

3rd Webinar on Health Care Insurance

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Recent Trends in Health Insurance across Asian Markets

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Agenda

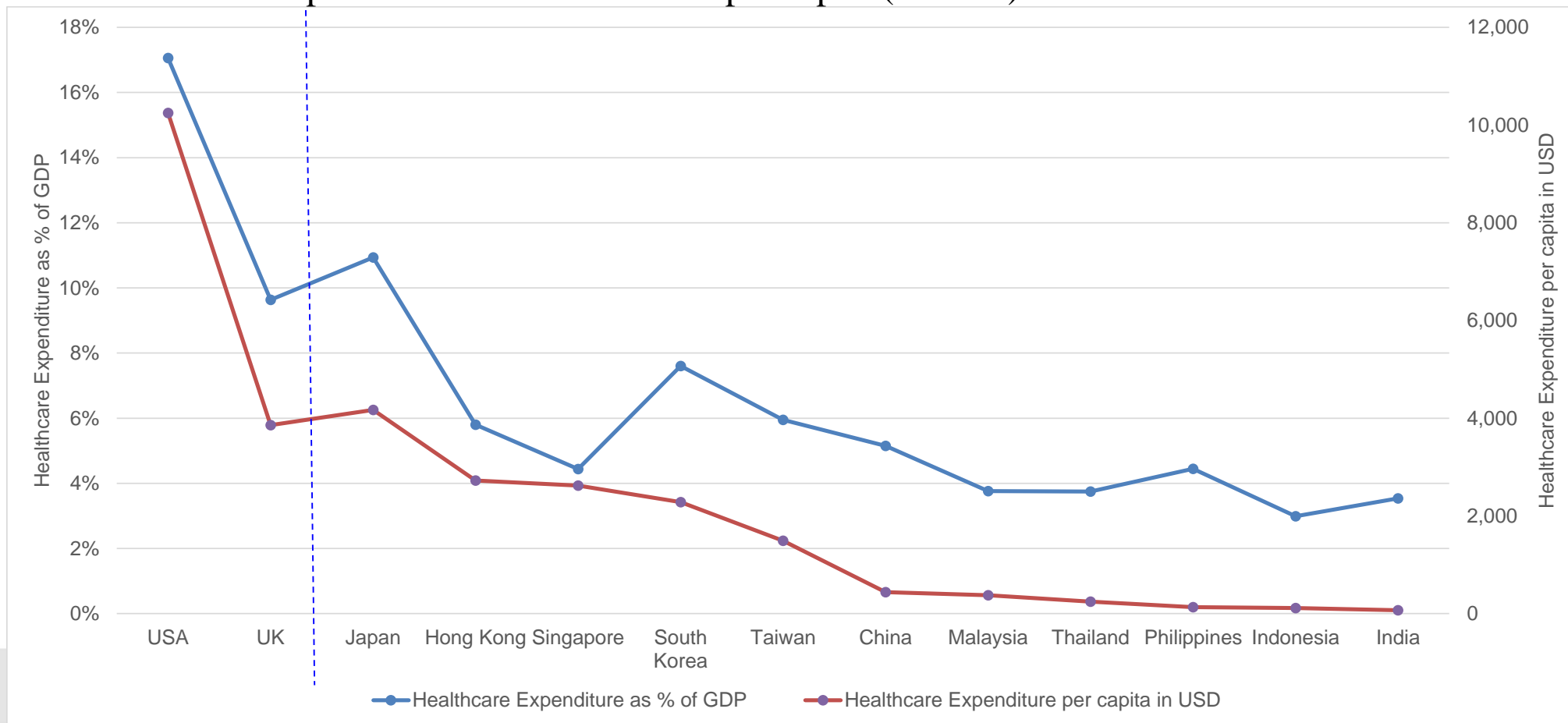


1. Healthcare financing system and role of private medical insurance in Asian markets
2. Recent healthcare and health insurance reform in Asian markets
3. Recent health product trends, and impact of COVID-19 on insurance offer and along the value chains.

