



**National Health  
Insurance Authority**

# *National Health Insurance A Shared Responsibility*

A Modern Framework for Increasing Health Insurance Coverage in The Bahamas

**DRAFT FOR PUBLIC CONSULTATION**

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# 1.0 Introduction

Health is among the most basic determinants of happiness, economic productivity, and societal well-being. It is in all of our best interest to make health outcomes a national priority. A healthier Bahamas is beneficial to all.

We all recognize our obligation to support patients in a dignified and responsible way. We have a collective responsibility to this generation to make The Bahamas a better place to live. We have a duty to the next generation to leave behind a prosperous, healthy nation, and we must do so in a fiscally responsible manner that does not burden them with unpayable debt.

The Bahamas continues to grow as a nation in the field of healthcare. We have many talented physicians, state-of-the-art facilities, and centers of excellence in healthcare, yet much of the population still suffers from lack of access to high quality care. In 2016, the National Health Insurance (NHI) program was launched, and is still evolving, as experience, economics and social needs dictate.

The Ministry of Health (MOH) and the National Health Insurance Authority (NHIA), among many others, are working together to make The Bahamas a better place to live by expanding the scope of NHI in a meaningful way. Our Government is committed to enhancing the health of Bahamians by implementing a new component of NHI to address the significant personal and national challenges posed by catastrophic health events. We will build upon the success of the NHI primary care foundations and establish a path forward that addresses remaining gaps in our current system. Our patients, our dedicated and hardworking healthcare workers, and our people as a whole deserve a better health system.

As a response, NHIA has produced this paper to outline a pragmatic plan for achieving these goals.

The purpose of this paper is to present a vision for the Bahamian health system and policy expansion of NHI, which includes:

- Strengthened primary care;<sup>1</sup>
- High cost care coverage;<sup>2</sup>
- Wellness programming;<sup>3</sup> and
- An employer sponsored national health insurance system.

Each will be designed specifically for the unique needs of patients in The Bahamas.

This paper identifies the specific problems to be solved with respect to the Bahamian healthcare system, describes proposed solutions, and highlights the public health and economic benefits of the proposed

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<sup>1</sup> Primary care for the purposes of this paper is defined as the minimum essential health care required for residents.

<sup>2</sup> High cost care for the purposes of this paper is defined as care for disease burdens with catastrophically high personal costs.

<sup>3</sup> Wellness programming for the purposes of this paper consists of health education and outreach programs.

structure. This paper will also present a pragmatic approach to turning our healthcare goals and ambitions into reality in a uniquely Bahamian way.

This approach has been established based on four key principles:

1. Providing coverage for all;
2. Strengthening benefits;
3. Ensuring program sustainability; and
4. Sharing responsibility.

The following implementation timeline for the revamped NHI program is recommended:

- April-July 2019: Launch of Standard Health Benefit and NHI expanded coverage
- July 2019: Launch of Sugary Drinks Tax and the National Wellness Program
- January 2020: Launch of Employer Mandate for businesses with 100+ employees
- January 2021: Employer Mandate Expansion (all employers) and deadline for all grandfathered private insurance plans.

## 1.1 The Problem to Be Solved

We have reached a critical point in the history of our nation, a time when our people are suffering from high rates of non-communicable disease (NCD), including a record number of individuals battling cancer and diabetes. Further, The Bahamas experiences high levels of health and economic inequality. Individuals who have past or pre-existing conditions are often unable to obtain private insurance, even when they are offered it via their employers, or cannot afford to pay for it. A majority of the population are still without health insurance due to its high costs, unable to access care they may desperately need. Unfortunately, we also find ourselves at a period of time where the nation has limited economic resources to solve this problem. **Simply put, our country has too many uninsured people, a population that is increasingly unhealthy, and insufficient public dollars to fill this gap.** In spite of these challenges, we must find a way to design a system that allows us to keep on the path to Universal Health Coverage (UHC). There is a common belief that UHC is a key ingredient to the future success of our nation.

There is no one-size-fits-all solution for achieving UHC. As an archipelago, The Bahamas faces many physical barriers to healthcare access and service consistency. Local lifestyle choices like alcohol and tobacco use, poor diet, and sedentary lifestyles also present challenges to the healthcare system. One of the most acute issues to be resolved is finding a solution to catastrophic spending on healthcare, which has bankrupted many patients and their families.

From an efficiency standpoint, The Bahamas is falling behind. Approximately 8% of our GDP is being spent on healthcare, but the Bahamian population is not seeing many of the much-needed benefits from this expenditure. Despite the investments made, the previously stated problems of an uninsured and unhealthy population are leading to an inefficient and expensive system with poor health outcomes.

There are complicated factors in the Bahamian healthcare system that make change hard to achieve. Long wait-times due to increasing demand for public-sector health services have put significant strain on a system with limited resources. This places a great burden on our healthcare workforce to find capacity where there is none. The Bahamas' reliance on hospital-centric services has made advances in

collaborative public health difficult. It has become easy for patients to fall through the cracks and fail to access the services that they desperately need. The nature of the archipelago also makes delivery of healthcare services expensive. Historically, **ineffective use of resources has made The Bahamas one of the least efficient nations in the world when it comes to value-based care.** Furthermore, without digital health records and interconnected end-to-end service delivery, the cracks that people fall through will continue to widen.

Simply put, we have a choice to make. A choice regarding what we care about and what we stand for. NHIA is being built on the commitment to save future generations from feeling the burden of immense government debt, and to bring back responsibility and trust to the public sector. Furthermore, the public healthcare system needs to significantly improve its delivery of services. NHI is a major catalyst to force positive change in the current healthcare system and we will deliver.

