



Health insurance: threat or opportunity?

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Health insurance: Threat or opportunity?

Some preliminaries before I begin...

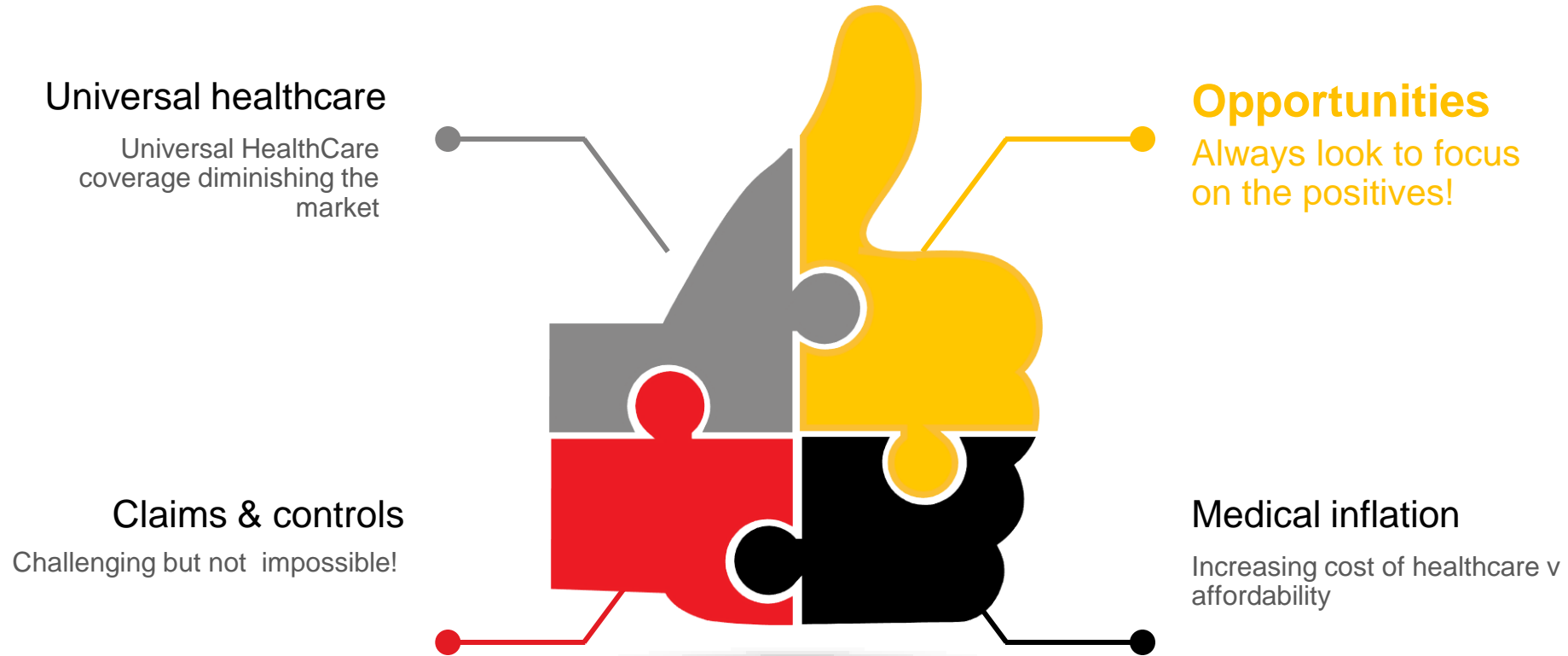
Threat: A suggestion that something unpleasant or violent will happen, especially if a particular **action** or **order** is not followed.

Opportunity: an occasion or situation that **makes it possible** to do something you 'want' to do or 'have' to do...



Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

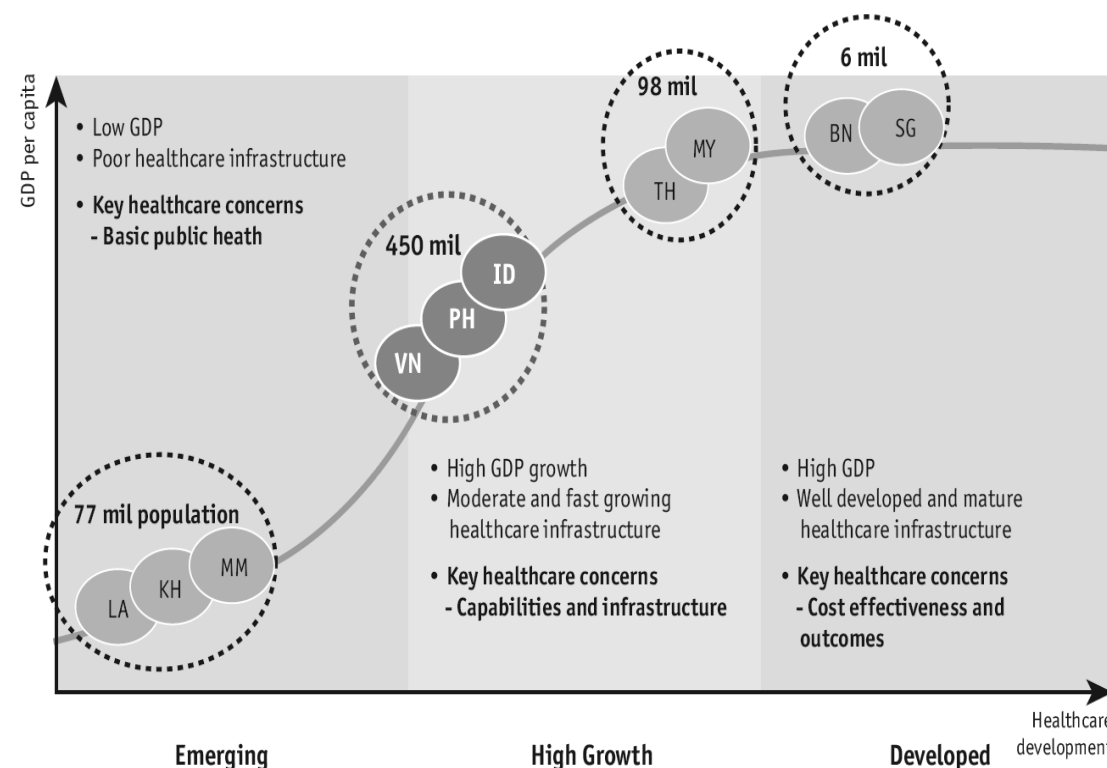
Agenda for today...



Health insurance: Challenges and Opportunities

Challenges of Healthcare development

- Emerging to High Growth stage (Indo)
 - Middle and Affluent class rapidly expanding
 - Biggest barriers are health delivery
- Maturing Healthcare Markets (Thailand and Malaysia)
 - Dominate healthcare players emerging (Pharma)
 - Sharing of data between public and private for better integration
- Developed Health Care Markets (Singapore)
 - Testing innovative healthcare delivery, new challenges such as ageing, chronic disease.
 - Proactive Dengue Vaccinations



The Economist Intelligence Unit Limited 2016

Health insurance: Challenges and Opportunities

Challenges with the Current state of Health



Demographic and epidemiological 'transition'.



