

15th Current Issues Seminar on Health Care Insurance (15th CIHCI)

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The Emerging Claim Patterns and Impact on Overall Health Insurance Industry Post Covid-19

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AGENDA



1 | Overview and Evolution of Healthcare Ecosystem

2 | Current Health Insurance Market in India

3 | Emerging Claim Trends Post COVID

4 | Empowering Customers with Digital Experiences

5 | Changing Customer Dynamics

6 | Challenges Ahead

7 | The Next Boom in Health Insurance Industry

How Healthy is India?

01

Improvement in Life expectancy has risen to 70.42 years in 2023 from 40 in 1960

02

India has 17% of the world population but 21% of its disease burden

03

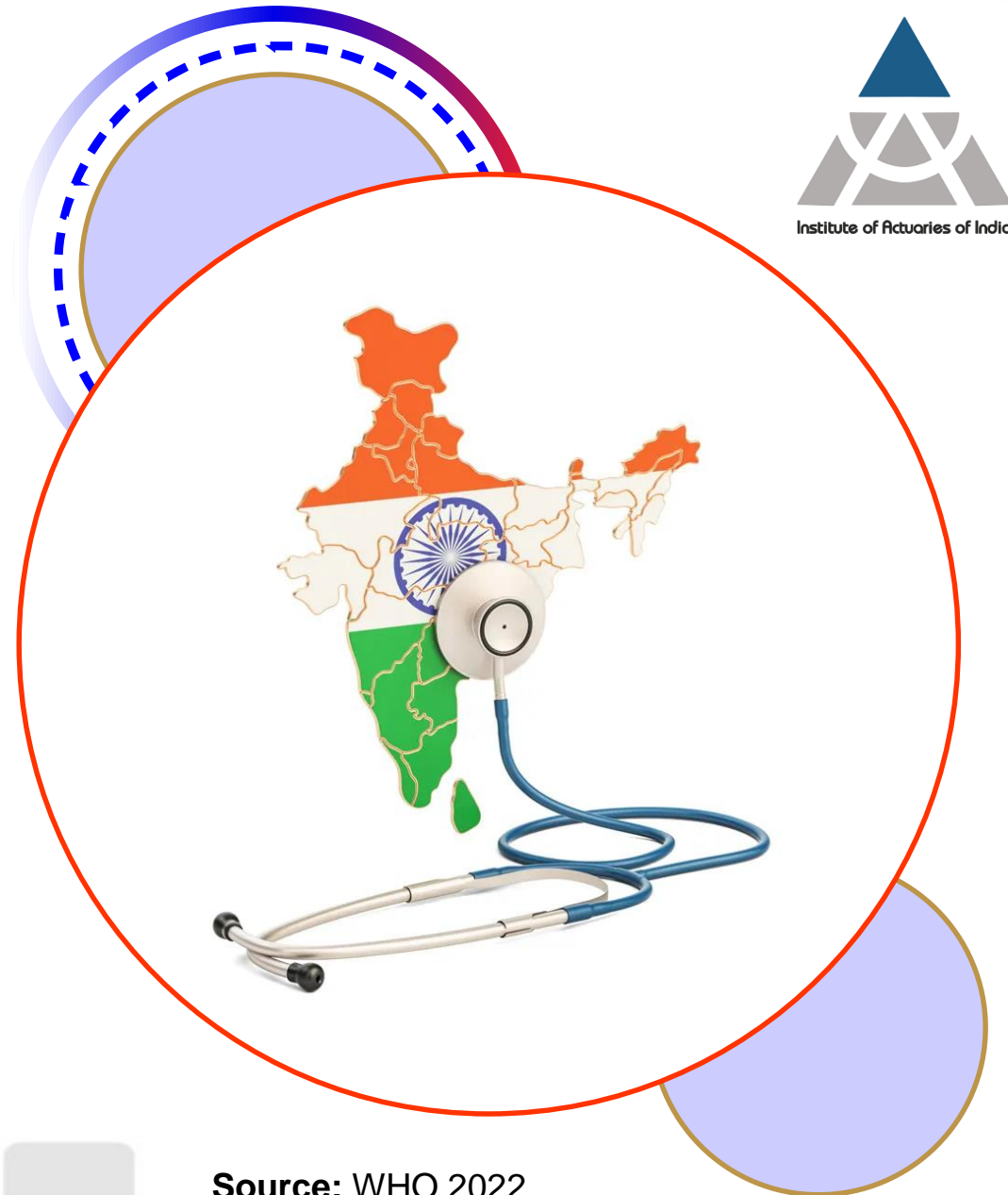
India is battling the triple disease burden of communicable, non-communicable and lifestyle diseases

