

BRITISH VIRGIN ISLANDS

National Health Insurance Project



**CONSULTATIVE PAPER ON
THE NATIONAL HEALTH
INSURANCE SYSTEM**

FINAL (v3)

**HEU, CENTRE FOR
HEALTH ECONOMICS**

THE UNIVERSITY OF THE WEST INDIES

OCTOBER 2012

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Submitted by

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List of Abbreviations and Acronyms

BVI-HSA	British Virgin Islands Health Services Authority
IT-HIS	Information Technology-Health Information System
MoH&SD	Ministry of Health and Social Development
MRC	Medical Review Committee
NHI	National Health Insurance
NHIS	National Health Insurance System
SSB	Social Security Board
UCR	Usual, Customary and Reasonable



Glossary of Terms

DEDUCTIBLE

A deductible refers to an amount of money that the patient has to pay out-of-pocket for health services in the Benefit Package before NHIS payments begin.

EMERGENCY

A medical emergency means an unexpected injury or illness with acute symptoms that places an individual's life in immediate risk and that necessitates urgent medical and/or surgical attention.

TEMPORARY VISITOR

A temporary visitor is a person entering the Virgin Islands for a period of not exceeding one month and who has in his possession either a ticket or some other means of travelling to some other country which he will be able to enter. The length of stay of such person may be extended up to 6 months at the discretion of the Chief Immigration Officer.¹

USUAL, CUSTOMARY AND REASONABLE (UCR) CHARGES

Usual, customary and reasonable charges refer to the base amount that is treated as the standard or most common charge for a particular medical service when rendered in a particular geographic area. Third-party payers including insurance carriers and employers use UCR charges to determine the amount to be paid on behalf of an enrollee, for services that are reimbursed under a health insurance policy or health plan. UCR charges should not exceed the amount ordinarily charged by most providers for comparable services and supplies in the locality where the services or supplies are received.²

¹ Government of the Virgin Islands, Immigration and Passport Ordinance CAP 130 p.477

² US Legal, Inc. 2012. <http://definitions.uslegal.com>



EXECUTIVE SUMMARY

E.1 Introduction

The Government of the Virgin Islands has embarked on a number of reform initiatives of its health system with the reorientation of the Ministry of Health and Social Development (MoH&SD) to its vision and mandate to direct health policy and planning. This transformation features the decentralization of public health delivery operations to the British Virgin Islands Health Services Authority (BVI-HSA) Board, which is mandated to improve efficiency and quality of health care and to establish standards.

The Government has also embarked on initiatives of more sustainable financing of national health services by the development of the National Health Insurance System (NHIS), which is to be managed by the Social Security Board (SSB).

These concepts of decentralization and separation of delivery from financing in health care are the globally accepted modern approaches to drive efficiency, effectiveness and quality to make the health system more responsive to its population. These changes are bold and decisive and would help to modernize the health care system.

Additionally, the Government has invested substantial amounts of resources in infrastructural development of the public health sector, in particular the upgrade of community health clinics and the construction of the New Peebles Hospital, which is scheduled to be commissioned in late 2013.

E.2 Rationale for an NHIS

The introduction of an NHIS is a timely, purposeful and strategic initiative aimed at addressing certain resource deficiencies in the health system, protecting and advancing the health of individuals, families and the Territory as well as securing the sustainability of the health system. For the Virgin Islands, it addresses concerns over the financial burden experienced by a large segment of the population in seeking adequate health care services for themselves and their



dependents given that approximately 50%³ of the population has no private health insurance coverage.

The introduction of the NHIS comes at a time when the Government of the Virgin Islands, through its National Health Policy (2011), has signaled its intention to enhance national development through health sector improvement initiatives. Governed by the principles of health promotion and public health, the Territory has established priorities that will lead to the expansion of local capacity—public and private—for delivering a broader spectrum of preventative and medically necessary health services thus limiting the dependence on overseas facilities for essential and high-level services.

To facilitate the changes and improvements envisioned in the National Health Policy, the NHIS will have a major role, not just in the financing of health services, but also in generating information for decision-making. The NHIS, through its Information Technology/Health Information System (IT-HIS) will have an enlarged database on utilization patterns of health services in the public and private sectors. This will provide valuable information for planning the future development of health services and the payment for these services, thus advancing and sustaining the health of the population in the future.

E.3 NHIS – Definition, Principles and Objectives

National Health Insurance (NHI) is a contributory health insurance plan that provides coverage for the legally resident population (the members or beneficiaries) against the cost of a stipulated package of health services for health promotion, prevention and treatment in times of illness or injury. It is based on two fundamental principles:-

- (i) premiums or contributions are shared among members based on ability to pay rather than one's health risk which may be affected by age, occupation or pre-existing health conditions; and
- (ii) benefits (access to the package of health services) are equally available to all members.

³ The University of the West Indies, HEU, Centre for Health Economics. August 2010. An Assessment of the Private Health Insurance Industry 2009.



The objectives of the NHIS are to:-

- Enhance access to a defined package of health services for all legal residents;
- Assist members with meeting the cost of health services at on-island public and private facilities, as well as overseas facilities;
- Increase the resources available to finance health care; and
- Improve the efficiency and quality of health services.

E.4 Management of the NHIS

The SSB will have overall responsibility for the NHIS with the day-to-day operations managed by a new Division—the NHI Division—and headed by a Deputy Director. The SSB will establish a defined NHI Fund (separate from other SSB Funds) for managing the inflows and outflows of monies involved in conducting the business operations of the NHIS. In addition, the SSB will set aside a portion of allocated and contributed funds in a reserve account to meet defined shortfalls and unplanned payment obligations, if and when these occur.

E.5 Main Business Features of the NHIS

i) Membership

Persons *legally residing* in the Virgin Islands will be eligible for membership as beneficiaries in the NHIS. These will include the following groups:-

- Employed;
- Self-employed;
- Dependants (spouses and children);
- Unemployed;
- Indigent; and
- Wards of the State.

ii) Registration

All eligible persons will be required to submit application forms for registration. Applications shall be accompanied by documentary evidence to determine eligibility.



The relevant Ministries will have the responsibility to submit applications on behalf of the wards in their care. For example, the MoH&SD will apply on behalf of wards at the various Children's Homes and Homes for Senior Citizens while the Ministry responsible for Prisons will submit applications for prisoners in custody at Her Majesty's Prison.

All eligible persons must be registered to receive an NHIS membership card. This card must be presented whenever the member is seeking health care services from a contracted health care provider in the NHIS.

iii) *Benefit Package*

The Benefit Package is designed to enhance access to preventative and medically necessary health care services by legal residents and to do so in a transparent, rules-based manner bearing in mind affordability concerns i.e. the economic capability of the Government, business firms and families.

