in Israel were the Netherlands and France (89% and 86%, respectively) [20,21]. Furthermore, there is dual coverage: 93% of those who own CI also own SI [5]. In addition, household spending as a percentage of THE on SI increased by 70% and on CI by 90% between 2002 and 2011 [8,9]. Accordingly, about 50% report that they were confident or very confident that they would receive the best and most effective treatment. Only 40% reported that they were confident they would be able to afford the treatment needed. In these two measures, Israel had the lowest score of all 11 countries in the 2010 Commonwealth Fund survey [5]. Finally, some evidence of forgoing certain services is reflected in the experience of sicker adults. A higher percentage of sicker adults than of other adults reported difficulty or great difficulty getting medical care after day-time reception hours; had gone without a service because of the distance; and had had difficulty or had had to make great efforts in order to receive a referral or voucher [5].

3. The website as a policy tool

3.1. Rationale

One of the main objectives of the MoH's HP Supervision Department is to ensure that the HPs provide their members with adequate, high quality healthcare in accordance

with the NHI law and uphold the principles of efficiency and equity. However, as in other third-party-payer healthcare systems, this is challenging.

The Supervision Department has created a tool that shares part of the Ministry's responsibility for supervision with the insureds themselves. The tool helps insureds to take responsibility for their own healthcare. It enables them to make informed decisions by providing access, via an open website, to transparent information about the services covered in the NHI and SI packages to which they are entitled.

The Supervision Department assumes that once people are informed of their rights and eligibility for benefits, they have the power to demand them from the HPs or private insurers, and, if refused, can refer the case to the supervisor. The same goes for healthcare providers (such as physicians and hospitals): once better informed, providers can ensure that the service package is fully provided to those entitled to it, thereby reducing information asymmetry among all players.

Digital media have empowered consumers in general, particularly in the area of healthcare. They have changed the balance between consumers and providers and have enabled consumers to demand their rights, by making them better able to request the services to which they are entitled [22–25]. Furthermore, information allowing a full comparison between HPs and VHI policies is available. All this will improve competition among the HPs and VHI since in Israel, all citizens and permanent residents are free to choose from among the four HPs and there are no waiting periods in SI or NHI while moving from one HP to another.

3.2. Content

The MoH's Supervision Department has launched a website called Call-Habriut (<http://call.gov.il/>), a Hebrew play on words implying "all health," "call for health" and "voice of health." The website includes independent, open, up-to-date information regarding the services available through NHI and SI and eligibility for them (i.e., information on thousands of services and medical technologies, conditions of eligibility for them and the process by which eligibility is exercised, co-payments set by HP and SI, and other legal information). In the near future, the MoH plans to include information regarding CI policies in Call-Habriut, and to translate its contents into additional languages such as Arabic and Russian. Any individual can check his/her eligibility for coverage and browse for information by name of service; by category (e.g., "diagnostic testing" or "medication"); or by area of interest such as "pregnancy and delivery," "diabetes" or "severe diseases" (see Fig. 2).

The contents of the Call-Habriut website are regularly updated by the website's editors, who receive information from key staff members in each department at the MoH and the HPs, who report every change, reform or directive. According to the project manager, this is the best source of up-to-date information in the system. Call-Habriut has been developed online since 2013 and became available to the public in its current format in June 2014. A campaign to advertise the website to the public was launched on October 21st, 2014 and has been constantly monitored

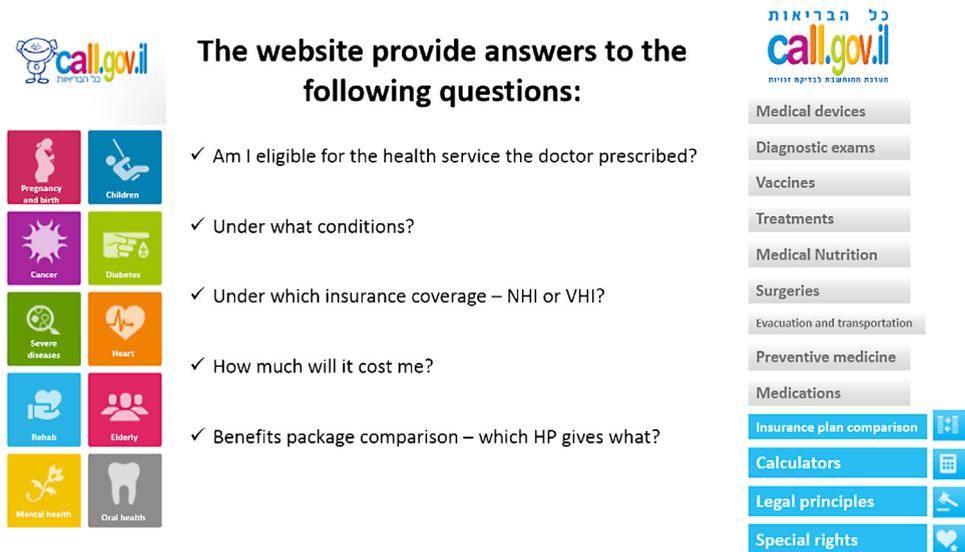


Fig. 2. Summary of the types of information available on the Call-Habriut website.

since then. Within the first week of official existence, more than 81 thousand people visited the website and the smart-phone application, viewed about 460 thousand pages, and downloaded 1000 documents. Visitors spend 2.5 min on average on the website.

