



Frequently Asked Questions

1. What is the Standard Health Benefit (SHB) and what does it cover?

The SHB is the minimum health benefit package that any employer must offer, or any self-employed person must carry, and must be included in every local health insurance policy. The benefits and maximum premium are set by Government. Basic hospital benefits performed by the Bermuda Hospitals Board make up the majority of services covered, including select inpatient services, outpatient services and diagnostic imaging. It also includes selective services performed outside the hospital by approved providers such as palliative end of life home care, and non-hospital diagnostic imaging services.

2. What is the Mutual Reinsurance Fund (MRF) and what does it cover?

The MRF was originally established by Government to cover newly introduced benefits for which a claims experience history was unavailable and for which premium forecasting would be difficult. Dialysis is one example, and it was therefore kept out of the Standard Health Benefit package until its costs and utilization could be properly assessed. The MRF has been expanded over the years and now also includes support for high-value claims for services performed by the BHB, it helps to fund the Government administered plans such as HIP and Future Care and operational costs of the BHB and the Bermuda Health Council. The MRF is managed by Government. The MRF fee is currently \$101.97 and is scheduled to increase to \$331.97 effective June 1st, 2019. It is legislated annually and collected by insurers on Government's behalf.

3. What is the Standard Premium Rate and what does it include?

The Standard Premium Rate is set annually by Government and includes the MRF fee and the Standard Health Benefit's premium combined. The SPR for 2019/20 will remain the same as it was in 2018/19 at \$355.31, however the distribution of the two components are changing effective June 1st, 2019. The SHB will reduce from \$253.34 down to \$23.34 and the MRF will increase from \$101.97 to \$331.97.

	Standard Health Benefit (SHB)	Mutual Reinsurance Fund (MRF)	Total Standard Premium Rate (SPR)
2018/19	\$253.34 *	\$101.97	\$355.31 *
2019/20	\$23.34	\$331.97	\$355.31

* It is important to note that the current SHB premium of \$253.34, set by the Government, is the maximum premium that an insurer may charge for SHB benefits. For most insured groups covered by Colonial the actual premium charged for the SHB benefits currently included within Colonial's comprehensive cover is considerably less, as it's based on your group's claims experience and risk rating.

4. What are the basic hospital benefits covered under the existing Standard Health Benefit?

Currently the basic hospital benefits under the SHB include, but are not limited to, room and board rates at BHB, outpatient procedures performed at BHB, lab testing, outpatient diagnostic testing (i.e. MRI, CT scans, ultrasounds, mammograms) and ER visits. Only physicians who are employed by the BHB and are listed in the SHB section of the Bermuda Hospitals Fee Schedule are considered SHB, therefore private physicians/ surgeons/ obstetricians are not considered SHB. Under Government's proposed changes, these basic hospital benefits will no longer be eligible under the Standard Health Benefit. Instead, these charges will be funded by the Government block grant. The MRF will contribute towards this grant.

Under your Comprehensive coverage, Colonial will continue to provide benefits for and reimburse claims for the BHB procedures that are not covered under the SHB, for example, urology visits and services. Additionally, the Bermuda Health Council has approved coverage for certain services by specific providers within the community as SHB. These services include, but are not limited to, home healthcare, MRI, CT scans, certain ultrasounds and mammograms. These SHB benefits will continue to be covered under the comprehensive plan. For a complete listing of services eligible for consideration by Colonial, please visit www.bhec.bm.

5. Will the new healthcare funding plan proposed by Government make healthcare coverage cost less for employees and employers?

Currently the majority of the group health plans that Colonial provides are comprehensive cover and combine the mandated SHB benefits, which includes basic hospital benefits, with major medical benefits (all benefits in excess of mandated SHB). Colonial combines both levels of cover to ensure that benefits are being utilized efficiently and appropriately and applies a risk rated premium.

Shifting the basic hospital benefits out of SHB to the Government Mutual Reinsurance Fund will now mean that these are no longer administered by Colonial but will fall under the Government MRF. At this stage it is difficult to predict what the overall impact will be to the system but typically separating SHB claims could lead to greater overall administrative cost and potentially some confusion as to what is covered by Colonial's plan and the Government during a hospital stay or procedure.

6. Can I still rely on Colonial to administer claims for basic hospital benefits that will be covered under the Mutual Reinsurance Fund?

No. Under the proposed changes Colonial will no longer have administrative responsibility for basic hospital benefits previously covered under the SHB. Government will be responsible for managing these services.

7. Will my total Colonial health insurance premium go up under the proposed changes?

The premium charged by Colonial for existing benefits for major medical coverage and those Standard Health Benefits not included in the standard hospital benefits (such as imaging, diagnostic services, etc.) will continue to be based on such factors as the risk-rating of the employer's group policy and claims experience. Due to the mandated basic hospital benefits and costs being shifted to the MRF, the premium charged by Colonial for the benefits still covered, will be reduced. However, the total cost to employers and employees, including both the increased MRF and the reduced insurer's premium, will be variable from employer to employer.

SHB benefits now covered by the MRF fee which is community rated will no longer reflect the risk profile and claims experience of your group.

In addition, while the proposed changes by Government shift basic hospital costs, they do nothing to address the real drivers of the cost of healthcare in Bermuda, including overutilization, healthcare cost inflation and an aging population. Consequently, the cost of healthcare in Bermuda we anticipate will continue to rise, as there is uncertainty as to how SHB benefits will be managed to ensure that the block grant is used efficiently.

8. What's the difference between how my health care premium from Colonial is currently calculated and how it will be calculated under the proposed Government changes?

Currently your premium is based on a combination of your major medical benefits and the mandated Standard Health Benefits. Colonial is required to charge you a Government fee for the Mutual Reinsurance Fund. Apart from the MRF fee, your current Colonial premium is based on your risk profile and expected claims experience, along with Colonial's administrative fee for managing your claims and coverage.

Under the proposed Government changes, your basic hospital benefits will no longer be administered by Colonial, or included in the premium that Colonial administers and calculates on your behalf. Government has decided to shift the costs for the SHB and include it as a set, legislated fee under the mutual reinsurance fee, which will now increase from \$101.97 to \$331.97. This \$230 MRF increase for your basic hospital benefits will be the same for all insureds in Bermuda regardless of your group's claims experience. It is determined by Government actuaries. This is sometimes referred to as a "community rating," because the actuaries also include the claims experience of all insureds in Bermuda, including those covered under HIP and Future Care, in their calculations.

Colonial will no longer be able to adjust your premium based on utilisation levels under the SHB at the hospital, as Government will include it as a set fee in the MRF based on the insured community claims experience in any year. Colonial will calculate your new premium on the major medical portion and the Standard Health Benefits remaining after the basic hospital benefits have been removed.

9. Under the proposed Government changes, including the shift of basic hospital benefits to the MRF, will the premium that Colonial charges me for the benefits it continues to administer on my behalf be reduced?

Yes, because your basic hospital benefits have been shifted to Government's MRF. The reduction will vary depending on your group's risk profile but will no longer include a factor for claims experience on your SHB hospital benefit as this portion of your benefits will be charged by Government as the same set fee for everyone.



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