Significant personnel & bed shortage



Ageing population

Doctors per 1,000 population:

2.3 Japan v .6 Asia v 0.2 Indo

Bed per 1,000 population:

13 Japan, 3 Global v .06 Indo











Bed Occupancy rate: 80% (SEA) v

132% Jakarta v 111% East Java

Health insurance: Challenges and Opportunities

Challenges of Universal Healthcare

- 80% of SEA population to be covered under UHC by 2020. For Indo, 250m by 2019.
 - Huge demand for generic drugs and low price medical devices
 - 1m currently undiagnosed will have access to healthcare
 - Provider behavior key to efficiencies of UHC.
- Wealthier patients will seek private care
 - Capitation rates offered result in reluctance of private players to participate.
 - Significant proportion of Indonesia traveling to Singapore and Malaysia 1.5m residents, outflow of 1.4b yearly (although ebbing)
 - Private providers need to much up for lost revenue

Medical Niches					Top Patient Origin
Malaysia	 Cardiac surgery				Indonesia, Singapore, Middle East
Singapore	 Cardiac surgery	 Neurosurgery	 Liver Transplant	 Cancer	Indonesia, Philippines, Australia
Thailand	 Cosmetic surgery	 Sex change surgery	 Stem-cell therapy	Middle East, Indochina – Myanmar, Cambodia, Laos and Vietnam, US, UK	
Vietnam	 In-vitro fertilisation	 Kidney transplant	Cambodia		

Source: International Medical Travel Journal, Patient Beyond Borders, Globalization and Health²⁴

Health insurance: Challenges and Opportunities

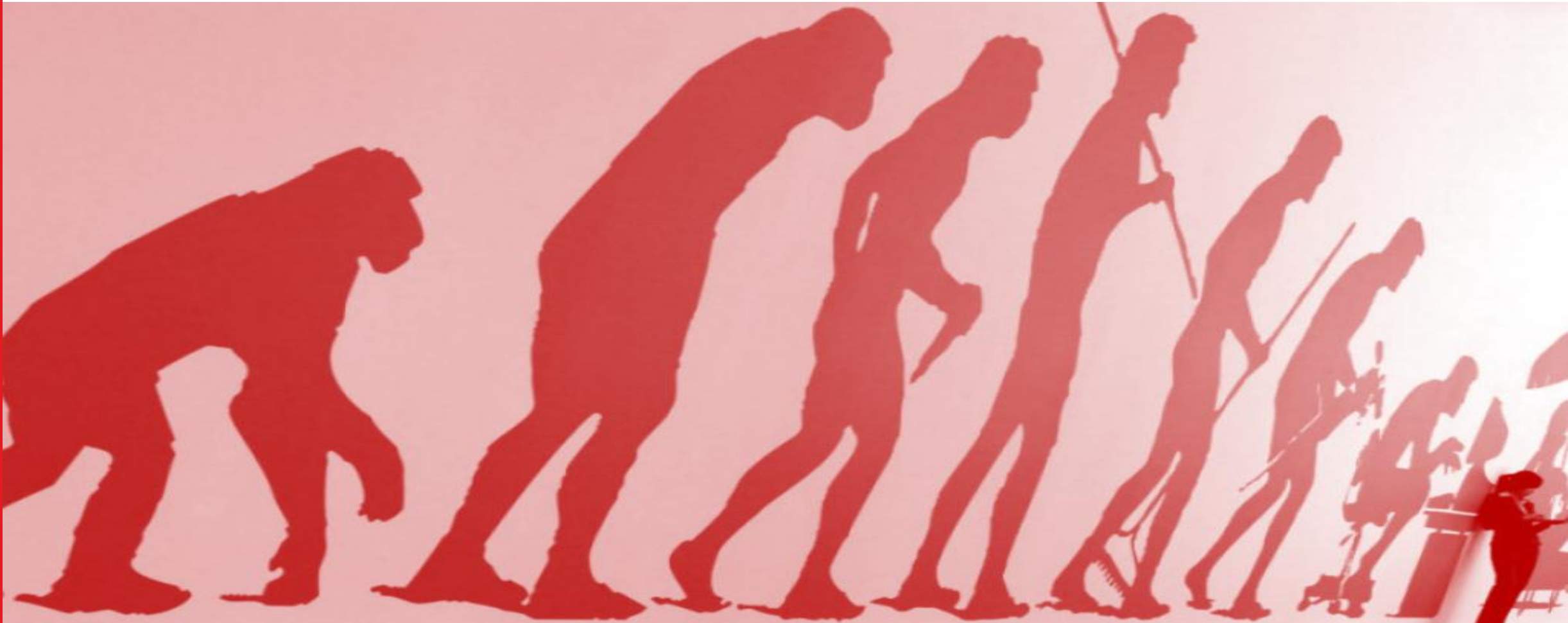
The opportunities are certainly out there

- Developing healthcare state → **Emergence of new providers, increased health awareness and ultimately investment in system/service and innovation**
- Current state of health
 - Demographics → **Expectations and affordability**
 - Ageing population → **Plus new needs create opportunities for insurers.**
 - Personnel → **Opportunity to help fill the gaps**
- Universal HealthCare schemes → **Acceptance of cost containment strategies, affluent will by pass and look for private solutions. Top up/co-insurance opportunities**



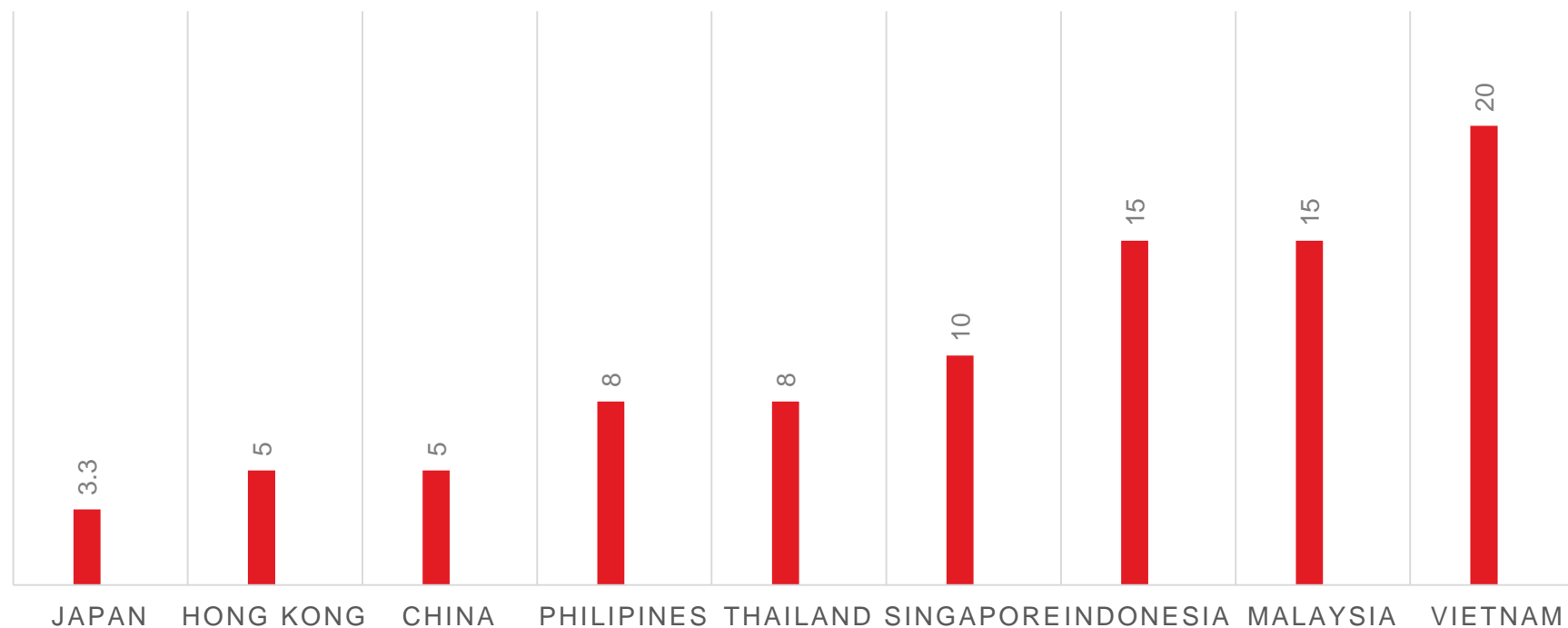
Health insurance: Challenges and Opportunities

