



Institute for
New Economic Thinking
AT THE OXFORD MARTIN SCHOOL



THE EFFECT OF VARIOUS FORMS OF AUTOMATION ON THE TAKE-UP OF INCOME- TESTED HEALTH INSURANCE IN BELGIUM

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This presentation

- Different types of automation
- The increased reimbursement of health care in Belgium
- Effects of automation on take-up and non-take-up of the increased reimbursement
- Discussion and conclusion

Automation of benefit access

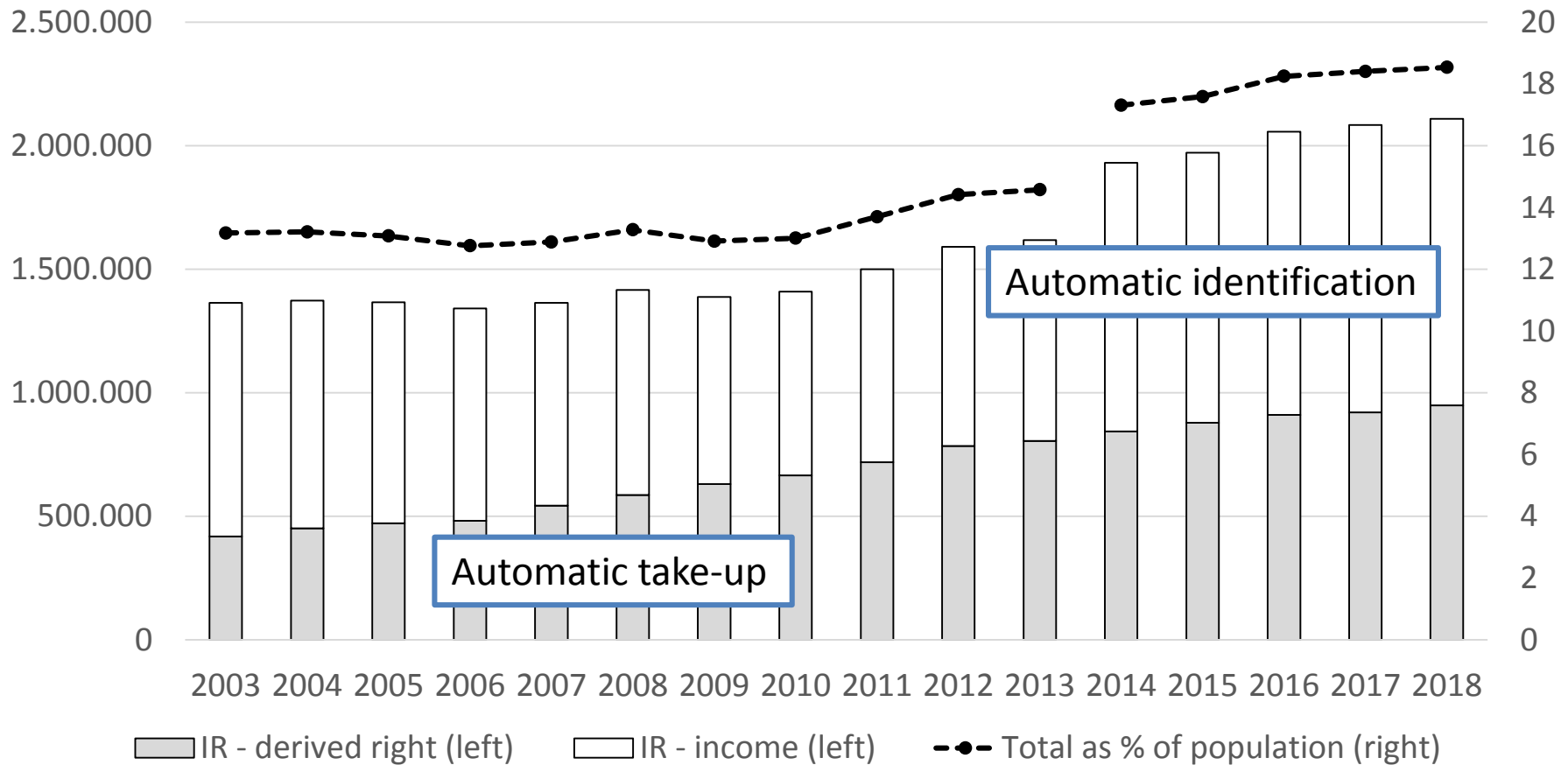
- The process of reducing the administrative burden on citizens for accessing social rights
- Types (Steunpunt, 2013):
 - Administrative simplification
 - Automatic identification of potential beneficiaries
 - Automatic take-up
 - Automatic reassessment
- Usually involves better data exchange, and may involve development of new software and algorithms
- Also includes automating negative eligibility tests

