The Provision of Financial Risk Protection through Case Rate Benefit Payments and Co-pay Policy Strategies

ROBERT LOUIE P. SO, MD
PhilHealth

Rationale

- The attainment of Universal Health Care requires an improved way of doing business
  - To improve efficiency
  - To earmark limited resources for targeted intervention that achieve the mandate of financial risk protection
  - To have a more equitable payment mechanism without compromising quality of service provision
  - To complement appropriate business strategy reforms with a strong enforceable policy to assure fianncial protection

Research Problem

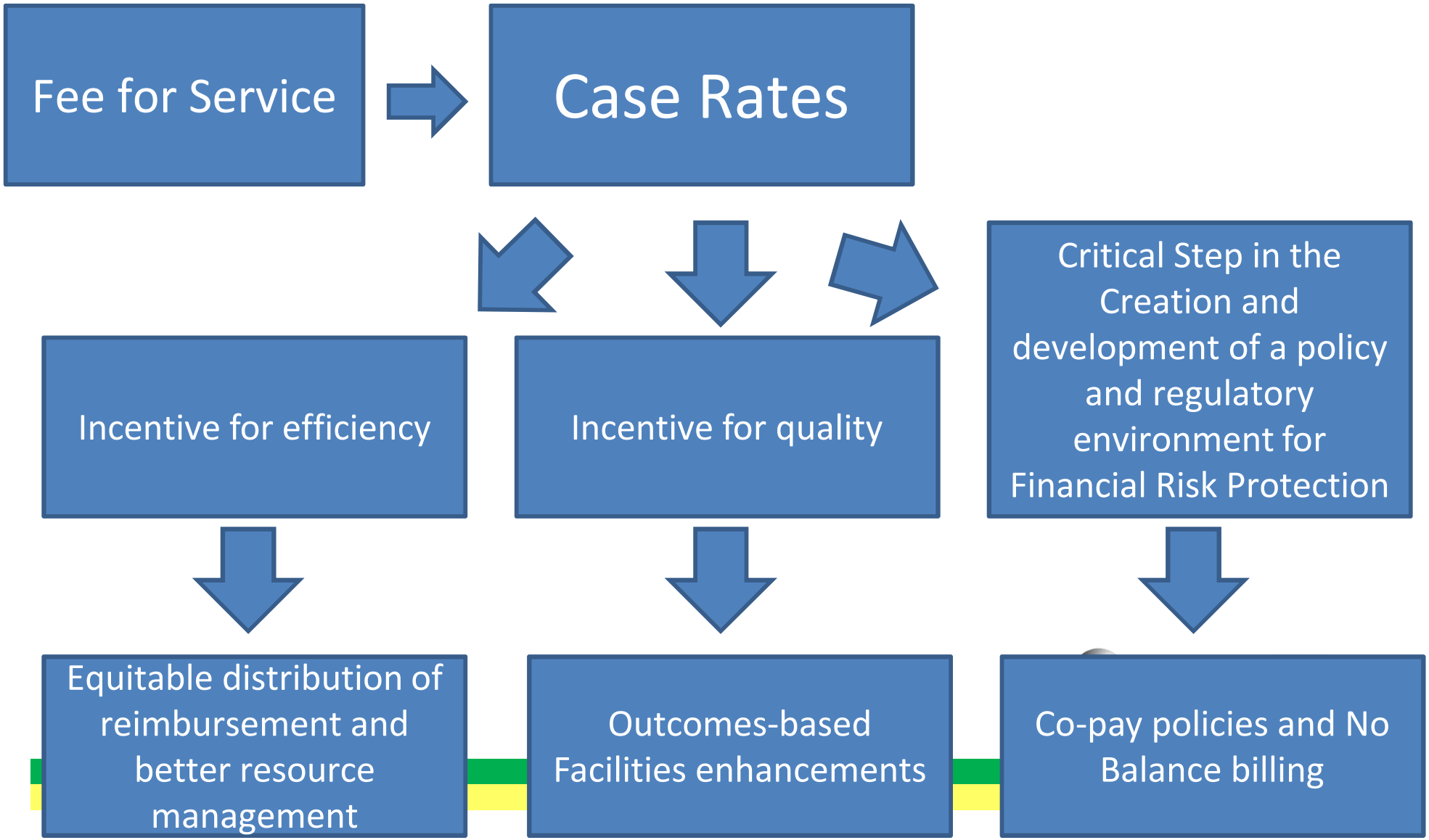
- In a limited resource country aspiring for universal health care in a time-bound, resource-stressed political environment, will case-rated payments achieve the desired business milieu for financial protection?