Rising costs of healthcare and digital



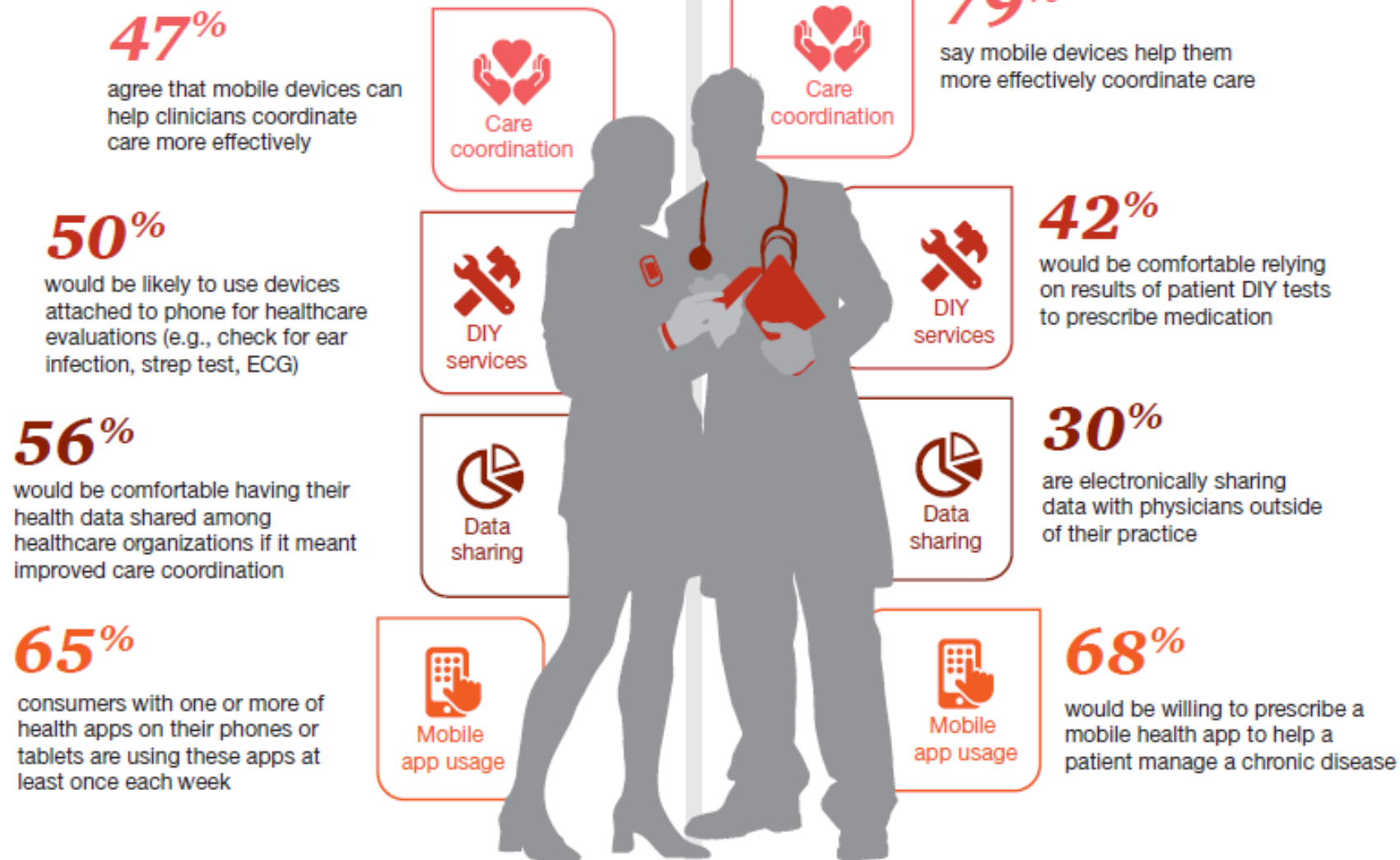
Health insurance: Challenges and Opportunities

Medical inflation is a challenge we can't control!



Health insurance: Challenges and Opportunities

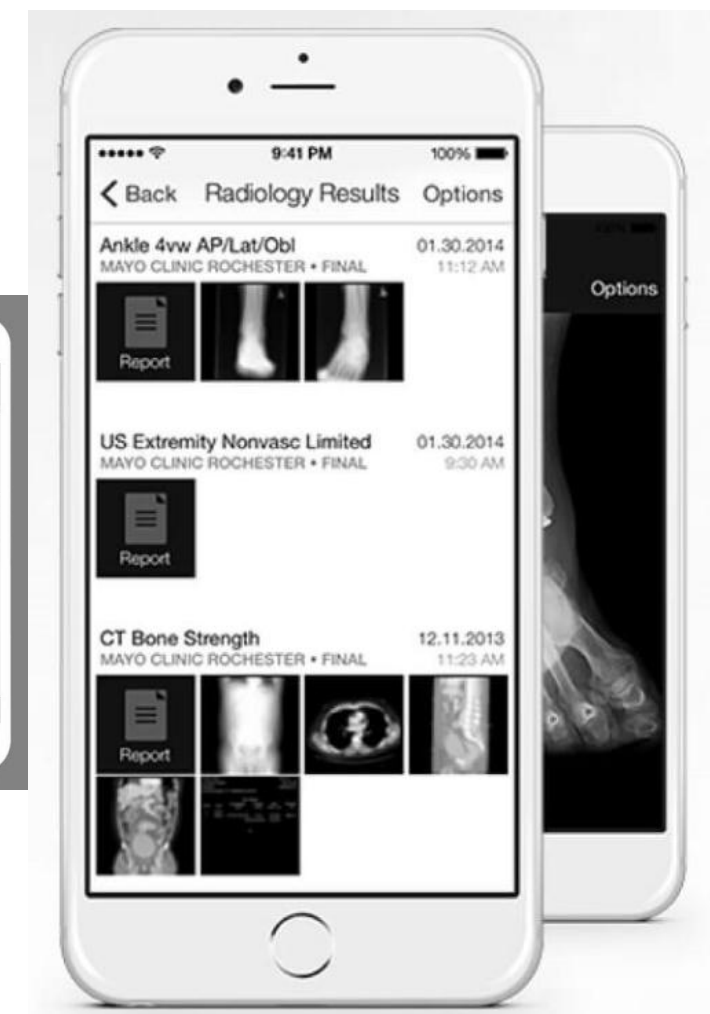
Digital opportunities



Health insurance: Challenges and Opportunities

Digital opportunities **connecting** physicians

- M-health
 - Interactive
 - Drugs to your door
 - Remote monitoring
 - Medical devices
 - Store and Forward
 - E-medical records
- Cost effective way to deliver training and educational material



Creating Solutions today, for health (Insurance) Challenges of the future

Digital opportunities **connecting consumers**

- Wearables are worn voluntarily, recommended as part of prevention and wellness protocols.
- Next Gen: Broader ranging physiology from posture to brain activity, bio sensing devices, they interact with medical literature, extension of home care...

