



# Providing effective National Health Insurance



## ***We need an “activist payer” to lead the path to universal healthcare***

Jamaica is soon to join a growing wave of countries around the world introducing National Health Insurance (NHI). In the first few months of 2017 alone Grenada, Trinidad & Tobago, Cyprus, South Africa, Zambia, India and Egypt have all announced plans to build NHI schemes, and The Bahamas launched the primary care phase of its NHI in May.

This trend is in response to grassroots campaigns to ensure people have the right to healthcare and global commitments made by every country as part of the Sustainable Development Goals to achieve universal health coverage (UHC) by 2030.

NHI is seen as the one of the best routes to achieve UHC, but in their rush to enroll millions into health insurance countries too often fail to think about what kind of scheme they want to create. There are as many ways of doing NHI as there are countries with NHI, and while many have led to rapid progress towards ‘health for all’, many have not.

Looking at these stories of success and failure around the world, one question stands out above all others for Jamaica: **will our NHI be a passive sickness fund or an “activist payer” that can truly transform healthcare on the island?**



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National health insurers have traditionally played a largely administrative role – enrolling citizens, processing claims, accrediting providers and doing what they can to control costs. They pay hospitals and clinics for what they do but have very little say in whether this could be higher quality or lower cost if delivered in a different way.

This passive approach is changing fast as countries realise that NHIs can have a profound effect on building healthcare systems that are more sustainable, affordable and equitable. Payers are becoming ‘market shapers’ – contracting with new kinds of providers to offer new kinds of services, setting quality standards below which providers will not be paid and shaping pathways so that patients move seamlessly between healthcare in hospital and at home.

Jamaica would do well to learn from these “activist” NHIs around the world if it is to find an affordable path to UHC by 2030. KPMG has, through working with NHIs over many years, observed five key features that determine their success.

- 1. Size matters:** To really transform a health system, a NHI's buying power needs to be big. Radically reshaping providers that have existed in their current form for over a century is not easy and change will not always be embraced, so payers need to have a dominant position in the market to make an impact. The slow progress of the Philippines' NHI, which makes up just 16 percent of health spending in the country, is one cautionary tale. Compare this to England's NHS where commissioning groups typically control more than 80 percent of health spending for their populations of around 300,000, and increasingly are joining together with social care and other local agencies to increase this influence even further.
- 2. Paying for quality, not quantity:** With all this power, there is a danger that dominant NHIs become vast micro-managers, introducing a slew of bureaucratic checks and limitations on front-line care. This is avoided by using ‘value-based’ contracting methods, which tear up the old ‘fee for service’ models that pay providers for whatever treatments they provide and instead link payment to the health outcomes of their patients. While complex to establish, outcome-based payment models give providers a huge amount of freedom to organize care in new ways that will deliver more for less. They can transfer resources away from what they get paid for (often inpatient, acute care) and into care that will make the greatest difference in the long term (often prevention and primary care that get to the root causes of someone's poor health). Most European health systems now have predominantly outcome-based payment models. The US has set a target for 50 percent of Medicaid payments to be value-based by 2018.
- 3. Innovation and new partnerships:** Innovation will be an essential component of Jamaica's journey to UHC, as simply putting more investment in the status quo will set a path towards a low-value health system fit for the 19<sup>th</sup> rather than the 21<sup>st</sup> century. Activist payers don't just find this innovation from the existing landscape of hospitals and clinics but seek out new partners to

bring it, such as telecoms companies and high street chains. They will also look for new entrants from abroad such as innovative clinic chains and wellness firms. The Waikato district of New Zealand, for example, has just brought in the virtual healthcare company HealthTap to offer free voice or video consultations 24-7, and a similar service in Bangladesh called Tonic has enrolled five million members in the last nine months.

- 4. Trust and transparency:** While open to innovation and new ideas, the activist payer earns public trust through dedication to evidence and a commitment to transparency. The decisions made by Jamaica's NHI over what clinical standards to introduce and which services to fund will be difficult and at times highly controversial. The only way through this is to rely on what the evidence says will produce the greatest health and economic gain to the country. A good example of this is the UK's value-for-money agency NICE, which has the difficult task of determining which new treatments will be funded by the tax payer based on their benefits and costs. All the evidence they consider is published and compared against explicit criteria for what should be covered and why.
- 5. A consumer focus:** Getting a NHI up and running can be a vast and highly politicised process, with a great many vested interests. When it comes to whose voice is heard loudest, for the best insurers the answer is clear: Their consumers. Failed NHIs have become obsessed with the 'I' of insurance when this is often an abstract concept that people struggle to value – see the very low enrolment rates in Nigeria and Ghana's attempted NHIs. Instead, wise payers listen carefully to what people really want and design products that will engage rather than just cover. Perhaps the best example of this is Discovery's Vitality product in South Africa. It has successfully 'gamified' healthcare to not just track people's records and claims but reward them for buying healthy food, taking exercise and attending regular check-ups.

Introduction of NHI is a once-in-a-generation opportunity to improve the health and wealth of Jamaican society. As we enter the complex process of turning policy in reality, it is vital that we keep our eyes on the end goal and begin with a thorough understanding of the needs and hopes of our people. After all, everyone will be paying for it in one form or another.

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If you have any questions, please send an e-mail to [Annette Atkinson](mailto:Annette.Atkinson)

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