Increased Reimbursement of health care in Belgium

- Increased reimbursement (IR)
 - Important safety net in health care
 - Reduced co-payments + third party payer + lower deductible max billing + some other financial advantages (e.g. public transport)
 - Some groups derived right (incl. social assistance beneficiaries)
 - Income test for others, taken at local health insurance office

Increased reimbursement of health care in Belgium

Receipt of increased reimbursement, by type of entitlement



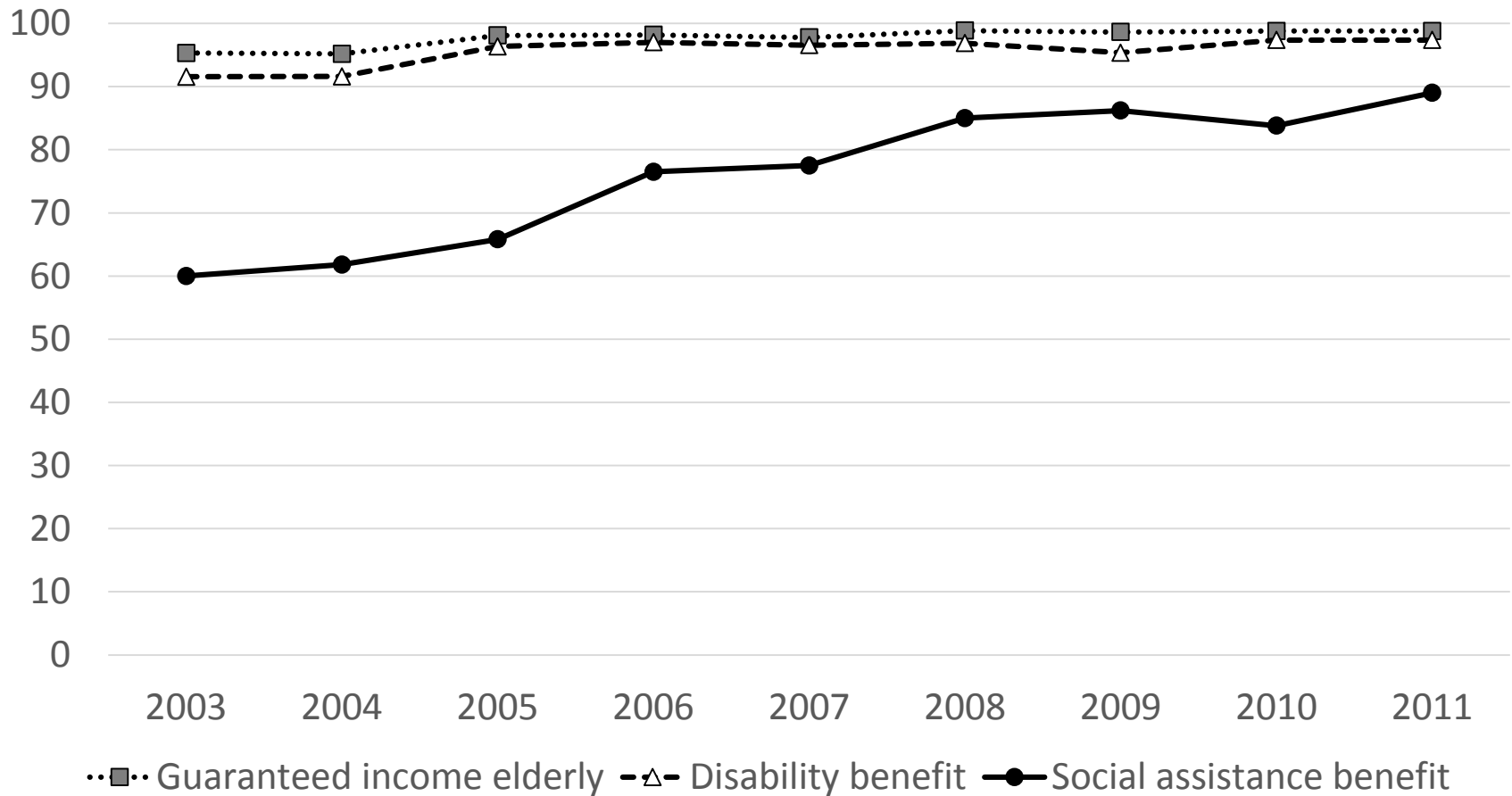
1. Effect of automating take-up

For social assistance recipients, IR is a derived right

- Initially:
 1. form received by local office for social welfare
 2. take form to local office sickness fund
- Later: gradual automation data exchange between local offices for social welfare and sickness insurance
- Method: aggregated admin data on eligibility and take-up, by municipality