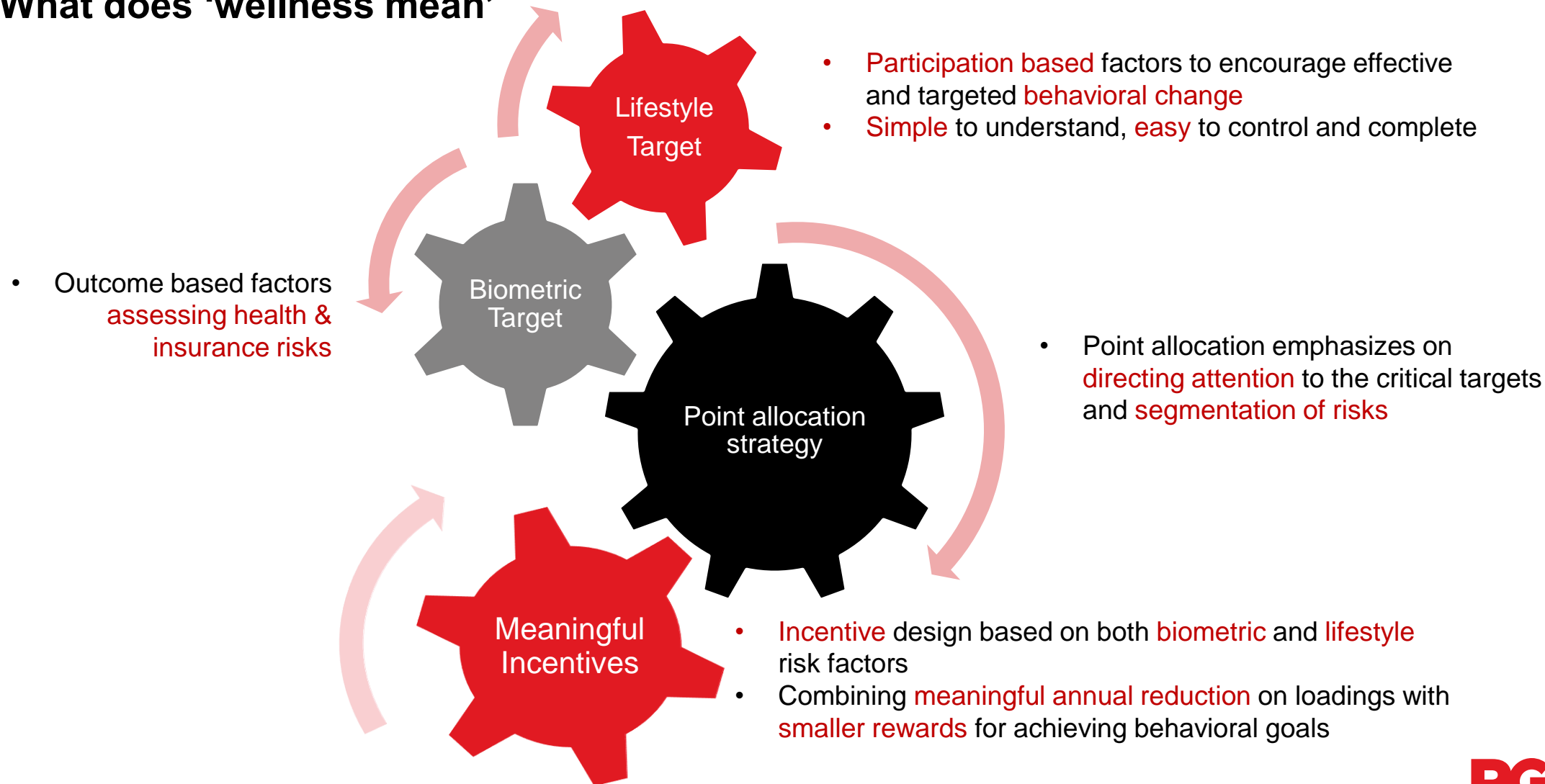
But will wellness
in SEA



‘work’
?

Health insurance: Challenges and Opportunities

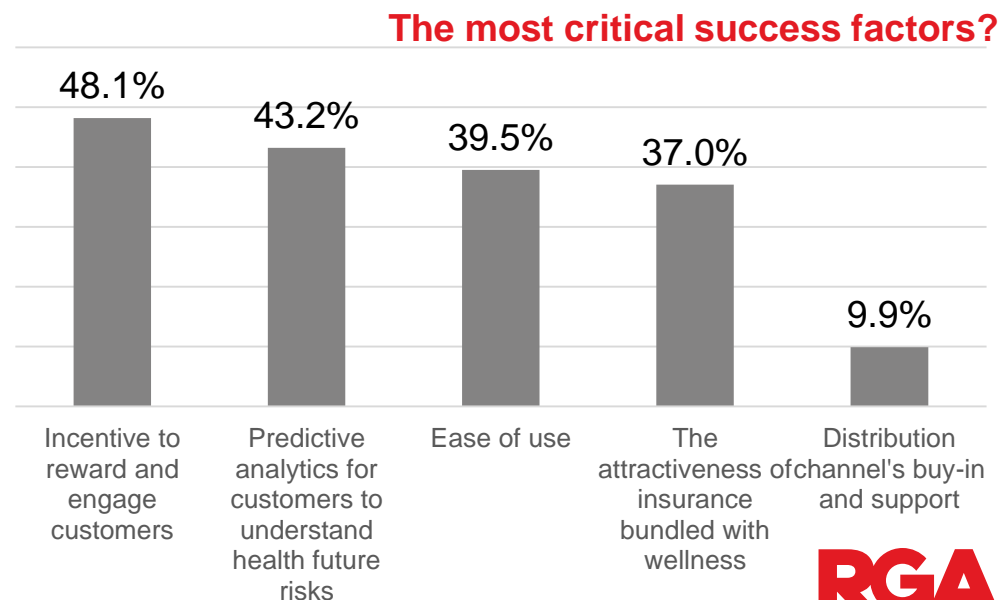
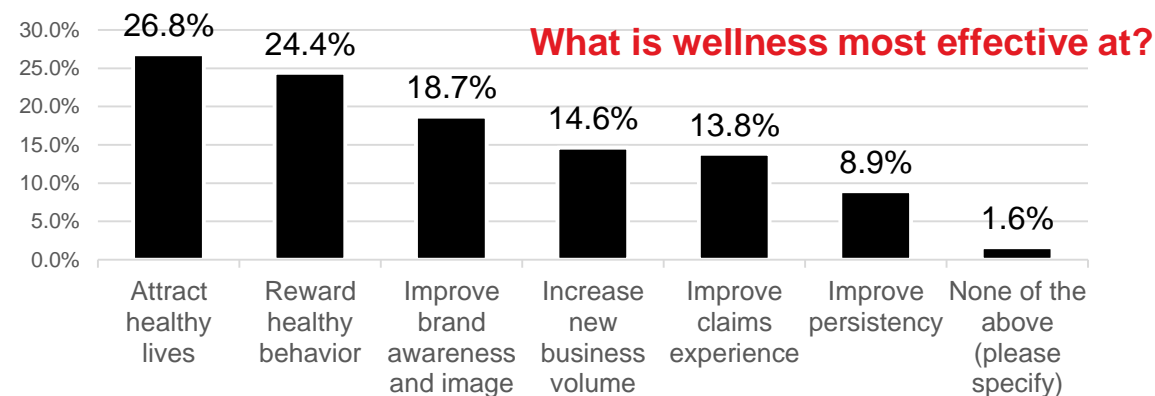
What does 'wellness mean'