The following categories of health care services will be insured under the NHIS:-

a) On-island care

- Primary care and specialist visits;
- Preventative care;
- Hospital room and board;
- Surgery;
- Diagnostic procedures;
- Intensive care;
- Casualty and emergency care;
- Pharmaceutical services;
- Mental health;
- Dental care;
- Vision care;
- Approved prosthetic devices; and

b) Overseas health care services for medically necessary diagnoses and treatments.



To ensure the appropriate use of this benefit, quality care and cost control, the NHIS will establish a Medical Review Committee (MRC) with responsibility to set preapproved processes and authorization guidelines to access overseas care in an efficient and rapid manner.

While travelling abroad, emergency care for a member will be covered by the NHIS less any applicable co-payments. A medical emergency is defined as an unexpected injury or illness with acute symptoms that places an individual's life in immediate risk and that necessitates urgent medical and/or surgical attention.

iv) Contributions

Contributions will be paid by:

- (i) Employees in insurable employment;
- (ii) Employers of persons in insurable employment;
- (iii) Self-employed persons;
- (iv) Recipients of income not originating from employment such as rent, dividends and remittances; and
- (v) The Government on behalf of indigent persons and the exempt population as defined under the Public Hospital Regulations.

The recommended contribution rate of 7.5% of income, up to a stated ceiling, was determined following detailed actuarial studies of the cost of health services and of administering the NHIS. The contribution will be shared equally between employees and employers so that each group contributes 3.75%. Self-employed persons will be required to contribute the full percentage (7.5%). An employed person will be required to make contributions on behalf of his/her unemployed spouse.

v) Health Care Providers

Both public and private providers of health services will be eligible to participate in the provider network established under the NHIS. The NHI Division will enter into standard contracts with eligible providers only if they have satisfied the licensing and certification requirements of the



regulatory authorities in the Virgin Islands or their respective countries. Standard contracts for the supply of services will be fixed for a contracted period and renewed upon satisfactory review.

vi) Remuneration

NHI-contracted health service providers will be paid at negotiated rates to be agreed upon by the provider and the SSB. Health care providers registered to offer services under the NHIS will be allowed to charge the applicable co-payment rates at the time of delivery of services and the eligible fees will be paid by the NHIS in accordance with the negotiated rates. The co-payment rates for registered providers (referred to as “in-network” providers) will be lower than the applicable co-payment rates for unregistered providers (referred to as “out-of-network” providers).

When accessing health care services at out-of-network providers, beneficiaries are required to pay the full cost of services and submit the bill(s) and the completed Claim for Medical Expenses Form to the NHI Office for reimbursement less any applicable co-payment and disallowed charges. On the other hand, the out-of-network provider may contact the NHI Office, verify coverage of the service requested by an NHIS beneficiary and the fees payable for the service. Through the authorizing NHIS representative, the provider seeks confirmation on direct payment from the NHIS for its share of the cost. If approved, the patient pays the co-payment and the out-of-network provider will be reimbursed by the NHIS for the rest of the claim cost.

vii) Co-payments

A co-payment is a cost sharing mechanism between the NHIS and its members. It represents the share of the treatment bill that the patient is required to pay, either out-of-pocket and/or through private health insurance, when accessing health care services, with the rest to be covered by NHI. The recommended co-payment in the NHIS is a fixed percentage of the cost of services and varies according to the location of the provider as follows:

- 0% at community health clinics;
- 5% at the public hospital;
- 10% at private in-country facilities (in-network);
- 40% at private in-country facilities (out-of-network); and



- 20% at overseas facilities (in-network).

The NHIS will provide coverage for overseas care, accessed without preapproval by the MRC, only in the event of a medical emergency. Emergency care accessed at an overseas in-network provider is subject to the aforementioned copayment rate, while emergency care accessed at an overseas out-of-network provider will attract a 40% co-payment.

E.6 NHI and Private Insurance

Membership in the Territory's NHIS does not restrict or preclude the purchase of private health insurance by members. In all cases where persons have duplicate, complementary or supplementary health insurance coverage, persons covered by NHIS may choose to continue with their private insurance policies or to purchase private health insurance to complement and/or supplement their coverage of health services under NHIS. The NHIS will coordinate payments with the respective private insurers so that there are no 'double' payments for services received. For these cases, the NHIS will serve as the first payer since it is the 'national', 'mandatory' plan. Private insurance companies will continue to offer health insurance portfolios for persons who choose to have either complementary or supplementary health insurance in addition to their NHIS policy.



1. INTRODUCTION

In implementing its agenda for enhancing the role of the health sector in national development, the Government of the Virgin Islands ushered in a major reform of its health system in 2005 with two strategic initiatives:-

- (i) the decentralization of its public service health delivery operations to the British Virgin Islands Health Services Authority (BVI-HSA) Board with its mandate being to improve availability, efficiency and quality of health care services; and
- (ii) the reorientation of the Ministry of Health and Social Development (MoH&SD) to focus on health policy and planning, establishment of standards for health professionals and health facilities and enforcement of regulations to guide the development of the sector.

The health reform program included action on resource mobilization, and in this area, the Government of the Virgin Islands considered and is embarking on the establishment of a new financing mechanism for health services through a National Health Insurance System (NHIS), which is to be managed by the Social Security Board (SSB).

These initiatives in decentralization, strengthening the stewardship role of the MoH&SD and separation of delivery from financing arrangements are globally accepted modern approaches to drive efficiency, effectiveness and quality in health care to make the health system more responsive to its population.

This Consultative Paper summarizes detailed information contained in several research reports and policy documents over the period 2005 to 2012 on the key factors driving Government's decision to implement an NHIS, the major principles guiding its development, the main operational features of the System and the expected contribution of the NHIS to overall health improvements and enhanced welfare of all residents.



2. NATIONAL HEALTH INSURANCE—Principles, Objectives, Key Provisions

2.1 NHI—Definition and International Experience

National Health Insurance (NHI) is a contributory health insurance plan that provides coverage for the legally resident population (the members or beneficiaries) against the cost of a stipulated package of health services for health promotion, prevention and treatment in times of illness or injury. It is based on two fundamental principles:-

- (i) premiums or contributions are shared among members based on ability to pay rather than on one's health risk which may be affected by age, occupation or pre-existing health conditions; and
- (ii) benefits (access to the package of health services) are equally available to all members.

