

Healthcare

Reform



*Our Pathway to
Peace & Prosperity*

Healthcare Reform

In regard to healthcare reform, there are two themes that should be front and center – the freedom and competition.

Modern day healthcare is expensive. It will always be expensive if we continue to follow the existing models for healthcare. It involves highly trained practitioners using very expensive equipment and facilities. However, we can limit growth in these cost areas by offering more freedom of choice to the consumer.

The FDM will reform healthcare by transitioning towards an integrative system that combines the best of modern, traditional, complementary and herbal medicine. This system will reduce costs, improve patient outcomes and wellness, and remove the multiple non-medical-related interventions that hinder the sacred doctor-patient relationship.

The FDM will examine insurance models and transfer accountability onto the consumers of health care. We should be accountable for the choices we make in life and those who choose to live a healthier lifestyle should be rewarded for doing so.

Health Insurance

Healthcare insurance is a bit of a misnomer. It is primarily a model to pre-pay for health care. Because of this, there is little incentive for consumers of health care to consume efficiently. The consumer is the most powerful force known when it comes to improving quality and keeping costs in check. Consumers are able to weigh up the myriad of choices available to them in other spheres – housing, food consumption, consumer goods and the like. All of us know better than anyone else what we value most and what we value it at. We are adept at juggling the trade-offs between our choices, desires and our available resources, but we are not allowed to do it in the healthcare market. We should ask ourselves the question, Why?

How many of us have ever seen a pricelist at your doctor's office? Yet whenever we go to a restaurant, we are all given menus with the prices for each dish clearly listed. Every product in a department store or grocery store has a price tag

on it so that we can judge the cost of each purchase against the benefit we will derive from it. In our doctor's office we are readily told the potential benefits of various treatment options, but how many of us are ever told the costs? How can rational people properly weigh the cost-benefit balance of anything when we are only given one side of the equation?

Modern day health care is expensive. It will always be expensive. It involves highly trained practitioners using very expensive equipment and facilities. However, we can limit the growth in those costs by offering more freedom of choice to the consumer.

We should examine insurance models and transfer accountability onto the consumers of health care – ourselves. We should be accountable for the choices we make in life. Those who choose to live a healthier lifestyle should be rewarded for doing so. Those who don't should face the consequences of their choice. We should focus on holistic health and wellness by embracing global practices that are effective, both modern and traditional.

The FDM supports the existing dual-payer system as the preferred model for universal healthcare and rejects the government's proposed single-payer, unified system.

In addition to our position on the above, the FDM proposes an alternative insurance model for public consideration and consultation, Mutual Insurance.

Mutual Health Insurance Model

At the heart of any healthcare reform is the vexing question of cost, who pays, and how much does that increase the tax burden on citizens.

Some of the most widely experienced and most toxic aspects of healthcare coverage (for those that have it) is the experience of having to pay extra for services on top of premiums that have already been paid, of hitting limitations in coverage and ever-increasing premium costs.



Many jurisdictions have attempted to address this by creating nationalised healthcare systems, where the government (the taxpayers) become the single source of funding (and provisions). Bermuda has an opportunity to try something radically different and in keeping with our established expertise in the world of insurance itself.

The FDM believes that the way forward is not through a nationalised plan, with government paid and delivered services through the creation of a National Mutual Health Insurance company. This plan is modelled on the veritable versions that exist for Life Insurance such as New York Life, Mass Mutual and others.

It is important to understand that there are essentially two models for insurance coverage: the mutual model, and the third-party capital model. In the third-party capital model, the policy holders are distinct from the capital holders aka the shareholders.

Of course, one person can be both: one can both purchase health insurance from a local provider and also be a shareholder in that same company. However, the number of people in this category is limited. While they may benefit from the performance of the insurance company's share price increases and dividends, they still suffer from the same challenges as policy holders and non-shareholders.

In the third-party capital model, the company providing insurance is legally obliged to seek to maximize the company's profit. This means that policyholders come second. Faced with a choice between looking at the bottom line for the benefit of shareholders and making decisions for the benefit of policy holders, the capital holders always win (because of the legal mandate to produce profits).