Health insurance: Challenges and Opportunities

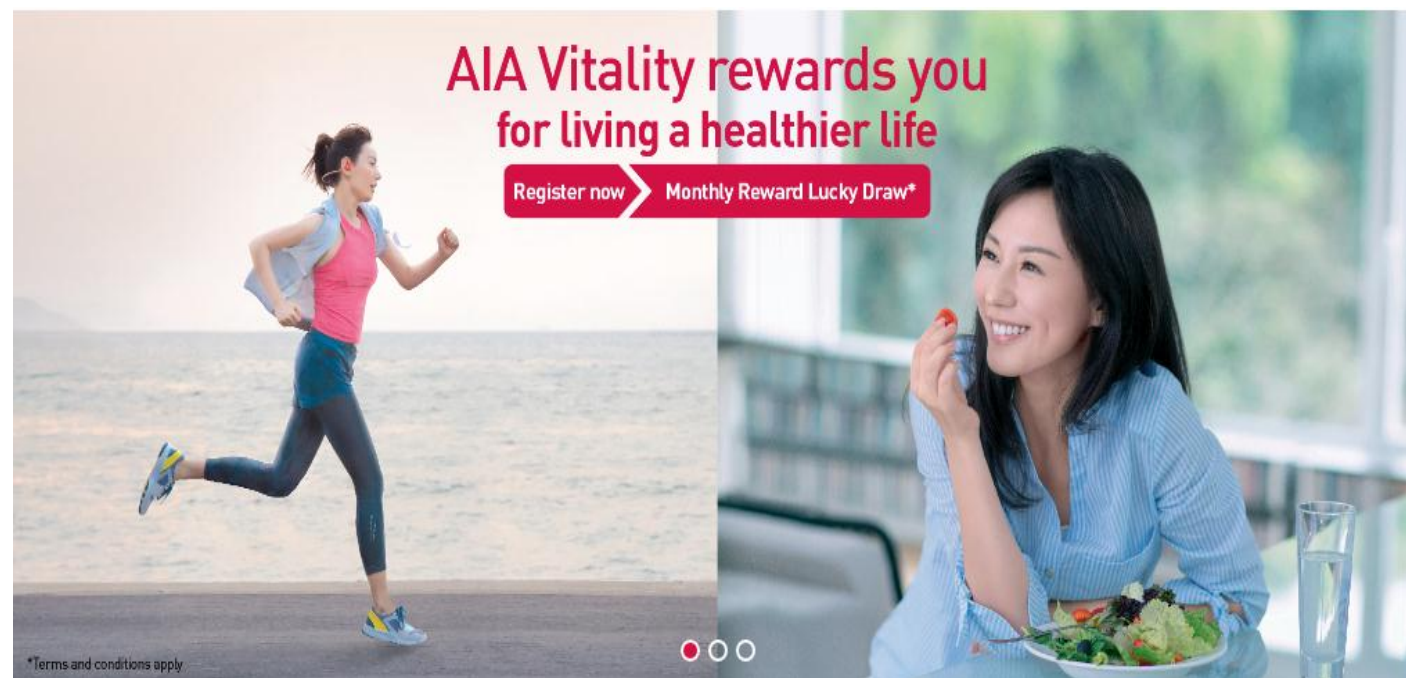
‘Wellness’, what are you aiming to achieve

Conf. title	Audience	Key topics of the survey	#
20 th Asian Actuarial Conference (AAC) (Delhi)	Actuaries	Health and Living Benefits / Wellness	71
LIMRA 2016 Asia Distribution Conference (ADC) (Bangkok)	Distribution and Agents	Health and Living Benefits / Wellness / Impaired & Health Mgt. / e-UW	68



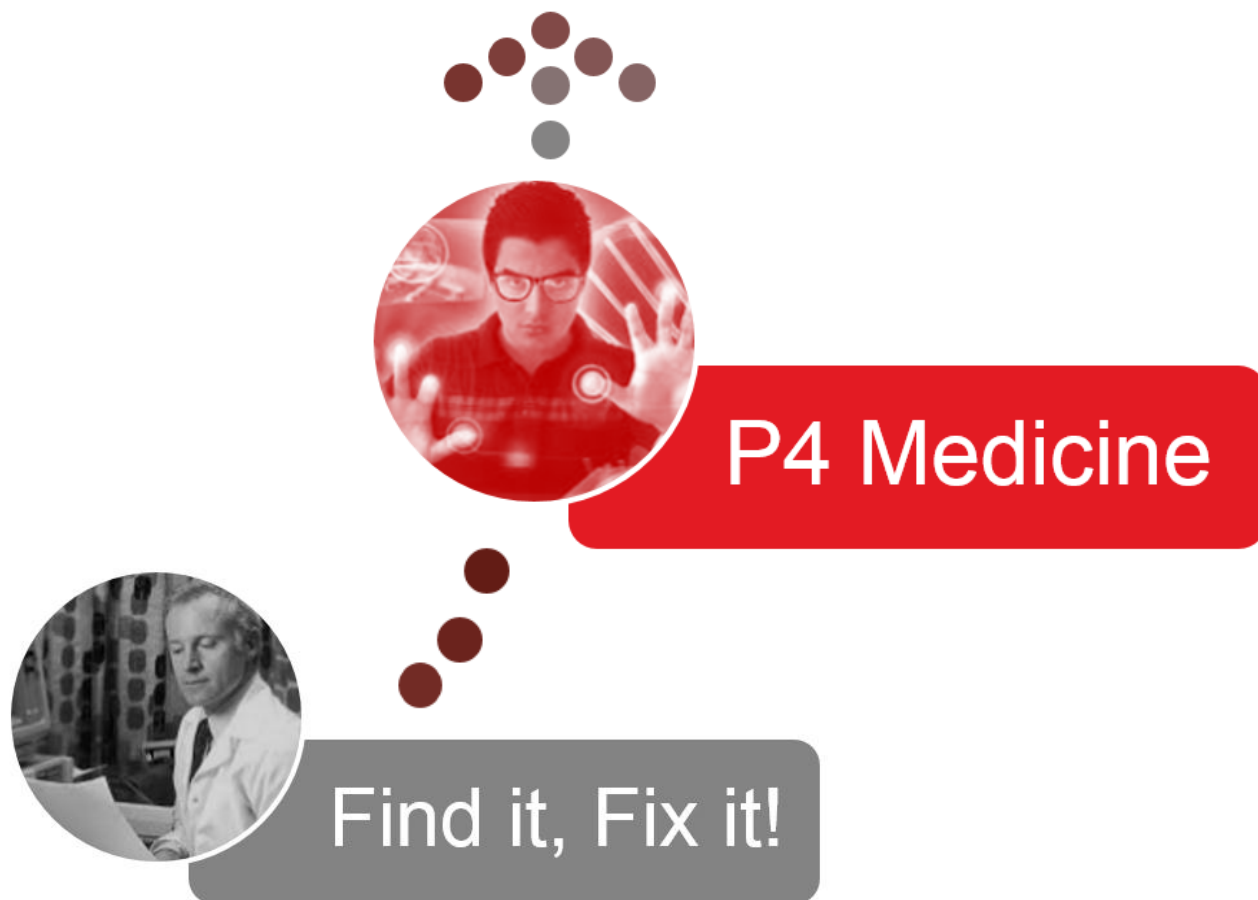
Health insurance: Challenges and Opportunities

