

# Need to Know

## Standard Premium Rate (SPR) Changes for 2015/2016

### What is the SPR?

SPR is the price of the minimum health benefits package that must be included in every health insurance policy sold in Bermuda. The minimum package is now called the Standard Health Benefit (SHB). By law, employers have to provide at least this coverage for their employees and their non-employed spouses.

### What does SPR cover?

The SPR covers all benefits included in SHB without co-pays. This includes most local hospital services, some diagnostic imaging (X-rays, ultrasound, etc.) at approved facilities, some Home Medical Services, and a transfer to a separate fund to support access programmes. There are some services provided in hospital that are not SHB (e.g. private physician fees). Those costs are covered by a separate premium. The SHB is changing to cover more essential services in and out of hospital. (see Figure 1)

### What does it cost?

In June 2015 the SPR will increase by 12%, from \$301.85 to \$338.07 per month.

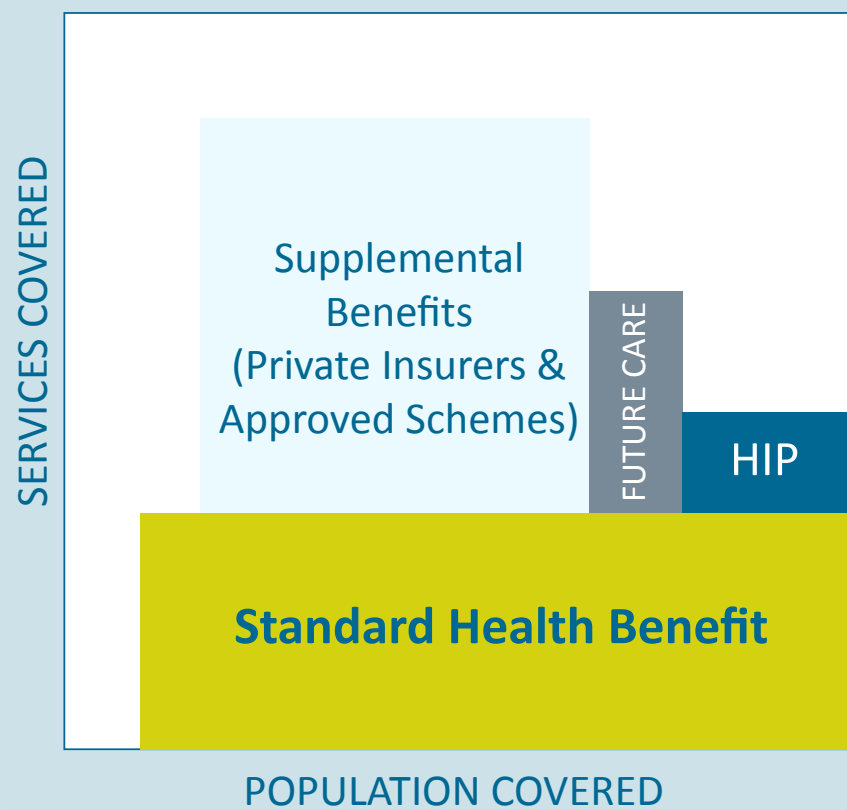
### How is the premium set?

The SPR is set by community-rating. This means SHB claims paid by all private and public insurers are grouped together. Changes in benefits and the number of times each benefit is used are analysed. The premium is then calculated by dividing the total cost of claims by the insured population (about 48,500 people). (see Figure 2 overleaf and the Health Council's Actuarial Review Report)

### Why does my health insurance cost more than the SPR?

Most health insurance policies sold in Bermuda (including Government's HIP and FutureCare) also have additional benefits on top of SHB, such as office visits, overseas care, dental, etc. The price for these supplemental benefits is set by each health insurer independently. Your total health insurance premium is the total cost of SHB plus supplemental benefits. The Government sets the SHB/SPR portion of your premium.

Figure 1: Health Insurance Coverage





## What are the main changes to SHB in 2015?

This year there will be some changes to the SHB:

- 1. SHB name change:** SHB will now stand for “Standard Health Benefit” (no longer “Standard Hospital Benefit”).
- 2. Artificial limbs and appliances:** The SHB lifetime maximum will increase from \$15,000 to \$30,000.
- 3. Outpatient professional fees:** All current professional services provided by BHB physicians will now be SHB.
- 4. Post-acute care:** Some patients who would normally be treated in hospital may be eligible for care in community settings. This will allow them to be discharged from hospital saving them, the Government and the insurer money.
- 5. Pilot primary care programme** for indigent persons with chronic non-communicable diseases. This will target under-served populations to manage chronic illnesses like diabetes, high blood pressure and asthma, to prevent costly hospitalizations.
- 6. Funding transfers:** Existing transfers to support HIP and BHeC will increase; and a new transfer will be introduced to support BHB.



## Why are these changes happening?

New benefits were added to improve patient access to essential services. They fix historical coverage problems that denied the under-insured access to certain services for which they had to pay. The pilot benefit aims to reduce preventable hospitalizations by high-risk patients.

The funding transfer to HIP allows the plan to support high-risk individuals at affordable premiums. The transfer to the Health Council is to support increased regulation of healthcare providers. And, instead of additional fee rises that increase costs year on year, the transfer to BHB will provide temporary assistance to support the running of its operations.

The new SHB name reflects the change in direction for SHB. It will now focus on providing the right care in the right setting, rather than only in a hospital.

Figure 2: SPR Determination



Bermuda Health Council  
Sterling House | 3rd Floor | 16 Wesley Street | Hamilton HM11  
Phone: (441)292-6420 | Fax: (441)292-8067  
www.bhec.bm | healthcouncil@bhec.bm

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