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Why do people not switch insurer in a market-based health insurance market? Empirical evidence from the Netherlands

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Background: In market-based systems, the possibility to switch is an important precondition for a well-functioning health insurance market. To assess whether such a market works as intended, insight into the considerations and perceived barriers of insured is needed. This study examines the rates and reasons for not switching health insurer in the Netherlands, and whether these reasons differ between the general population and the population of people with a chronic illness.

Methods: We made use of survey data collected in 2017 among two panels representing the general population (n=659, response 44%) and the chronically ill population (n=1593, response 86%).

Results: We found differences regarding the reasons for not switching insurer. The chronically ill population seems to attach more importance to reasons related to the coverage of the health plan, whereas the general population is more focused on the level of service. Some people who considered switching experienced barriers, however, these barriers were not significantly more experienced by the chronically ill population.

Conclusions: This study reveals differences between the general population and the chronically ill population when examining reasons for not switching related to quality and coverage. A subset from the people who initially considered to switch experienced barriers which might have altered their decision. Further research is recommended to

include questions about information search behaviour to examine which consumers make an informed decision for not switching, and for whom barriers limit switching.

Introduction

Over the last decades, several European countries, including the Netherlands, implemented a health insurance system based on managed competition with multiple insurers.¹⁻⁶ One main feature of such a system is that the insured have the option to switch to another health insurer for their health insurance policy.⁷ People can opt for another insurer when they are dissatisfied with the price, quality of contracted healthcare providers which their current insurer offers, or when another insurer offers a better price or health plan.^{8,9} Condition for the system to work is that every insured person, whatever their characteristics, such as age or chronic illness, has the same opportunity to switch health insurer. The Dutch health system contains several safeguards to fulfill this principle (see Supplementary material S1). In order to assess whether these safeguards work as intended, this study provides a first descriptive insight into the underlying reasons for not switching for both the general population and the population who suffers from a chronic illness (from now on referred to as the chronically ill population).

Switching health insurer is considered to be important on both the level of the system and the individual. On the system level switching by the insured is one of the necessary features to create competition between health insurers.¹⁰ The policy assumption is that switching stimulates health insurers to meet the preferences of their insured on price, quality and contracted providers.¹¹ Yet, it is unclear which rate of switching is sufficient to create enough competition between health insurers.^{7,11} However, it is known that even the intention of the insured to switch puts pressure on health insurers.⁷ On the individual level insured can benefit from switching insurer. In the Netherlands, a substantial number of insured has a suboptimal health plan.¹² Insured who have had the same health insurance or plan for a long time may no longer have an insurance plan that fits their needs best. Switching health insurer or plan may thus be beneficial for them.¹²

However, the functioning of the healthcare system cannot solely be assessed based on the number of switchers. After all, a low switching rate may also be an indicator of a health insurance market which functions perfectly, since insured are satisfied and do not feel the need to switch.¹³ The reasons underlying the decision not to switch may be more relevant to study than the actual switching rates. For a health insurance system to function properly, it is important that people make an informed decision and can switch, when this is preferred, without experiencing barriers.^{6,10} The subset of insured who considered to switch, but ultimately stayed at their current insurer can provide insight into this important precondition. Scientific research regarding this group is currently lacking. Their decision for not switching could be based on an informed consideration of costs and benefits. This is in accordance with the assumptions of the health insurance market that people choose an insurer based on a cost and benefit consideration after comparing price and quality information.⁸ The decision could also be related to barriers, like the difficulty of comparing sources of information or the fear of being rejected by the new health insurer. This last category of reasons for not switching may offer possible implications for policy, since this is the group who planned to switch but refrained due to barriers.

Earlier research also indicated that people who suffer from a chronic illness experience more barriers to switch than the general population,^{14,15} and that people who suffer from a chronic illness seem less inclined to switch insurer.¹⁶ A reason for this is that considering the costs and benefits of switching might be more complicated for people who suffer from a chronic illness, since they need to take more aspects into account, such as contracted care and access to their preferred healthcare provider.¹⁷ However, there should be equal opportunities to switch for all subgroups. In this study, we therefore decided to examine the people who suffer from a chronic illness as a separate group.

Two questions are central in this study: 1) 'What percentage of insured considers switching health insurer, and is there a difference between the general population and the chronically ill population? 2) What are the reasons for insured not switching health insurer, and do these reasons differ between the general population and the chronically ill population as well as between people who considered to switch and who did not consider to switch?' This holds relevance for countries with health systems based on free choice between health insurers and for countries considering introducing elements of consumer choice in their health system.