4. Expected outcomes

4.1. Strengths

In addition to empowering insureds, during the planning process the MoH's Supervision Department predicted the following outcomes:

- 1. Accurate definition of the NHI benefits package:** already in the early stages of building the Call-Habriut database, the MoH identified an unexpected positive outcome: for the first time since the enactment of the NHI law in 1995, the services and technology provided through the benefits package had to be defined more accurately in order to be listed on the website. This in itself has far-reaching legal effects. Furthermore, fully understanding the contents of a country's benefits package is not a trivial task in Israel or other OECD countries. It is rather a need that researchers from many European countries identified and attempted to meet in the past decade in a cross-country study called "HealthBASKET" [26]. This Israeli experience can introduce others, such as Portugal, Italy, Austria and Greece, which did not participate in this project, to an innovative way to fully outline the contents of their benefits package.
- 2. Restraining private expenditure:** over the past decade, Israel has witnessed a trend of rapid growth rates in private spending and VHI ownership. In its "medium-term plan," the MoH set itself the goal of reducing growth in private spending and strengthening the public system and public trust in it. The website was created, in part,

as a tool to strengthen this policy: Israelis lack knowledge about the coverage to which they are entitled in each type of insurance and how to claim for the services covered. This problem is reflected in non-utilization of services covered by NHI, or over-utilization of VHI, as well as distrust of the public system. Yet the MoH believes that the Israeli NHI benefits package is broad and comprehensive. Therefore, providing transparent information about the NHI coverage should increase utilization and possibly increase public trust and confidence in the public system, if people find the coverage to be better than expected or experienced.

- 3. Enhanced competition among insurers:** the NHI Law guarantees residents of Israel free choice of HP. However, very few Israelis switch from one to another (3.5% from 2010–2012) [5]. Call-Habriut enables insureds to compare different aspects of HPs – for example, additional services or technologies provided besides the basic NHI benefits package, or different co-payment and discount rates. The tool can enhance competition among HPs and thus improve quality of care. Call-Habriut might also improve competition in the VHI market, both among the HPs and between SI and CI. Consumers will be able to make wiser choices when considering whether to purchase/keep VHI, once they are aware of the benefits in the NHI package as well as those covered by SI and CI. Greater public awareness should help slow down the expansion of the VHI market because, consumers will be able to purchase the most suitable policy or give up dual coverage.

4.2. Weaknesses

The main undesirable outcomes of the website are:

- 1. This consumer-empowering tool may limit the HPs' management flexibility and its capacity to manage care.** For example, 60% of the medications that are in the NHI

basket currently have to be approved by the HPs' administration every time a member applies for coverage. The website empowers the insureds to request the medications and HPs are less able to deny claims;

2. It may also increase utilization of services within the public system (i.e., by patients who would otherwise have forgone the services or as a result of increased physician referrals) thereby increasing public spending without reducing it in the private system. In this case, not only would the private system and private expenditure keep growing, so too would public expenditure.
3. The success of the tool is based on the extent of its use; especially by vulnerable populations (e.g., the elderly, less educated, poor), who may not have the prerequisite access to internet services. In 2011, about 30% of all households in Israel did not pay for internet services in their homes, which would limit their ability to use the tool. Nevertheless, the website can be easily accessed via smartphones, which overcomes part of the problem. People without access to the internet can also take advantage of the website by having their physician use it on their behalf.

5. Policy process

The Call-Habriut website is a low-cost internal project (so far cost around €106,000) that was easy to incorporate into the Supervision Department's annual work-plan. Once approved by the MoH director general, this low budget tool did not need the approval of other bodies such as the government, the MoF or the Knesset (parliament) to be initiated. Usually the MoF has great influence over other ministries since it allocates the national budget. In this case, the MoF was not involved with the Call-Habriut project, which made it possible for the MoH to construct and implement the website within eighteen months. Within the MoH there was no overt opposition to the project. When the project was launched, the MoH requested information from the HPs regarding their VHI coverage and services provided within the NHI. The HPs' representatives were initially opposed to collaboration due to the above-mentioned weaknesses, such as limitation of their management flexibility and their capacity to manage care. The MoH, eager to implement the website, gathered all the information about the coverage independently.

When the HPs realized that the website would be launched in any case, they were more willing to cooperate, deeming it more advantageous than refraining from doing so. The HPs then examined the information gathered by the MoH and added more detailed information, also agreeing update it on a regular base. Suppliers and service providers, such as hospitals, physicians and social workers, were not involved in the planning or implementation of the website, but are assumed to support the tool as it broadens the opportunity to provide service.

The current phase in the policy process is that the MoH has invited the comptroller of insurance at the MoF to gather the information regarding the CI policies

and to ask for the commercial insurance companies' collaboration.

6. Conclusions

Prima facie, it is not clear whether Call-Habriut website should be defined as a policy instrument. Nevertheless, this project introduces a new and innovative governmental tool into the system. The tool is based on transparent information regarding the contents of the NHI, SI and (eventually) CI benefits packages to which the insureds are entitled. This up-to-date information is available on an open website and is impartial and independent from insurers. In this way, the MoH is offering the public a way of proactively exercising their rights to healthcare.

Furthermore, thanks to greater transparency, the project may have a positive impact on reducing important market failures caused by information asymmetry. By increasing the insureds' awareness and knowledge about the benefits package to which they are entitled, the HPs will be less able to skimp (i.e. under-provision of services to severity patients [17]). This would reduce adverse selection in NHI as well as in SI. In addition, a knowledgeable public could enhance competition in the market, and increase trust and confidence in the public system. The main possible undesirable consequence is an increase in total health expenditure (private and public) due to increased utilization and the HPs' limited management flexibility.

The success or impact of the reform on the Israeli healthcare system depends on the extent that insureds use the website and become aware of the information available, and make wiser and more educated choices. To ensure that the website achieves its objectives, the Supervision Department intends to evaluate its impact through an impartial study.

To summarize, this project motivates change from a bottom-up perspective. It has the potential to serve as a viable, non-expensive and innovative tool that complements the broad policy of addressing market failures with top-down approaches.

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