Insurers embracing 'wellness'...



Health insurance: Challenges and Opportunities

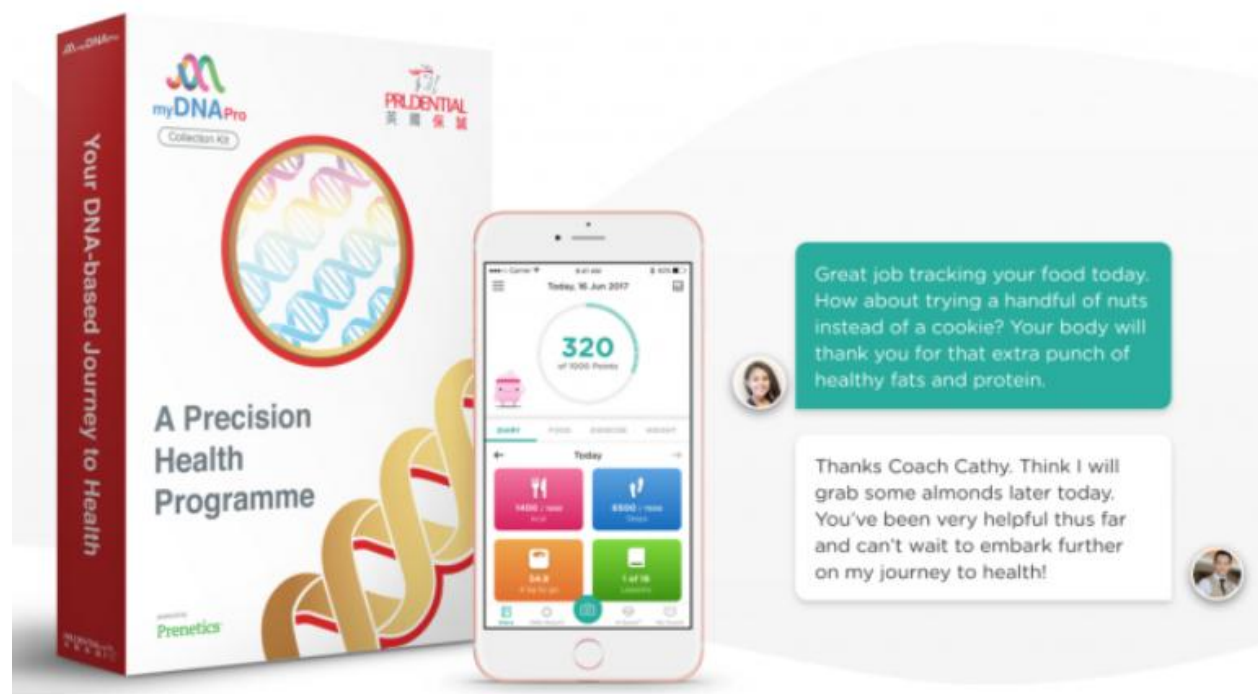
Digital health enables far more than 'wellness' opportunities



- Most health systems & all insurance benefits are / were designed **to deliver diagnosis & treatment** of acute or episodic health conditions.
- With ever increasing **lifestyle/chronic disorders** this model is not sustainable
- **Preventative, predictive and personalized** medicine often lacking in many public health systems
- Ability to facilitate **participative** is increasing supported by digital solutions.
- **Reaching people in new ways** (telehealth) making access and cost easier to control

Health insurance: Challenges and Opportunities

Insurers getting 'personal'...



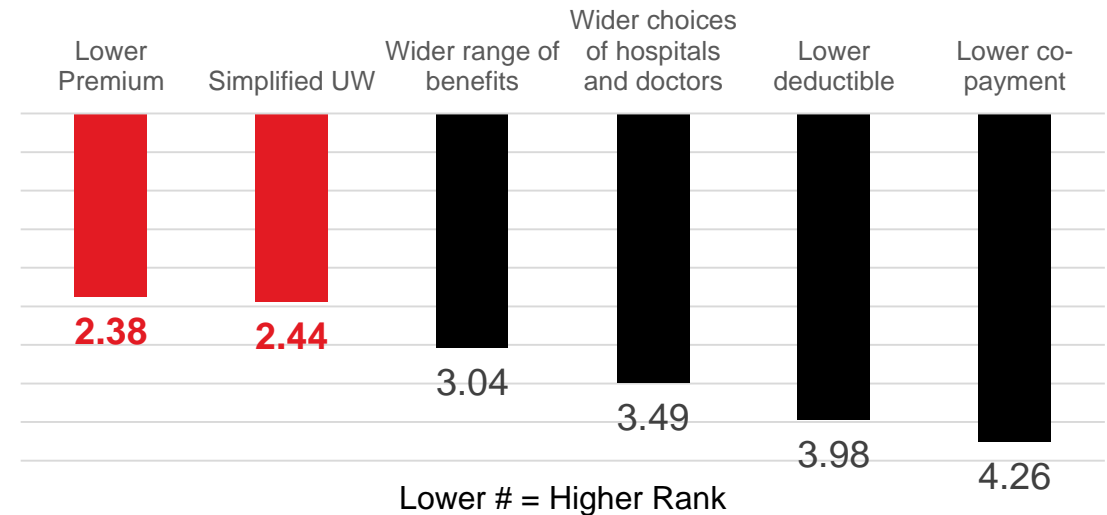
Creating Solutions today, for health (Insurance) Challenges of the future

Innovation typically makes products cheaper, but in health this is the constant challenge!!