Different jurisdictions from every corner of the world demonstrate that each nation – The Bahamas included – must take its own unique path towards achieving a healthy population. For our country, this path must be grounded in the Bahamian values of shared responsibility, fairness, commitment to the community, and building on the vital relationship between employees and their employers to put patients and the health of the Bahamian people first.

## 1.2 Where is NHI Today?

Under the leadership of NHIA, we have begun the work towards achieving a healthier population by delivering NHI. Over 42,000 Bahamians have enrolled in NHI since its launch in spring 2017 and are now receiving access to primary care physicians and lab services. Over 80 primary care providers have made this happen including 4 private labs which provides care across New Providence, Grand Bahama, Abaco and Exuma. Most importantly, patients have been satisfied with the care they are receiving, with a recent survey indicating that patient satisfaction rates exceeding 90%.

The reality is NHI is working and has established a strong foundation of primary care through public and private partnerships. Yet, we recognize the current NHI program is not scalable or fiscally responsible given our financial reality, nor does it contain a catastrophic high cost care component that is targeted enough to reach the people who need it most.

## 2.0 A “Made in The Bahamas” Solution

The case for accessible primary healthcare for all is clear: it improves lives and builds the foundation for a prevention-focused, high quality health care system. It is equally clear that the need to support those with high cost illnesses comes at a critical moment in Bahamian history. We need to turn these ambitions into reality.

This requires working together – Government, NHIA, business, and citizens – to reform our current approach in a way that leverages the unique activities each does best: the Government - in providing public services; business - in efficiently allocating scarce resources; and citizens - in knowing their

individual needs and preferences. That is why we propose a partnership – a healthcare system partially sponsored by employers and employees.

To understand why we chose this approach, it is important to evaluate the alternatives:

- We could raise taxes or implement new premiums and fees. This would reduce disposable incomes for Bahamians, many of whom are already stretched too thin;
- We could implement new levies or taxes on employers. This would place a burden on our businesses making them less competitive, and with small business driving the economy, this could have an enormous negative impact; or
- We could pretend the public sector has infinite resources and be fiscally irresponsible. This would only postpone the inevitable, and fail to address the immense financial burden and patients falling through the cracks.

We must embrace change. We must build upon what works and tailor international best practices to the uniquely Bahamian context. We propose a plan that shares responsibility. For employers, there may still be a cost impact, but this will be tied directly to employee benefits and productivity, and not a tax that ends up in the Government treasury's consolidated fund. In turn, increased employee productivity and reduced sick days will result in national economic growth.

This solution presents a simple and effective way to fund the system. It delivers a foundation for further expansion of coverage and creates the opportunity for immediate improvements to the whole health system. What this system does best is strengthen one of the most important relationships in The Bahamas – that of an employee and their employer. This relationship is a critical building block to the success of both the Bahamian health system and the economy, and one that can serve as an effective bridge to restructure our health system, grounded on shared responsibility.

## 2.1 Maintaining Our Commitment to Bahamians First and the World

In 2017, the current government made a commitment to the people of The Bahamas to improve and expand NHI through the introduction of high cost care coverage. This will ensure easy and affordable access for patients, while keeping our health system viable and sustainable.

Over the past 18 months, NHI has provided unprecedented access to primary health care services to produce exceptional levels of patient satisfaction. With our proposed approach to expanding NHI to cover both primary care and certain high cost care services, we expect similar results. We are committed to improving healthcare quality and becoming a regional leader in health. This system will get us there.

We made a global commitment to improve health outcomes. Like many countries around the world, The Bahamas is committed to achieving the United Nation's Sustainable Development Goals – a set of global objectives that target several aspects of society, including UHC. We recognize that the impact of a healthier Bahamas is not restricted to our islands, it also means a more vibrant position for The Bahamas among the international community.

As a country we can and must do better when it comes to improving the health of our people. We need to take care of our sick and elderly in a dignified and effective way. We need to ensure that children aren't missing school with a preventable illness because their parents cannot afford to pay for insurance, let alone the out-of-pocket costs. For many, it is a vicious cycle where some are forced to take time off or leave work due to sickness, however without work, they cannot pay for medical care they require to enable them to return to work. Additionally, those who have private insurance offered to them by employers or are considered wealthy may find themselves unable to hold private insurance due to past and existing conditions. It must be recognised that these problems impact a wide population of our citizens. As such, we can all agree that public health is a priority, and a healthier Bahamas means a stronger Bahamas, a more prosperous Bahamas, a safer Bahamas and a better Bahamas to raise a family. Our made-in-The Bahamas solution strives towards UHC, and is designed to enable NHI to care for those who need it most. Public health is a collective responsibility, and our approach will give all stakeholders an important role to play in improving it.

A healthy population is essential for sustainable economic development. Research is conclusive that investing in health systems is one of the most effective ways to grow a nation's economy<sup>4</sup>. The literature suggests that investing in health – and more specifically investing in UHC – is critical to the health of both a nation's economy and its people. The fact that the UN has made global universal health coverage by 2030 one of its most important Sustainable Development Goals further reinforces this fact.

There are five key outcomes that a comprehensive government and employer-sponsored system will have on our economy:

- 1. Population & Demographics:** A healthier population means more working age people contributing to the economy.
- 2. Labour Force Participation:** Less people pulled from the labor force as a result of catastrophic high cost health events.
- 3. Productivity:** A healthier workforce is a more productive and less absent workforce, with lower usage of sick days and a more vibrant workforce ready to make an impact.
- 4. Education:** Healthier kids result in improved attendance, stronger school outcomes, and a better educated workforce.
- 5. Household saving and consumption:** Health coverage translates into reduced precautionary saving and increased domestic spending.