04

India is a diabetes capital of the world. 1 in 5 adults have diabetes or are pre-diabetic

05

33% of Indians above 30 years are suffering from one or more lifestyle diseases such as diabetes, cardiac problems, blood pressure, thyroid and cancer



Source: WHO 2022

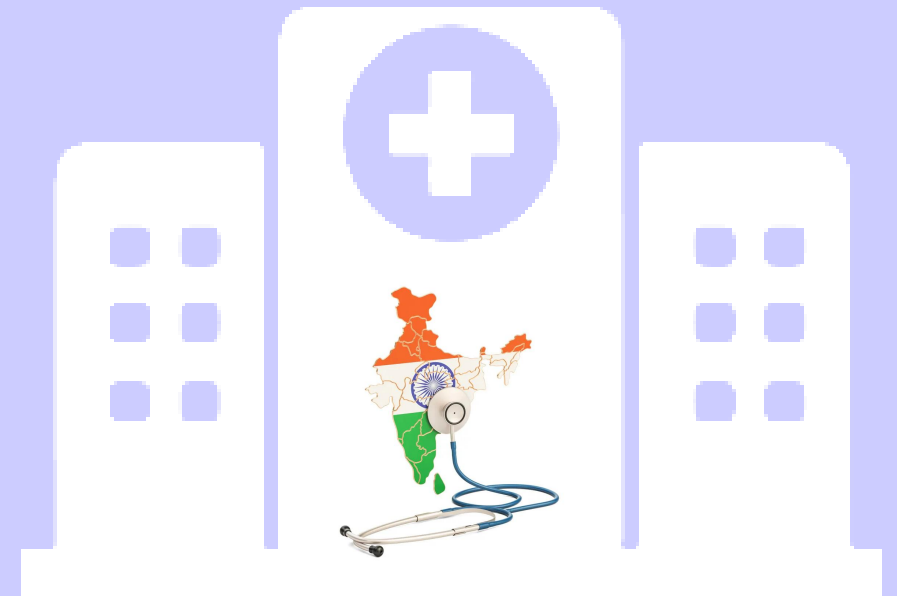
How is India Financing its Health?

Our country's GDP spending on healthcare remains lowest among BRICS nations to 2.1% of GDP in 2022-23

~50% of healthcare expenses in India are paid out-of-pocket. The global average is 20%

Nearly three-fourths of India's health expenditure is through private funding

1 in 4 urban Indian households that have taken loans took them to cover medical expenses

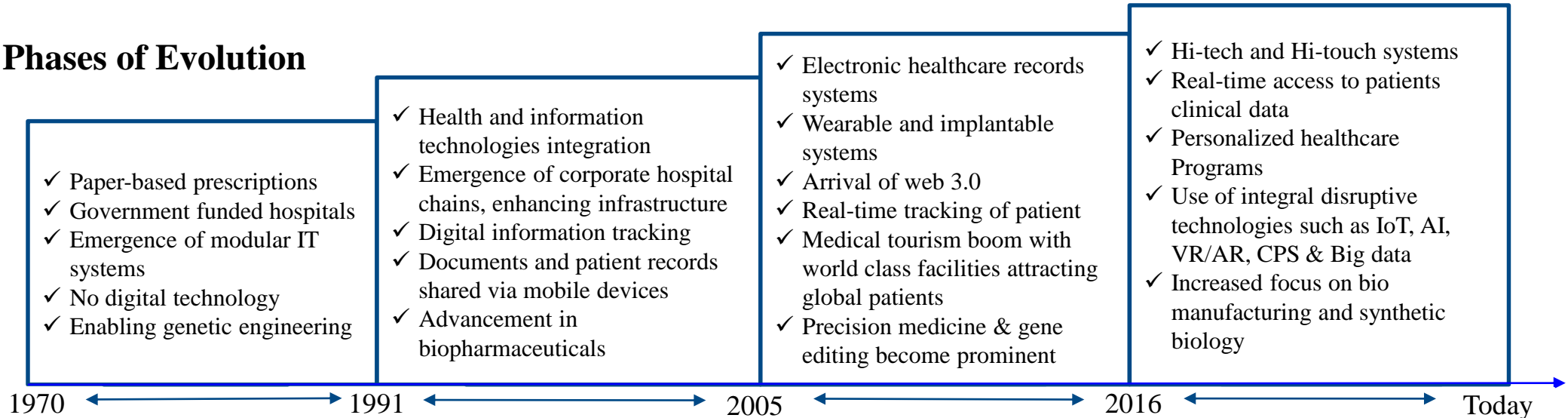


Evolution of Healthcare Ecosystem



The healthcare industry in India is estimated to reach INR 110 Tn by 2027 with a CAGR of 30.70%, with the digital healthcare segment having a 17.44% market share

