

## INTERVIEW: Professor Andre Knottnerus, University of Maastricht

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*The Dutch initiated a revolution in healthcare insurance in 2006, with a new system entirely based on private insurers. Healthcare Europa talks to Andre Knottnerus, Professor of General Practice, University of Maastricht, and President of the Health Council of the Netherlands. In 2006 the Netherlands moved to a system entirely funded by private insurers and away from a hybrid model, mainly insured by public health insurance funds managed by nonprofit associations, with enrollees making income-dependent contributions.*

Today, each Dutch citizen has the right and obligation to self-insure for a basic package of care, costing around 1,100 euros a year per adult, whose content is decided annually by the Ministry of Health. Dutch consumers are also free to buy extra products, covering more complex dentistry, cosmetic surgery and alternative treatments. The Dutch hospital sector remains almost entirely public with around 100 big hospitals serving the nation.

**HE:** So has the new system led to more competition?

**AK:** Yes, we have 6-7 large private insurers active in the market leading to price competition for the basic package. Consumers have responded by moving supplier. In 2006 some 18% switched, in 2007 some 6%.

**HE:** Are 6-7 big insurers enough?

**AK:** Well, I think so yes. But the number has dropped due to mergers and I think it would be worrying if it went below 5 or so. Of course, we have a government commission which assesses whether any merger is anti-competitive so it should be possible to control this.

**HE:** I suppose one way of measuring success is to look at whether many Dutch are buying additional products, whether the reforms have created a vibrant market.

**AK:** Yes, it is, and, yes, they are. Something like 80-90% of Dutch are paying extra although usually not a great deal extra. The basic package is evidence-based so if you want homeopathy you pay extra. You can also pay extra for luxury dentistry or cosmetic surgery.

**HE:** Has the system been accepted by consumers?

**AK:** Yes, our research indicates that they are quite satisfied. Levels of confidence are at the same level or better.

**HE:** I guess there is always a danger of people falling through the net...

**AK:** Yes, there is. We were worried that the number of uninsured would increase dramatically. But, if anything, it has declined. We think it is around 1.5% - that includes some on the Christian right who believe insurance is against God's will. The system has been set up specifically to ensure that the less well off areas of the big cities are adequately covered. For example, under the old system two thirds of payments came from the state and a third from private insurers so doctors preferred to practice in wealthy areas where there was a lot of private insurance. For primary care the new system is more straightforward, with the doctor

getting 52 euros annually per patient and 9 euros per consultation or treatment. Every individual in primary care is therefore worth the same and this should, and is, encouraging more practices in poor areas.

HE: The new system costs roughly 1,100 euros per individual per year and is not tied to age or anything else. Why?

AK: The Ministry of Health took the decision to keep the package as straightforward as possible. A single price makes it much easier for insurance companies to compete. Of course, the state then supplements the payments for the poor or unemployed.

HE: Who decides on the content of the basic package?

AK: Well, that is a political debate. At the moment there is a discussion as to whether spectacles should be covered.

HE: And has the new system had a big impact on how the players behave?

AK: I think relationships among health care providers, insurers, and consumers have changed. Providers, who had essentially been guaranteed contracts with health insurers under the old system, now must negotiate more extensively over price and quality of care. Accordingly, there is increasing competition among both insurers and providers, which is meant to enable consumers to make better choices.

HE: So are there any problems?

AK: Well in the first 1 or 2 years insurers were going under their cost price in order to compete in the market, which obviously they can not maintain. Now there is a slight danger that they may be diluting quality of care to compete. That is a topic to discuss and look at over the next year - it has to be monitored very carefully.

HE: I gather the system allows for some health innovation?

AK: Yes, insurers are incentivised to help finance innovation and we are seeing some interesting projects around diabetes with programmes of integrated care in which primary and secondary healthcare work together much more closely.

Hospitals now have a greater motivation to compete by offering high-profile services, such as neurosurgery or radiation therapy. Academic hospitals, however, have expressed concern that this trend may push smaller hospitals to provide complex interventions at too low a volume to ensure the efficacy and safety of the care.

HE: Will the new system lead to insurers working on an exclusive basis with a hospital or doctor - could we even see vertical integration where they buy up a facility?

AK: In principle, such steps would be allowed, but it is not in the Dutch tradition. Citizens expect choice and want a good doctor in their neighbourhood. But there are ideas and talks about vertical integration. It is something that insurers will explore.

The new system effectively puts private and public sector health providers on an equal footing. We are seeing initiatives to open a series of small private clinics offering screening and cosmetic surgery, although there is a debate about their effectiveness and quality.

In principle, insurers are also free to not use doctors who they do not think meet quality standards, but this happens very rarely as the professional bodies and the state oversee quality very carefully.

HE: Have you seen any other changes?

AK: Yes. In the Netherlands we have a very active patient and consumer organisation - the National Federation of Patients and Consumers - which is allied to a lot of smaller local groups. We find that under the new system hospitals and insurers are consulting the Federation far more than before - there is a lot of dynamic here.

HE: So overall it has been a success?

AK: Yes, I think so. We have to learn progressively what are the determinants of a better system.

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