Economic growth comes in part from a larger, healthier and more productive population due to lower mortality and less morbidity from chronic diseases. Also, these benefits are not limited to directly measureable impacts. For example, the benefit of increased community cohesion and reducing crimes of desperation to pay for one's medical bills are in many cases immeasurable. Further, the impact that health coverage can have on children is not just physical, but also crucial for positive emotional and social

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<sup>4</sup> Jamison et Al, *Investing in Health: The Economic Case*. WISH Investing in Health Forum. (2016)  
Britnell, Mark and Simon Townend, *Investing in Health: An Economic And Qualitative Analysis of the Impacts of the Primary Care Phase of NHI in The Bahamas*. KPMG (2017).

development for future generations. The benefits of this system will ripple all the way to the health and prosperity of each individual household in The Bahamas now and for many years to come.

## 3.0 System Structure

Building on the first phase of NHI, we have developed strategic changes and improvements to better provide for our population. The structure of this “revamped NHI” includes four key components:

1. Establishing a “Standard Health Benefit” (SHB) that provides guaranteed minimum coverage for all health insurance in The Bahamas.
2. Mandated private health insurance for employed persons bringing the total population privately insured to approximately 55% by 2022.
3. Introducing a risk equalization mechanism for the standard health benefit to control premium rates and maintain equity with no person being denied coverage.
4. Redefining NHI to act as a payer for all those not mandated to receive coverage through their employer, including retirees, children, non-working spouses and the unemployed.

These structural elements outline the major features of a future Bahamian health system which could be implemented within the next three years. The remainder of this section provides specifics of how the system would function.

### 3.1 Expansion of NHI

NHI plays a key role for the 10% of the population it currently provides coverage to, serving as an important first step in bringing people into the health system that they would otherwise have difficulty accessing. However, the current scope of services that NHI provides is limited by economic constraints. An expanded NHI will provide coverage for more treatments, which will in turn help prevent illnesses and keep people healthy and working.

NHI is also being expanded to cover devastating high cost care for certain specified and prevalent diseases and to support people when they are at their most vulnerable. Catastrophic disease burdens, specifically cancer, cardiovascular disease, and end-stage chronic kidney disease, can personally and financially devastate patients and their families. We see this in The Bahamas all too often, as families scramble to pay for life-saving medical treatments through cookouts and other fundraising means. The NHI high cost care program will cover the cost of care for a select group of common diseases and their associated preventative treatments. Over time more high cost treatments may be added to the program.

Enrollment in the program will remain voluntary for all eligible Bahamians, including the unemployed, children, and the elderly.

#### 3.1.1 Enhanced Primary Care

With respect to scope of coverage, the new NHI will present a new basic package for enrollment: enhanced primary care. This package will include all the benefits included in existing NHI primary care coverage, as well as additional benefits such as lab tests and diagnostic imaging. NHI in its current form

is working, boasting high patient satisfaction and thousands of patient visits since launch. The rationale for this expanded scope of coverage is the development of a primary care plan that is centered on the concept of prevention over treatment. The new benefits will include comprehensive cancer screenings for the most common cancers in The Bahamas, many of which are easily treated with appropriate care. The new diagnostic imaging services will include various x-rays and ultrasounds, such as prenatal ultrasounds. The impact of this expanded primary care program will be to make preventative care accessible and affordable. The enhanced program will cover primary care services, diagnostics and lab tests, which form a critical part of the care pathways for the selected high cost care diseases noted below.

### 3.1.2 High Cost Care

High cost care is another important element in the expansion of NHI. The NHI high cost care program will provide comprehensive coverage for select conditions or treatments, all of which have a high prevalence in The Bahamas, including:

- Breast Cancer
- Cervical Cancer
- Prostate Cancer
- Colon Cancer
- Rectal Cancer
- Myocardial Infarction
- Need for a Pacemaker
- End-Stage Kidney Disease

Every year, many families see their savings wiped out as a result of these types of expenditures. This doesn't only affect the poor, as even wealthier individuals often find themselves unable to obtain insurance for this kind of care due to past or existing illnesses. The current costs are even too high for many wealthier families to afford.

The high cost care program will be structured so that in addition to NHI-enrolled beneficiaries being eligible for this coverage, those with private insurance will be covered if they have exceeded to-be-determined mandated coverage maximums for these conditions. This allows for private insurers to keep premiums low by limiting an insurer's exposure through an NHI safety net.

In time, the conditions covered by this program will be expanded on the basis of prevalence in the population, clinical significance, potential financial cost, and universality of coverage.

### 3.1.3 Supplemental Coverage for Seniors

While having the SHB remain as base coverage, NHI will work with the private health insurance companies to provide cost effective supplemental coverage for the elderly population. Coverage under this plan **may** include private services at public hospitals, private providers and overseas care. Eligibility for this coverage will be for those eligible for NHI coverage as detailed below who are also over the age of 65. Unlike NHI base coverage, the supplemental coverage will come with an additional premium cost paid by the beneficiaries themselves, and this premium will be affordable, significantly less costly than any alternative.

### 3.1.4 Eligibility

NHI will remain a voluntary program for residents of The Bahamas, but with a more focused approach on eligibility. There are three main requirements for NHI eligibility where the beneficiaries receive enhanced primary care services and high cost care coverage:

- 1) All beneficiaries must be a legal resident of The Bahamas;
- 2) All beneficiaries must have an active National Insurance Board “Smart Card”;
- 3) All beneficiaries must not be included in the employer mandate described in section 3.2. These groups will include the unemployed, children, the elderly, and exemptions identified in section 3.2.2.

NHI will continue to provide coverage at no cost to the individual, creating a social safety net for those who cannot afford to purchase coverage.