Phases of Evolution



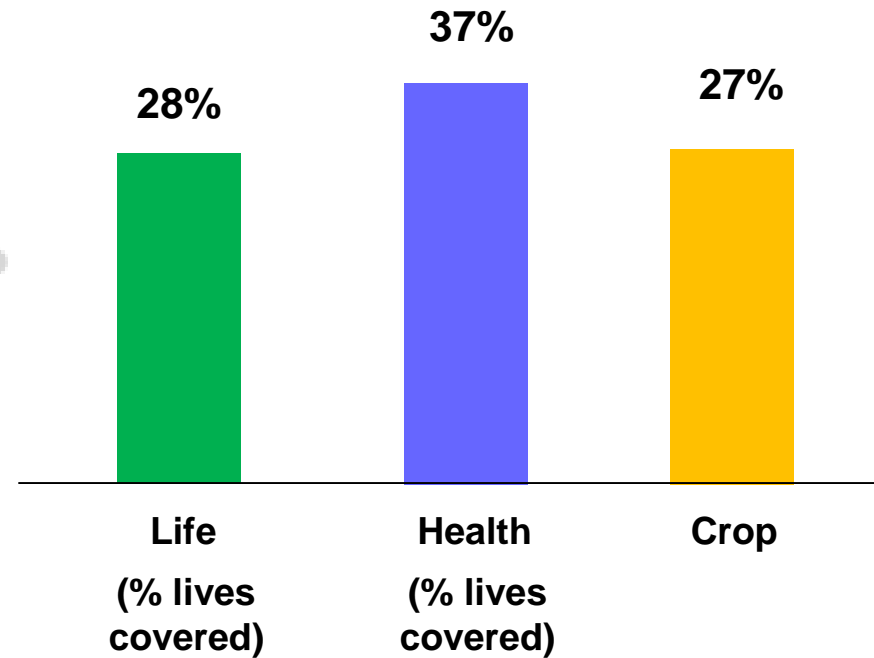
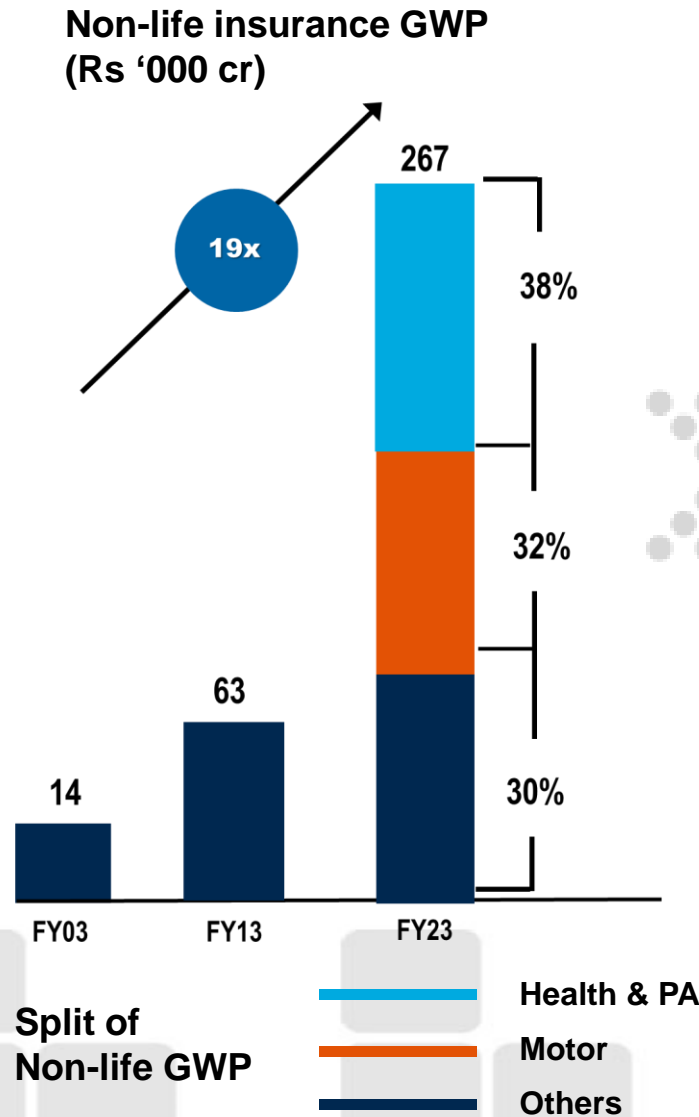
Current Healthcare Ecosystem is a Dynamic and Evolving with Multifaceted Challenges and Opportunities.