Objectives

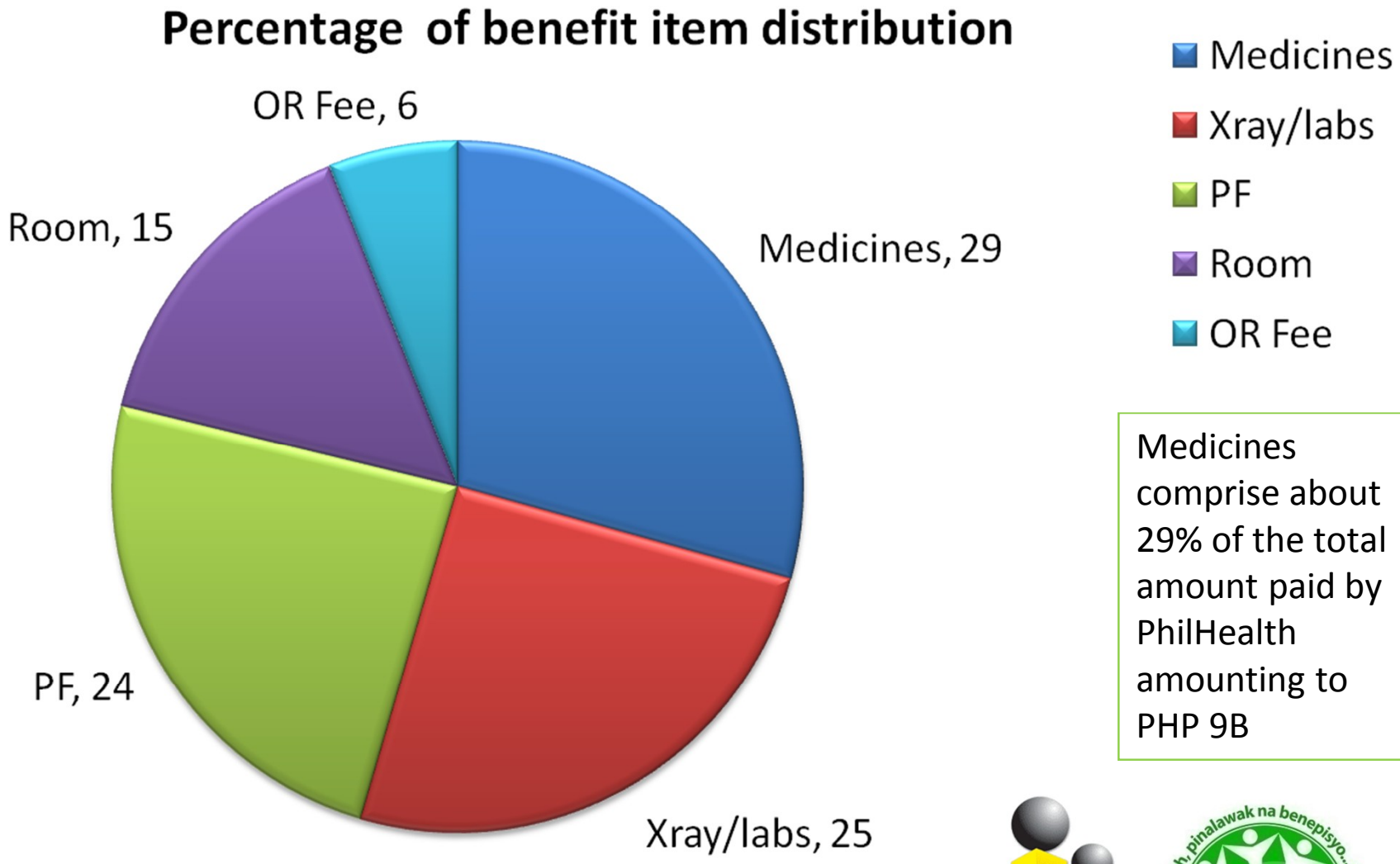
- To change the way benefits are paid from fee-for-service to case rated payments to be able to have resources for financial protection

- To create a policy and regulatory environment for financial protection through co-pay and no balance billing policies

Conceptual Framework



Benefit Payment 2010



Medicines comprise about 29% of the total amount paid by PhilHealth amounting to PHP 9B

FEE FOR SERVICE

Case Type	A	B	C	D
Levels 3 & 4 Hospitals (Tertiary)				
Room and Board	P500/day	P500/day	P800/day	P1,100/day
Medicines	P4,200	P14,000	P28,000	P40,000
Xray, labs, others	P3,200	P10,500	P21,000	P30,000
Level 2 Hospitals (Secondary)				
Room and Board	P400/day	P400/day	P600/day	N/A
Medicines	P3,360	P11,200	P22,400	N/A
Xray, labs, others	P2,240	P7,350	P14,000	N/A
Level 1 Hospitals (Primary)				
Room and Board	P300/day	P300/day	N/A	N/A
Medicines	P2,700	P9,000	N/A	N/A
Xray, labs, others	P1,600	P5,000	N/A	N/A

Effect?