## 3.2 Employer Sponsored Insurance

For those who are employed, it will be the shared responsibility of the employer and employee to obtain health insurance to cover primary care as well as coverage for high cost conditions. Health insurance can be obtained from any of the private health insurers and the cost of the premium will be split between the employee and their employer.

### 3.2.1 Private Insurance Standard Health Benefit

The SHB represents the minimum degree of coverage that employers and individuals must purchase from private insurers. The SHB will mirror the bundle of benefits provided by NHI. The bundle includes coverage for primary care that will keep the population healthy, coverage of diagnostics that will identify conditions before they become more harmful and difficult to treat, and coverage for specified high cost care that can save lives.

This bundle will be reviewed annually by the NHIA board of directors, Minister of Health, and Minister of Finance, gradually enhancing the scope of coverage when appropriate and affordable.

### 3.2.2 Exclusions & Exemptions

It is the goal of this system that all employed people of The Bahamas will have health insurance. However, it is also recognized that there are some employers and employees who may be disproportionately affected by this program. Therefore, part-time employees are excluded from being required to have employer-sponsored private health insurance. Part-time employees will be considered

those who work less than 15 hours a week. Additionally, the initial roll-out of this policy will focus on larger employers<sup>5</sup> before being applied to small-to-medium sized employers<sup>6</sup>, with exceptions as listed below. It should be noted that self-employed individuals will be treated the same as any other employee, only that the employer is responsible for paying 100% of their own insurance policy unless they are included in the exemptions listed.

*Exemptions from this first phase of the Mandate:*

- Prior to implementation of the full mandate: persons who are employed by a company that has less than 100 full-time total employees;
- Part-time employees working less than 15 hours per week<sup>7</sup>;
- Employees who work multiple eligible jobs (15+ hours) who currently hold mandated minimum health insurance from another employer;
- Grandfathered insurance plans<sup>8</sup>;
- Businesses with annual revenues of less than \$100,000 per year; and
- Clubs, commissionaires, embassies, or foreign offices of any foreign state operating under a special agreement with the Government.

All employees whose employer is exempt from the mandate are still eligible for enrollment in NHI.

### 3.2.3 The Premium

The regulated premium cost per person for the SHB is expected to be in the region of \$1,000 per annum or \$83 per month, not including VAT. For persons employed by non-exempt employers (including Government), this will be paid directly by the employer with a structure for employee contributions detailed in the next section. This premium is determined by breaking down the total costs for delivering the SHB for the nation with a modest allocation for administrative and operational costs. This total is then divided by the eligible population for the SHB. The premium will be reviewed annually by NHIA with input from the stakeholder community. NHIA will be the payer for all those who are not employed, or if they are employed, whose employers are exempt.

### 3.2.4 Sharing of Premium Costs

The maximum that an employee will pay towards the premium of the minimum benefits package is 50% of the cost or a maximum of 2.0% of their annual salary (whichever is lower). The employer will therefore be responsible for at least 50% of the premium or the remainder of the premium cost (whichever is higher).

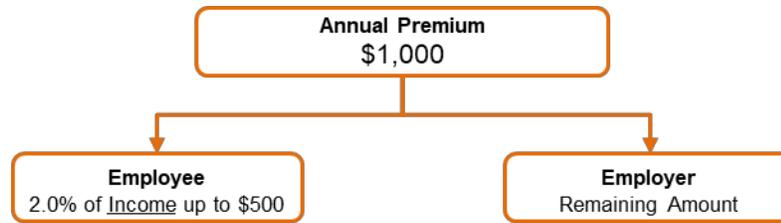
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<sup>5</sup> Large employers will be considered those with 100 or more employees.

<sup>6</sup> Small-to-medium sized employers will be considered those with fewer than 100 employees.

<sup>7</sup> Weekly hours will be calculated based on an average of the previous 3 months of work.

<sup>8</sup> Insurers will not be required to restructure existing insurance plans until first renewal after January 1, 2021 to include the standard health benefit.



This mechanism for sharing the premium is intended to create an equitable environment for both employers and employees. Given that the median income in Bahamas is estimated to be \$27,840 per annum, this corresponds with a \$25,000 threshold for equal contribution, whereby contributing 2% of your income will result in contributing 50% of the cost of the premium, sharing the investment equally among employees and employers.

For non-working spouses and dependents, employers are not required to contribute at this time, but this may be required in future phases of the mandate. Further, it should be noted that while parents may choose to enroll their children and non-working spouses (and employers may choose to include children/dependents as a benefit) in a more comprehensive private plan at their own expense, children and non-working spouses will still be eligible for NHI. Further, those eligible for NHI could choose to enroll in the NHI coverage and then subsequently purchase supplemental private health insurance from an insurer of their choosing.

In cases where the employer may be exempt from contributing, the employer must still contribute 25% of the total standard premium (50% of the minimum employer contribution) for all employees directly to the NHIA and such employees are of course eligible for NHI. These payments are to be thought of as a contribution in lieu of providing their employees private insurance. Upon review of the annual business licensing process, the Department of Inland Revenue will be required to validate exempt or secondary employers<sup>9</sup> who have provided proof that they have made their NHI contributions. The table outlined below breaks down the anticipated monthly costs for employers and employees under various income thresholds. It is in this way that we can build on our shared responsibility.

Monthly Employer & Employee Premium				
	Employee Annual Income	Employee's Premium	Employer's Premium	Exempt Employer Premium
	\$5,000	\$8	\$75	\$21
	\$10,000	\$17	\$67	\$21
	\$15,000	\$25	\$58	\$21
	\$20,000	\$33	\$50	\$21
	\$25,000	\$42	\$42	\$21
	\$30,000+	\$42	\$42	\$21

<sup>9</sup> **Secondary employers** are defined as the employer of a mandate eligible employee (who is working on average 15 hours or greater per week) who is already receiving mandated benefits through another employer.

