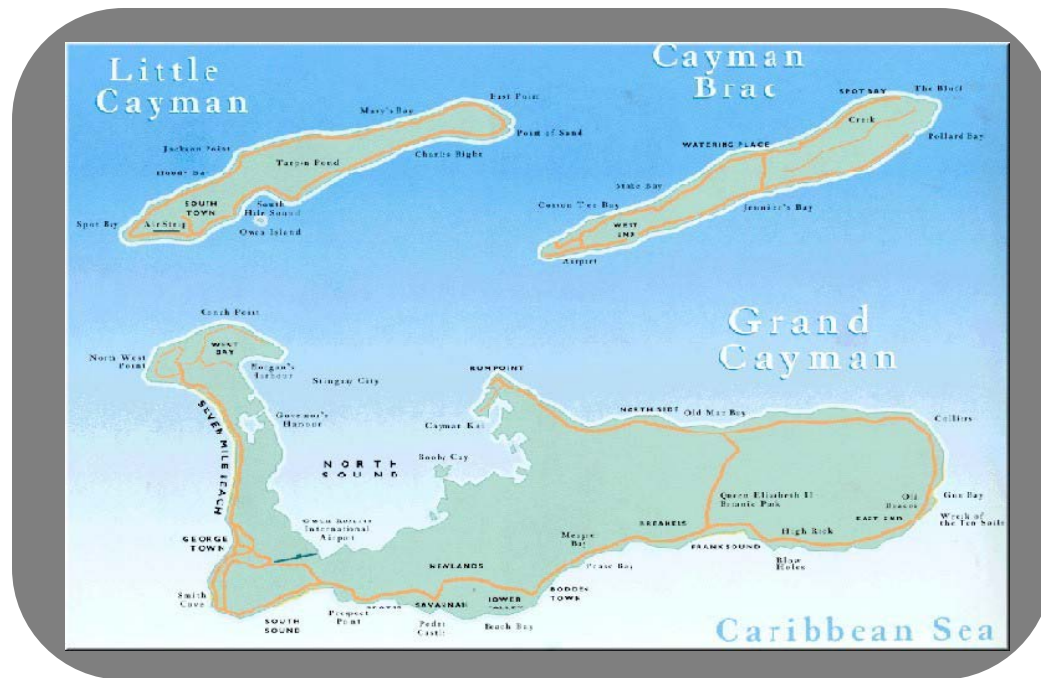




Implementing Precertification: The Cayman Islands Experience



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Services Authority

Outline

- National Demographics and Health Care Overview
- Healthcare Financing
- Health Insurance Regulation
- Precertification: Impact & Challenges
- Utilization
- Recommendations

National Data

- Population: 56,732 reflecting 38.0% growth from the 1999 census and an annual growth rate at 3.0% between censuses
- 96.7% of the population reside in Grand Cayman with 50.9% in the capital city, Georgetown. The Sister Islands accounts for approximately 3.3% of the total resident population.

Source: Census 2010

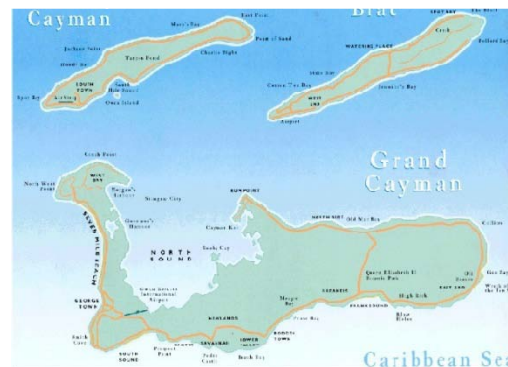
National Data

Cayman Islands

Population	56,732
GDP per Capital US\$	\$57,440
GDP Total US\$	\$3.27 billion
Gov. Health spend. (2012)	\$117million
No of Doctors	200
No. of Nurses	338

Bermuda

Population	64,237
GDP per Capital US\$	\$84,381
GDP Total US\$	\$5.47 billion
Gov. Health spend. (2012)	\$337million
No of Doctors	187
No. of Nurses	516



Healthcare Financing

In the Cayman Islands two broad approaches are integrated into the healthcare financing that covers 90 percent of the population:

1. Private Sector

- Market-based system delivered by private facility
- Private hospital X 1
- Private practitioners
- Support services
- Private health insurance companies

Healthcare Financing

2. Government Sector's Health Services Authority

- Civil Servants and their dependents
- Civil Service Pensioners
- Seamen and Veterans
- Medical Indigents
- Some Elderly