Current Health Insurance Market in India



The Future of Health Insurance Looks Promising



Source: IRDAI statistics, BCG Analysis, LI and GI council statistics

Health Insurance Acts As A...

#FinancialVaccination



1

Protection
against the rising
costs of healthcare

2

Ensures Financial Safety
in the event of unexpected
illness or accident

3

Gives lifetime access to
quality healthcare and
advanced medical treatments

4

Provides various
tax benefits and safeguards long
term financial goals

5

Helps to live a peaceful
and healthier life

**HEALTH INSURANCE
ZAROORI HAI**

Change in Peoples Mindset

HUMAN NEEDS

Before Covid



After Covid



Only 10%
of people were interested in
buying...

But now 71%
consider health insurance as a
necessity

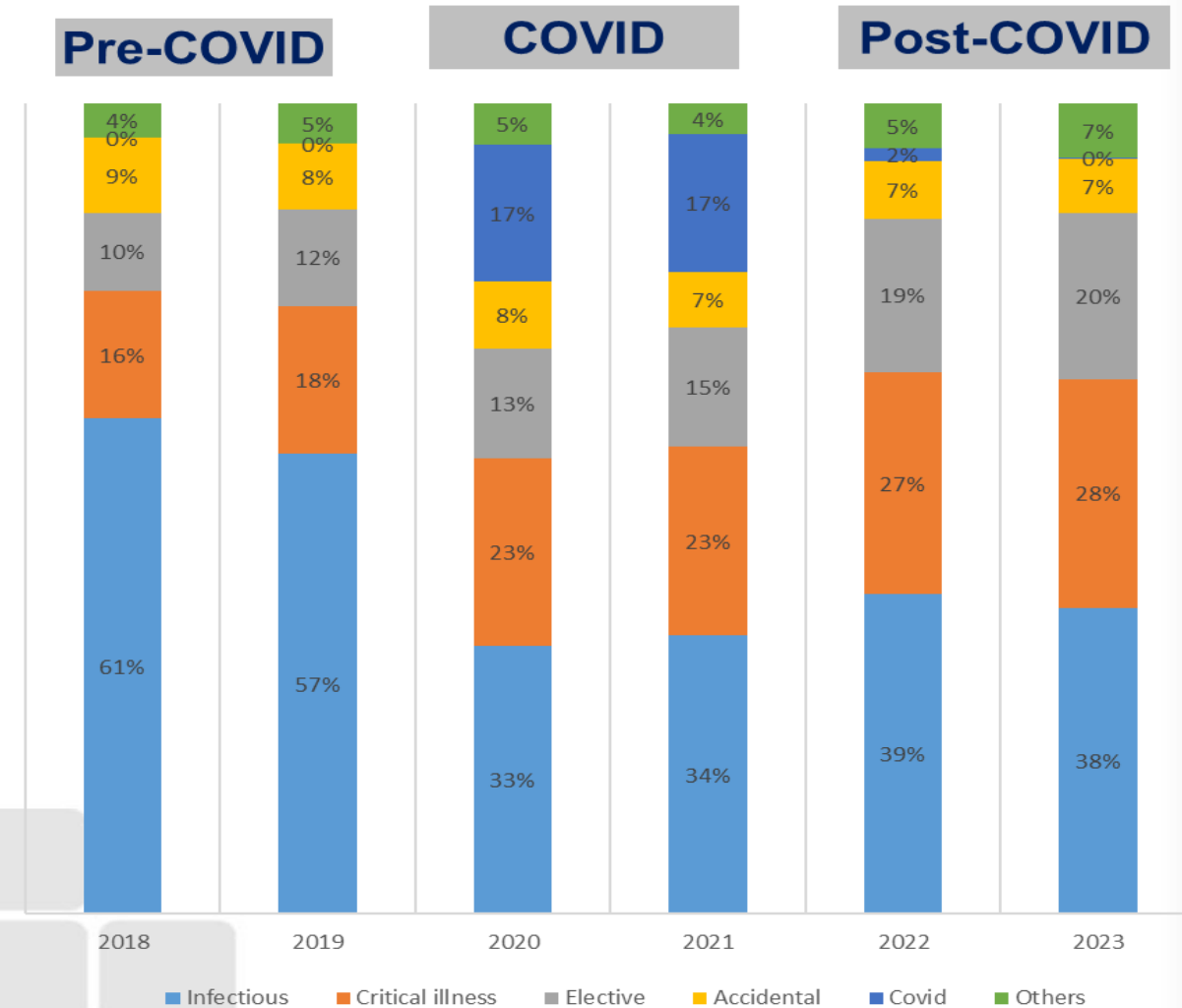
Emerging Claim Trends

Shift in Disease Mix



Swift Shift in Disease mix from Infectious to Elective and Critical Illness Claims