NHI (or social health insurance as it is sometimes called) is one of the two major mechanisms used by countries worldwide to finance their health services.⁴ There are several different approaches to and variations of NHI in use by countries depending on the benefit package covered, modes of administration and contributions. Examples of countries which utilize some form of NHI as the principal source of financing for health services include:-

- Europe—Germany, France, Holland
- Asia—Japan, South Korea, Taiwan
- Latin America—Mexico, Chile, Argentina
- Caribbean—Bermuda, Cayman Islands, Turks and Caicos Islands, Antigua, Suriname.

Appendix 1 provides a summary of the key provisions of the mandatory health insurance plans in Bermuda, Cayman Islands and the Turks and Caicos Islands.

⁴ The other financing system for health services is based on general tax collections with a certain percentage allocated or dedicated to health. Examples are United Kingdom, Sweden, Denmark, Brazil, most Caribbean countries.



2.2 Rationale for the NHIS

The introduction of an NHIS is a timely, purposeful and strategic initiative aimed at addressing certain resource deficiencies in the health system, protecting and advancing the health of individuals, families and the Territory as well as securing the sustainability of the health system. Similar to what social security has done to ensure financial support to members when faced with retirement and disability, NHIS seeks to ensure access to necessary health care services by members in case of illness and injury.

For the Virgin Islands, it addresses concerns over the financial burden experienced by a large segment of the population in seeking adequate health services for themselves and their dependents given that approximately 50%⁵ of the population has no private health insurance coverage. Even many persons with private insurance are concerned over their access to health services given increasing premiums or the likelihood of being excluded from coverage at a certain age or if faced with unemployment.

NHIS builds on community values which place access to quality health care as a right for all, not just a privilege for a few. It also builds on values which emphasize support to those less able to pay for or look after their health needs. (This is referred to as ‘solidarity’ where the well-off assist those who are less well-off and where the young and healthy members of society assist those who are elderly and sick or disabled).

In addition, the NHIS seeks to encourage individuals and families to take more responsibility for their health through sharing the costs of care, thus ensuring access to a standard package of preventative and medically necessary services for all.

The introduction of the NHIS comes at a time when the Government of the Virgin Islands, through its National Health Policy (2011), has signaled its intention to enhance national development through health sector improvement initiatives. Governed by the principles of health promotion and public health, the Territory has established priorities that would:

⁵ The University of the West Indies, HEU, Centre for Health Economics. August 2010. An Assessment of the Private Health Insurance Industry 2009.



- a. Strengthen the capacity of the MoH&SD to regulate and lead the health sector and perform the essential public health functions;
- b. Improve key population and personal health services, including facilities and personnel for delivery of primary, secondary and higher level care;
- c. Develop and implement interventions to address priority health issues;
- d. Rationalize health sector financing with the NHIS as the main financing instrument;
and
- e. Address environmental health issues.

It is expected that action on the above priorities will lead to the expansion of local capacity—public and private—for delivering a broader spectrum of preventative and medically necessary health services thus limiting the dependence on overseas facilities for essential and high-level services.

To facilitate the changes and improvements envisioned in the National Health Policy, the NHIS will have a major role, not just in financing of health services, but also in generating information for decision-making. The NHIS, through its Information Technology/Health Information System (IT-HIS) will have an enlarged database on utilization patterns of health services in the public and private sectors. This will provide valuable information for planning the future development of health services and the payment for these services, thus advancing and sustaining the health of the population in the future.

2.2.1 Expected Benefits of the NHIS

i) Benefits to Members:-

- Lifetime health insurance coverage for the legally resident population with no denial of coverage based on pre-existing conditions or employment or income;
- Health insurance coverage for the entire family;
- Assured access to a predetermined set of primary, secondary and tertiary health care services including medically necessary overseas care;
- Choice of public and private health care providers; and



- Contributions based on the ability to pay and Government's support for the indigent.

ii) Benefits to Health Care Providers:-

- Larger volume of business with more clients covered by health insurance and seeking care within the Territory;
- Prompt processing of claims to allow for timely and full payments;
- Support to improvements in the quality of health care; and
- Opportunities for expansion of operations.

iii) Benefits to Business Firms:-

- Affordable health insurance plan for their workers;
- More productive workers with access to early detection and prevention of illness services; and
- Less salary advances and loans to workers to assist in paying their health bills.

iv) Benefits to the Territory:-

- Ability to better control the rising costs of health care;
- Support to improvements in the quality of health care;
- Expansion in the range of local health care services, facilities and providers;
- Provision of a dedicated and sustainable source of funds for health;
- An information system reporting function, which will facilitate evidence-based policy, planning and decision-making; and
- Improvements in the population's overall health and wellness.

2.3 Guiding Principles of the NHIS

The guiding principles of the NHIS include:-

- **UNIVERSALITY** - All legal residents of the Virgin Islands will be eligible for membership regardless of age, health risk, income or employment status.



- **EQUITY** - Premiums or contributions will be shared among members based only on one's ability to pay rather than one's health risk. Those assessed⁶ as unable to contribute will be assisted by the Government. All members will have full and equal access to the services contained in the Benefit Package.
- **EFFICIENCY** - The NHIS will emphasize value for money in operations with coverage of preventative and medically necessary services which respond to the health needs of the population and cost containment through expenditure controls and minimizing misuse and waste of health resources. Additionally, the proposed IT-HIS will facilitate real time data capture for monitoring and evaluation purposes.
- **QUALITY** - The NHIS will foster continuous improvements in the quality of health care through contracts with registered, certified health practitioners and health facilities and through emphasis on evidence-based medicine along with treatment standards and protocols.
- **ACCOUNTABILITY** - The operations of the NHIS will be governed by the requisite NHI Legislation and Regulations and will require regular reporting to the House of Assembly. The Legislation and Regulations will also define the rules, procedures, rights, privileges and penalties to which all involved parties—providers, beneficiaries, regulatory agencies, etc.—are to be subject.

2.4 Purpose of the NHIS

The NHIS is a National Plan to provide:-

- **Lifetime health insurance coverage** of members to enhance access to health care in the public and private sectors;
- **Better revenue and purchasing mechanism for controlling the cost** of health care in the Virgin Islands;
- **Dedicated funds** to enhance utilization, quality and sustainability of domestic health care services; and
- **Investment support** for disease prevention, health promotion activities and incentives to encourage healthy lifestyles.

⁶ Assessment will be done by the Social Development Department of the MoH&SD.



2.5 Objectives of the NHIS

The objectives of the NHIS are to:-

- Enhance access to a defined package of health services for all legal residents;
- Assist members with meeting the cost of health services at on-island public and private facilities, as well as overseas facilities;
- Increase the resources available to finance health care; and
- Improve the efficiency and quality of health services.