- 67% payments go to private hospitals
- 33% of amount to government but # of claims are higher

- Focus on support value rather than outcomes and financial protection

- Poor control measures for fund utilization

Implementation

- All Case Rates
  - Corporatization business model
  - Efficient payments is good business
  - Transparency and predictability
    - Concept is not the problem. The rates can be adjusted. (1 pie to share)

- Co-pay and No Balance Billing Policies
  - Government subsidy intact
  - Private Sector socialized payments intact where fixed co-pays help expand market and subsidize special cases
  - Influence to improve patient health seeking behavior and reduce exposure to health risks

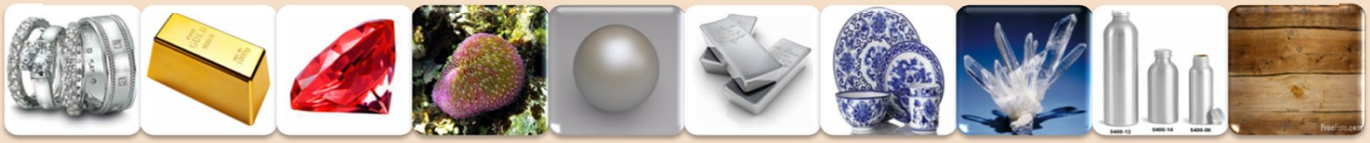
Methodology/Key Results

- Case Rate determined from 2 methods:
  - average value per claim + additional amount to cover for base rates for service + round-up based on targeted national Average Value per claim
  - Relative Value Scale Unit computation to assure procedures are paid for based on complexity without prejudice to how payments were done before

Methodology/Key Results

- Case rate administration
  - No medical evaluation – business in good faith
    - Improve turn around time for payment
    - Improve post-audit and fraud monitoring (working with doctors and providers to contain erring doctors and providers rather than work against all by doing medical evaluation)
  - Efficiency
  - Payment Holds (30%?)
  - Easier to communicate benefits

All Case Rates



- Platinum
- Gold
- Ruby
- Coral
- Pearl
- Silver
- Porcelain
- Crystal
- Aluminum
- Wood

Grouping

- 50,001-70,000

Platinum 

- 40,001-50,000

Gold 

- 35,001-40,000

Ruby 

- 30,001-35,000

Coral 

- 25,001-30,000

Pearl 

- 20,001-25,000

Silver 

- 15,001-20,000

Porcelain 

- 10,001-15000

Crystal 

- 5,001-10,000

Aluminum 

- < 5,000

Wood 

Surgical Case Rates

	Cases	Rates
1	Radiotherapy	3,000
2	Hemodialysis	4,000
3	Maternity Care Package (MCP)	8,000
	NSD Package in Level 1 Hospitals	8,000
	NSD Package in Levels 2 to 4 Hospitals	6,500
4	Cesarean Section	19,000
5	Appendectomy	24,000
6	Cholecystectomy	31,000
7	Dilatation and Curettage	11,000
8	Thyroidectomy	31,000
9	Herniorrhapy	21,000
10	Mastectomy	22,000
11	Hysterectomy	30,000
12	Cataract Surgery	16,000

Medical Case Rates

	Cases	Rates
1	Dengue (Dengue Fever and DHF Grades I and II)	8,000
2	Dengue II (DHF Grades III & IV)	16,000
3	Pneumonia I (Moderate Risk)	15,000
4	Pneumonia II (High Risk)	32,000
5	Essential Hypertension	9,000
6	Cerebral Infarction (CVA I)	28,000
7	Cerebro-Vascular Accident (hemorrhage) (CVA II)	38,000
8	Acute Gastroenteritis (AGE)	6,000
9	Asthma	9,000
10	Typhoid Fever	14,000
11	Newborn Care Package in Hospitals and Lying-in Clinics	1,750