- Infectious disease claims ranked highest ~ 60% pre-COVID
- Post-COVID, sudden upsurge in Critical Illness Claims noticed, increase in Cancer and Cardiac cases
- Speedy increase in Chronic claims observed
- Rise in Elective surgeries claims observed
- Higher claim rejection on Product T&C i.e. Waiting-period, policy exclusions.



Impact on Average Claim Severity



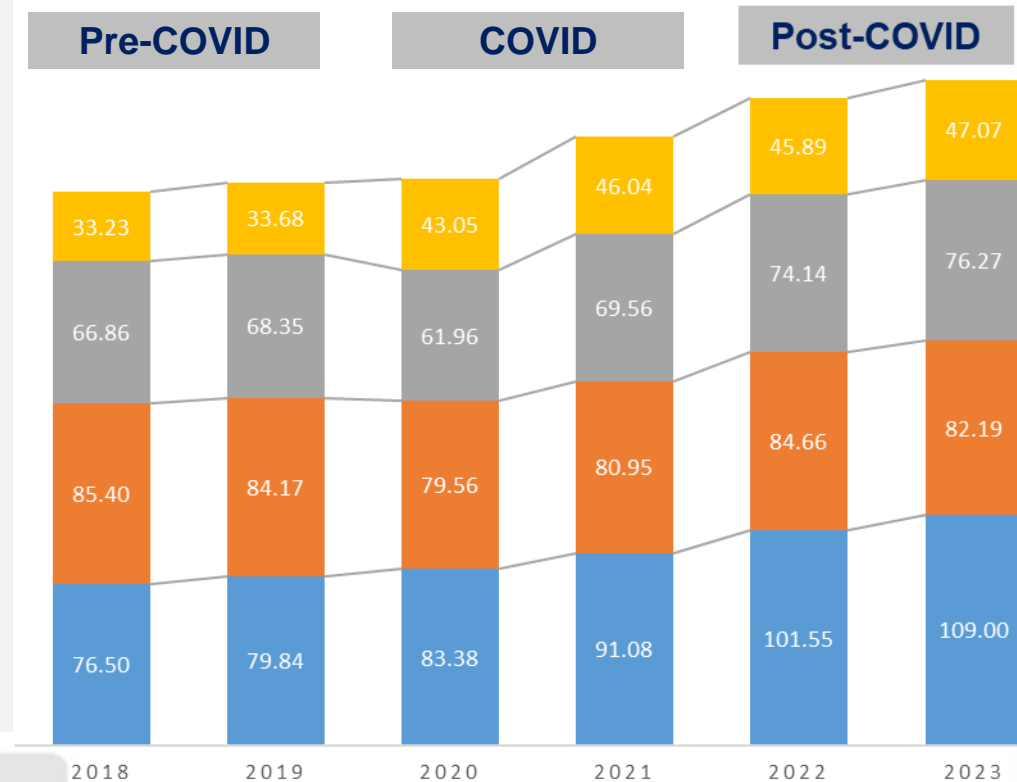
- Increase in ACS of surgical claims of Cancer, Cardiac, Kidney, Orthopedic, Gyneac, Gastro surgeries
- Higher per claim cost of infectious claims

Increase in ACS is mainly attributed to :

- Increased healthcare cost i.e. Tariff revisions, advanced procedures, modern technology
- Change in Billing patterns - Increase in number of test done and safety kits used
- 5-7% increase in surgical claims
- Higher incidence in early port policies
- Impact due to Regulations on allowing NME's i.e. List 1 (portfolio yet to get matured)