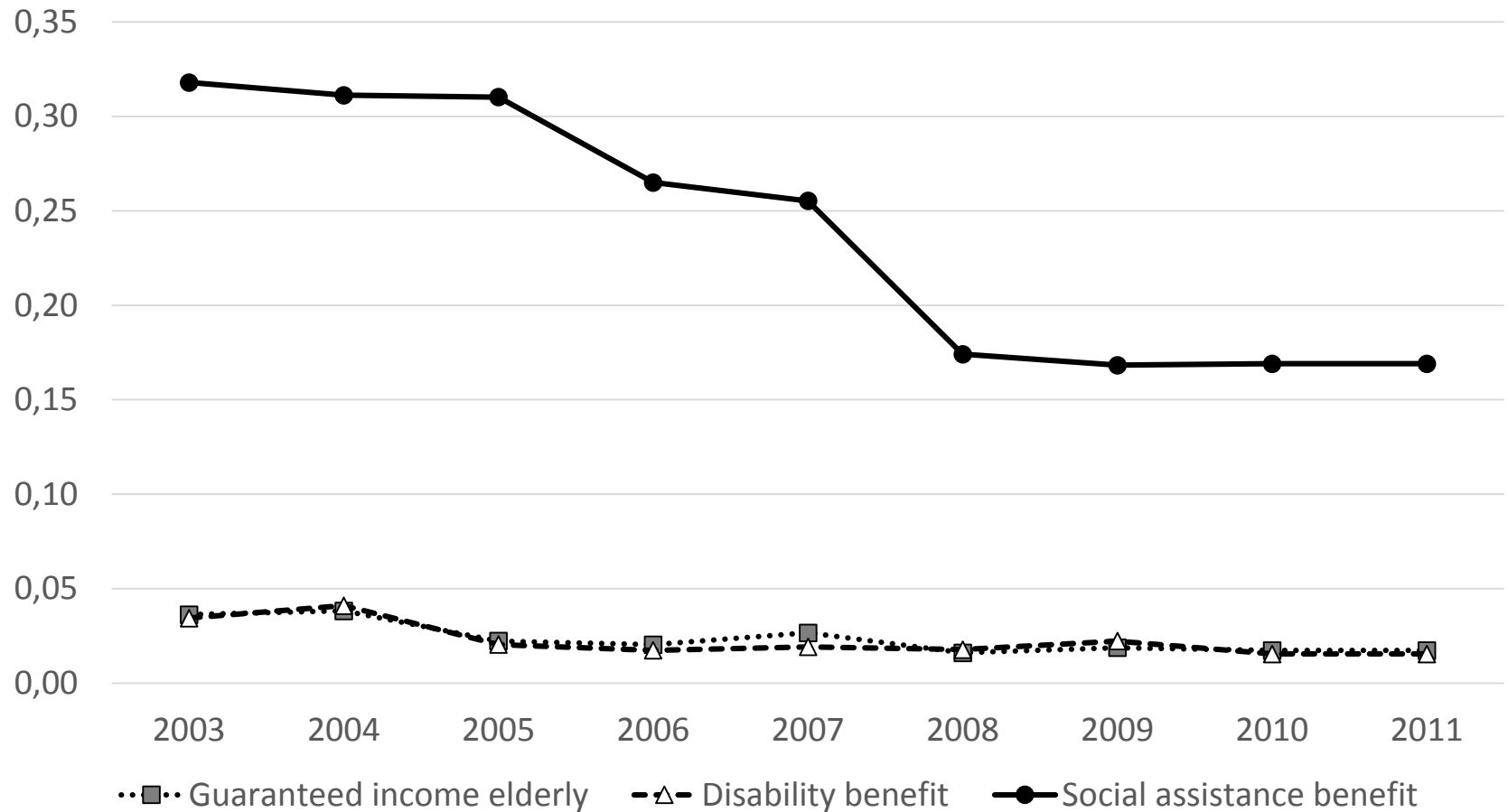
1. Effect of automating take-up

Percentage take-up of IR by type of benefit



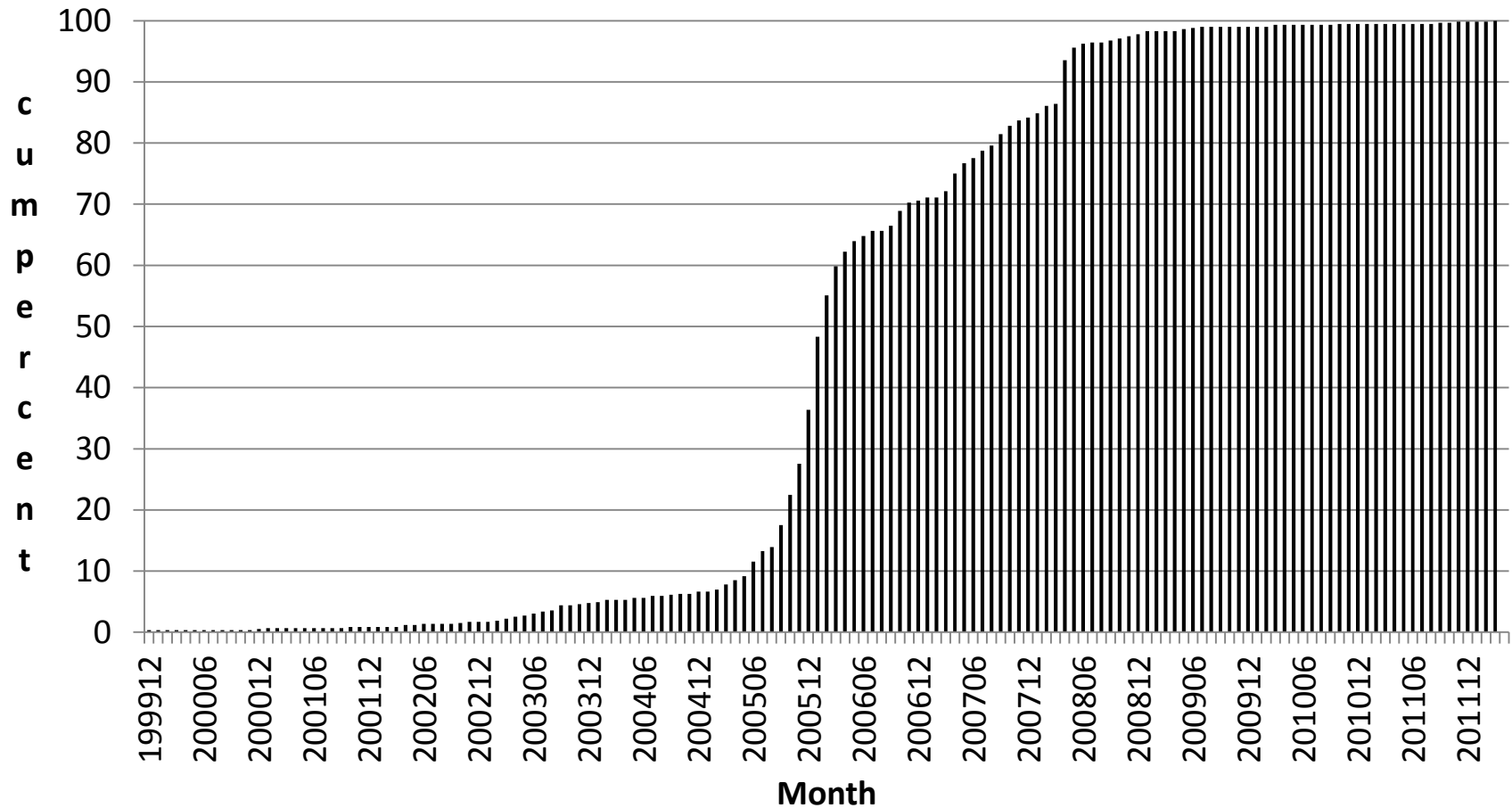
1. Effect of automating take-up

Coefficient of variation of take-up, between municipalities



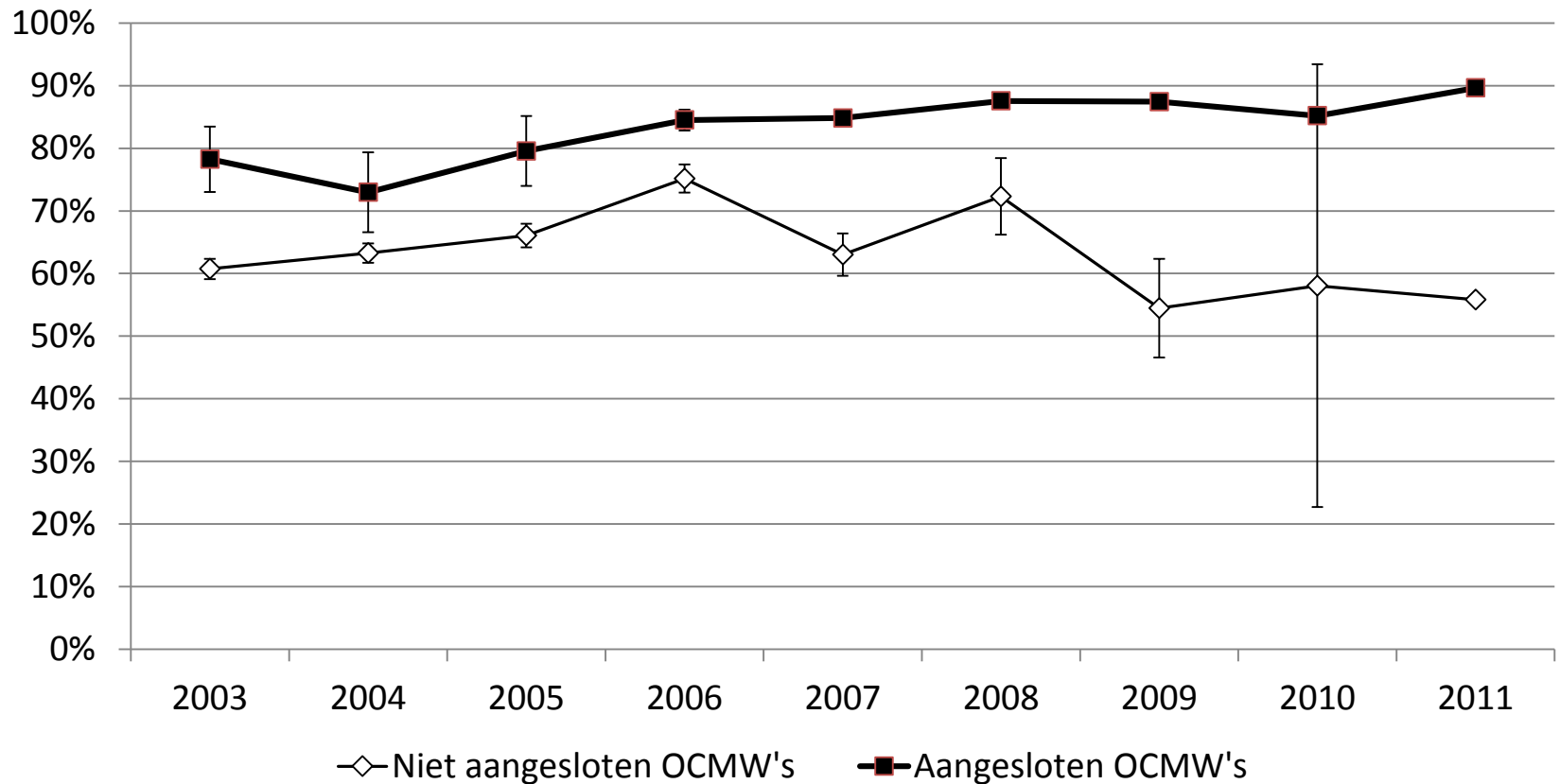
1. Effect of automating take-up

Cumulative % of local PCSWs connected to the CBSS, 1999-2011



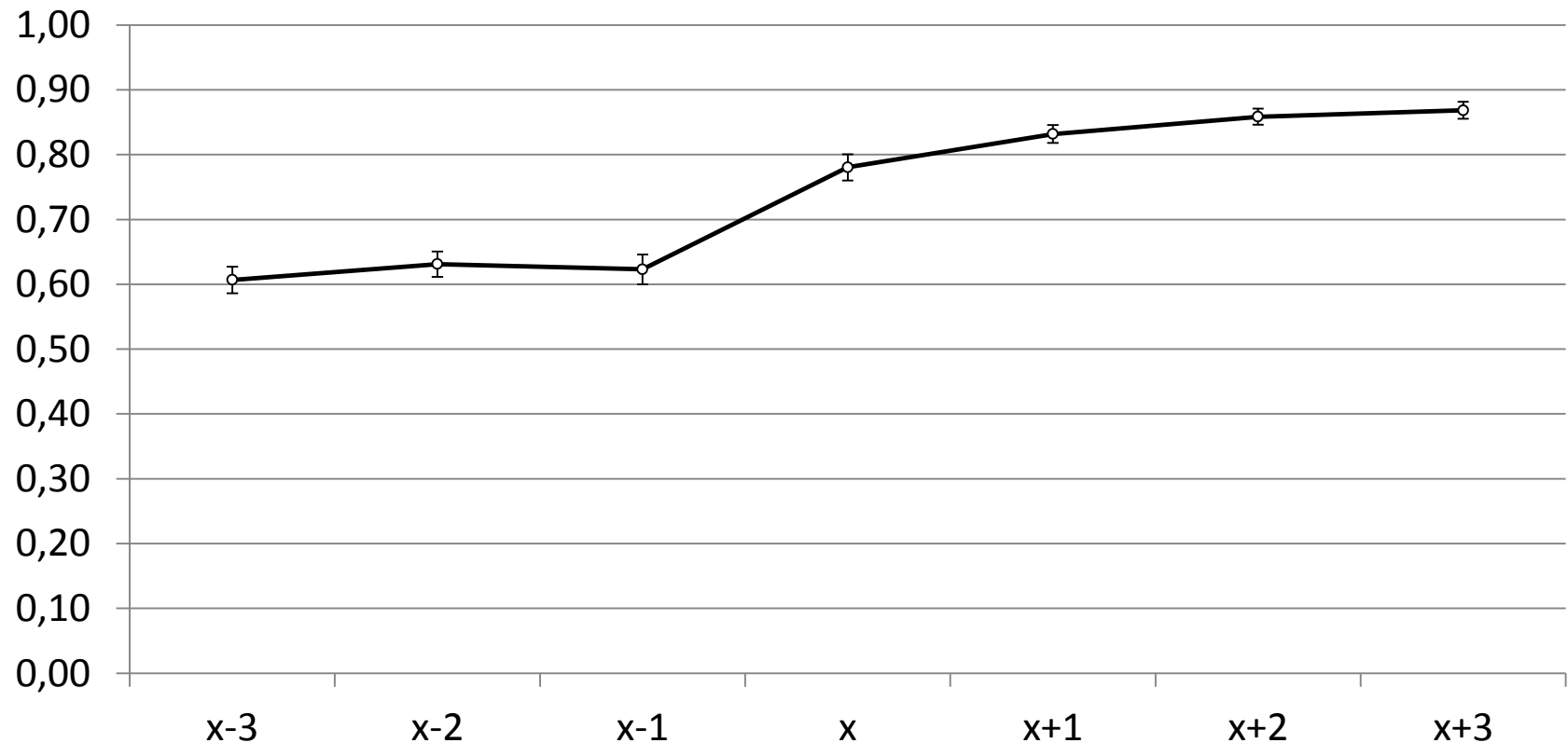