Methods

Data collection

Questionnaires were sent to members of two panels of Nivel (the Netherlands Institute for Health Services Research): (i) The Dutch Health Care Consumer Panel (DHCCP), a panel that represents the general population and (ii) The National Panel of people with Chronic illness or Disability' (NPCD), a panel that represents the chronically ill population. The DHCCP is a so-called access panel. The panel aims to measure opinions on and knowledge about healthcare and the expectations and experiences with healthcare in the Netherlands.¹⁸ In 2017, the panel consisted of ~12 000 members aged 18 years and older. New panel members are recruited on a regular basis to renew the panel. Self-enrolment for the panel is not possible. The NPCD aims to give insight into patient perspectives on living with a chronic disease or disability in the Netherlands. As of 2017, the total panel consists of 3998 people above 15 years of age with one or more chronic diseases and/or with a physical disability. Participants with chronic diseases are selected from random samples of general practices in the Netherlands. Self-enrolment for the panel is not possible. For this study, we only selected panel members of 18 years and over who had been diagnosed with at least one chronic disease.

According to Dutch legislation, neither obtaining informed consent nor approval by a medical ethics committee is mandatory for carrying out research in both panels.¹⁹

Measurements

The main outcome measure is whether the insured considered to switch (=1) or not (=0). The reasons to stay at the current insurer were examined by presenting the participants 24 predefined reasons in the questionnaire. These reasons contain barriers to switch, facilitators to stay (e.g. satisfaction) and apply to price, quality, contracted care and service. Participants were able to mention multiple reasons by checking the boxes. Participants could also mention additional reasons in an open text box (see Supplementary material S2 for exact questions). To examine the underlying reasons for not switching, we distinguished four subgroups: (i) chronically ill population who considered to switch, (ii) chronically ill population who did not consider switching, (iii) the general population who considered to switch and (iv) the general population who did not consider switching. We included several socio-demographics: age in three categories (18–39, 40–64 and 65 years and older), sex (male and female), educational level (low, intermediate and high) and whether people have a supplementary insurance (yes or no).

Analyses

To correct for differences in age and sex between the panels, a weighting factor was calculated for the NPCD based on the proportion of age and sex among the general population (see table 1). In figures 1–3, we clustered the reasons for not switching in three categories: reasons related to price, reasons related to quality/contracted care and barriers for switching. We performed χ^2 tests of independence to examine significant differences in reasons for not switching between the

above-mentioned subgroups. Significant differences ($P < 0.05$) were presented using 95% CIs. Within the results section, we only present differences that are statistically significant.

Results

What percentage of insured considers switching health insurer?

The rates of switching, consideration and non-consideration between the two populations seem similar in 2017 (see table 1). In total, 18% of the chronically ill population considered to switch insurer compared with 19% among the general population. However, older insured among the general population consider switching significantly less often (11%) than the youngest age group (28%). A similar image is visible among the chronically ill population. Furthermore, younger chronically ill (23%) more often seem to consider to switch than the older chronically ill (17%).

Reasons related to price and quality, contracted care and service

It appears that there are no significant differences with regards to reasons related to price between either the chronically ill population and the general population, or the people who considered to switch, or did not consider to switch (see figure 1). Satisfaction with the group contract discount is the most reported price related reason for not switching among all the four subgroups. In general, reasons related to quality, coverage and service (see figure 2) are more often mentioned as a reason for not switching than the reasons related to price as well as the barriers (see figure 3). When examining all the 24 reasons for not switching, satisfaction with the service is the most important reason to stay at the health insurer for the general population. For the chronically ill population this is the satisfaction with the coverage of the total plan (see figure 2).

The chronically ill population who did not consider to switch mentions the reason 'satisfied with the coverage of the basic insurance' significantly more often (24%, CI 22–27%) than the general population who did not consider to switch (15%, CI 12–18%). Among the general population, people who did not consider to switch mentions 'satisfied with service' (45%, CI 41–50%) significantly more often than people who did consider to switch (27%, CI 20–36%). For the reason 'I am at my current health insurer for a long time' was the same difference visible between people who did not consider (34%, CI 30–39%) and who did consider to switch (16%, CI 13–20%).