INCREASING ACS TREND

■ Accidental ■ Critical illness ■ Elective ■ Infectious



High ACS across all treatment categories leading to higher claim ratio

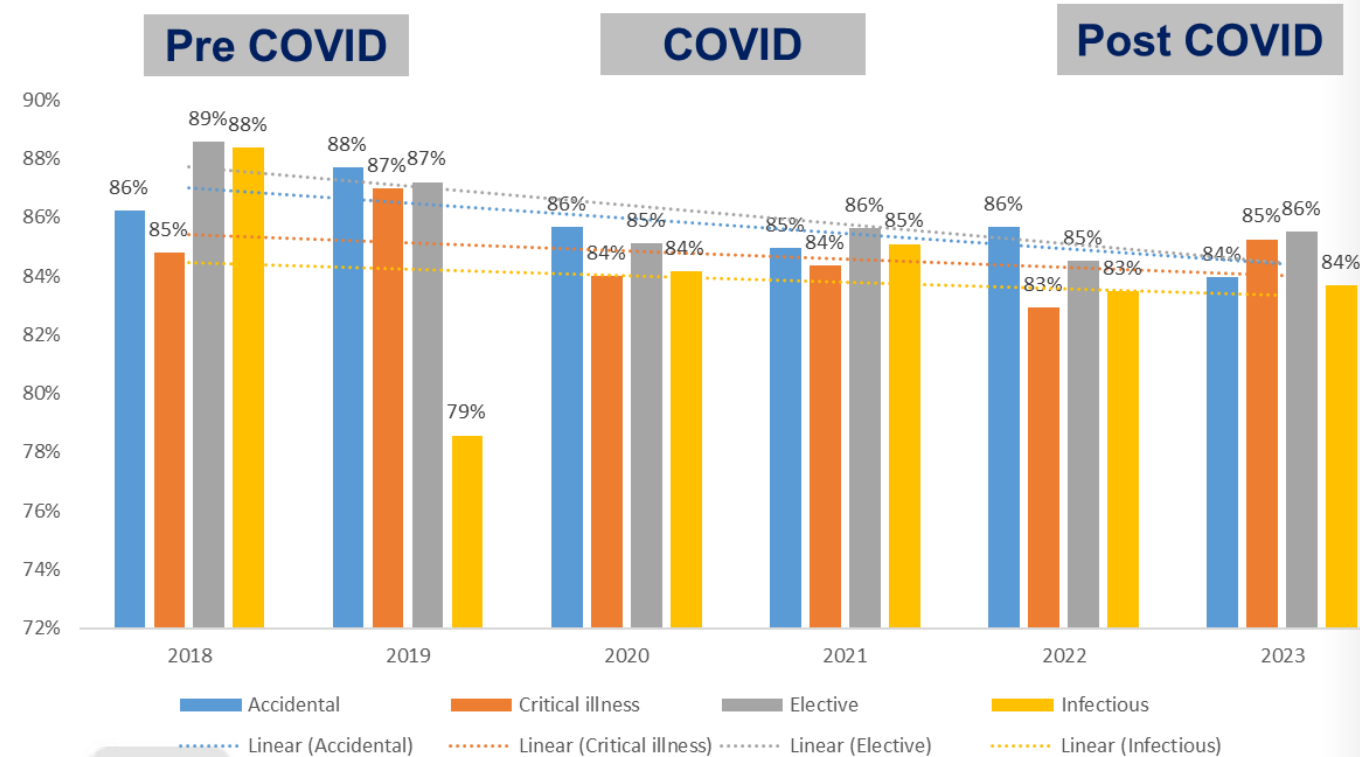
Impact on Paid to Billed Ratio



Reduction in Paid to Billed ratio is mainly attributed to :

- Modifications in Billing components leading to higher deductions
- Increase in Laboratory charges
- Reduction in admissibility of room, nursing, surgery and consultation charges with minimal impact on overall pharmacy charges
- Deduction on account of Non-submission of essential documents

Paid to Billed Ratio is on a declining trend for all treatment categories



Other Vectors Impacting Claims



Network Providers

- Cashless steerage
- Discounts on top utilized packages
- Medical inflation
- Creation of PPN
- Demand of emergency services
- Door-step delivery of Pharmacy
- Increasing demand of Home-visits



Regulations

- Allowing onboarding with Permanent exclusion for 16 conditions
- Allowing NME's, Allowing coverage on Surrogacy and Oocyte Donor
- Ayushman Bharat Digital Mission
- Launch of PWD Product
- Implementation of AML Guidelines
- Revisions in F&U Guidelines