2.6 Key Features of the NHIS

The key operational features of the NHIS are as follows:-

Feature	Design
1. Administration	Managed by a new division in the SSB; headed by a Deputy Director.
2. Membership	All legal residents of the Virgin Islands will be eligible and required to participate. Members will be issued unique NHIS membership cards for use when accessing care.
3. Benefit Package	Broad package of preventative and medically necessary services including primary, secondary and authorized overseas care.
4. Participating Providers	Network of providers to include registered health practitioners and facilities, locally and overseas.
5. Provider Payments	Providers to be paid at negotiated rates / fee schedules based upon usual, customary and reasonable (UCR) charges.
6. Financing	Three main sources—Government allocation on behalf of designated groups; contributions from working population and employers; co-payments.
7. IT System	On-line, real time, cost-effective system for membership, claims validation and payments, monitoring and performance reports.



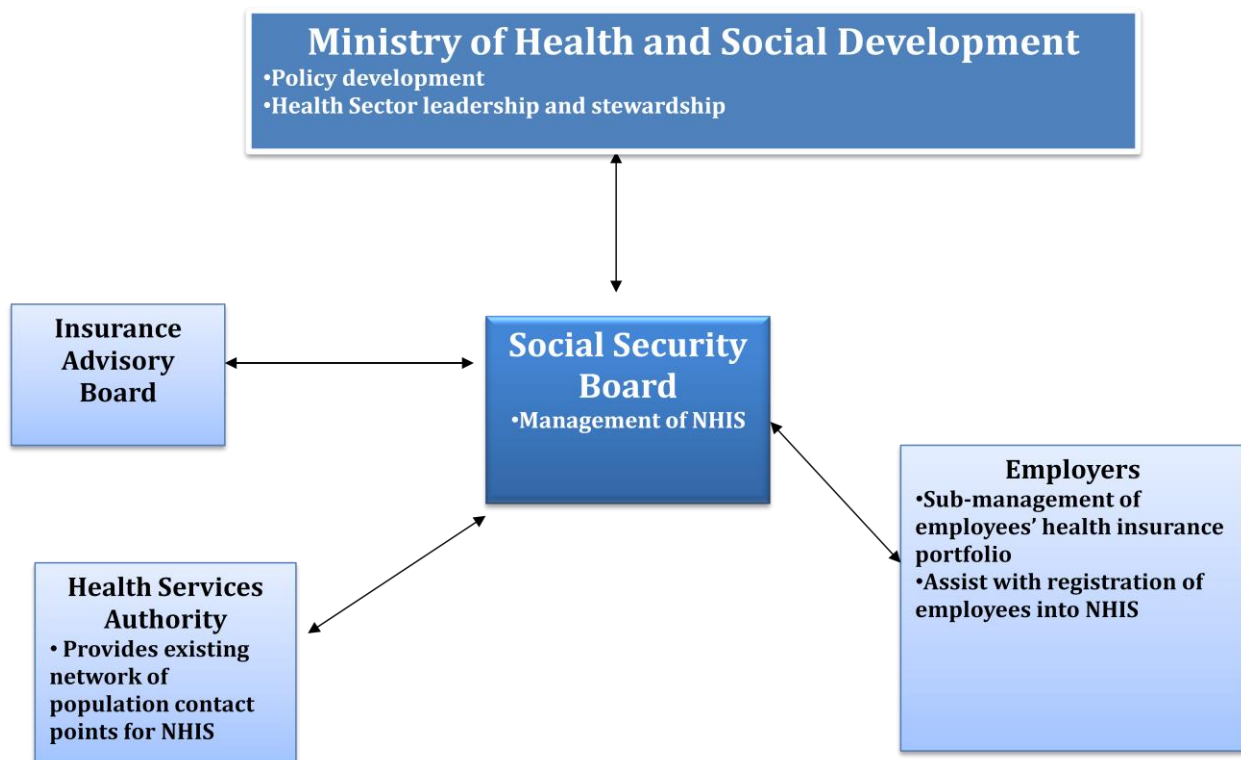
3. ORGANISATION AND MANAGEMENT STRUCTURE OF THE NHIS

3.1 NHIS, SSB and Other National Agencies

The SSB will have overall responsibility for the NHIS with the day-to-day operations managed by a new Division—the NHI Division—and headed by a Deputy Director. The SSB will establish a defined NHI Fund (separate from other SSB Funds) for managing the inflows and outflows of monies involved in conducting the business operations of the NHIS. In addition, the SSB will set aside a portion of allocated and contributed funds in a reserve account to meet defined shortfalls and unplanned payment obligations, if and when these occur.

While it is envisaged that the SSB will have the responsibility for administering the NHIS, the support of other institutions will be necessary. Figure 1 illustrates the inter-institutional linkages with the NHIS.

Figure 1: Inter-Institutional Framework of the NHIS



The NHI Division will coordinate with the MoH&SD and the BVI-HSA Board to establish an IT-HIS network, which will allow for greater efficiency in the management of NHIS operations.

The SSB will undertake an actuarial review of the operations of the NHIS at the end of the first year of operations and thereafter, in a similar manner as it applies to the Social Security Fund. This will serve to assess the financial performance and commitments of the NHIS and to provide evidence to support any adjustments in contribution rates and benefits if deemed necessary. The NHIS will be reviewed on an annual basis as part of the SSB's reporting requirement.

3.2 The NHI Division

The newly-created NHI Division will be responsible for the day-to-day administration of the business of the NHIS. Figure 2 outlines the proposed organizational structure for the NHIS when fully operational. It shows a mix of some new positions to be created for specific NHIS responsibilities (such as the Deputy Director and Managers responsible for relations with Health Providers and Beneficiaries) and some shared positions with the other departments of the SSB which are already undertaking other common responsibilities (such as Information Technology, Human Resource Management, Public Relations and Education and Financial Control).

Both Deputy Directors (for NHIS and other SSB operations) will be supervised by and report directly to the Director on the business activities in their respective portfolios. The Director will be guided by and accountable to the Board of Directors of the SSB for overall management and execution of the expanded functions of the organization i.e. its current Social Security operations, as well as those of the NHIS. To complement the expanded operations of the SSB, two additional Directors i.e. the Chief Medical Officer and a private health practitioner, will be appointed to the Board.