Potential barriers

The reason 'I know what to expect at my current insurer' is most often mentioned by the chronically ill (considered/not-considered) and the general population who did not consider switching. Furthermore, chronically ill insured who considered to switch mention significantly more often (17%, CI 13–23%) than chronically ill insured who did not consider switching (9%, CI 7–11%) that they see too little differences between health insurers. Among the general population, significantly more people who did not consider to switch (20%, CI 16–24%) mention the reason 'I know what to expect at my current insurer' compared with the people who considered to switch (8%, CI 4–14%).

To summarize, the chronically ill population seem to mention other reasons for not switching insurer compared with the general population. The chronically ill population seems to attach more importance to reasons related to the coverage of the plan, whereas the general population is more focused on service.

[\[Table 1\]](#) [\[Figure 1\]](#)

Discussion

This study found that rates of switching, considering switching and not considering switching health insurer did not differ between the chronically ill population and the general population.

Our results are in line with the switching rates found previously in the health insurance market in the Netherlands,^{8,14} but are considerably higher than in other countries with a system with competing health insurers, as Czech Republic, Slovakia and Switzerland.¹⁻³ This study primarily focused on the reasons underlying not switching health insurer. We highlight three important findings and differences between subgroups related to preferences, inertia and perceived barriers.

First, we found differences between the general population and the chronically ill population to quality and coverage. For the chronically ill population, the reason most often mentioned for not switching is the coverage of the health plan, e.g. which healthcare providers are contracted by the health insurer and which care is covered. This reason is significantly less often mentioned by the general population. An explanation might be that chronically ill in general use more care and more specialized care.²⁰ This might make them more focused on which care is contracted than the general population, since they want to assure access to their preferred healthcare provider. No significant differences were found when examining the reasons related to price between all four groups. Similar preferences by chronically ill insured are found in earlier research that highlighted that the level of provider choice and the associated reimbursement level was the most decisive health plan characteristic for insured with one or more chronic conditions.²¹ In Germany and the USA, research demonstrates the importance of contracted providers in health insurance decision making for high risk consumers, as chronically ill insured.^{22,23}

[Figure 2] [Figure 3]

Second, this study showed signals that a subset of insured might be influenced by unconscious aspects in decision making. These can hinder consumers in making a proper consideration of costs and benefits, often referred to as inertia.^{24,25} Decision making influenced by inertia is not in accordance with informed decision making, as assumed in a health insurance market based on managed competition. An example of decision making influenced by inertia is loss aversion. This refers to a situation in which people do not make a decision because they care more about avoiding losses than they care about making gains.²⁴ The large group of non-switchers who mention 'that they are at their current insurer for a long time' might be explained by loss aversion. Other indicators pointing to potential inertia in this study are that people did not switch because 'it took too much effort to choose a new health insurer' (mentioned by 9–15% of the respondents) or that they 'do not think that they are capable of finding a better or cheaper health insurer' (mentioned by 10–12% of the respondents). Earlier research has identified potential influence of inertia in health insurance decision making.²⁵ This might thus reflect an overestimation of the consumers' ability to make informed choices in healthcare markets.²⁶

Third, from an equality perspective, it appears positive that the chronically ill population do not seem to experience significantly more barriers for switching than the general population. Among both populations, the most mentioned barrier for those who considered to switch is that they see too little differences between insurers. However, recent Dutch research indicates that there are large price differences between health plans, even when the plans have exactly the same characteristics with regards to contracted care.²⁷ In the last years, important steps are taken on the Dutch health insurance market to simplify the comparison of price and quality information.^{28,29} Moreover, the Dutch Healthcare Authority aimed to improve the comparability of the plans by obliging health insurers to publicize when they offer several identical health plans under different labels.²⁷ Although price differences between plans are relatively easy to compare on the internet, comparing the different policies is still difficult for contracted care and quality of care. Moreover, the use of online

resources introduced by the Dutch government to compare quality information lags behind the use of online resources for price information.³⁰ As our research indicates, it is important for the chronically ill population that their usual provider is contracted in the chosen insurance policy. For consumers who see too little differences between the insurers, simplification of the comparison of information on subjects other than price might encourage them to switch. Another example of an experienced barrier is that consumers are afraid that they will not be accepted for the supplementary insurance. Research on the Dutch Health Insurance market demonstrated an improvement of the accessibility of supplementary insurances. In 2012, 42% of the supplementary health plans were only accessible after medical selection. In 2017, only 11% of the most extensive supplementary health plans required medical selection.³¹ Although the actual barriers for switching are reduced, our research indicates that in both groups the perceived barriers for switching are still present.