Digital technology

- Digital onboarding journey
- Launch of Digi locker
- Digital IVRS
- Auto issuance / UW decision
- Auto-Claim adjudication
- Fraud model referral basis machine learning
- Enhanced customer engagement through Mobile App
- App driven Healthcare and Wellness Programs



Products

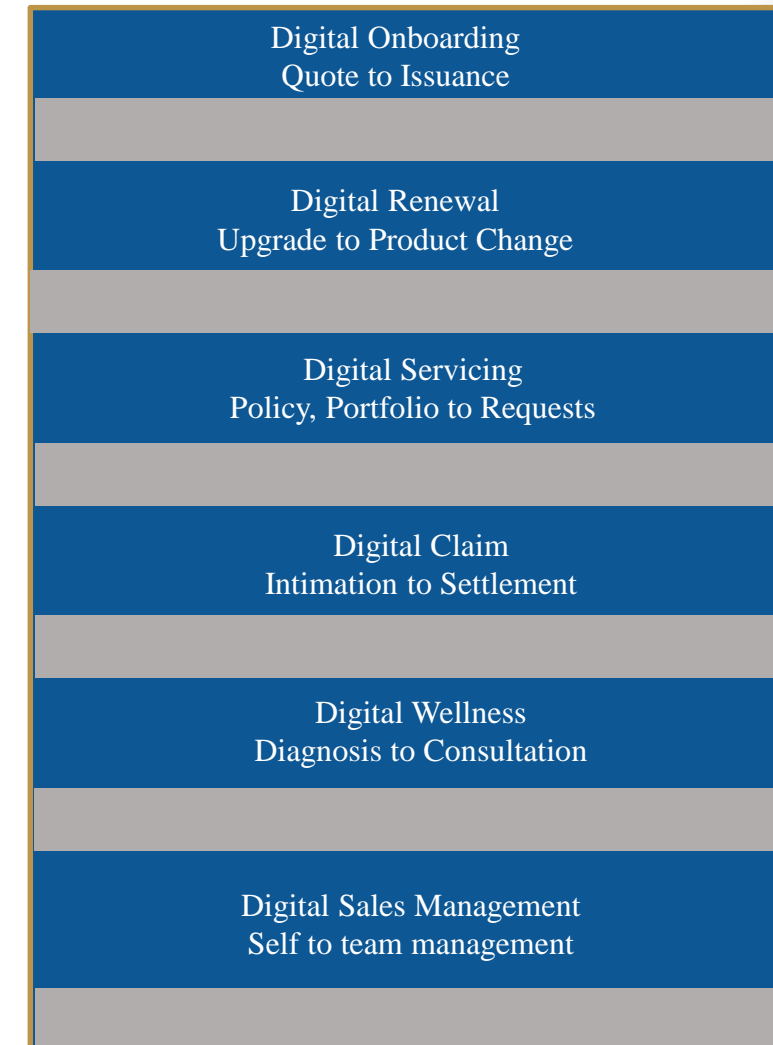
- Demand of OPD and Wellness driven Products
- Introduction of Short-term Products
- Segment and ailment specific products
- Launch of NME Riders
- Emphasis on Home-care benefits
- Need of Products with higher SI or multiple SI restoration options

Easy
Onboarding
and hassle-
free
Underwriting
continues to be
the key focus
for Insurers