Poll Question 1

Healthcare Expenditure

2017 Healthcare Expenditure as % of GDP and per capita (in USD)



Source:

- WHO Global Health Expenditure Database (<https://apps.who.int/nha/database/Select/Indicators/en>) – 2017 data
- Taiwan Ministry of Health (<https://www.mohw.gov.tw/lp-130-2.html>) – 2017 data
- Hong Kong Food and Health Bureau Domestic Health Account (<https://www.fhb.gov.hk/statistics/en/dha.htm>) – 2017/18 data

Healthcare Financing System in Asian Markets



- National Health Insurance (NHI): public insurance scheme to cover healthcare services in both public and private sector
- National Health System (NHS): tax-funded public healthcare system with universal access
- Social Health Insurance (SHI): public insurance scheme to cover healthcare services in public sector
- Universal Health Coverage (UHC): public insurance scheme to get basic coverage to access public healthcare services
- MediShield Life: For Singapore only, a national compulsory health insurance scheme
- Individual Private Medical Insurance (IPMI): private medical insurance for general public to purchase on voluntary basis
- Out-of-pocket (OOP): out-of-pocket payment on healthcare expenditure

	Healthcare Financing System	Role of IPMI / Group Medical
Japan	NHI	Cover OOP of NHI, limited role
South Korea		
Taiwan		
China	SHI	Cover OOP of SHI, and gain access to private sector and VIP ward of public sector
Singapore	Subsidized Public Healthcare services + MediShield Life	Cover OOP at public (restructured) hospitals, and gain access to private sector and higher room class in public hospitals
Hong Kong	NHS	Gain access to private sector
India	UHC	Gain access to private sector
Indonesia		Gain access to private sector and overseas treatment
Malaysia		Gain access to private sector
The Philippines		Gain access to private sector
Thailand		Gain access to private sector

Common IPMI Products in Asian Markets



- Inner-limits: IPMI with itemized benefit limits, e.g. Room & Board per diem limit; Surgeon's Fee limit per complexity of surgeries
- As-charged: IPMI with per annum limits for core benefits, and itemized benefit limits for selected extended benefits (e.g. vaccination).

	Mass Market	Upper Mass Affluent and High Net Worth
China	SHI-supplementary product: As-charged with deductible and coinsurance	As-charged
Singapore	<ul style="list-style-type: none"> • MediShield Life: Inner-limits with deductible and coinsurance • Integrated Shield (top-up to MediShield Life): both Inner-limits and as-charged, with deductible and coinsurance • Supplementary Shield: Cover deductible and coinsurance of MediShield Life and Integrated Shield products 	
		Non-Shield IPMI for expatriates: As-charged
Hong Kong	Inner-Limits	As-charged
India	As-charged	As-charged
Indonesia	Both Inner-Limits and As-charged	As-charged
Malaysia	As-charged	As-charged
The Philippines	Health Maintenance Organization (HMO): As-charged, restricted to network utilization	
Thailand	Both Inner-Limits and As-charged	As-charged

As of November 2020

Recent Healthcare and Health Insurance Reform



China

- Regulatory changes in December 2019: allow repricing/rate changes on long term health product (guaranteed renewable).

Hong Kong

- Launched Voluntary Health Insurance Scheme (VHIS) in April 2019.
- Program to enhance price transparency at private hospitals to provide budget estimate, and publish fee schedules and historical charges.

India

- Launched Standard Individual Health Insurance, Arogya Sanjeevani, in April 2020.
- Launched Corona Rakshak and Corona Kavach in July 2020.

Singapore

- Revamped MediShield (Opt-out) to MediShield Life (compulsory) in 2015.
- Launched Lumi-Health app in September 2020, a collaboration between Singapore Government and Apple.

Thailand

- From October 2019, foreigners on long stay visa or aged 50+ must have health insurance meeting design prescribed by the Thai regulator.
- From September 2020, all inbound tourists and travellers must have health insurance coverage of at least USD 100k for COVID-19 treatment.

Hong Kong VHIS



VHIS Objectives

- Enhance and standardize design of IPMI;
- Allow customers to access private healthcare services through IPMI; and
- Relieve the pressure on the public healthcare system in the long run.

Key VHIS Features

1. Voluntary for both general public and insurers to participate.
2. Standardized policy terms and conditions
3. Guaranteed renewal up to the age 100
4. No “Lifetime benefit limit”
5. Cooling off period of 21 days
6. Premium Transparency
7. Premiums are tax deductible, up to HKD 8,000 (INR 76k) per insured per year
8. Enhanced coverage to cover
 - Unknown pre-existing conditions
 - Treatment of congenital conditions (after age 8)
 - Day case procedures
 - Prescribed diagnostic imaging tests not conducting in hospital, subject to 30% coinsurance
 - Non-surgical cancer treatments (radio-, chemo-, immuno-, hormonal-, and target therapy)
 - Psychiatric treatment

