

# Preface

This book is the result of the research I focused on for the last 7 years and represents an updated and extended version of my PhD dissertation entitled “The design of basic and supplementary health care financing schemes: implications for efficiency and affordability”, mostly written when I was working as a researcher at the Department of Health Policy and Management, Erasmus University of Rotterdam, in the period between 2002 and 2007. When I started in 2002, the health policy debate in several countries was increasingly focusing on the questions: how to ensure universal access to affordable health care coverage and services, given the trends indicating rapidly increasing health care costs and increasingly constrained public finances? What role should private health care financing arrangements play? How do public and private financing schemes interact with each other? And what are the implications on efficiency and equity of these interactions?

Despite the rapidly growing economic literature on the interactions between public and private health care financing schemes, the subject is still largely a *terra incognita*. This book aims at contributing to this literature by providing detailed insights on the institutional and regulatory design of public and private (e.g. for basic and supplementary services, respectively) health care financing and insurance schemes and on the consequences for efficiency and affordability of an increasing reliance on supplementary health insurance in several OECD countries. This book is relevant since supplementary health insurance is viewed by policymakers and analysts worldwide as an alternative to collective financing that effectively enhances efficiency and increases consumer choice. In particular, competition in supplementary health insurance markets is considered as a vehicle to achieve these goals. However, an increasing reliance on competitive and unregulated markets for supplementary insurance may also reduce access to health insurance for (low-income) high-risk groups. This happens because competition induces insurers to differentiate premiums according to individuals’ risk profiles (risk-rating) or exclude some risks from coverage (risk-selection). These strategies may result in high premiums and partial or even absent coverage for high-risk groups. Consequently, the potential social welfare gain from risk protection cannot be fully

realised. The main contributions of this book are the development of a novel and rigorous theoretical framework analysing the economic rationales for the optimal design of healthcare financing and insurance schemes, and an empirical and institutional analysis investigating the effects on efficiency and affordability of the complex interactions between basic and supplementary sources of financing in health care.

Although writing this book has been very much an effort of self-discipline and self-education, it could not have been written without the tangible and intangible assistance and education of many. To say that I owe Prof. Dr. W.P.M.M. van de Ven and Prof. Dr. F.T. Schut a debt of thanks is highly inadequate to describe their contribution. They elaborated challenging and critical comments on the many drafts of this book and contributed with inspiring ideas to the different chapters. Thanks are also due to Dr. Konstantin Beck, Dr. André den Exter, Prof. Dr. Stefan Greß, Dr. Femmeke Prinsze, Dr. Piet Stam, Dr. Carine Van de Voorde, Dr. Irit Zmora, all the Risk Adjustment Network (RAN) members, and all the colleagues at the Erasmus University and at the Australian National University. I am grateful to the insurance company AGIS for offering the data for the empirical analysis in Chap. 4.

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Finally, it is a fine tradition to conclude with thanking those whose contributions were the most intangible, yet most important: my parents Rita and Paolo, my sister Elena and her partner Francesco, my nephew Diego and the love of my life, Adelina, to whom this book is dedicated.



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