Providing insight into reasons for not switching health insurer is an important contribution to the existing literature on health insurance decision making. The response rate among the DHCCP was considerably lower compared with the NPCD, as the NPCD can be characterized by committed respondents. Nevertheless, among both groups the samples were large enough to make subgroup comparisons. Based on our results, we are not able to conclude how many insured took an informed choice for switching or staying.³¹ Therefore, future research is recommended to include additional questions on how people choose their health insurer. Ideally, this information is collected during the enrolment period, instead of afterwards as was done in our study, to minimize the occurrence of recall bias.

Conclusions

This study reveals that there are differences between the general population and the chronically ill population when examining reasons for not switching related to quality and coverage. Moreover, subsets from both the general and chronically ill population experience barriers which might have refrained them from switching, predominantly among the group who initially considered switching. Further research is recommended to include questions about decision making, to examine which insured make an informed decision for not switching health insurer, and for whom switching is potentially limited through perceived barriers.

Supplementary data

Supplementary data are available at EURPUB online.

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Conflicts of interest: None declared.

Key points

- This study examines whether reasons for not switching health insurer differ between the general population and the population of people suffering from a chronic illness.
 - Our study reveals that there are differences between both populations when examining the reasons related to quality and coverage.
 - Among the group who initially considered to switch, some people experience barriers which might have refrained them from switching.
- Simplification of the comparison of information on subjects other than price might encourage insured to switch.

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Tables and figures

Table 1 Descriptive statistics^a

		General population (N = 642)			Chronically ill population (N = 1284)		
		Switched	Not-considered to switch	Considered to switch	Switched	Not-considered to switch	Considered to switch
Total	Unweighted	7% (5-9%)	75% (71-78%)	19% (16-22%)	5% (4-6%)	78% (75-80%)	18% (16-20%)
	Weighted	-	-	-	6% (5-8%)	74% (72-77%)	20% (17-22%)
Age	18-39	12% (7-19%)	60% (51-69%)	28% (21-36%)	10% (5-20%)	67% (55-77%)	23% (14-34%)
	40-64	7% (5-10%)	74% (69-78%)	19% (15-24%)	6% (4-9%)	75% (71-79%)	19% (15-23%)
	65 and over	3% (1-7%)	86% (80-90%)	11% (7-17%)	3% (2-5%)	80% (77-83%)	17% (14-19%)
Education	Lower	7% (3-13%)	82% (74-88%)	11% (7-18%)	4% (2-7%)	79% (74-83%)	17% (13-21%)
	Intermediate	7% (4-10%)	72% (67-77%)	21% (17-26%)	5% (3-7%)	75% (71-79%)	20% (17-24%)
	Higher	7% (4-12%)	73% (66-78%)	20% (15-26%)	5% (3-8%)	79% (74-83%)	16% (12-20%)
Sex	Male	7% (4-10%)	75% (70-80%)	18% (14-23%)	4% (3-6%)	77% (73-80%)	19% (16-22%)
	Female	7% (5-10%)	74% (69-79%)	19% (15-23%)	5% (3-7%)	78% (75-81%)	17% (14-20%)
Supplementary insurance	Yes	6% (4-8%)	75% (71-78%)	19% (16-23%)	5% (3-6%)	78% (76-81%)	17% (15-19%)
	No	16% (9-27%)	71% (59-81%)	13% (6-24%)	6% (3-11%)	71% (63-79%)	23% (17-31%)

a: The weighted results are not presented for the general population. We matched the chronically ill population to the distribution of age and sex among the general population. As such, the weighted and unweighted results are equal for the general population.