### 3.2.5 Improving Access & Affordability

The legislative requirement will be for employed individuals and their employers to purchase the SHB from private licensed insurance companies in The Bahamas and this will cause a significant increase in the number of individuals in private insurance plans, and corresponding increase in the health insurance marketplace. This will support the sustainability of private health insurance programs and help provide coverage to all Bahamians. To that end, the following requirements will exist for private insurance companies:

- Premiums for the SHB will remain affordable by legislating guaranteed issuance for the SHB for anyone who applies for coverage;
- The price a private insurer can charge will be limited to a range outlined by a qualified independent body and approved by both the Minister of Health and the NHIA Board of Directors; and
- Co-payments or deductibles will be regulated for minimum SHB claims to eliminate barriers to accessing care.

These requirements, enabled by risk equalization as outlined in section 3.3.2, will improve access and ensure affordability.

## 3.3 Financial Sustainability

An important pillar of the success of this initiative is ensuring that it is financially sustainable for the Government, the insurance industry, employers, and employees. Without new corrective measures to strengthen its finances, the expanded mandate and increased coverage provided by NHI will not be sustainable. After analyzing jurisdictions around the world and the approaches taken to ensure financial sustainability, two common themes emerge:

- 1) A contribution mechanism can be used to successfully fund a public payer through private insurance premiums; and
- 2) A risk equalization mechanism can help keep premiums accessible, while also compensating insurers through risk equalization for covering higher risk individuals.

By ensuring our system incorporates these two mechanisms, we can establish stability in a health insurance market that can otherwise be very economically volatile. By distributing funding to insurers that take on higher health risk groups, including the elderly, private insurers can stabilize their long-term outlook while taking on their fair share of responsibility.

### 3.3.1 Funding Sources

NHI funding will come from five primary sources:

- (1) Government contribution from the National Budget;
- (2) An earmarked allocation of Value Added Tax (“VAT”) collected on private health insurance premiums;
- (3) Distributions from the risk equalization fund;

- (4) Direct contributions to NHIA from secondary and exempt employers; and
- (5) A sugary drinks tax earmarked for the NHI Wellness Program as described in section 3.7.

This structure will support health insurance equity and shared responsibility to contribute and provide health care coverage to those who need it most. Further, employers who are exempt from the mandate or are considered a “secondary employer” will make a contribution to NHI at a rate of 25% of the regulated SHB premium per eligible employee. The process for collecting these contributions will be built on the principles of convenience, simplicity, and efficiency with regular payment timelines. This approach builds a foundation for the long-term sustainability of NHI and gives insurers, individuals and businesses confidence that a social safety net exists to support those who need it most.

### 3.3.2 Risk Equalization

An integral component of the overall system, risk equalization is used to keep premiums affordable and maintain the insurance industry’s focus on innovation and delivering effective models of care. Since premium prices for the SHB will be regulated to support health insurance affordability and accessibility, reimbursements to insurers are necessary to incentivise coverage of high risk individuals. The risk equalization model will rely on the development of *risk adjusters* and *equalization formulae* for each beneficiary, which will be used to calculate incentive payments to insurance providers who take on high risk individuals.

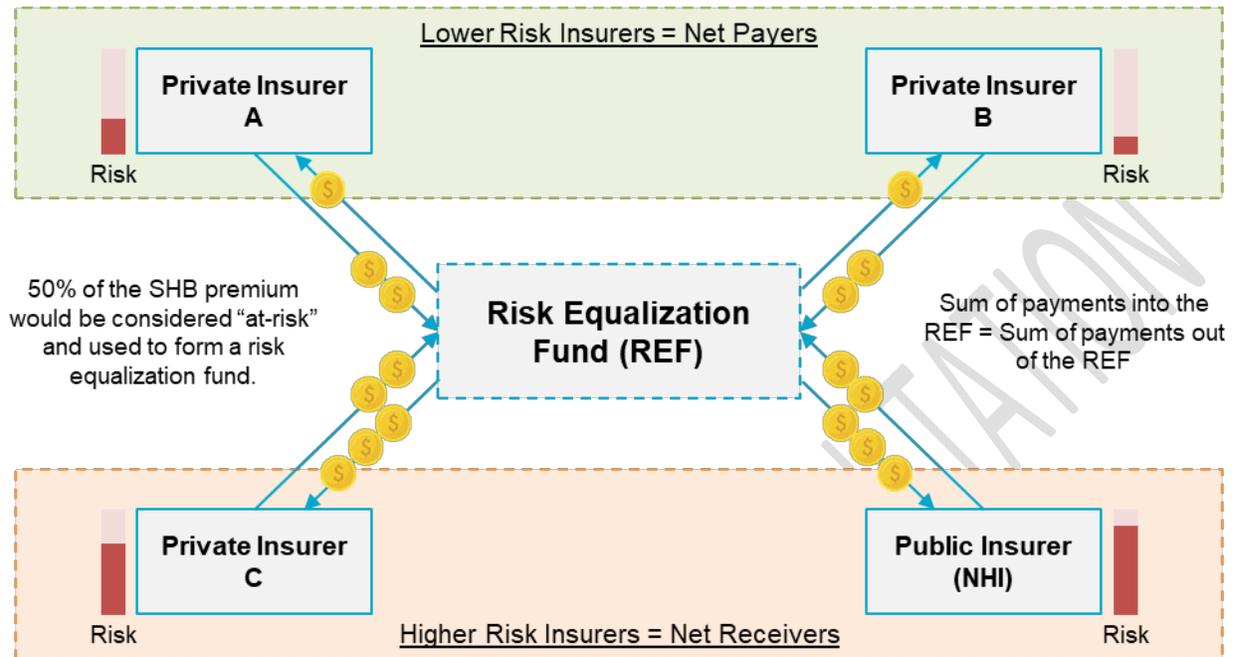
The system works by establishing a common pool of resources, collected through contributions as a portion of collected premiums from both the public payer and private insurers. This pool is then divided among insurance providers, including NHI as a payer, based on their risk profile. At the onset of the employer mandate, 50% of the SHB premium would be considered “at-risk” and used to form a risk equalization fund that would then be re-distributed to insurers based on the relative risk of their entire beneficiary pool.