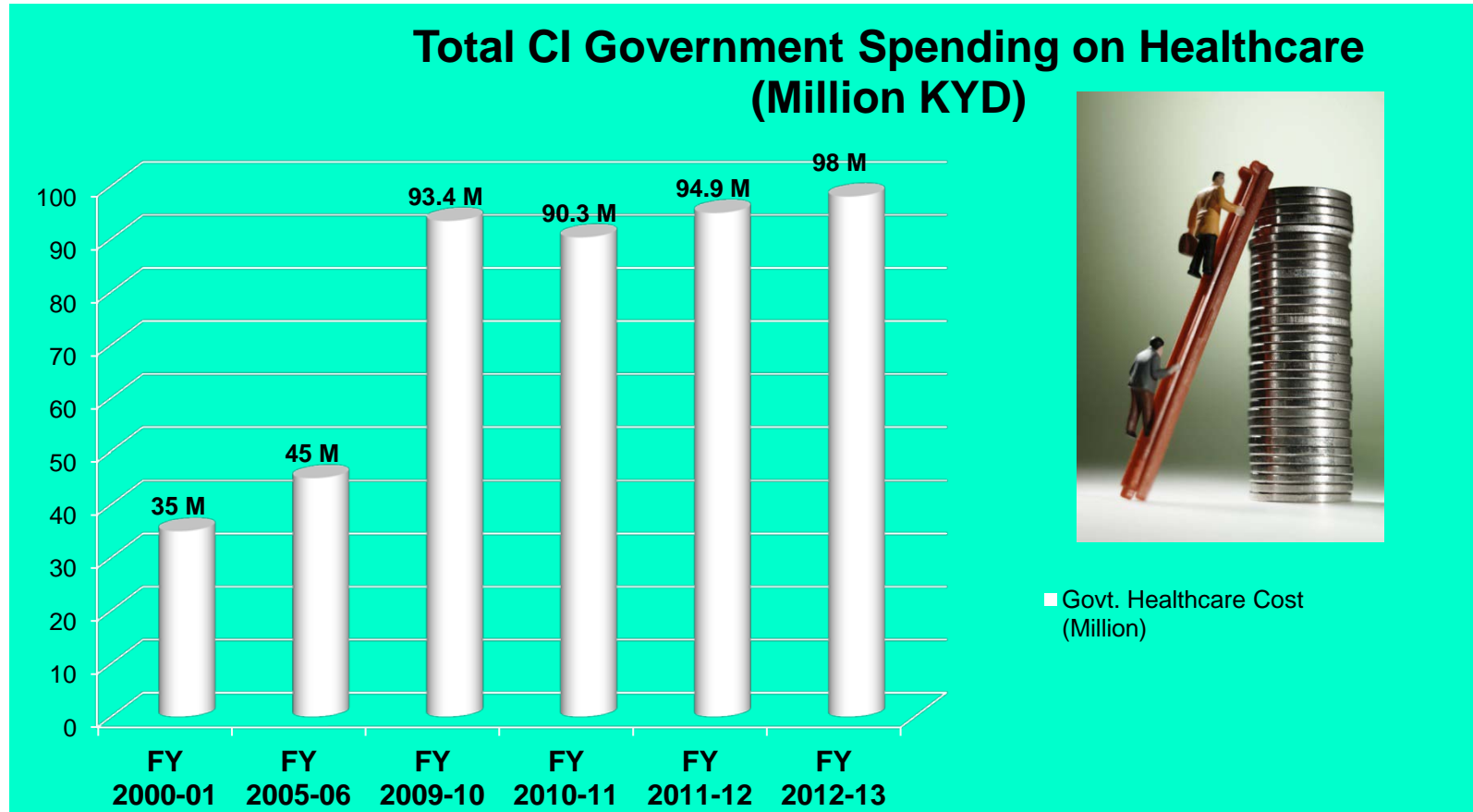
Healthcare Financing

- Cayman Islands National Insurance Company (CINICO)
 - Third Party Administrator (TPA) for the HSA
 - Overseas Referrals
- Public Health Programs
- School Health Programs
- Ambulance & Emergency Services
- Mental Health Services

Healthcare Financing

- Market-based Health Insurance Companies Offer Residents/Businesses Minimum Level of Benefits Established by National Legislation
- Usual, Customary and Reasonable Fee Schedule
 - Standard Health Insurance Fees
- Patients Can Move Freely Between Government and Market-based Providers with Approval of the Chief Medical Officer

Healthcare Cost – Rising



**THE EXPENDITURE TREND IS NOT SUSTAINABLE WITHOUT
BENDING THE COST CURVE OF GOODS AND SERVICES**

Health Insurance Cost – Rising

Fragmented public-private healthcare system

Health Insurance Reform

Upper tier cost of living compared to other developed nations

Chronic illness growing

Lack of some secondary and tertiary services for the local residents



High operating cost for providers – landed cost of medical surgical goods is significantly higher than in the United States and Europe

Escalating government healthcare costs – overshadowing economic growth

Smaller population to spread healthcare and preventive expenses

Higher investment risks, lower ROI

No lower cost sub-acute care services

New private tertiary level hospital opening Feb 25, 2013

Health Insurance Regulation

- The Health Insurance Law 2003 and the Health Insurance Commission (HIC) 2004
 - Primary purpose of these laws ... “to ensure that the provision of health insurance to the public is well regulated”
 - HIC’s primary role is to monitor the performance of the health insurance industry including the changes to premium rates over time
 - Premiums can not increase without prior authorization of the Cabinet

Health Insurance Regulation

- HIC's Vital Functions
 - Advise Health Minister on health insurance matters
 - Require every provider to file fees charged for healthcare benefits offered to the beneficiaries
 - Investigate and settle disputed claims and answer questions arising in connection with the provision of health insurance benefits
 - Advise the Governor-in-Cabinet on the premium rates charges by health insurers
 - Manage the Segregated Insurance Fund (SIF) for indigent care

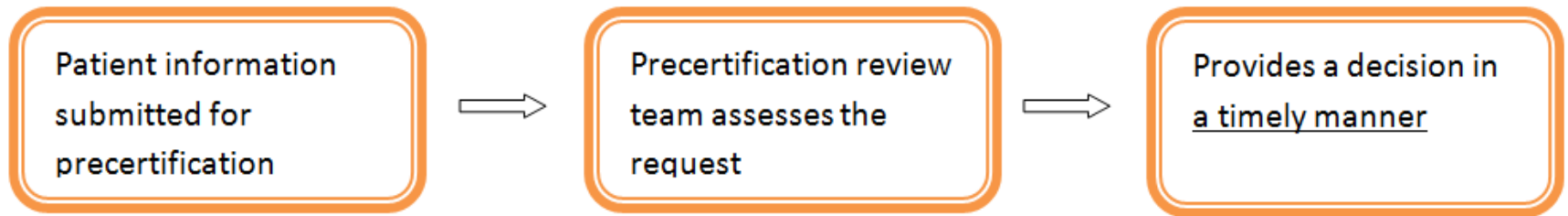
Implementation of Precertification

- Synopsis of the Precertification Process
- Details of the Precertification Process
- Precertification from the Perspective of the Key Stakeholders: Impact and Challenges