Example 1: automatic uptake

Take-up of IR by eligible SA recipients, differentiating between PCSWs with and without automatic data exchange



Example 1: Automatic uptake

Proportion take-up IR among eligible SA recipients before and after automatic data exchange, PCSWs connected to CBSS between 2006 and 2008



Example 1: conclusion

- Entitlement \neq take-up
- In spite of IR being a derived right, non-take up was high among eligible SA recipients
- Automatic data exchange between PCSWs and sickness funds has led to substantial improvement
- Probably, also in other sectors this could lead to substantial improvement of the take-up of social rights

Example 2: the 'proactive flux'

- Everyone with low-income can claim IR
- Submit request to local sickness fund, income test
- All individual barriers apply
- In 2015 'proactive flux': automatic identification and contacting of potential beneficiaries
- We tested in large-scale RCT effect of sending letters and flyers on take-up of IR

Proactive flux and CM

- Royal decree of January 15th 2014
- Rough check with tax register data (“proactive flux”)
- CM, biggest insurer: 183,000 households to be contacted
- Letter and flyer
- Randomisation of timing of contact

Treatment

- 10 (out of 19) regional funds
- 1/6 households: first e-mail
- Letter + flyer
- Some regional funds carried out additional phone calls
 - May reduce information costs
 - May reduce process costs (immediate appointment)
 - May reduce stigma
- Language issues

Allocation to groups

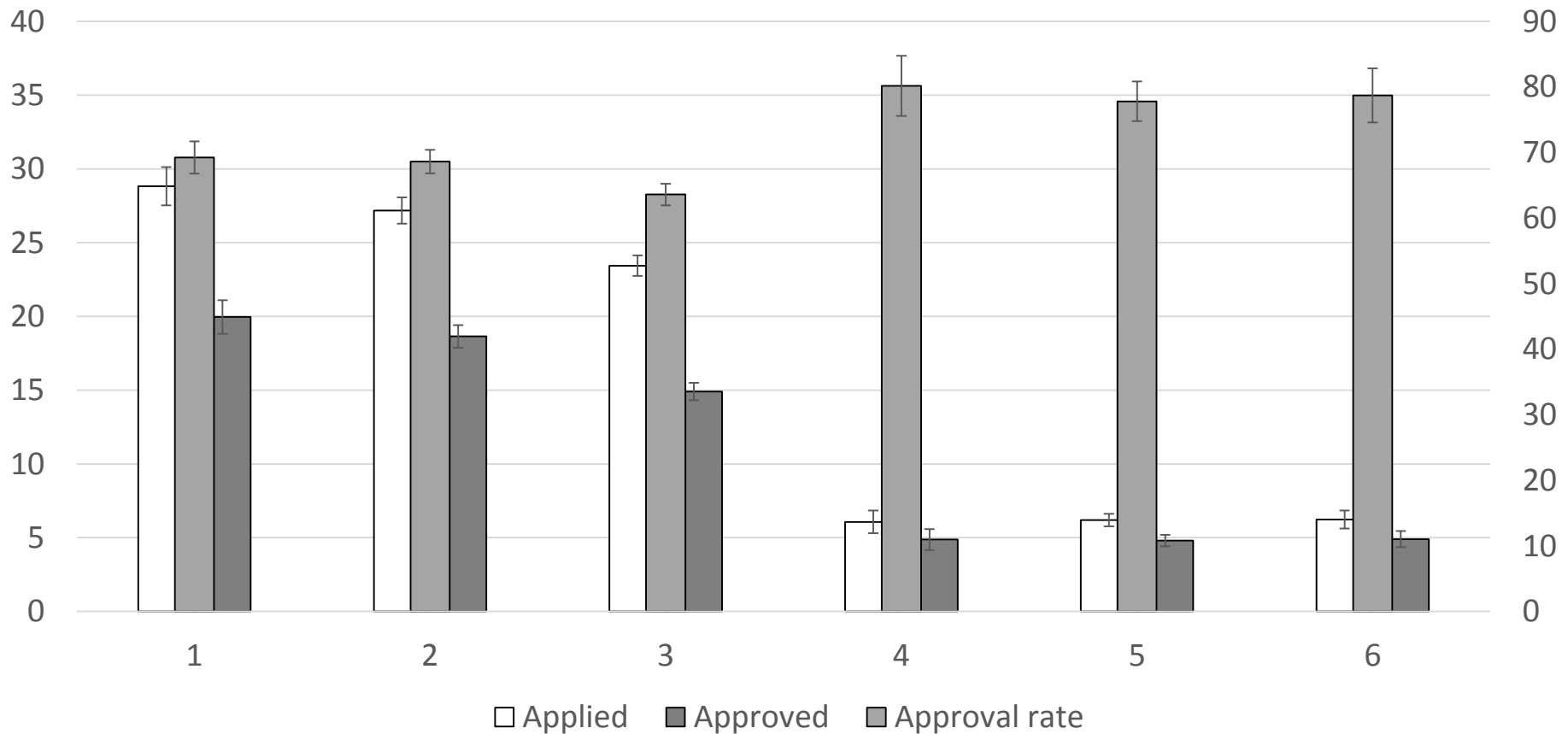
- Only household heads born before 1985
- Random allocation to six groups, stratified by region, postcode sector and age of household head - weights
- Unit of selection: address, unless more than 5 household heads on same address