In the next 12 months, what living benefits you think would gain increasing demand? 47% **Medical Reimbursement**

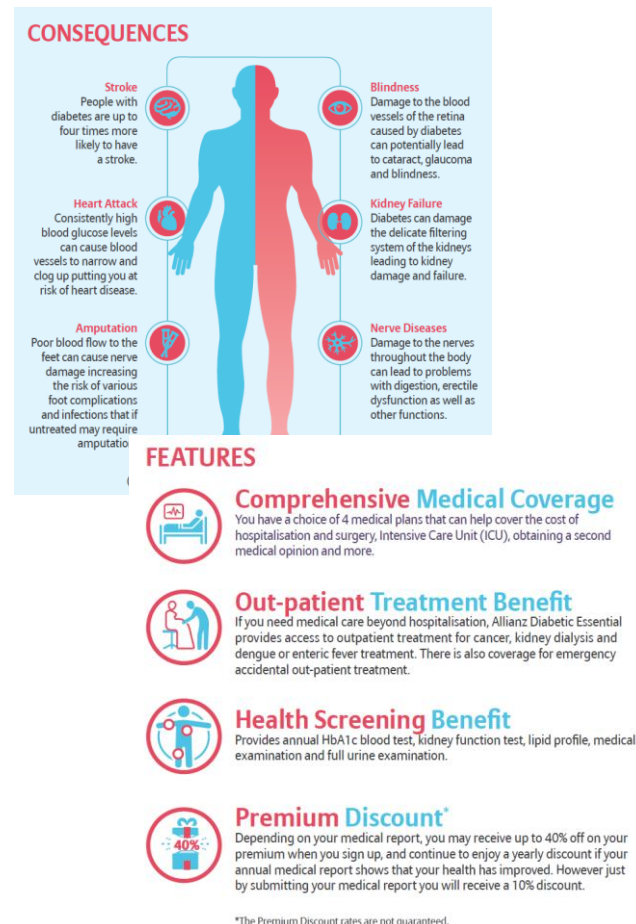
What do you think is the most important change to enhance MR product (please rank)



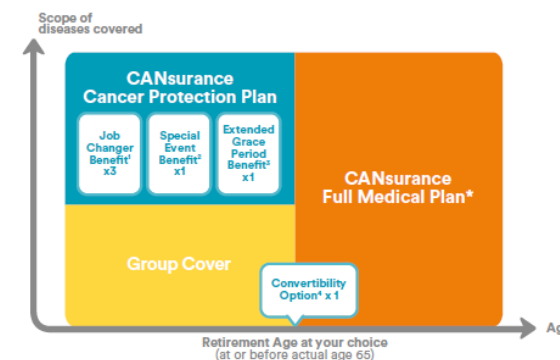
Health insurance: Challenges and Opportunities

Product innovations in response to changing consumer

- Cancer Reimbursement → CI Reimbursement
- Cancer Reimbursement → Full MR
- Diabetic MR
 - Extending UW to reach 'impaired' Lives
- Health rewards program
 - Reducing deductibles at senior ages
 - Deductible credits for NBC
- Preferred Provider Plans



Smart and Seamless Coverage



* Assuming that you have exercised the Convertibility Option* in CANsurance Cancer Protection Plan.

Health insurance: Challenges and Opportunities

Challenges, Opportunities and some precautionary advice!



Health insurance: Challenges and Opportunities

Health insurance is challenging not impossible to control with **reasonable pre-cautions and control!**



1. **Medically Necessary** treatment and that all costs need to be **Reasonable and Customary**
2. **Control though benefits & definitions**
 - ✓ Limits, PECE, Def
 - ✓ Strong appropriate policy exclusions inc PECE
3. **Provider STRATEGY**
4. **Data capture for analytical control**
5. **Claims MANAGEMENT including**
 - ✓ Pre-authorisation
 - ✓ Concurrent review
 - ✓ Bill audits
 - ✓ Case/disease management

Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Controls through policy provisions

Medical necessity

- *‘Medically Necessary’ or ‘Medical Necessity’ shall mean health care services that a Healthcare Provider, exercising prudent clinical judgment, would provide to a patient for the purpose of evaluating, diagnosing or treating an illness, injury, disease or its symptoms, and that are: in accordance with the **generally accepted standards** of medical practice..*

Reasonable and customary

- *“Reasonable and customary charges shall mean the **average fee** which medical providers of similar standing who are capable of providing the same or similar treatment located in the same geographic region normally accept in settlement for the **same or similar treatment** to a patient of the same sex and comparable age taking into account complications and exceptional circumstances.*

Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Controls through policy provisions

Overseas Claims

- Treatments in Singapore typically 7x higher than Indonesia
- *Reasonable and customary charges “in country xx”.*
- How to control?

Emergency only

- A sudden Injury or Illness which is life-threatening or threatens the function of vital organs, and causes the Insured to receive the Medically Necessary Treatment and to be hospitalized immediately in order to prevent death or violence that occurs from that Injury or Illness

Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Controls through policy provisions which steer claimant behavior

Deductibles

- 10-50% deduction in premium
- Avoid minor claims so less admin

Hospital cash

- Double the reward to stay
- 20-60% increase in LR
- Increase in Length of stay

Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Beware pricing contingent on networks



Provides consumer with 'cashless' facility

Alerts insurer a member is admitted

Should drive volume to hospital so insurer receives a 'discount' or "preferred service.



In network can be more expensive

Notification of admission is about timeliness

Contracting is key



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Provider strategies – Time for Change?



Fee for Service

Providers doing as much as they can for as many as they can..



Capitation

Providers doing as little as they can for as few as they can



Pay for performance

QUALITY of services provided not for the QUANTITY)