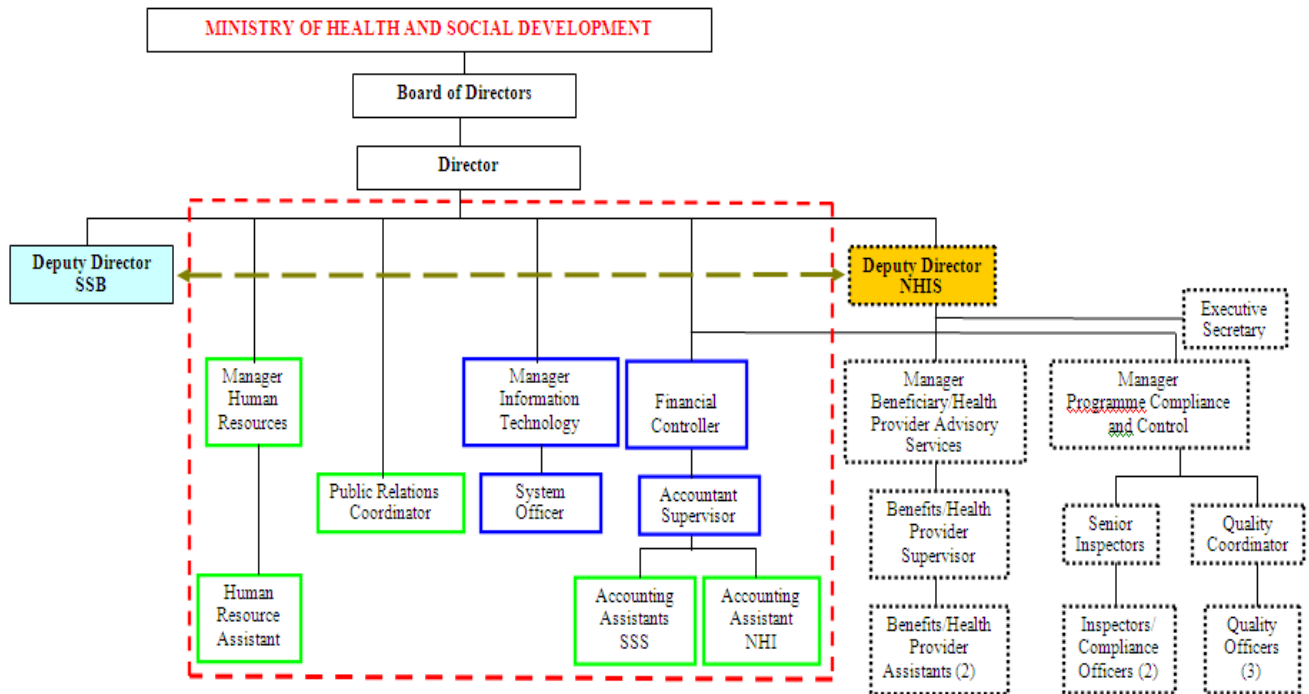
Figure 2: Proposed Organization Structure of the NHI Division of the SSB

Figure 5.2 – Model 2 - Separate SSB and NHIS Departments with Combined Selected Functions maintaining independent operational streams. (See red dotted square)

 5 New Combined Staff Positions;
 4 Existing SSB Staff Positions;
 14 New NHIS Staff Positions
 ← → Represents Combined Functions managed by Director in consultation with both Deputy Directors.

4. MAIN BUSINESS FEATURES OF THE NHIS

4.1 Membership/Beneficiaries

Persons *legally residing* in the Virgin Islands will be eligible for membership as beneficiaries in the NHIS. These will include the following groups:-

- Employed;
- Self-employed;
- Dependants (spouses and children);
- Unemployed;
- Indigent; and
- Wards of the State.

Persons who will not be eligible for membership include tourists and temporary visitors. These persons will be able to access health services at public and private facilities, but will be required to pay the full cost of care either through private health insurance or out-of-pocket payments.

4.2 Registration

All eligible persons will be required to submit application forms for registration. Applications shall be accompanied by documentary evidence, from among the list below, to determine eligibility.

- a. birth certificate;
- b. believer certificate or card;
- c. valid passport;
- d. valid work permit;
- e. proof of immigration status
- f. marriage certificate; or
- g. affidavit in support of any fact.

The relevant Ministries will have the responsibility to submit applications on behalf of the wards in their care. For example, the MoH&SD will apply on behalf of wards at the various Children's Homes and Homes for Senior Citizens while the Ministry responsible for Prisons will submit applications for prisoners in custody at Her Majesty's Prison.

Registration will commence on [insert date] and will be conducted at the offices of the SSB in Tortola and Virgin Gorda and other designated centres.

All eligible persons must be registered to receive an NHIS membership card. This card must be presented whenever the member is seeking health care services from a contracted health care provider in the NHIS.

In the event that an NHIS membership card is lost, stolen or defaced, the beneficiary is required to make a report to the NHI Division and a replacement will be issued at a cost.



4.3 Benefit Package

The Benefit Package is designed to enhance access to preventative and medically necessary health care services by legal residents and to do so in a transparent, rules-based manner bearing in mind affordability concerns i.e. the economic capability of the Government, business firms and families.

The following categories of health care services will be insured under the NHIS:-

a) On-island care:-

- Primary care and specialist visits;
- Preventative care;
- Hospital room and board;
- Surgery;
- Diagnostic procedures;
- Intensive care;
- Casualty and emergency care;
- Pharmaceutical services;
- Mental health;
- Dental care;
- Vision care;
- Approved prosthetic devices; and

b) Overseas health care services for medically necessary diagnoses and treatments.

Appendix 2 outlines the main contents and terms with regards to the Benefit Package.

The Benefit Package will be reviewed by the SSB in consultation with the MoH&SD and other key stakeholder groups at periodic intervals and amended as necessary in keeping with changes in epidemiological and economic conditions.

There will be only one Benefit Package of Health Services that is intended to cover all registered NHIS members. All beneficiaries will have complete access to the full suite of services contained in the Benefit Package.



4.3.1 Overseas Health Care—Referred and Emergency

Overseas health care services for medically necessary diagnoses and treatments will be covered by the NHIS. To ensure the appropriate use of this benefit, quality care and cost control, the NHIS will establish a Medical Review Committee (MRC) with responsibility to set preapproved processes and authorization guidelines to access overseas care in an efficient and rapid manner.

While travelling abroad, emergency care for a member will be covered by the NHIS less any applicable co-payments and deductibles. A medical emergency is defined as an unexpected injury or illness with acute symptoms that places an individual's life in immediate risk and that necessitates urgent medical and/or surgical attention. For such emergency care abroad, members and attending physicians are advised to contact the NHIS Office using the telephone numbers listed at the back of the NHIS membership card within 48 hours of the start of treatment or as soon as practicable.