An insurer’s risk profile is the average level of ‘health risk’ their beneficiaries have. For example, an insurer that mostly covers individuals aged 45 and up will have a higher risk profile than an insurer whose beneficiaries are mostly between the ages of 18 to 30, as older individuals are statistically more likely to have adverse health conditions. The higher an insurer’s risk profile, the greater the payment they receive from the risk pool.

The risk equalization process will require robust and objective governance. To accomplish this, a third-party will be contracted with expert knowledge in this process to advise on the required formula and calculate the payments. The process will require consultation and input mechanisms available for private insurers and health care providers along with technical input based on actuarial analysis.

Effectively, the intention of risk equalization is simply to adjust the risk profile of an individual insurer to equalize with the national risk pool of all insured Bahamians. A process flow diagram outlining the structure of risk equalization can be found in figure 3.3 below.

Figure 3.3: Risk Equalization Net Funding Process



### 3.4 Compliance & Reporting

Compliance and reporting is an important part of a sustainable health system. It is in our collective best interest to establish compliance and reporting tools, as well as effective penalties that create a structure that promotes adherence to legislation and regulations. These policies should be designed with fairness and equity in mind, to make sure that everyone plays by the same rules to support affordable health insurance for all. The design of any compliance and reporting mechanism will be grounded on the principles of transparency and simplicity, leveraging existing systems wherever possible.

#### 3.4.1 Administering Agency

From a capacity and integration standpoint, NHIA serves as a logical partner to the Insurance Commission Board (ICB) and the Department of Inland Revenue to support compliance for insurers and employers respectively. To succeed, NHIA is developing a data-sharing structure to work with these partners to ensure an accurate and complete list of businesses is populated for review. NHIA will serve as a compliance authority, responding to claims of delinquency and performing compliance audits where appropriate.

#### 3.4.2 Compliance Mechanisms

Compliance mechanisms also need to be developed to ensure that the system is functioning as it should be. Through a review of other jurisdictions, it is clear that the system needs mechanisms to validate regular proof of compliance, as well as have investigatory capacity.

In The Bahamas, annual business licensing will include a requirement to ensure coverage of employees. Further, insurance companies will be required to submit a list of all companies and beneficiaries to

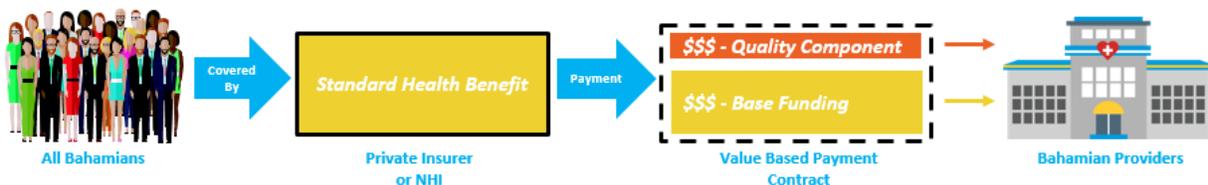
check against NIB contributions for any delinquent employers. NHIA will hire auditors who will be responsible for performing random audits for compliance, as well as responding to employee complaints with regard to non-compliant employers. In the case of exempt employers, they will have to specify and provide proof of their exemption as well as record payment for their contributions to NHI in lieu of purchasing private insurance.

### 3.4.3 Penalties & Appeals

With respect to penalties, The Bahamas will utilize a system that has a variety of different tools to be used in escalating degrees of severity. For employers and insurers, penalties for failure to comply will include revocation of one's business license, public posting, fines, and restitution for an employee who was denied insurance. For individual employees, a failure to provide accurate and complete information within a reasonable time period could result in fines and loss of coverage.

## 3.5 Service Delivery Improvements

To help achieve The Bahamas' goal of improved service delivery and increased accessibility of care, NHI will adapt the way it funds providers. Currently, many providers are paid through fixed budgets or through 'fee for service,' which pays them for increasing their activity – but not for the quality of care given to their patients. In the coming years, NHI will tie a part of provider funding for SHB services to the achievement of quality measures. Examples of quality measures being considered are lower wait times, less preventable complications in care, and adherence to clinical guidelines.



This kind of payment reform in healthcare is called **Value Based Payment**, and has been used in many countries around the globe to improve care quality, standardize care practices, expand access, and control healthcare costs. By tying a portion of provider funding to service quality, providers are incentivized to follow best practice guidelines, be proactive and preventative in their approach to care, and collaborate with each other for the good of the patient.

## 3.6 Embracing Technology and Planning for the Future

Technology is improving the way healthcare is being delivered across the globe. Given the significant changes that this plan represents for our health system, this moment in time presents an opportunity for NHI to be a catalyst for advancing our health system into the digital era. Therefore, an important part of this plan is to leverage leading technologies to establish a common electronic health record for all Bahamians covered under NHI.