Value based reimbursement

From Volume to Value

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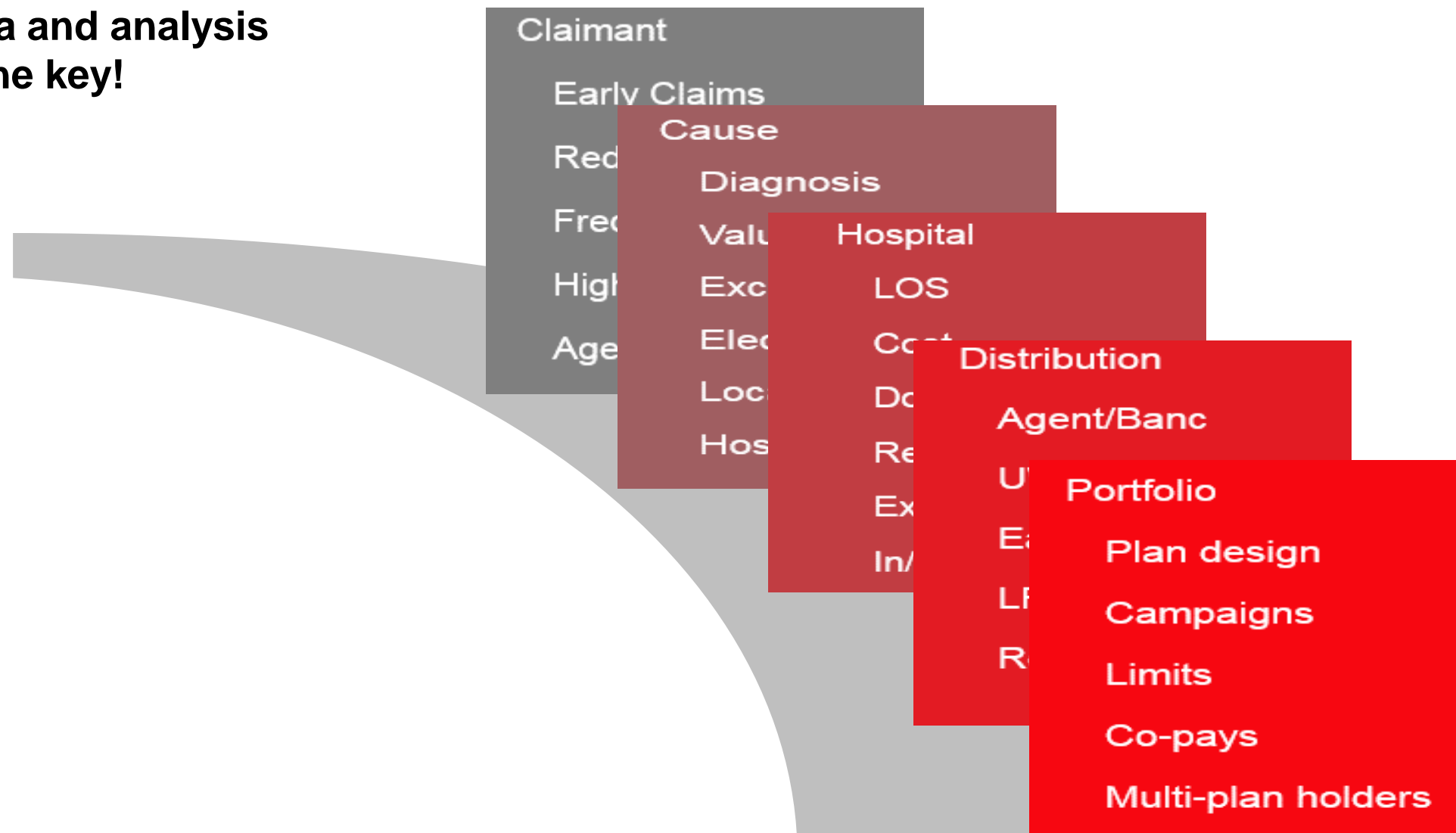
Data capture for analytical control

- You cant control what you don't know
 - Coding
 - Line level data
- Not just pricing
 - Automation and red flags
 - Provider benchmarking
 - Claims segmentation
- Future product and underwriting design



Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Data and analysis
is the key!



Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Different claims require different management



Attritional claims

- High frequency
- Lower value

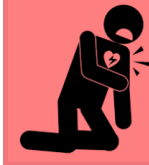
- Strong policy wording
- Medical necessity
- Reasonable and customary costs
- Clinical guidelines
- Evidence based decisions



Scheduled surgery

- High frequency
- Medium value

- Preauthorise
- Package procedures Direct billing
- Efficient processing
- Commissioning of care

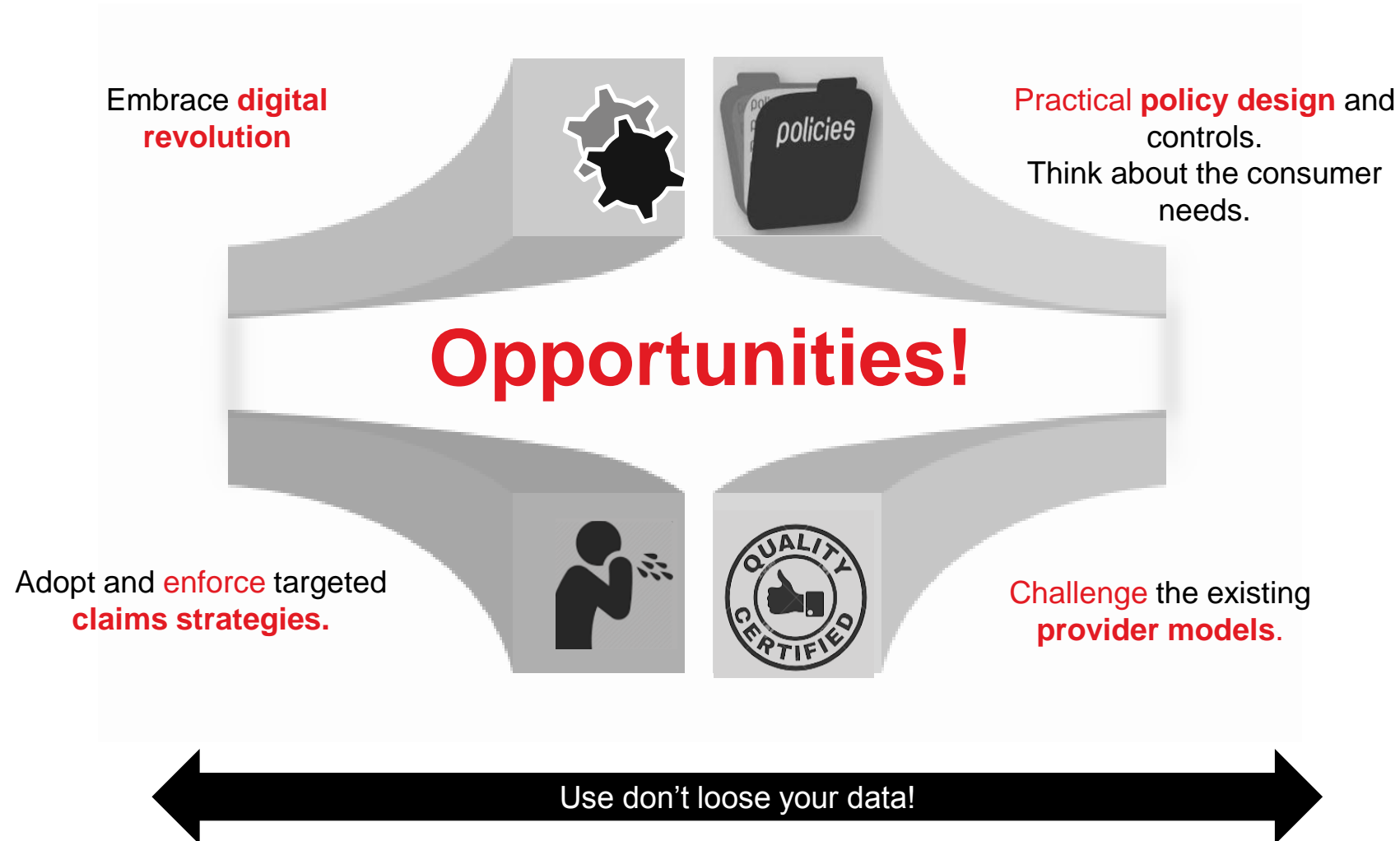


Catastrophic claims

- Low frequency
 - High value
- Early identification
 - Right diagnosis, treatment, time, location and price
 - Second medical opinion
 - Concurrent case and peer review
 - Centres of excellence
 - Discharge planning
 - Bill negotiation and/or audit
 - Cancer – nurses, clinical review

Health insurance: Health insurance: Challenges, Opportunities, Precautions and Controls!

Summing up...





Challenges bring
opportunities

Be part of the solution

Don't forget to RSVP!

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RGIA