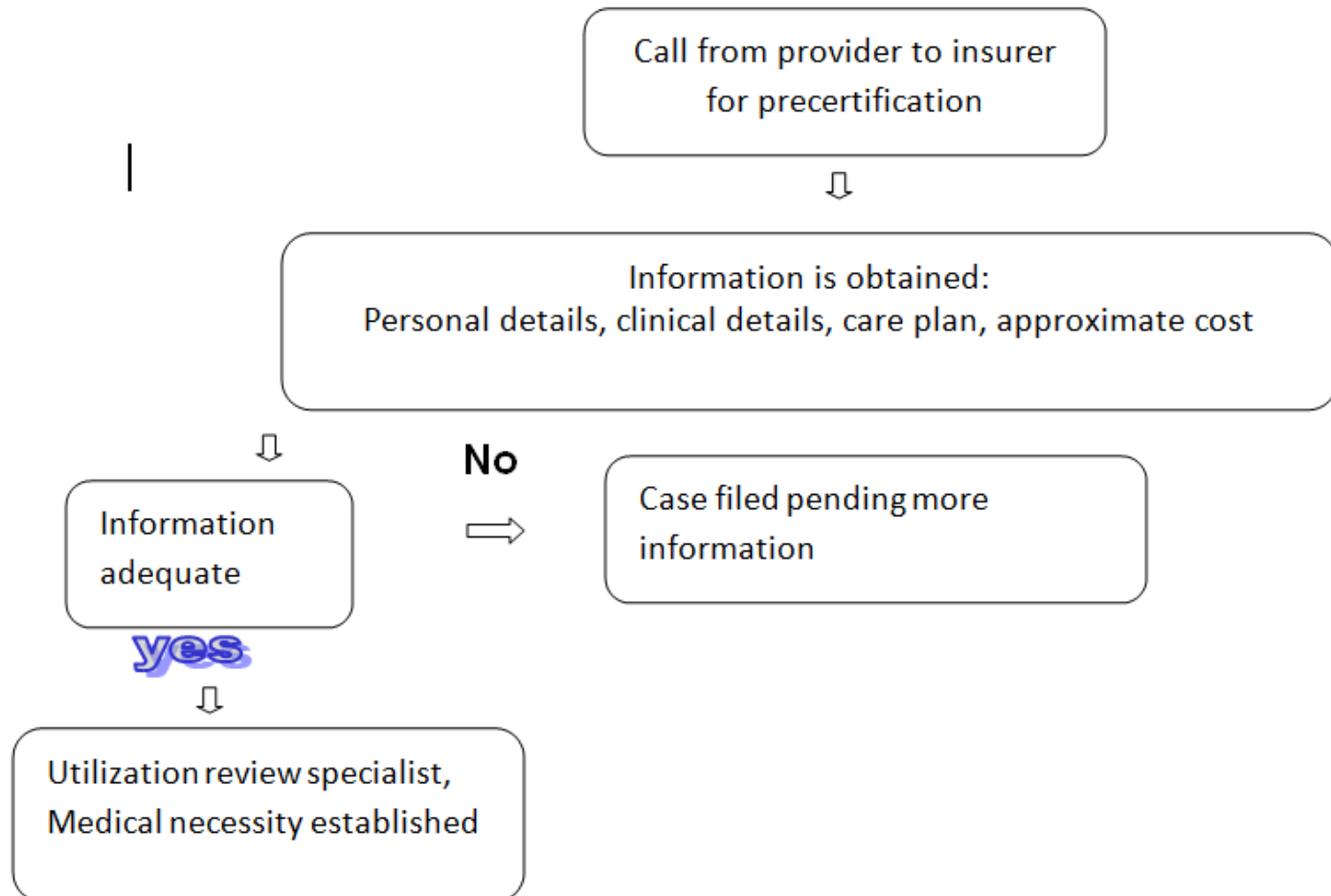
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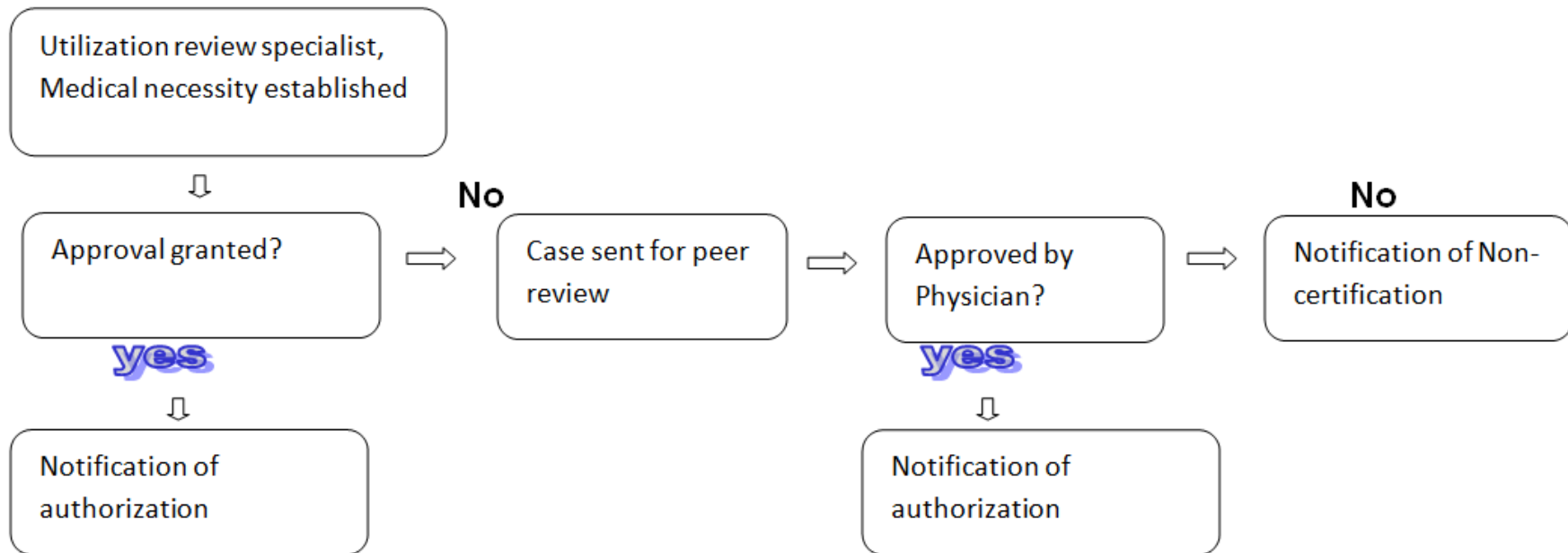
Implementation of Precertification