The impact of these technologies will not only increase efficiency and limit mistakes that may be the result of manual processing, they can also enable substantial public health benefits. Firstly, accessibility of electronic medical records allows for care providers to have seamless integration of care across

networks. In addition, these technologies allow for the collection and analysis of population health data to better inform health policy decisions. This could include amendments to the standard health benefit and the risk equalization formula among broader national public health improvement strategies. Overall, the importance of leveraging technology to bring the Bahamian health system into the digital era cannot be overstated. This plan presents an opportunity to benefit Bahamians now and for many years into the future.

### 3.7 National Wellness Program

The National Wellness Program of The Bahamas is a key bundle of initiatives aimed at improving population health from a systemic viewpoint. The program will work such that prevention, health education and outreach programs will be the focus and will be funded through a taxation mechanism that discourages undesirable social behaviour when it comes to public health.

#### 3.7.1 A Bahamian Sugary Drinks Tax

Jurisdictional research indicates that “sin” taxes on particularly unhealthy products, such as sugary drinks, alcohol, and cigarettes are effective revenue sources and create an economic and social incentive to reduce consumption. Under our proposed plan, a sugary drinks tax structure will be developed for sugary drinks and potentially other unhealthy products. The funding generated by this tax will be earmarked and flow directly into health education and outreach programs.

#### 3.7.2 Prevention, Health Education & Outreach

Under the National Wellness Program, NHIA will lead a prevention, health education and outreach program. While primary care physicians should act as the principle educator for Bahamians when it comes to good health, mass education campaigns on the dangers of poor health are critical. Understanding the importance of listening to your doctor starts with outlining the consequences of failing to do so. Our prevention, health education and outreach program will be both inspiring and educational, by providing important health education tips as well as information about the dangers of poor health decisions.

## 4.0 Defining Success & Measuring Performance

Our shared goal for this initiative is to make smart, thoughtful changes to the system to support a long-term strategy for health care system improvement. This will be achieved through greater access, data acquisition and management, controlled costs, and higher quality care. To accomplish this shared goal, it is important that we design performance management systems to identify where gaps may exist and develop solutions to these problems. In this section, we will review the importance and challenges of performance measurement and the key areas we will be monitoring on an ongoing basis.

## 4.1 Monitoring and Evaluation

Outside of monitoring the performance of the health system as a whole, there are four key elements that will require review. These elements are:

1. Scope of coverage included in the SHB;
2. The affordability of premiums;
3. System financing requirements; and
4. The risk equalization formula.

NHIA is recommending that all four of these key elements be evaluated through a new board made up of the membership of the NHIA board of directors. Amendments can be made in a transparent fashion through publicly available opportunities for input.

## 5.0 Conclusion

Our made-in-The Bahamas solution is pragmatic and realistic, while still focused on achieving a bold vision to provide health care coverage for all. In our proposed system, all stakeholders, including the public sector, the private sector, and individuals have a role to play in achieving universal coverage. Good population health benefits us all physically and financially – for Bahamians today, and for future generations down the road.

### 5.1 Roadmap to Universal Health Coverage

We have built a strong foundation, but our work will not end with the implementation of a new NHI program. Performance management will see amendments and revisions enacted to best suit the needs of Bahamians. The roadmap to UHC is a journey that will span many years, taking an evidence-based approach to program evaluation and gradually growing and improving the care provided through SHB along the way.

Health system transformation will support our ability to keep people healthy, grow the economy, and reduce the cycle of poverty created by generational health challenges. Building a healthier Bahamas will lead to a self-reinforcing cycle of healthier people, greater productivity and economic empowerment, as well as a better resourced and more effective public and private sector. **The implementation of this plan is not the end, it is only the beginning – the beginning of a brighter future for Bahamians.**

## Appendix

National Health Insurance: A Shared Responsibility	
APPENDIX: Technical Breakdown	
Legislative/Regulatory Element	Description
<b>SYSTEM STRUCTURE</b>	
Legislative Structure	Employer sponsored health insurance system with NHI acting as a public payer for all those not included in the mandate.
The Standard Health Benefit	<b>The Standard Health Benefit is the minimum standard of coverage</b> issued in an insurance contract through both private insurance and through National Health Insurance.
Denial of Coverage	An individual or business <b>cannot be denied coverage</b> by a private insurer for the standard health benefit. All individuals who are mandated to purchase private insurance are guaranteed issue. All individuals who are not mandated to purchase private insurance may choose to purchase insurance and be guaranteed issue or be guaranteed issue through NHI.
<b>PREMIUMS</b>	
Premium Calculation	Private insurance premiums for the standard health benefit, of which all insurance providers will be required to offer is <b>calculated based on anticipated costs to providers allowing for an appropriate margin</b> . The calculation will be made by a qualified independent reviewer and approved by the Minister of Health and the NHIA Board of Directors.
Risk-related Premiums	<b>Premiums are not risk-rated to the individual. All individuals receiving the standard health benefit will be paying the same standardized premium regardless of health risk or insurer.</b> Insurers and NHI will receive a risk-adjusted transfer from other insurance providers based on an actuarial algorithm which adjusts for risk of clientele.
Income Dependent Premiums	Premiums remain constant based on the formula designed by the NHIA board and the Minister of Health, however the eligible contribution withheld from wages that the <b>employee will make is income dependent</b> .
Deductibles & Co-Payments	<b>For all standard health benefit services, health insurers will be regulated and limited as to what they can charge for deductibles or co-payments.</b> For all supplemental services, it is up to the discretion of the individual insurer as to their business practices.
Employee Contribution	<b>Employees will contribute the lesser of 50% of the cost of the minimum Standard Health Benefit premium or up to 2.0% of their total income.</b>