Singapore MediShield Life



MediShield Life Objectives

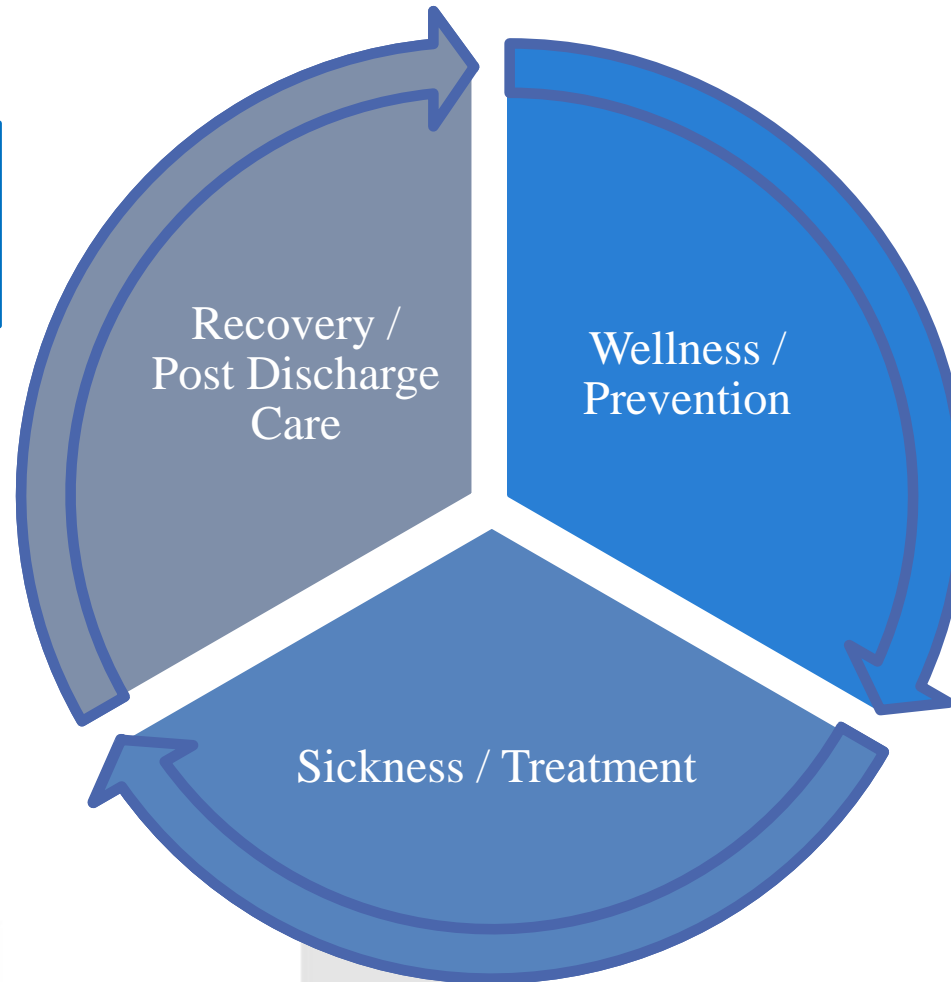
- Provides all Singaporeans lifelong protection against large hospital bills and selected costly outpatient treatments, regardless of age or health condition.

Key MediShield Life Features

- Compulsory for all Singapore Citizens and Permanent Residents for Lifetime coverage, with no lifetime limit on claims.
- Inner-limits design with claims amounts payable subject to pro-ration factors based on room type, hospital type and citizenship status.
- With deductible (ranging from SGD 1,500 to SGD 3,000 depending on room type and hospital type) and coinsurance (ranging from 3% to 10% depending on claimable amount).
- Coverage of pre-existing conditions (subject to 30% premium loading for the first 10 policy years).
- Pre-retirement premiums are loaded up, i.e. pre-paid premiums at younger age, to provide premium rebates for post retirement (after age 65) premiums.

Scope of IPMI

e.g. Home nursing;
Rehabilitation;
Home modification.



e.g. Health check-up;
Vaccination.

e.g. IP / OP / Dental / Vision / Maternity;
Local vs Overseas

Recent IPMI Trend Overview



Product Coverage

- IPMI cover (not lump sum payment) for selected Critical Illnesses (CI).
- In-network and out-of-network design.
- Mental/psychiatric coverage.
- Other new / innovative designs in selected Asian markets.
- Wellness program (not IPMI specific).

COVID-19 Impact

- Increase awareness of health insurance coverage.
- Suppress elective surgery admission during lockdown / severe outbreak.
- Launch of specific COVID-19 Cover.
- Accelerate digitalization along the value-chains.

Product Coverage – IPMI for Selected CIs

Key Propositions

- Offered by key players in Hong Kong like AIA, AXA, Manulife and Prudential, and also Taikang in China.
- Positioned as a top-up cover for specific CIs to a mass market IPMI, or as a low premium IPMI to complement lump sum CI cover.
- Embedded various value-added services for differentiation.