Figure 1 Reasons for not switching health insurer related to price

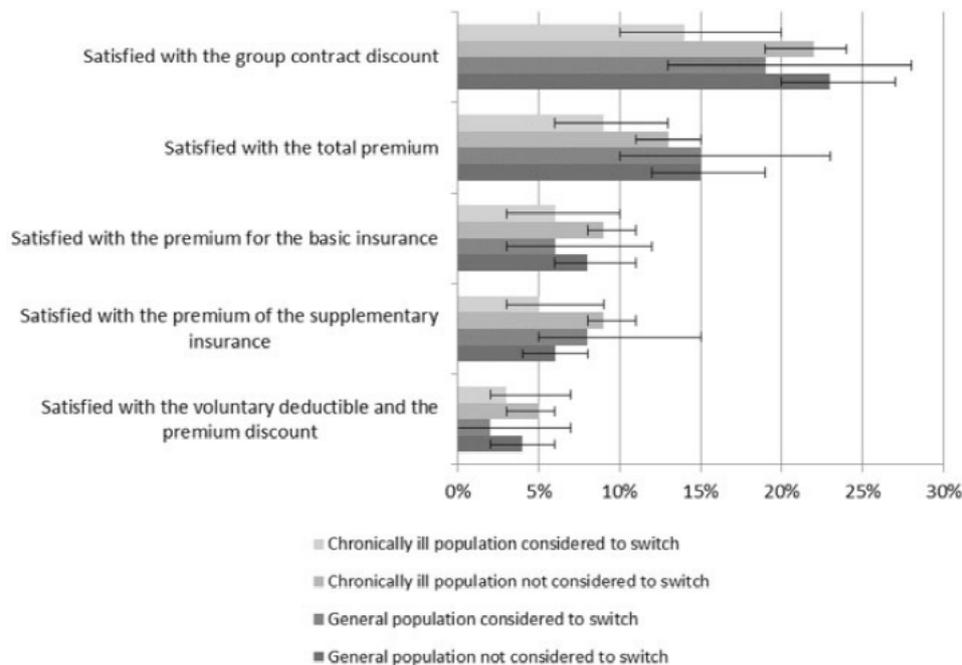


Figure 2 Reasons for not switching health insurer related to quality, contracted care and service

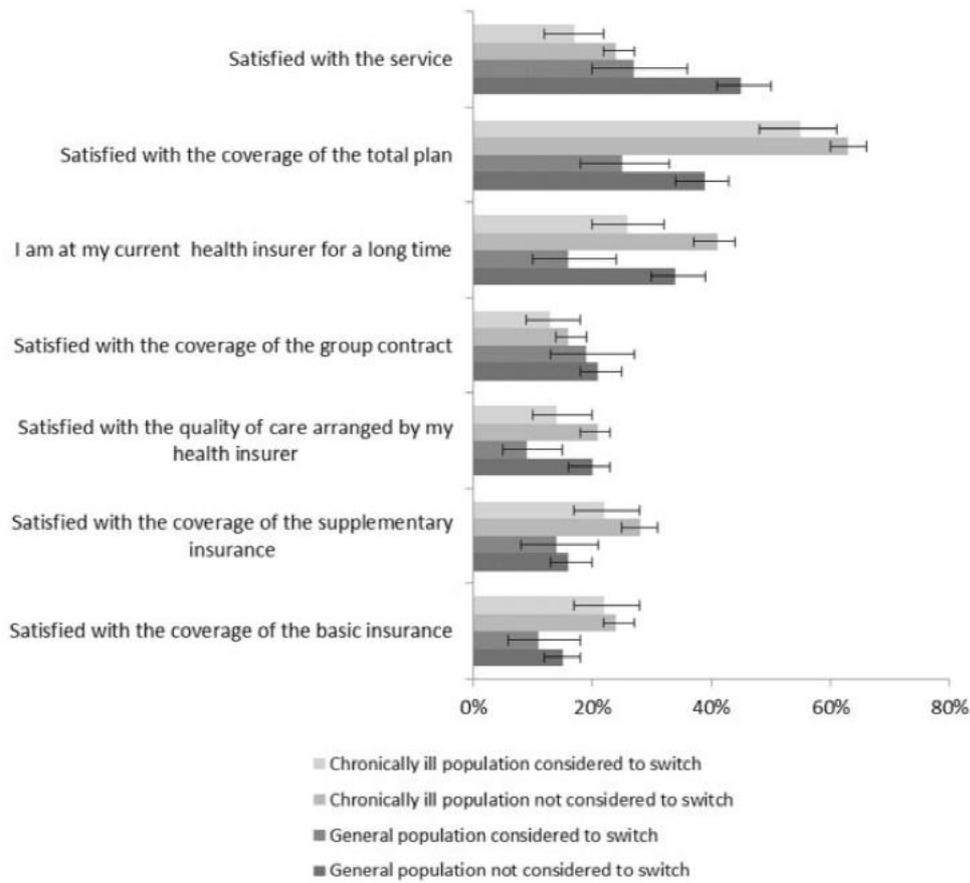


Figure 3 Reasons for not switching health insurer related to possible barriers