Responsibility for paying Premium	<b>The employer is responsible for the organizing and paying for the premium of which they may deduct the employee contribution from wages.</b> They may not deduct more than 2.0% per pay cycle to pay off the calculated employee contribution.
Responsibility for non-working spouses	In the initial stages of the employer mandate, there is no requirement to have non-working spouses privately insured and <b>they are eligible for NHI coverage.</b> The employer and the employee may choose to share the cost of purchasing health insurance for non-working spouses equally if more comprehensive coverage is desired.
Self Employed Individuals	<b>Self-employed individuals are required to purchase health insurance</b> for themselves like any other employee, unless they fall under one of the exempted groups.
Secondary or Exempt Employers	<b>Secondary or exempt employers must contribute to the capitalizing risk equalization fund at a rate of 25% of the standard premium rate</b> (50% of the minimum employer contribution). They may not deduct this contribution from wages. Foreign states are excluded from this requirement  <b>Secondary employers</b> are defined as the employer of a mandate eligible employee (who is working on average 15 hours or greater per week) who is already receiving mandated benefits through another employer. Secondary employers who become primary employers over the course of a given year, have 12 months of NHI eligibility for said employee from the time they made their NHI contributions. If someone receives mandate eligible employment from 2 employers concurrently, the employer with whom they are working the greater number of hours will be the primary employee
Responsibility for children	Regardless of their parent's employment status, <b>children can be enrolled in NHI at no charge.</b> Should parents want to include children on their benefits plan for more comprehensive insurance, they can do so at their own expense.
<b>THE EMPLOYER MANDATE</b>	
Impacted Employers January 2021	<b>All employers with 100 or more employees (full or part-time) must adhere to the employer mandate,</b> unless they fall within the exemptions listed.
Impacted Employers January 2022	<b>All employers, regardless of size must adhere to the employer mandate,</b> unless they fall within the exemptions listed.
Scope of Mandate	All employers within the scope of the mandate, <b>must purchase mandatory minimum health insurance for their employees.</b>
<b>EXEMPTIONS FROM MANDATE</b>	
Primary Employer Exemption	If an employee has more than one job in which they are working 15 hours per week or more, <b>it is the responsibility of the first employer to be the "primary employer"</b> and purchase health insurance for their employees. If this status changes, the other employer becomes responsible.

Part Time Exemption	<b>Those working under 15 hours per week will be exempt</b> from inclusion in the mandate to purchase health insurance.
Small Business Exemption	<b>Small businesses with revenue under \$100,000 per year</b> will be exempt from the mandate.
Foreign State Exemption	<b>Clubs or commissionaires of any foreign state operating under a special agreement with the Government</b> are exempt from the mandate.
Grandfathered Insurance Plan Exemption	<b>Existing insurance plans can act in substitute of a standard health benefit plan until January 2021.</b> Therefore anyone covered under existing insurance contracts can continue to provide coverage until this date. They will however be subject to premium contributions into the capitalizing risk equalization fund, but not subject to risk equalization payments.
<b>SCOPE OF COVERAGE</b>	
Standard Health Benefit	The Standard Health Benefit is the minimum standard of coverage for insurance contracts in the Bahamas. <b>In 2020 it will include enhanced primary care and the high cost care program.</b>
Enhanced Primary Care	Enhanced primary care will include the existing primary care services included in NHI as well as <b>cancer screenings</b> , (mammography, breast ultrasound, PSA, colonoscopy, pap smear) <b>x-rays</b> (abdominal, chest, lower leg, wrist, forearm, humerus) and <b>ultrasounds</b> (maternity care, abdominal, appendix, breast, gallbladder, kidney and bladder, obstetric, pelvic)
High Cost Care	Treatment for interventions for disease burdens for <b>breast cancer, cervical cancer, prostate cancer, colon cancer, rectal cancer, myocardial infarction, pacemaker insertion and end-stage kidney disease.</b>
Supplemental Insurance Offerings	Supplemental insurance offerings may be offered to consumers in health insurance plans and can be structured based on the individual consumer and providers preferences. <b>They are not subject to risk equalization and are not required when purchasing standard health insurance.</b>
<b>CONTRIBUTION MECHANISM &amp; RISK EQUALIZATION</b>	
Value Added Tax on Insurance Premiums	Value-added-tax collected on insurance premiums will <b>be earmarked for National Health Insurance, including payments into the capitalizing risk equalization fund.</b>
Risk Equalized Portion of Premiums	<b>50% from each standard health benefit premium collected will contribute</b> to the capitalizing risk equalization fund.
Risk Equalization Formula	<b>A formula reviewed and developed by an independent entity and approved by the NHIA board every 2 years</b> which could take into consideration a variety of inputs including: <b>gender, age, geographic consideration, morbidity, income level and residence.</b> An exception to this will be that in the first year, the formula will be reviewed after the first 12 months to ensure responsive changes can be made if any major concerns present themselves.

Risk Equalized Distributions	An intermediary fund, established through NHIA will collect and redistribute the risk adjusted transfers such that insurers (as well as NHI) with high risk pools are compensated appropriately and insurers with low risk pools contribute fairly and equitably.
<b>COMPLIANCE &amp; REPORTING</b>	
Insurance Regulatory Authority	The Insurance Commission of The Bahamas (ICB) will remain the regulator of The Bahamas supported by experts contracted through an independent actuary commissioned by NHIA to determine the formula for the risk equalization system, the pricing of standard health benefit premiums and the scope of coverage included in the standard health benefit.
Employer Compliance Authority	NHIA will partner with the Department of Inland Revenue act as the compliance authority for employers, performing annual audits through the department and NHIA performing random audits to ensure compliance as well as responding to employee complaints of delinquent employers
Penalties & Appeals	Penalties for delinquent business will include fines, public posting and loss of business license and for insurers, loss of Bahamian insurance license and severe fines will be applicable.

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