4.4 Contributions

Contributions will be paid by:

- (i) Employees in insurable employment;
- (ii) Employers of persons in insurable employment;
- (iii) Self-employed persons;
- (iv) Recipients of income not originating from employment such as rent, dividends and remittances; and
- (v) The Government on behalf of indigent persons and the exempt population as defined under the Public Hospital Regulations.

Just as is done for Social Security contributions, the premium/contribution will be a single fixed percentage of income so that lower income earners contribute less than higher income earners. The ceiling for income for assessment of the contribution amount will be stipulated each year by the SSB.



The recommended contribution rate of 7.5% of income, up to a stated ceiling, was determined following detailed actuarial studies of the cost of health services and of administering the NHIS. The contribution will be shared equally between employees and employers so that each group contributes 3.75%. Self-employed persons will be required to contribute the full percentage (7.5%). An employed person will be required to make contributions on behalf of his/her unemployed spouse.

Contributions on behalf of indigents and other members of the exempt population will be decided by the Government of the Virgin Islands in each financial year. To be classified as indigent, a person will need to be assessed by the Social Development Department.

Contributions will be paid by members of the working population in a similar manner as currently applies to Social Security deductions. These contributions will be paid directly to the NHIS Fund. Penalties will be imposed on errant employers and self-employed persons for failure to comply with contribution obligations.

The obligation to pay may be waived by a decision of the Director of the NHI Division as provided for the NHI Regulations, Section 21(6). For example, a waiver may be granted if a beneficiary can demonstrate that he/she or dependent spouse will be living outside of the territory for at least six months in a calendar year. During this period, no benefits will be received since no payments are being made to the NHIS. Coverage can only be restored if the NHI Division is notified of the intention to resume insurance three months in advance and three months' contributions are prepaid.

An employer will be exempt from liability to pay contributions for any day or week in which no work was done by an employee and no wages were paid or in which the employee is engaged as a full-time unpaid apprentice. ***This exemption will not apply to the weeks when an employee is on vacation.***



4.5 Health Care Providers

Both public and private providers of health services will be eligible to participate in the provider network established under the NHIS. The NHI Division will enter into standard contracts with eligible providers only if they have satisfied the licensing and certification requirements of the regulatory authorities in the Virgin Islands or their respective countries. Standard contracts for the supply of services will be fixed for a contracted period and renewed upon satisfactory review. An agreement between the SSB and a health care provider will provide for:

- (i) the process by which beneficiaries will be entitled to access services, including the referral process;
- (ii) the services to be provided, in accordance with the contract;
- (iii) the fees to be charged for services rendered;
- (iv) the quality of health care expectations;
- (v) the terms of payment for services by the NHIS;
- (vi) claims processing and management;
- (vii) financial and clinical audit functions; and
- (viii) general responsibilities of the parties.

In addition to a list of all contracted providers published on the website of the NHI Division and available at its office or via the customer service department, providers will be required to publicly display their certificates of registration to identify themselves as in-network participants of the NHIS.

Contracted providers will be required to be equipped with suitable IT facilities to permit electronic web-based, real-time processing of claims and payments for services.

4.6 Remuneration

NHI-contracted health service providers will be paid at negotiated rates to be agreed upon by the provider and the SSB. Health care providers registered to offer services under the NHIS will be allowed to charge the applicable co-payment rates at the time of delivery of services and the eligible fees will be paid by the NHIS in accordance with the negotiated rates. The co-payment rates for registered providers (referred to as “in-network” providers) will be lower than the



applicable co-payment rates for unregistered providers (referred to as “out-of-network” providers).

When accessing health care services at out-of-network providers, beneficiaries are required to pay the full cost of services and submit the bill(s) and the completed Claim for Medical Expenses Form to the NHI Office for reimbursement less any applicable co-payment and disallowed charges. On the other hand, the out-of-network provider may contact the NHI Office, verify coverage of the service requested by an NHIS beneficiary and the fees payable for the service. Through the authorizing NHIS representative, the provider seeks confirmation on direct payment from the NHIS for its share of the cost. If approved, the patient pays the co-payment and the out-of-network provider will be reimbursed by the NHIS for the rest of the claim cost.

The NHIS will have the capacity to transfer funds electronically as payment for ‘batched’ claims to the nominated bank account of providers on a scheduled basis. Contracted providers wishing to receive payment in this manner must supply the NHI Office with the relevant banking information. Alternatively, providers can be paid by cheque on a scheduled basis. Overseas providers will be paid on a per-case basis via electronic funds transfer.

Health care providers should note that payment of claims could be delayed or disallowed if not compliant with the terms of the contract.

4.7 Co-payments

A co-payment is a cost sharing mechanism between the NHIS and its members. It represents the share of the treatment bill that the patient is required to pay, either out-of-pocket and/or through private health insurance, when accessing health care services, with the rest to be covered by NHI.

The recommended co-payment in the NHIS is a fixed percentage of the cost of services and varies according to the location of the provider as follows:

- 0% at community health clinics;
- 5% at the public hospital;
- 10% at private in-country facilities (in-network);



- 40% at private in-country facilities (out-of-network); and
- 20% at overseas facilities (in-network).

The NHIS will provide coverage for overseas care, accessed without preapproval by the MRC, only in the event of a medical emergency. Emergency care accessed at an overseas in-network provider is subject to the aforementioned copayment rate, while emergency care accessed at an overseas out-of-network provider will attract a 40% co-payment.

It is proposed that the exempt population will not be required to make co-payments for health care services at the public hospital, but will be responsible for meeting co-payments at private health care facilities. The NHIS proposes that the public hospital will be compensated by the Government of the Virgin Islands for co-payment sums due to its facility, but not required to be paid by the exempt population. Co-payments are paid directly to health care providers by beneficiaries when health care services are accessed.

4.8 Cost Controls and Efficiencies in NHIS

Given that the NHIS provides universal access to a comprehensive suite of health care services, there will be several mechanisms designed to control cost by minimizing misuse and wastage of health inputs. These include direct measures such as the use of:-

- (i) co-payments;
- (ii) deductibles; and
- (iii) a comprehensive system of referral for diagnostic tests and secondary level care, locally and overseas.

Additionally, the implementation of the IT-HIS, which will track every encounter between patient and provider, will provide real-time data for monitoring utilization and claims to ensure these are compliant with the rules governing access to services.

As an indirect cost containment measure, the NHIS will set aside a portion of funds collected for supporting the efforts of the MoH&SD in its health promotion and illness prevention activities in



the community to improve the overall health of the population. This may lead to a reduction in the need to access health care services and in the overall costs of the NHIS.