- Details of the Precertification Process



Implementation of Precertification

- Details of the Precertification Process (cont.)



Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Office of HIC

- Introduced Precertification in the Cayman Islands in 2005/2006 Fiscal Year – because of increased utilization
- Healthcare providers were educated about the process – some public relations occurred
- Physician resistance from the inception – felt they were not part of the decision-making process
- If cost of care was less than \$250.00, no precert necessary; also excluded were emergencies and visits to GPs

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Office of HIC (cont.)

- *“Pre-cert started with good intentions – some insurance companies now use the process to ‘limit or deny’ services/care to patients having medical necessity needs...”*
- *“When medically necessary care is indicated it should be provided ... however a few insurers ‘nickel and dime their way out of paying claims...”*
- *“The HIC is inundated with complaints from both licensed healthcare givers, providers and insurers...”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Office of HIC (cont.)

- *“Discussions underway with HIC to deal with insurance companies that are using unscrupulous methods to stall, delay and deny access to care and provider reimbursement...”*
- *“Inappropriate behavior on the part of a few insurance companies is causing more regulatory control to enforce ethical principles of appropriate care and access to same...”*
- *“In the Cayman experience, precertification requirements have not decreased the rapid rise in healthcare cost – it has caused providers to take a second look before ordering a test or intervention...”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Insurance Providers

- *“Precertification is a useful tool to slow down the ‘run-away healthcare cost’...”*
- *“It provides utilization information in advance and provides Insurers the ability to become directly involved in outcomes measures by application of ‘prudent, medically necessary care’ by means of concurrent and retrospective reviews...”*
- *“Except for 2 companies the precertification process has worked well in Cayman...”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Insurance Providers (cont.)

- *“Precert allows for the definite identification and alignment of procedures with the members’ insurance benefit plan/coverage limits...”*
- *“It was agreed that at all times the local Chief Medical Officer (CMO) shall act as the final adjudicator of the determination of ‘medical necessity’...”*
- *“Insurance providers are encouraged to involve the CMO in the appeals process. Once our CMO deems a procedure medically necessary we approve...”*
- **“Emergency care is exempt from the precert process”**

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians and other Providers

- **Orthopedic Surgeon** – *“Provides useful ‘checks and balances’ of the system if used appropriately...”*
- **General Surgeon** – *“Increases the administrative burden on the physicians and results in less time for patient care...”*
- **OB/GYN** – *“Could be a good process if it were not for a few unethical, sneaky, and tricky insurance carriers...”*
- **Ophthalmologists** – *“Precertification is not required in emergency cases, but many times the insurance company deems the incident non-emergency after the procedure; this is inappropriate and unfair...”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians (cont.)

- **Neurosurgeon** – *“Some of our colleagues don’t always practice evidence-based medicine and sometimes procedures and tests are ordered (like MRI) when a good history and physical and proper examination could have avoided the extra cost; precert does help improve utilization of medical services”*
- **Private Imaging Centres** – *“Precertification is necessary in the Cayman Islands; it helps police the appropriateness of tests that physicians may order, but the process needs to be streamlined; the two step process of precert and eligibility confirmation adds to the administrative burden and payment is not guaranteed even with precert which requires additional interventions as well as costly additional human resources in the form of additional administrative staff”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians (cont.)

- **Private Facility A** – *“I have had no problems with some insurance companies; other companies use precertification as a means to circumvent the delivery of care or delay and often times deny treatment”*
- **Private Facility B** – *“Precertification has been useful to determine medical necessity but a few health insurance companies in Cayman especially some that outsource the precert process to 3rd parties off Islands uses all obstacles to undeniably block payments on claims.”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians (cont.)

- **Private Facility C** – *“If the precert process was offered online as is the case with one of the local insurance companies, it would make life much easier for all concerned. The common excuse for non payment is that the appeals document was not received...The Appeals process is arduously lengthy”*
- **Pain Specialist** – *“The process can be a nuisance but I am seeing some patients where a CT could have been avoided or where the better imaging (if at all) would have been an MRI. Some colleagues need to be reminded of the proper indications for various imaging modalities.”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians (cont.)

- **Radiologist** – *“It could be advantageous in that it gives the health insurance companies the opportunity to control some costs, with the potential for reduction in healthcare premiums... it also assists with reducing the number of medically unnecessary expenses being incurred. Overutilization of imaging causes unnecessary radiation exposure... However, precert lends itself to various manipulations of medical care protocols by some unscrupulous insurance carriers.”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Physicians (cont.)

