

Risk equalisation in Chile: an empirical evaluation and proposals for reform

Presenter: Dr Francesco Paolucci

**Thursday 23rd November
12.30pm-1.30pm Room 410,
Level 4, 207 Bouverie Street**

In the Chilean healthcare system all insurers are obliged to offer a minimum set of services, which in the private insurance market are subject to community-rating and risk-equalisation regulations. We evaluate the current risk-equalisation mechanism as well as propose new ones that use all services, new adjusters and methods. Results show that the current method performs poorly in terms of statistical power and improving the formula would help to increase its fit.

Further, we study predictive performance by calculating predictive ratios for some particular groups, as well as simulate allocations between insurers, comparing each proposed model. We provide evidence that an enhanced risk adjustment formula impacts both predictive ratios and allocations. An interesting result arises as we show some insurers have a mismatch between actual expenditure and risk adjusted one that could be attributed to efficiency in disease management.



Dr Paolucci is Associate Professor in Health Economics & Policy at the School of Business & Governance and Head of Health Policy at the Sir Walter Murdoch of Public Policy & International Affairs, Murdoch University in Perth.

A scholar and advisor who over the last decade has published extensively in the areas of public policy, economics and management with a focus on healthcare, both nationally and internationally, including a single-authored book and three edited special issues in peer reviewed journals, as well as peer-reviewed articles, book chapters and more. Highlights of his career include over 10 years of engagement in health economics, policy and management in numerous countries through research, fieldwork and working experience. In 2016 he has received a 40under40 Business News award for his entrepreneurial and business leadership.