

Summary of 'Giving policyholders a voice'

As of 2006, the position of healthcare insurers in the healthcare system has changed. Healthcare insurers are now expected to purchase affordable, accessible high-quality healthcare on behalf of their policyholders. They purchase this healthcare in a competitive procurement market, and occasionally act as regional healthcare coordinators and participate in pre-competitive alliances. In this role the insurers have acquired an increasing degree of freedom, but they are exposed to greater financial risk. The importance of healthcare procurement is expected to grow in the years ahead. However, the new role of healthcare insurers as purchasers of health care is less familiar to - and accepted by - policyholders, patients and healthcare providers than their familiar role as financial healthcare insurers. In order to act authoritatively in their role as purchasers of healthcare, insurers will have to invest in sources of legitimacy. The Council for Public Health and Health Care has identified various opportunities in this regard, and applies a distinction between input and output legitimacy.

Input legitimacy can be increased by allowing policyholders and patients to participate in decision-making processes. For instance, the Council sees potential for involving policyholders and patients more closely in policy-making processes, especially with regards to healthcare procurement. This participation could be organised through traditional instruments and bodies such as policyholder' councils, customer panels, regional meetings, collectives and patients' associations. More modern instruments, such as digital communities and crowd sourcing, could also be used. The knowledge and experiences of policyholders and patients should be applied in the early stages of the procurement process and should not be non-committal. Healthcare insurers can also increase their legitimacy by strengthening the position of the policyholders' council or council members. The Council sees major differences between the organisational structure and effectiveness of the various healthcare insurers' members' councils. Members' councils have a great deal to learn from one another. Based on two meetings with members of various healthcare insurer members' councils, the Council has formulated the following four preconditions for an effective members' council: the members' council:

- must have the freedom to operate independently of the Board of Directors and Supervisory Board,
- must have sufficient expertise
- must be representative
- must have the ability to learn

As regards output legitimacy, it is important to ensure that the various stakeholders can assess results and attach the relevant consequences. As a last resort, policyholders that are dissatisfied with specific outcomes may transfer to another health insurer (the exit). At present, most policy holders tend to transfer to another

insurer on the basis of premiums and the experienced level of service. The quality of healthcare procurement is scarcely a competitive factor. In order for this situation to change, healthcare insurers will have to provide transparent information on their care procurement procedures. This concerns insight into the criteria for healthcare procurement and the manner in which policyholders and patients are involved in the process. It should also be easy for policyholders to find out which care providers have been contracted for which services. Output legitimacy can also be increased by means of external oversight that takes the healthcare insurers' broad public responsibility into account. Healthcare insurers are monitored by a large number of external supervisory bodies: the Netherlands Health Care Authority (NZA), the Nederlandsche Bank (DNB), the Netherlands Authority for Consumers and Markets (ACM), the Netherlands Authority for the Financial Markets (AFM) and the Dutch Data Protection Authority (Dutch DPA). Over the past few years, this external supervision has largely focused on financial stability and affordability, rather than the risks associated with healthcare insurers' relatively new role, such as intentional or unintentional risk selection and lower quality of healthcare. The growing importance of the healthcare procurement role and greater degree of freedom afforded to healthcare providers in this regard also necessitates a new form of supervision, based on a greater emphasis on principles and the improved ability for healthcare insurers to learn. Supervisory bodies such as the DNB and NZa could harmonise their supervisory strategies more effectively. Finally, the Supervisory Board plays a key role in the governance structure in its capacity as an internal supervisory body. The Supervisory Board operates independently of the Board of Directors and must carefully balance the various stakeholder interests. This requires a Supervisory Board with broad expertise and - more specifically - knowledge of the healthcare sector. These recommendations advocate more effective harmonisation between internal and external supervision and accountability for actions taken in the light of the external supervisor's concrete instructions and risks identification.

The Council concludes that the legitimacy of health insurers can be further strengthened by ensuring that the voice of policyholders and patients becomes integral to the healthcare procurement process, ensuring active accountability to the various stakeholders.