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The Dutch health system, Part 2

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In the July issue I described the basics of the current Dutch health system. This month, I will explain the changes the Dutch government plans to implement in 2006. Parliament has approved the plans, but still has to vote on the implementation date, proposed for January 1st, 2006.

As I explained in the July issue (Dutch Health system part I), the current health insurance system has two groups: those insured through state insurance (Ziekenfonds) and those insured through private insurance (Particulier). In the upcoming system, that distinction will no longer be. All inhabitants of the Netherlands will have the same basic health insurance, regardless of age, income and health. The coverage for medical treatment and medication in this new basic insurance will be similar to the coverage of the current Ziekenfonds insurance. In addition, one is free to obtain a supplemental insurance for additional coverage (e.g. the dentist) or special care.

This new system may sound reasonable. After all, we will all pay the same premiums (approximately € 1.100 per year per person) for the same care and children under the age of 18 are insured for free. However, the system is expected to be more expensive low income groups. Despite the government's promise to compensate those with an income of less than € 26.000 per year, the social welfare institute fears that the governmental compensation will not be used for the payment of premiums but for other payments.

Employers worry about the 6,25% premium per employee they will have to pay to the tax authorities and whether or not this will be cost increasing for them. They must decide whether to offer a collective health insurance (basic or basic & supplementary) as a fringe benefit to employees. A 10% premium discount will be the maximum for the basic insurance. On top of that there will be the supplementary insurance to take care of. However, it's hard to predict what the cost of that supplementary insurance will be. Since joining a collective health insurance at work will be optional to the employee, how many members can the employer expect? After all, employees are free to shop around for the best tailor made package deal for their supplemental insurance. You bet there will be a price war among the insurance companies.

So employers will have to reconsider offering collective insurance. An attractive collective insurance may attract new employees and can be part of the company's health policy, but the estimated costs must be compared to the current health care costs. It's also wise to check what the CAO (collective labour agreement) says about the costs.

We will know more after Queen Beatrix has had her speech from the throne, the 3rd Tuesday of September.

Stay tuned, stay healthy!

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