In the mutual insurance model, which is the oldest form of insurance coverage dating back to the 13th century, the policyholders are the shareholders. There is no difference. No third-party capital. This means that good underwriting decisions and best business practices that generate profits, must be returned to the policy holders in the form of reduced premiums and / or greater benefits.

Many of the worst aspects of the way healthcare is structured and experienced would be resolved if we were to employ a mutual model. Many of the downsides that government funded and delivered health care systems show could be avoided.

In a mutual healthcare model, the government would be, like everyone else, a policy holder, on the behalf of its employees and on the behalf of those without employment. People would retain the choice to have varying ranges of coverage.

A variety of premium coverage levels would remain available, depending on the additional layers of services desired. However, there would no longer be the structural incentives to shaft or squeeze policy holders based on the obligatory pursuit of profits.

The FDM embraces the mutual insurance model because it will help to reduce the size and cost of government. It also solves the worst aspects of people's health being an arena for profit making decisions that only cause harm.

It would be simple to establish a substantial minimum standard of care and service, available to all residents of Bermuda. The mutual insurance company would greatly benefit from the increased bargaining power of representing c. 60,000 policy holders in negotiations with providers (drug companies, equipment makers, the hospital here and overseas, doctors). This model will decrease the cost of healthcare and increase the availability of services.

Several life insurance companies have converted from one model to another, and back again. It is possible, and there is already a precedent established for our local health coverage providers to do the same: convert from a third-party capital model to a mutual structure, thus avoiding being told by a government that they just can't exist anymore.

The shareholders of the existing health insurance companies could, as long as they themselves are or become policy holders, would likewise not suffer from being divested. The value they currently derive from being shareholders would align, rather than compete, with the benefits they receive from being policy holders.

The FDM believes that Bermuda needs to be brave, innovative and lead by our strengths. If any group of people has the collective capacity to make a mutual healthcare insurance model work, it is Bermudians and residents alike. This collective understands that personal choice in healthcare provisions is essential and they can deliver services while avoiding the structural downsides of healthcare models that are solely run by government.

Seniors and Indigent

There is a large component of health insurance that acts as a subsidy for the indigent and the elderly. The elderly do not pay health insurance premiums anywhere near to what they consume. The young, on the other hand, pay in a lot more than they consume. The FDM will resolve this dilemma by:

- Consulting with the insurance industry on reforming the structure of insurance. The FDM will roll back recent changes made by the Government regarding the Mutual Reinsurance

- Fund (MRF) - a fee that is legislated annually and paid for by everyone.
- Putting a stop to community ratings to allow pricing based on individual risk profiles.
- Mandating pricing transparency in all medical offices.
- Educating consumers on the benefits of paying out of pocket for regular healthcare use, just as we do with our cars and homes. This will significantly reduce the costs of health insurance and also allows consumers to exercise more self-discipline.
- Placing greater efforts and resources on the promotion of preventive and alternative healthcare practices.

By taking these steps, it is our position that the next FDM government will be able to provide a healthcare safety net for those who are not able to help themselves. An efficient system will provide the necessary resources and produce positive outcomes for all.

Integrative Health System

The next FDM Government will reform healthcare into an integrative system, a hybrid of modern and traditional medicine. A major challenge that we face is the continued increase in costs for healthcare provisions. With the current government advocating for a system that provides needs-based access by a single-payer financing system, along with healthcare costs continuing to rise, the next FDM Government will embark on a program of market-driven healthcare reform.

During the 21st century, the majority of governments adhere to a premise that the responsibility for good health rests in the hands of others, and not the individual. This belief system continues to drive up the cost of healthcare and leads to the collectivisation of medical costs. Public healthcare systems have been developed from this premise, which has led to the following challenges that continue to see rising costs and a progressively unhealthier population, namely:

The potential for a limitless rise in the price of medical services.