5. NHIS AND PRIVATE HEALTH INSURANCE

NHI differs from private health insurance in three distinct ways:-

- (i) NHI does not exclude persons from coverage due to age, unemployment or pre-existing health conditions;
- (ii) With NHI, premiums (contributions) are based on ability to pay for services in the benefit package rather than on individual or group health risk rating to which fixed premiums are set for a benefit package regardless of the size of one's earnings; and
- (iii) NHI is a non-profit system.

Membership in the Territory's NHIS does not restrict or preclude the purchase of private health insurance by members.

In all cases where persons have duplicate, complementary or supplementary health insurance coverage, persons covered by NHIS may choose to continue with their private insurance policies⁷ or to purchase private health insurance to complement and/or supplement their coverage of health services under NHIS⁸. The NHIS will coordinate payments with the respective private insurers so that there are no 'double' payments for services received. For these cases, the NHIS will serve as the first payer since it is the 'national', 'mandatory' plan. Private insurance companies can continue to offer health insurance portfolios for persons who choose to have either complementary or supplementary health insurance in addition to their NHIS policy.

⁷ Where a member pays premiums to two or more insurers for the same package of services, this is referred to as 'duplicate' coverage.

⁸ Complementary private health insurance increases financial coverage for health services and, as such, decreases or eliminates out-of-pocket spending on these services. Supplementary private health insurance provides coverage for services that are not included in the NHIS' Benefit Package.



6. CONCLUSION

The NHIS seeks to improve the delivery and the quality of health services by changing the financial arrangements for health. It is one of the key components of Government's program for strengthening and sustaining health services. It complements other initiatives such as the expansion of health services, promotion of healthy lifestyles, public-private partnerships for health care and upgrading of the regulatory functions of the MoH&SD.

In summary, the main points to be kept in mind are that:-

- NHIS is an instrument for enhancing the health of the population and for making quality health care available to every resident of the country;
- NHIS allows for sharing the cost of health services necessary for enhanced health among individuals and business firms;
- NHIS focuses on keeping the cost of health care under control while emphasizing improvements in the quality of health care provided by the domestic health system;
- NHIS builds on the principles, experience and expertise of the SSB to ensure sound management, efficiency in operations and attention to sustainability; and
- NHIS will put into practice the maxim that '*the health of the nation is the wealth of the nation*' as it enhances individual and national welfare.



**APPENDIX 1—SUMMARY OF MANDATORY HEALTH INSURANCE PROVISIONS IN BERMUDA, CAYMAN ISLANDS AND
TURKS & CAICOS ISLANDS**

Key Elements	Bermuda	Cayman Islands	Turks & Caicos Islands
1. Commencement	Mandatory plan, 1971	Mandatory plan, 1997	Mandatory plan, 2010
2. Administration	Supervised by Bermuda Health Commission. Administered by Social Insurance Department and private insurers.	Supervised by Health Insurance Commission. Administered by Cayman Islands National Insurance Company (public) and private insurers.	Administered by National Health Insurance Board (public)
3. Population Coverage	Universal—all legal residents	Universal—all legal residents	Universal—all legal residents
4. Benefits	Standard package of hospital-based services legislated. Add-ons offered by insurers. Catastrophic Fund for high cost care.	Standard package of outpatient and inpatient care legislated. Add-ons offered by insurers.	Single benefit package of outpatient and inpatient services for all.
5. Service Providers	Network of public, private and overseas providers.	Network of public, private and overseas providers.	Preferred Network of public, private and overseas providers.
6. Reimbursement	Fees negotiated based on Florida Relative Value Scale.	Fees negotiated based on Current Procedural Terminology (CPT)	Negotiated fees using cost plus formula for hospital and usual and customary rates for private facilities.



Key Elements	Bermuda	Cayman Islands	Turks & Caicos Islands
7. Financing	a) Gov't contributes to Social Insurance Dep't for select groups. b) Premiums—as determined by each insurer for package bought.	a) Gov't contributes to CINICO for select groups using levy on worker's premium. b) Premiums—as determined by each insurer for package bought.	a) Gov't contributes for select groups. b) Contribution—5% of earnings up to \$7800 p.a. shared equally by employers and employees. Self employed pays \$50-\$ 250 per month. Pensioners—2.5% above \$2000 per month. Funds from NIB's Employment Injury.
8. Copayments	Vary by insurer—about 20%	Vary by insurer—about 20%	\$10 at local hospital.

APPENDIX 2: SUMMARY OF PROPOSED BENEFIT PACKAGE

	NHI Coverage (On-island) <i>Public Sector</i>	NHI Coverage (On-island) <i>Private Sector</i>	NHI Coverage (Overseas)
General Policy Terms			
Lifetime Limit - \$1,000,000			
Deductible (in-network)	\$0	\$0	\$500
Deductible (out-of-network)	-	\$100	\$500
Co-payment (in-network)	0% Community Health Clinics; 5% Peebles Hospital	10%	20%
Co-payment (out-of-network)	-	40%	40% (applicable only to emergency and in cases pre-approved by MRC)
Outpatient Health Benefits			
Emergency medical services and related procedures and pharmaceuticals			
Air ambulance	Annual maximum of \$20,000	Annual maximum of \$20,000	Annual maximum of \$20,000
Ground ambulance	Annual maximum of \$500	Annual maximum of \$500	Annual maximum of \$500
Second Opinion			Subject to pre-approval by MRC
General medical examinations (annual physical)	Annual maximum of \$400	Annual maximum of \$400	No overseas coverage
Mammography, gynaecological, prostate, colonoscopy and other preventative health examinations	<p>Mammography – 1 per year from age 40 years; 35 years in the event of hereditary susceptibility</p> <p>Colonoscopy – 1 every 3 years from age 50 years. Subject to pre-approval by MRC</p> <p>Gynaecology – 1 per year</p> <p>Prostate – 1 per year from age 40 years</p>	<p>Mammography – 1 per year from age 40 years; 35 years in the event of hereditary susceptibility</p> <p>Colonoscopy – 1 every 3 years from age 50 years. Subject to pre-approval by MRC</p> <p>Gynaecology – 1 per year</p> <p>Prostate – 1 per year from age 40 years</p>	

