

# Selective contracting by health insurers

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# Valorisation

This thesis explains why enrolees are very negative about selective contracting in a health care system based on managed competition and how this may be overcome. This is important for a successful implementation of managed competition and to reach the intended goals of the health care system, because selective contracting and channelling enrolees to contracted care providers is supposed to contribute to increasing quality of care and containing the costs in the health care system by promoting competition between care providers. The results of this thesis are very relevant for health care policy and practice in the Netherlands, but also for other countries where a system of managed competition is implemented or will be implemented in the future. Results of this thesis are also relevant for health insurance companies as well as for enrolees.

For health care policy it is important that in this thesis we showed that some enrolees are more open to selective contracting than others. However, enrolees who use most care, the elderly and enrolees in poorer health are least likely to choose a restrictive health plan. Furthermore, we found that acceptance of selective contracting is higher if enrolees have more trust in their health insurer and when they are informed about the reasons why certain care providers are not contracted or preferred over others. Results were sent to the Ministry of Health, Welfare and Sport and have also been presented to and discussed with policy makers at the Ministry. Results have also been presented to and discussed with an international audience at several international conferences and have been published in international and national journals.

For health insurers concrete recommendations were made, for instance that health insurers should be clear to enrolees about the consequences of selective contracting and they should give information to enrolees about why certain care providers are not contracted or why certain care providers are preferred over others. This reduces the feeling of taking a risk for enrolees when they choose a restrictive health plan and the negative attitude enrolees have about selective contracting. Furthermore, health insurers should focus on increasing trust in their relationship with their enrolees, since trust plays an important role in the acceptance of selective contracting. Another important recommendation for health insurers is to focus more on positive or soft channelling methods to channel their enrolees to preferred care providers. We found that channelling enrolees to preferred providers by offering them advice on care provider choice when they call customer service can be successful. In addition, this channelling method may potentially lead to higher

service quality scores from enrolees. In our study, this method was only applied for channelling enrolees to preferred physiotherapists. Therefore, this method should be further tested for other care provider types. Also, not all enrolees are reached with this method, since enrolees are only offered advice when they call customer service and not all enrolees first call their health insurer before they see a care provider. Thus, it is important for health insurers to find other ways to get the advice on quality of care providers to enrolees in a way enrolees appreciate. The latter method was applied by Dutch health insurance cooperative VGZ and the researcher was involved in the development of the method. The results of the evaluation performed for this thesis were presented and discussed at the health insurer. As a result, VGZ is working on a strategy to expand this channelling strategy to the other customer service teams and to expand it to other care provider types.

The research for this PhD-thesis was conducted within the AOZ, the Academic Workplace for Health insurers, a cooperation between VGZ, NIVEL and the Open University. In the AOZ co-creating knowledge by conducting practice based scientific research is a central element. Through continuous cooperation between the different parties throughout the research process, knowledge can be better applied. During her PhD track, the researcher has been employed at VGZ for two months. This was very helpful for the study, since it helped to see what kind of issues are currently important for health insurers in order to make the research even more relevant for practice.

For enrolees the results are important, since health insurers use these results to contribute to improve quality of care and reduce costs in health care in a way that is acceptable to enrolees. Members of the Insurance Panel were informed through newsletters about the results and how the health insurer changed its policy based on the results.

So far, no research had been conducted to explain the acceptance of selective contracting of enrolees. Literature did point at trust as an important predictor for acceptance of selective contracting, however, this was not yet tested [1-5]. Furthermore, in justice literature it was found that procedural justice, (i.e. providing information on procedures that led to a situation) is important for acceptance of a situation, especially when this situation is unfavourable [6, 7]. Our study confirmed this and showed that this mechanism is also applicable in health sciences. Ways to channel enrolees to contracted care providers were researched before, however,

the method of offering enrolees advice on care provider choice when they call customer service is new. A study by Donelan et al. is similar, however, they study a telephone service of the employer that offers advice on care provider choice [8]. This is different from the method we evaluated, since in our case, the health insurer provided the advice and the advice was offered to enrolees who initially did not call for advice, but for an other question related to physiotherapy. Therefore, this is an important contribution to the literature. Furthermore, we are not aware of any other health insurers in the Netherlands who have tried this method of channelling enrolees to preferred providers before.

Studies in this thesis were conducted in cooperation with Dutch health insurance cooperative VGZ. They, as well as other health insurance companies, can use the results of this thesis for determining their policy on contracting care providers and their channelling strategies. Implementing successful channelling strategies that enrolees accept can yield money, because they improve the bargaining position of health insurers in negotiations with care providers. Furthermore, they are likely to be able to purchase larger volumes of care at preferred care providers which could also lead to greater discounts [9]. In addition, by channelling enrolees to care providers that deliver care sensibly and effectively, waste in health care can be minimized and, thus, costs can be saved. Additionally, this contributes to improving quality of care, since health insurers need to explain to their enrolees why certain care providers are preferred, which is an important incentive for them to make quality of care a priority in purchasing health care.

Furthermore, results of this thesis are relevant for the Dutch Ministry of Health, Welfare and Sport, since the government has implemented managed competition in order to create competition between care providers to reach the goals of reducing costs while improving quality of care. This thesis contributes to the knowledge on successful implementation of selective contracting in a health care system based on managed competition and, therefore, contributes to reaching the goals of the health care system.

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