- The potential for a practically limitless increase in the quantity of medical care demanded.
- The perversion of technological progress into a source of higher cost, rather than lower cost.
- The very high prices of patented prescription drugs.
- Hospitals wasting money on the purchase of unnecessary and costly equipment
- Below-market rates and cost shifting for public insurance schemes.

- Bureaucratic interference with medicine and the rise of administrative burdens.

With these and other challenges facing today's healthcare system, there is a need for a vigorous, honest, and comprehensive debate by everyone in Bermuda. While this occurs, there are some immediate steps the next FDM government will take to bring greater awareness of the need to take personal responsibility for our individual health. After all, it is one of the first steps towards Bermudians cultivating greater self-knowledge as a community in the physical, mental and spiritual realms of life.

Combined Solutions

The next FDM government will reform healthcare by transitioning towards an integrative system that combines the best of the modern, traditional, complementary and herbal medicines. This system will reduce costs, improve patient outcomes and wellness, and remove the multiple non-medical-related interventions that hinder the sacred doctor-patient relationship.

The terms "complementary medicine" or "alternative medicine" refer to a broad set of healthcare practices that are not part of a country's own traditions or conventional medical practices. Alternative medicine is not always fully integrated into the dominant traditional healthcare system. However, in some countries, alternative medicine is used interchangeably with traditional medicine.

Herbal medicine includes the use of herbs, herbal materials, herbal preparations and finished herbal products to treat certain conditions. The active ingredients of these medicines are derived from plants, plant materials and / or a combination of both.

It is the FDM's position that Bermuda will benefit from embracing a hybrid of traditional, herbal and complementary medical practices. There are five important reasons why the quality of life for Bermudians will improve by embracing a more natural and holistic approach towards health and wellness:

- It makes perfect sense from a healthcare delivery perspective. Traditional, complementary, and herbal medicines have demonstrated their effectiveness in stabilising mental health, disease prevention, the treatment of non-communicable diseases and improving the quality of life for persons living with chronic diseases. This blended approach to healthcare also provides support for our ageing population.
- Traditional medicine offers undeniable benefits from the perspective of personal preventative health and costs. The prevention of disease and attainment of optimal health have short and long-term cost benefit values to the individual. This not only increases life expectancy, but also improves the quality of life.

- Herbal medicine is a key component in the healing process. When taken under the supervision of a trained herbalist, most standardized herbs and other natural modalities have proven to be in some cases more effective, less physiologically taxing, and less expensive than chemical-based pharmaceuticals.
- Traditional medicine has significant value to existing business owners and future entrepreneurs. With a steady growth of awareness among the Bermudian population concerning traditional medicine, there will be an equal proportionate increase in the demand for the supply of all items pertaining to traditional care and the organized delivery of an integrative healthcare system.
- Traditional medicine provides the best assistance in managing the growing difficulties of healthcare delivery in Bermuda. The rising cost and challenges facing the health insurance system is best met with the low cost and prevention-based reality of traditional/complementary medicine. As many governments worldwide respond and evaluate the merit of adopting integrative medicine, Bermuda should likewise follow suit.

The value of traditional, complementary and herbal medicine is undeniable. The FDM believes that integration will provide the best outcomes for consumers of healthcare. The micro and macro-economic returns on investing in the future of traditional medicine should not be ignored. Likewise, opportunities to further integrate complementary and herbal medicine should be developed.

Overview

Modern day healthcare is expensive. It will always be expensive if we continue to follow the existing models for healthcare. It involves highly trained practitioners using very expensive equipment and facilities. However, we can limit growth in these cost areas by offering more freedom of choice to the consumer.

The FDM will reform healthcare by transitioning towards an integrative system that combines the best of modern, traditional, complementary and herbal medicine. This system will reduce costs, improve patient outcomes and wellness, and remove the multiple non-medical-related interventions that hinder the sacred doctor-patient relationship.

The FDM will examine insurance models and transfer accountability onto the consumers of health care. We should be accountable for the choices we make in life and those who choose to live a healthier lifestyle should be rewarded for doing so.



www.fdmbermuda.com