<p>Immunization</p> <ul style="list-style-type: none"> • 0-4 years (guided by the Expanded Programme of Immunization of the MoH) • 5-16 years (as medically necessary) • Above 16 years (as medically necessary) 	<p>Annual maximum of \$150</p> <p>Annual maximum of \$100</p> <p>Annual maximum of \$100</p>	<p>Annual maximum of \$150</p> <p>Annual maximum of \$100</p> <p>Annual maximum of \$100</p>	<p>No overseas coverage</p>
<p>Maternity</p> <ul style="list-style-type: none"> • Ante-natal services • Post-natal services • Domiciliary care 	<p>Maximum of \$1000 per pregnancy (no complications); Maximum of 1,500 per pregnancy (high risk cases)</p> <p>Maximum of \$300 per pregnancy</p> <p>Maximum of \$500 per pregnancy (3 visits per pregnancy)</p>	<p>Maximum of \$1000 per pregnancy (no complications); Maximum of 1,500 per pregnancy (high risk cases)</p> <p>Maximum of \$300 per pregnancy</p> <p>Maximum of \$500 per pregnancy (3 visits per pregnancy)</p>	<p>No coverage overseas, except in cases of high risk pregnancies⁹</p>
Mental/nervous health conditions	Annual maximum of \$500	Annual maximum of \$500	Annual maximum of \$500, subject to pre-approval by MRC
Alcohol/Substance abuse	Annual maximum of \$500	Annual maximum of \$500	Annual maximum of \$500, subject to pre-approval by MRC
Haemodialysis	Annual maximum of \$70,000	Annual maximum of \$70,000	Annual maximum of 12 overseas sessions, subject to pre-approval by MRC
Rehabilitation services – physical and speech therapy	Subject to pre-approval by MRC	Subject to pre-approval by MRC	Subject to pre-approval by MRC
Chemotherapy, radiation therapy and nuclear medicine	Subject to pre-approval by MRC	Subject to pre-approval by MRC	Subject to pre-approval by MRC

⁹ No coverage overseas unless specifically approved by the NHI. (Exceptions would be for high risk cases where the services on-island are inadequate to protect the lives of the mother and foetus.)

HIV/AIDS-related illnesses	Annual maximum of \$1,000	Annual maximum of \$1,000	No coverage overseas
Out-patient surgical procedures			No coverage overseas
Nursing services	Annual maximum of 30 visits up to \$2,500. Subject to pre-approval by MRC	Annual maximum of 30 visits up to \$2,500. Subject to pre-approval by MRC	No coverage overseas
General diagnostic testing (laboratory, contrast studies and imaging i.e. X-ray, ultrasound) and other testing	Annual maximum of \$500	Annual maximum of \$500	No overseas coverage
Specialized diagnostic testing (CAT scan, MRI, other specialized imaging)	Annual maximum of \$1,500 Subject to pre-approval by MRC	Annual maximum of \$1,500 Subject to pre-approval by MRC	Annual maximum of \$1,500, subject to pre-approval by MRC
Prescription pharmaceuticals (inclusive of prescription contraceptives)			Subject to pre-approval by MRC ¹⁰

¹⁰ The coverage of pharmaceuticals outside of the Territory only applies for beneficiaries who undergo approved medical care or emergency care overseas and are prescribed drugs by the overseas practitioner.



Summary of Proposed Benefit Package (Continued)

	NHI Coverage (On-island) <i>Public Sector</i>	NHI Coverage (On-island) <i>Private Sector</i>	NHI Coverage (Overseas)
General Policy Terms			
Lifetime Limit - \$1,000,000			
Deductible (in-network)	\$0	\$0	\$500
Deductible (out-of-network)	-	\$100	\$500
Co-payment (in-network)	5% Peebles Hospital	10%	20%
Co-payment (out-of-network)	-	40%	40%
			(applicable only to emergency and in cases approved by MRC)
Inpatient Health Benefits			
In-patient stay (accommodations) at health facility**	Annual maximum of 30 days*	Annual maximum of 30 days*	Annual maximum of 30 days, subject to pre-approval by MRC*
Physicians, specialists and surgeons services, including ambulant surgery			Subject to pre-approval by MRC
Anaesthesia, use of operating room and recovery room			Subject to pre-approval by MRC
Inpatient services at health care facility, including delivery ¹¹			Subject to pre-approval by MRC
Standard surgical supplies, including oxygen, surgical appliances and implants			Subject to pre-approval by MRC
Medication and drugs			Subject to pre-approval by MRC
** Where the NHI MRC certifies that a patient must be hospitalized for more than thirty (30) days, the patient may claim full or part payment of the cost of the benefit in excess of thirty (30) days.			

¹¹ No coverage for delivery overseas, except for high-risk cases where on-island services are inadequate to protect the lives of the mother and foetus.



Summary of Proposed Benefit Package (Continued)

	NHI Coverage (On-island) <i>Public Sector</i>	NHI Coverage (On-island) <i>Private Sector</i>	NHI Coverage (Overseas)
General Policy Terms			
Lifetime Limit - \$1,000,000			
Deductible (in-network)	\$0	\$0	\$500
Deductible (out-of-network)	-	\$100	\$500
Co-payment (in-network)	0% Community Health Clinics; 5% Peebles Hospital	10%	20%
Co-payment (out-of-network)	-	40%	40% (applicable only to emergency and in cases approved by MRC)
Vision and Dental			
Eye Examination	1 per 12 month period, up to \$50	1 per 12 month period, up to \$50	No overseas coverage
Lenses	1 pair per 12 month period, up to \$200	1 pair per 12 month period, up to \$200	No overseas coverage
Frames	1 pair per 24 month period, up to \$100	1 pair per 24 month period, up to \$100	No overseas coverage
Dental diagnostic / Preventative health service, treatment, dental X-rays, extractions, fillings and general dental care	Annual maximum of \$1,500	Annual maximum of \$1,500	No overseas coverage



Services Not Covered by NHIS (Exclusions)

Exclusions
1. Consultations and treatment for (i) infertility including in-vitro fertilization, artificial insemination (ii) sex change procedures (iii) over the counter contraceptive drugs or devices or sterilization.
2. Weight loss procedures and treatments.
3. Cosmetic surgery unless medically required and pre-approved.
4. Orthodontic treatment unless required as a result of an accident (pre-approval needed).
5. Self-referred second opinion by overseas providers.
6. Chiropractor visits.
7. Counselling and therapy for marital and family difficulties.
8. Mortal remains repatriation. ¹²
9. Treatment or participation in any health service deemed to be experimental. Experimental, for this policy, refers to treatment, medicine or other procedures which are a part of a research programme and have not been approved by the relevant medical board and/or accreditation authority.

¹² Repatriation of mortal remains to the BVI will only be applicable where off-island care of the (deceased) beneficiary was preapproved by the MRC.