Table 1: Number of households and number of household members by wave

Wave, date of contact	Total Households	Percent	Cum.	Total Individuals	Percent	Cum.
1, 25/11/2015	4,986	9.00	9.00	8,365	9.06	9.06
2, 07/04/2016	10,016	18.08	27.08	16,664	18.05	27.11
3, 26/05/2016	14,926	26.94	54.01	24,731	26.79	53.90
4, 22/09/2016	5,307	9.58	63.59	8,874	9.61	63.52
5, 14/03/2017	12,569	22.68	86.28	20,944	22.69	86.21
6, 05/05/2017	7,603	13.72	100.00	12,734	13.79	100.00
Total	55,407	100.00	-	92,312	100.00	-

Total effect

% of applications and take up of IR (left) and approval rate (Right)



Example 2: Conclusion

- Proactively contacting potential beneficiaries can have a substantial effect on the take up of social benefits by low-income groups

Additional analysis:

- With lasting effects on improved take up
- Always takers seem to be the most vulnerable, then come compliers, followed by never takers
- However, effects differ strongly across the population and regions, and coincides only partially with variations on intervention
- Up to date information for selection of target group is essential

Conclusion

- Non-take-up of social rights is a substantial challenge for benevolent social policy-makers
 - Undermine effectiveness
 - Create non-justifiable inequalities
 - May result in hard-to-cure pockets of poverty
- Various ways to make enrollment more automatic do exist
- We show that they can lead to significant improvements in the uptake of social benefits

Automation of benefit access

- May reduce:
 - Information costs, process costs, cognitive bias
 - Need to face stigma
 - <<Administrative errors>>
 - Time social workers spend on administration rather than helping clients

- Concerns:
 - Privacy
 - <<Administrative errors>>
 - Reduced contact with citizens: lower potential for identifying other needs
 - Automatically ending benefit receipt

Increased reimbursement of health care in Belgium

- Belgian health care:
 - Compulsory health insurance (including some dental care)
 - 7 sickness funds (private, non-profit health insurers)
 - 17.8% of health care expenditures financed by co-payments (NL: 12.3%; DE: 13.0%; FR: 7.0%) (OECD, 2016)