Illustrative Product Design

	Plan Coverage
Covered Diseases	Cancer, Stroke, Heart Attack
Lifetime Limit	HKD 6m
Per Covered Disease Limit	HKD 1m
Room Type	Semi-Private
Core benefit subject to per disease limit	Diagnostic Tests; Hospitalization and Surgical Treatment; Pre and Post Treatment Consultation; Reconstructive Surgery
Extended benefits subject to sub-limits	Consultation for Chinese Medicine, Physiotherapist; Speech Therapist; Dietician; Psychological Counselling; Home Nursing; Medical Appliances; Wig and Voice Box Expenses Hospital Cash for ICU and Long Stay
Value-Added Features	1 Year of Waiver of Premiums; Preventive Check-up for Immediate Family Members (max 2 family members) up to HKD 10,000
Waiting Period between Diseases	Cancer: 3 years; Stroke and Heart Attack: 1 year

Note: 1 HKD to 9.5 INR

Product Coverage – In-Network/Out-of-Network



Key Propositions

- To steer utilization of in-network healthcare providers which offer better agreed fees or discount to insurers.
- To manage medical trend lower than market average to maintain long term sustainability and competitiveness.
- Network can be restricted to selected hospitals, or to a selected group of medical practitioners.

Illustrative Product Design

	Mass Market IPMI		High-end IPMI		
	In-Network	Out-of-Network	In-Network	Out-of-Network (Design 1)	Out-of-Network (Design 2)
	Inner Limit (in HKD), Ward Room		Annual Limit: HKD 2m, Private Room		
Room & Board	1,100	1,000	As-charged	Subject to Coinsurance of 20%	4,000
Miscellaneous Charges	16,500	15,000			50,000
Surgeon's Fee					130,000
Complex	55,000	50,000			80,000
Major	27,500	25,000			35,000
Intermediate	13,750	12,500			12,000
Minor	5,500	5,000			
Anaesthetic's Fee	35% of Surgeon's Fee				35% of Surgeon's Fee
Operating Theatre Fee	35% of Surgeon's Fee				35% of Surgeon's Fee

Note: 1 HKD to 9.5 INR

Product Coverage – Mental / Psychiatric



Key Propositions

- As part of IPMI core benefits or extended benefits to meet the need and increasing awareness of mental health, e.g. VHIS products in HK have to cover psychiatric treatment up to HKD 30k.
- As a value-added service to group medical coverage and wellness initiative at workplace.

Illustrative Product Design - IPMI

Psychiatric treatments	Mass Market IPMI	High-end IPMI
Inpatient Psychiatric Treatments	HKD 30,000 per year	As-charged up to annual limit.
Outpatient Psychiatric Treatments	HKD 1,000 per visit	In-network: As-charged up to annual limit Out-of-network: HKD 1,000 per visit with 20% coinsurance

Note: 1 HKD to 9.5 INR

Illustrative Employee Benefit Program

	Group Cover
Reimbursement Coverage	Similar cover as per IPMI above
Value-added Services (Mental Health Program)	<ul style="list-style-type: none"> • Counselling sessions • Well-being support through phone/online coaching • Stress management including online learning and mindfulness exercise

Product Coverage – Claims-Based Pricing

Key Propositions

- Offered by Prudential Singapore on its PRUShield plan.
- Next year renewal premiums will be adjusted based on the claims amount payable and the type of hospitals utilized by the insured.
- To steer utilization to public (restructured) hospitals or preferred private hospitals (panel).

Claims-Based Pricing – Premium Level

Age Group	Preferred	Standard	Level 1	Level 2	Level 3	Level 4	Level 5 (Max)
1-54	0.8x	1.0x	1.4x	1.6x	1.8x	2x	3x
55+	0.8x	1.0x	1.1x	1.2x	1.3x	1.4x	1.5x

Insured with no exclusion at policy inception

Higher Premiums



Premium Level Movement

Hospital Type	Small Claims Amount (< SGD 1,000)	Medium Claims Amount (SGD 1,000 to 5,000)	Large Claims Amount (>SGD 5,000)
Private Hospital – Panel	Remain at the same level	+ 1 level	+1 level
Private Hospital – Non-Panel	Remain at the same level	+ 2 level	+4 level
Public (Restructured) Hospital	-1 level (limit at Standard)		
No Claims	-1 level (limit at Standard)		

Note: 1 SGD to 55 INR

Product Coverage – Cancer Drug Cover



Key Propositions

- Launched by WeSure Internet Insurance, an insurance agency platform of Tencent China, partnered with Taikang Online and MediTrust Health, a subsidiary of Shanghai Pharmaceutical (Group) Co.
- Cover cancer drugs currently not included in the drug list of Social Health Insurance (SHI).
- Offer direct-to-patient delivery or pick-up of cancer drugs at drugstore network.