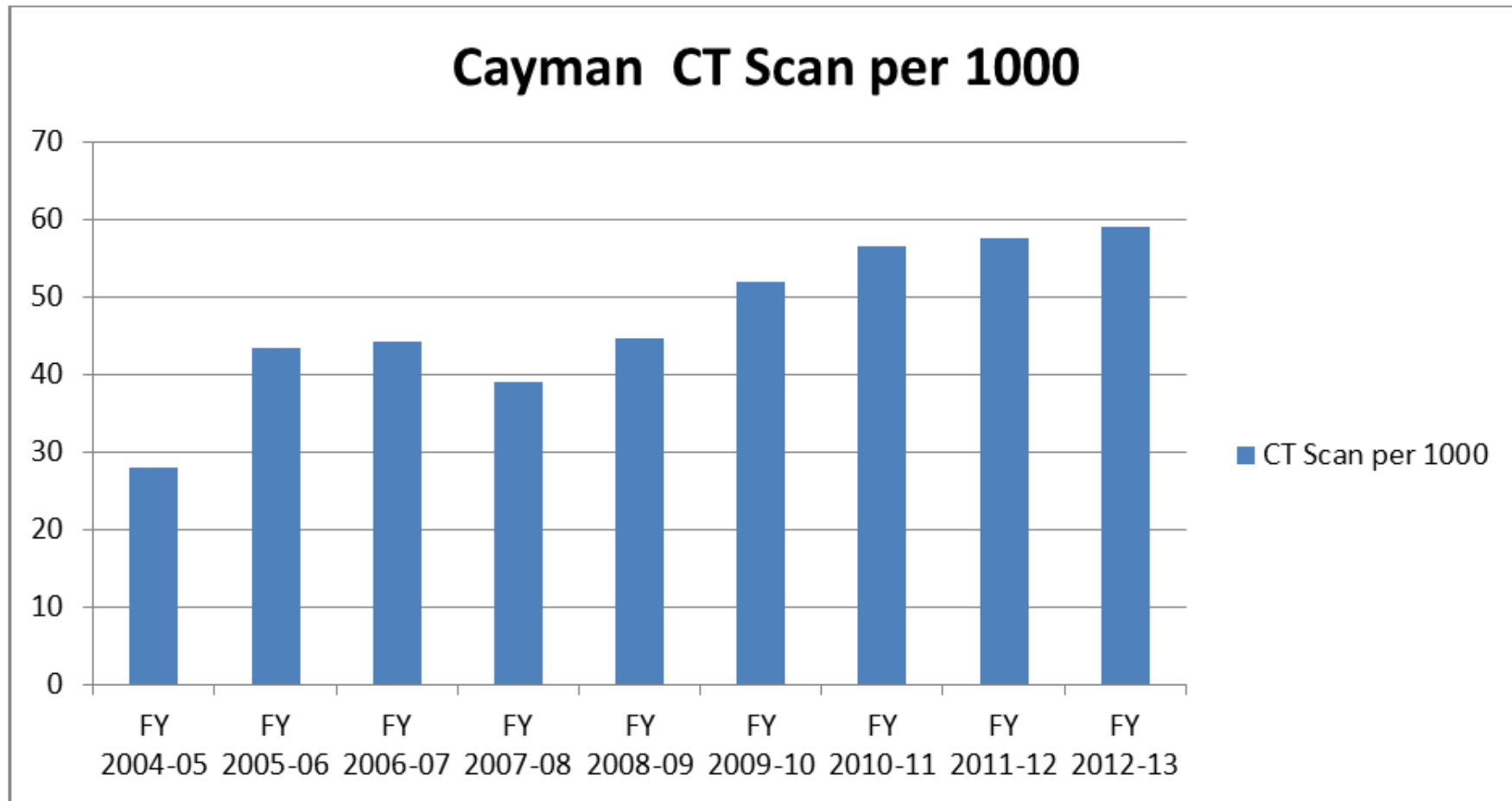
- **Government Hospital Provider** – *“The greatest problem with precertification lies with those health insurance companies that use an overseas 3rd party to administer the process – they don’t know the local context. A common misunderstanding is that the claim is denied because the insurer claims the patient could be cared for at a lower level facility, when no such alternative exists in Cayman.”*
- **Intensive Care Specialist** – *“As an expert in Intensive Care, I know what is best for the patient – how can the ‘distant’ insurance representative have the right to delay access to care based on a nurse’s judgment? There needs to be strengthening of the appeals process and greater oversight and intervention by the HIC.”*

Implementation of Precertification

Precertification from the Perspective of the Key Stakeholders – Patients

- *“The health insurance companies use precertification to delay care. Even though the precert is supposed to validate medical necessity, it seems that the companies deliberately confuse the issues so the plan is not easily understood.”*
- *“Even the HR managers don’t know how to explain the coverage for health insurance.”*
- *“When I had my nuclear stress test done, it was expensive and when the insurance company did not pay the bill, I was unable to pay... I wouldn’t have done the test if I knew I would be stuck with the bill but it was too late.”*
- *“I want to be sure that my physician is requesting only the tests that are necessary but I don’t like the fact that someone is telling my doctor how to take care of me when they don’t know the details of my health situation.”*