Methodology/Key Results

- Co-pay Policies
  - Charging on-top of PhilHealth reimbursements

- No Balance billing Policy
  - Ward, Government
  - Sponsored Program

Benefit	Case Rate	Fixed co-pay coverage	NBB?	Administrative/other Considerations (control measures)	What behavior we want to achieve
In-patient coverage	As given	Non-sponsored	Yes for sponsored members only in ward accomodations	FCP and NBB for ward only (public or private)	
PCB - drugs	400/year	all	No/yes for sponsored	Ex. Pay co-pay to get drug coverage. proof of compliance (target IPP and OFWs) Or ok for NBB sponsored but impose requirements for availment Or have gatekeepers	
Z	As contracted	Non-sponsored	Yes for sponsored members only	Only in selected contracted facilities preauthorization	
MDG - MCP	As contracted	Non-sponsored	Yes based on facility	FCP entitles to additional services.	

Conclusions

- Improve business to fit KP otherwise no KP
- Benefit development by demand rather than top-down approach
- PhilHealth Benefit Expansion Strategy and Targets can be done
- Prioritization of payments can better be achieved
  - Catastrophic packages

Strategic Direction and Why Shift?

- To shift to case rates from fee-for-service

1. To implement the No Balance Billing Policy and improve financial protection (PhilHealth support)
2. To push providers towards better efficiency
3. To be able to introduce incentives for better behavior/performance
4. To speed up payments to providers
5. Members will know their benefits

New Paradigm

Benefit Demand

Benefit Design

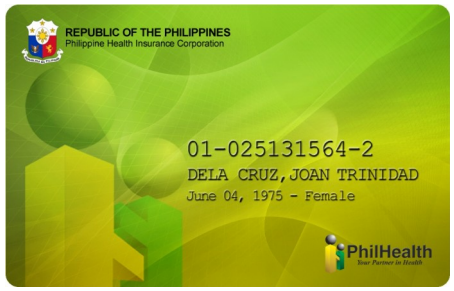
Benefit Access

Benefit Claim

Benefit Monitoring

Sa PhilHealth, pinalawak na benepisyo...garantisado!
17 years

Spectrum of Health Care



Well services:
New Born Package

Primary Care Benefits
Millennium Development Goal Benefits

PhilHealth Plus
discounts on Vaccines
improved coverage for higher premiums

In-patient benefits
including
Catastrophic Z benefits

Life Members
need not pay
premiums

Alignment with the corporate thrust

(IN BILLION PESOS)	2012	2013	2014	2015	TOTAL
BENEFITS	**58**	**77**	**92**	**103**	**330**
INPATIENT + Ambulatory+ MDG	51	65	74	81	**271**
Paid by Case Rates + FFS	46	55	64	71	**236**
Paid by Global Budget: *(ACCESS BENEFITS → SUPPORT TO HEALTH FACILITY ENHANCEMENT)*	5	10	10	10	**35**
CASE TYPE Y/Z *(CATASTROPHIC)*	3	3	4	4	**14**
PRIMARY CARE	4	9	14	18	**45**
BENEFIT IMPLEMENTATION EXPENSES	*4*	*5*	*7*	*7*	***23***
FINANCING SOURCES					
PREMIUM COLLECTIONS	50	67	76	79	**272**
INVESTMENT INCOME	6	5	5	3	**19**
CHARGE FROM RESERVE FUND	6	10	18	28	**62**
Reserve Fund	101	91	73	**45**	

Z BENEFITS

- Early stage Breast Cancer – 100,000
- Standard Risk Childhood Leukemia – 210,000
- Low to intermediate risk Prostate Cancer – 100,000
- Low Risk Renal Transplant – 600,000

- New Z by end of the year:
  - CABG – 550,000
  - VSD – 250,000
  - TOF – 320,000
  - Cervical Cancer 125,000 (Cobalt) or 175,000 (Linear Accelerator)
  - External Prostheses – 15,000

  - Prematurity

END

PhilHealth State

- 2011 paid 34 Billion pesos worth of benefits but collected only 30 Billion of premiums
  - This is the trend for the past 2 years
- Currently paying Php 1 billion per week of benefits with an average of 9,000 pesos payment and a support value of at least 35%
  - 100% support for case rated entities for the poor
- Claims payment turn-around time for hospitals has improved from >60 days to 45-55 days (Law allows up to 60 days). Backlog of payments tremendously reduced.
- Around 100 Billion in reserves gradually decreasing due to enhanced benefits launched (Look at the trends not the amount; Law provides up to 2 year actuarial reserves but we will operationally bring this down to 1 year by giving more benefits)