Illustrative Product Design

	Cancer Drug Cover
Coverage Period	Yearly renewable
Covered Drugs	12 Types of Cancer Drugs (Including target therapy and immunotherapy drugs)
Reimbursement Limits	RMB 1m to 1.5m, with claims paid out capped at 2 years after diagnosis of cancer
Premiums	As low as RMB 1 per month
Issue Age	0-50

Note: 1 RMB to 11 INR

Product Coverage – Micro-insurance



Key Propositions

- Offered by Blue Hong Kong, a joint venture digital insurer between Aviva, Tencent, and Hillhouse.
- Cover low limit of over-the-counter drugs, with accidental death and compassionate death benefit.
- To generate leads and expand customer base.

Illustrative Product Design

	Plan 1	Plan 2	Plan 3
Limits and Premiums in HKD			
Premiums	258	498	988
Pharmacy Benefit per year	300	600	1200
Max claims per month (max one claims per month)	100	200	400
Accidental Death Benefit	100,000		
Compassionate Death Benefit	5,000		

Note: 1 HKD to 9.5 INR

Poll Question 2

Wellness Program



Key Propositions

- Offered by many players, e.g. AIA Vitality, AXA Better Me, Manulife MOVE, Prudential Pulse.
- Move from “Sickness” management to “Wellness / Lifestyle” management as a value-added service and engagement tool.

Differentiated Features

- Symptom checker: e.g. Prudential Pulse partners with Babylon, a UK based company, to offer symptom checker through AI chatbot health assessment.
- DNA tests: nutrigenomics testing; testing for risks of diabetes, hypertension, etc.
- Health coaching: either through AI chatbot, online chat with health coach, or in-person health coach / dietician consultation.
- Health Butlers / Health Monitoring: offered by PingAn Good Doctor to provide recommendation on health prevention based on medical check up and reports, i.e. build up electronic health record.

COVID-19 Impact – Specific COVID-19 Cover



Key Propositions

- As a free cover for lead generation (popular in Hong Kong, Singapore and Thailand), or as a standalone paid cover (popular in Thailand) to expand customer base.
- Embed as part of other product design.

Illustrative Product Design – Specific COVID-19 Cover

	Free Cover	Standalone Paid Cover
Lump Sum Cash upon diagnosis of COVID-19 and resulting in Coma	Lump sum THB 50k, plus daily hospital cash of THB 500 up to 15 days.	THB 1.5m
Medical Reimbursement due to COVID-19	NA	THB 100k
Premiums	Nil	THB 900

Note: 1 THB to 2.4 INR

Illustrative Product Design – AIA Hong Kong: Cancer and Serious Infectious Disease Protection

	Lump Sum Benefits
Cancer and CIS	Up to 160% of Sum Insured
Serious Infectious Diseases	Up to 20% of Sum Insured (reduced payout on Cancer)

Diseases labelled as Public Health Emergency of International Concern, e.g. COVID-19, Ebola, Zika, etc.
The insured has to stay in ICU for 3 or more consecutive days .

COVID-19 Impact – Accelerated Digitalization



Change in Behaviours

- COVID-19 has changed the behaviours of customers, healthcare providers, and insurers.
- Accelerate the digitalization along the value-chains of customer journey including purchasing, claims, and access to healthcare providers especially the utilization of tele/video-consultation and tele-medicine.

Key Observed Changes

IPMI Specific

- Higher awareness of health insurance need and sales
- Digital appointment booking with healthcare providers
- Tele/video-consultation
- Tele-medicine / e-prescription
- E-claims submission

General Market

- Accelerate the growth of digital insurer and online purchase of insurance.
- Hybrid sales model: digitally-assisted / video-assisted sales process for traditional face-to-face channels (e.g. agents).
- Online policy application and renewal.
- Self-service platform, with AI chatbot capability (e.g. PingAn China has used AI chatbot to conduct COVID-19 screening).

What's more along the IPMI Value Chain



What are the pain points along the customer journey and the personalized needs of customers?

On-boarding and Health / Wellness

- Sales / Purchasing
- Application
- Underwriting
- Policy Administration
- Wellness program (activity checking; rewards)

Customer Services and Access of Treatment

- Benefit Enquiry
- Claims Submission and Enquiry
- Customer Services / Concierge
- Pre-Authorization
- Medical Network and Priority Access
- Care Coordination

Recovery and Ongoing Management

- Post Discharge Care
- Disease Management
- Re-assessment / Monitoring for future health risks

Q & A