Utilization Trends – CTs / 1000 pop

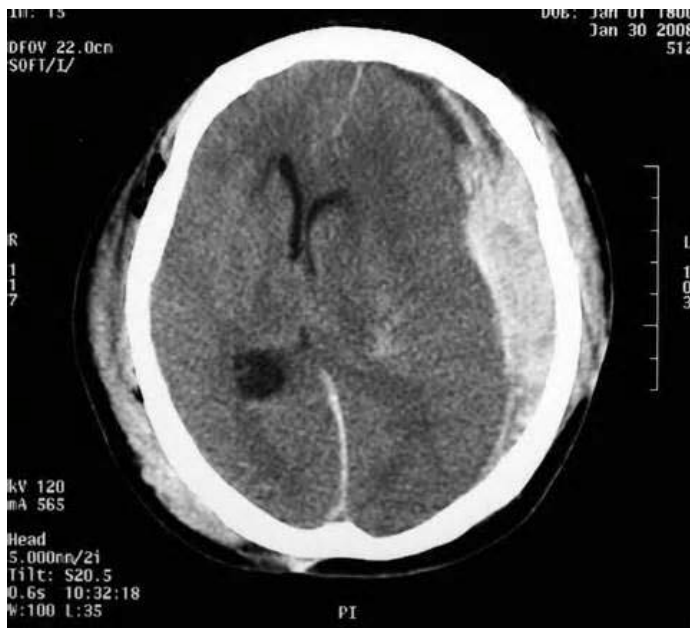


Utilization Trends - CTs / 1000 pop



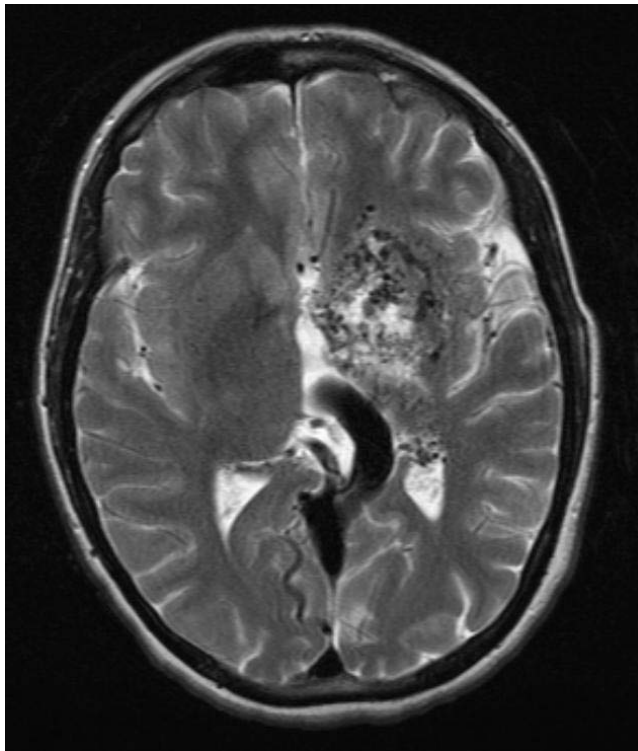
Utilization Trends - CTs / 1000 pop

Statistical Name	FY 2004- 05	FY 2005- 06	FY 2006- 07	FY 2007- 08	FY 2008- 09	FY 2009- 10	FY 2010- 11	FY 2011- 12	FY 2012- 13
Cayman CT Scan per 1000	28	43.3	44.3	39	44.7	52	56.5	57.5	59.1
Bermuda CT Scan per 1000	75.9	83.1	98.1	100.4	145.3	153.7	166.9	171.4	-

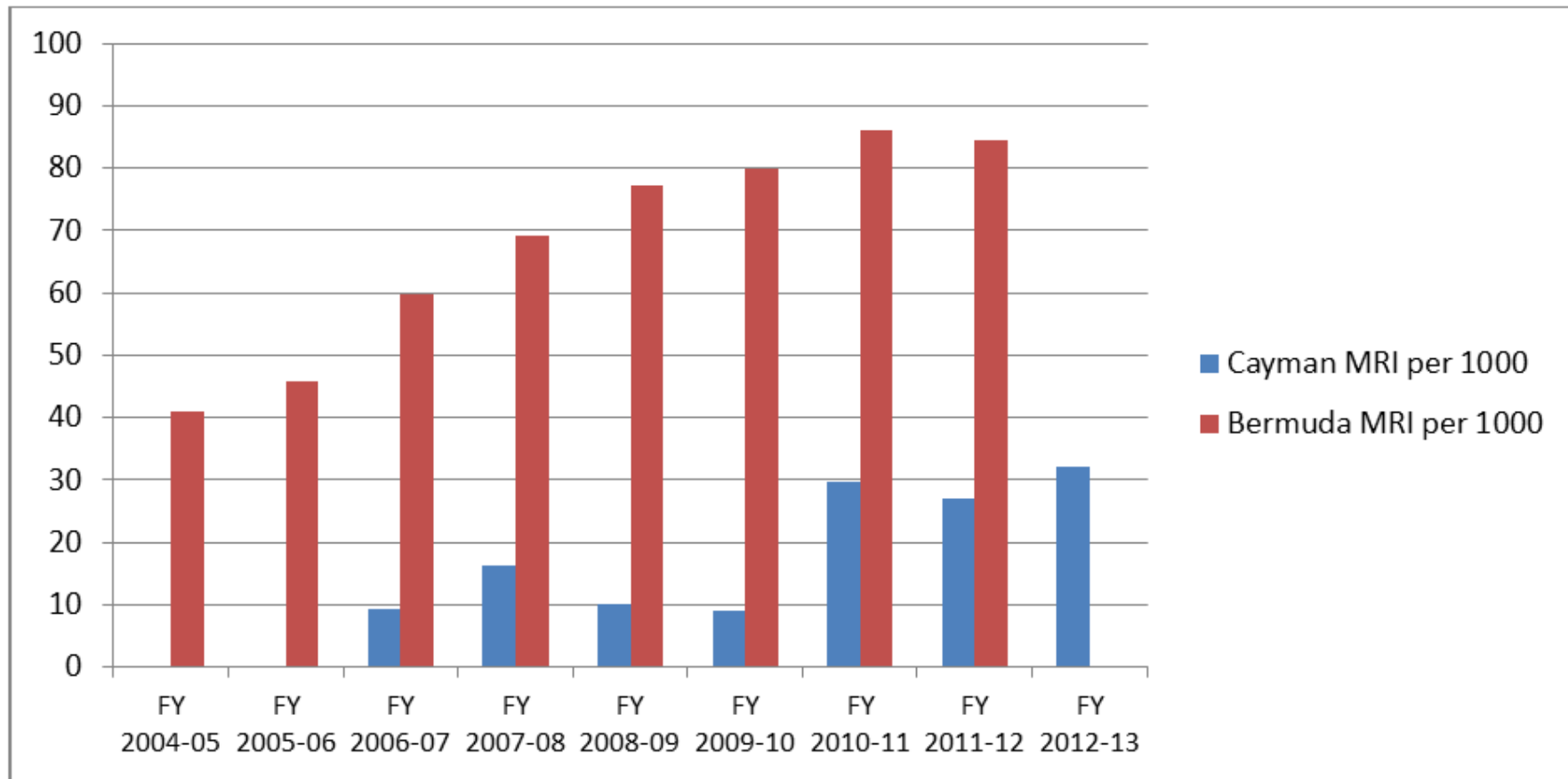


Utilization Trends – MRIs / 1000 pop

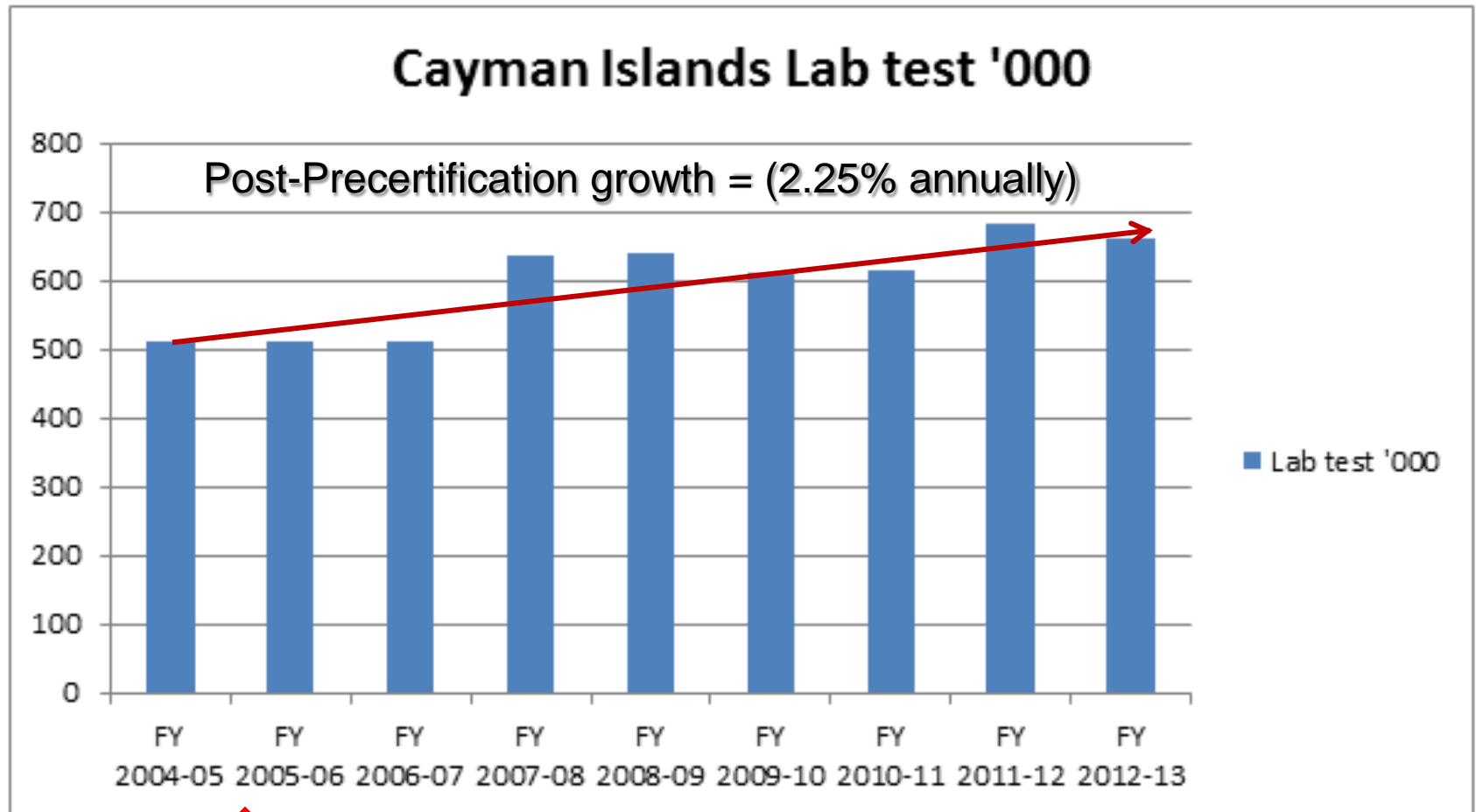
Statistical Name	FY 2004- 05	FY 2005- 06	FY 2006- 07	FY 2007- 08	FY 2008- 09	FY 2009- 10	FY 2010- 11	FY 2011- 12	FY 2012- 13
Cayman MRI per 1000			9.3	16.4	10	9	29.8	27.1	32
Bermuda MRI per 1000	41.1	45.8	59.9	69.3	77.1	80	86.1	84.4	



Utilization Trends - MRIs / 1000 pop



Utilization Trends – Labs / 1000 pop



Implementation of Cayman
Islands Precertification Process

Concluding Thoughts and Recommendations

Precertification :

- Done in most locations throughout Caribbean
- Properly implemented, regulated, with appropriate checks and balances in place could be beneficial for all parties not only for insurer to be knowledgeable as to the insured's eligibility of coverage, also provides determination in advance as to the request being appropriate
- Provides additional knowledge to the health plan administrator of an insured receiving medical service. The health plan administrator is then positioned to further compliment the attending physician and patient if additional services are needed on island or possible overseas.
- Should be seen as a guideline. It focuses on planned – scheduled services... and has very limited role in the emergency setting
- If used well could serve to promote consistent delivery of care - and could serve to strengthen evidence based standardization

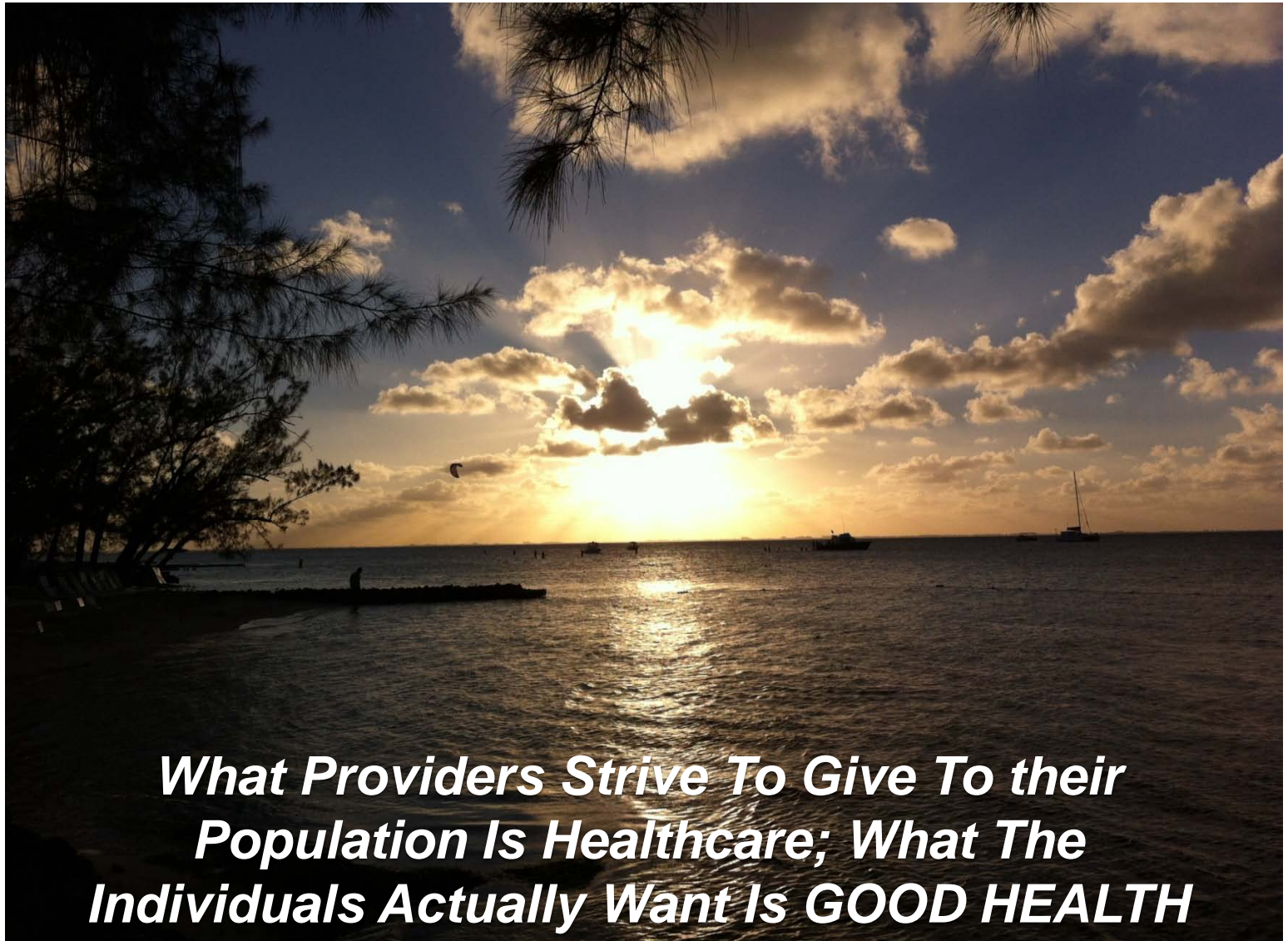
Key Recommendations

- The medical fraternity should proactively take on the responsibility to formulate evidence-based standards of care
- The government should engage the physicians in formulating the standards which drive precertification in support of evidence-based practices
- The precertification process should support the standards of care developed by the local physicians; this will help control unnecessary utilization in accordance with the standards
- Precertification should best be carried out by clinicians who understand the local medical context
- Precertification should serve as a [not the] tool to implement/enforce the utilization standards

Key Recommendations

- A threshold should be established under which precertification is not required (i.e. GP visits, <\$500, etc.)
- Clearly identify the services requiring precertification
- Implement a regulatory framework for health insurance companies to follow with legislative powers to adjudicate appeals. Develop binding operating agreements between provider and insurer within the framework of the law
- The national Chief Medical Officer should adjudicate the appeals process, especially with respect to medical necessity
- Watch out for “bad insurance companies” that defy the intent of the precertification process, and administer strong penalties for those non-compliant offenders

THANK YOU !!



***What Providers Strive To Give To their
Population Is Healthcare; What The
Individuals Actually Want Is GOOD HEALTH***