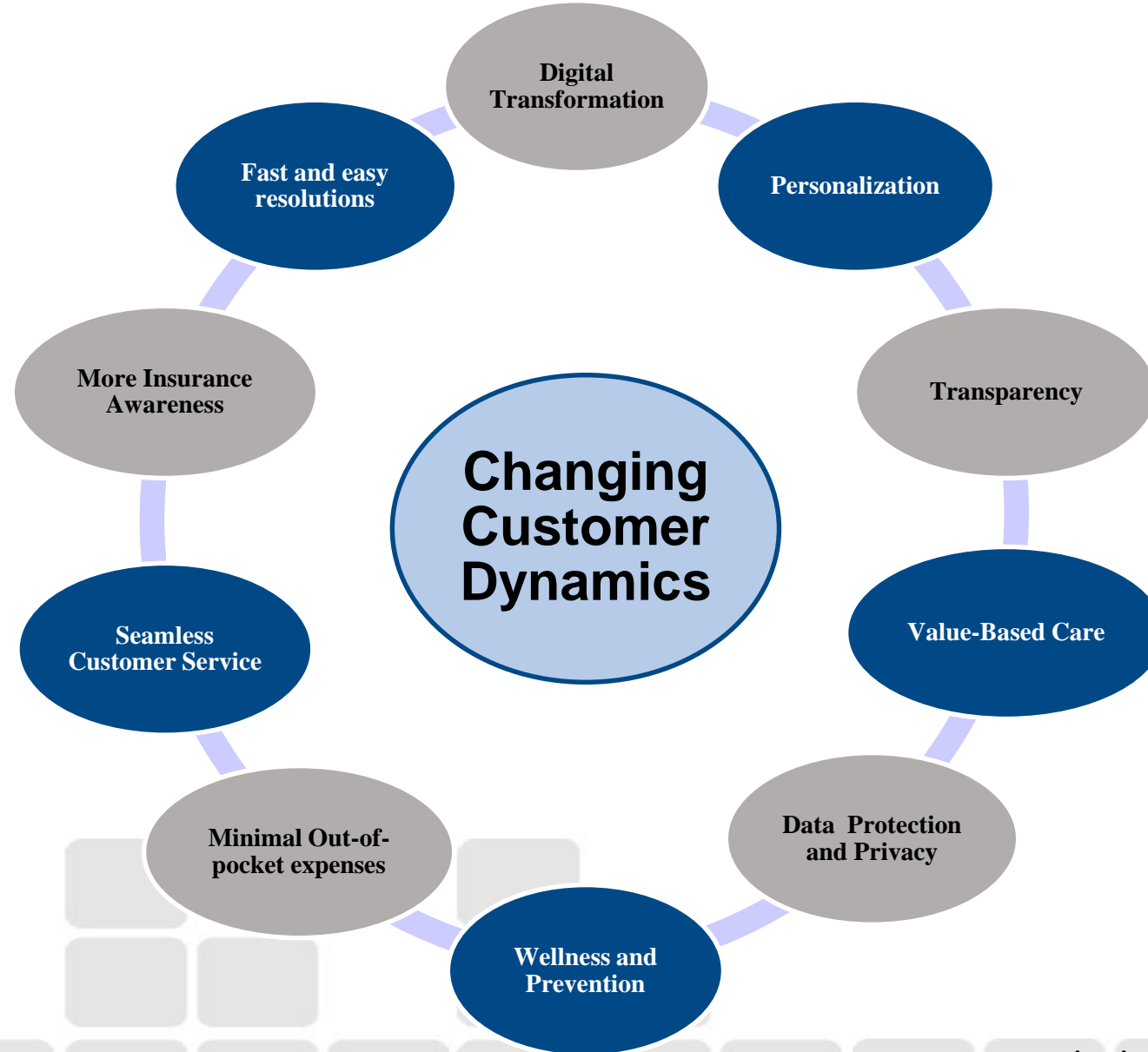
Empowering Customers with Digital Experiences



- 100% digital customer on-boarding across all segments without any paperwork
- Customer mobile app and chat bot enables customers to avail our services 24/7 and anytime, anywhere
- App tracker: Real time UW status & Doc upload for Add info
- Online Claim intimation Submission, Tracking & Add info
- Digital Healthcare service : Step-tracker, Online Teleconsultation, Discounted OPD, Pharmacy, Lad tests, etc



Changing Customer Dynamics



Keeping the Focus Up - Challenges ahead



Non - Standardized Data

- Varied Data Formats & Sources
 - Inaccurate or inconsistent information
 - Impedes risk assessment & claims processing.
- Solution: Need for data standardization & advanced analytics

Increasing Healthcare Cost

- Medical inflation
 - High costs for Advanced procedures
 - Steerage of Robotics Surgeries
 - Pressure to maintain affordable premiums
- Solution: Necessitates cost containment strategies and negotiations with providers

Lack of Infrastructure

- Robust and secure systems are must
 - Risk of data breaches and operational inefficiencies
 - Loose data sharing between vendors and service providers
- Solution: Investment in modern IT and Cybersecurity. Embracing the cloud solutions for scalability

Lack of Customer Penetration

- Limited insurance coverage in certain regions
 - Low awareness of insurance benefits
 - Outreach and education challenges
- Solution: Strategies like micro-insurance, missing-middle and partnerships to reach underserved population

Limitations on providing preventive Healthcare benefits

- Huge dependency on Service providers to deliver Preventive and emergency Healthcare benefits.
 - Restrict access to Preventive care due to PED limitations.
- Solution: Balancing Coverage and affordability. Defining coverage boundaries clearly.

The Next Boom in Health Insurance Industry



The regulator is focusing on 'Insurance for All' as part of IRDAI Vision 2047

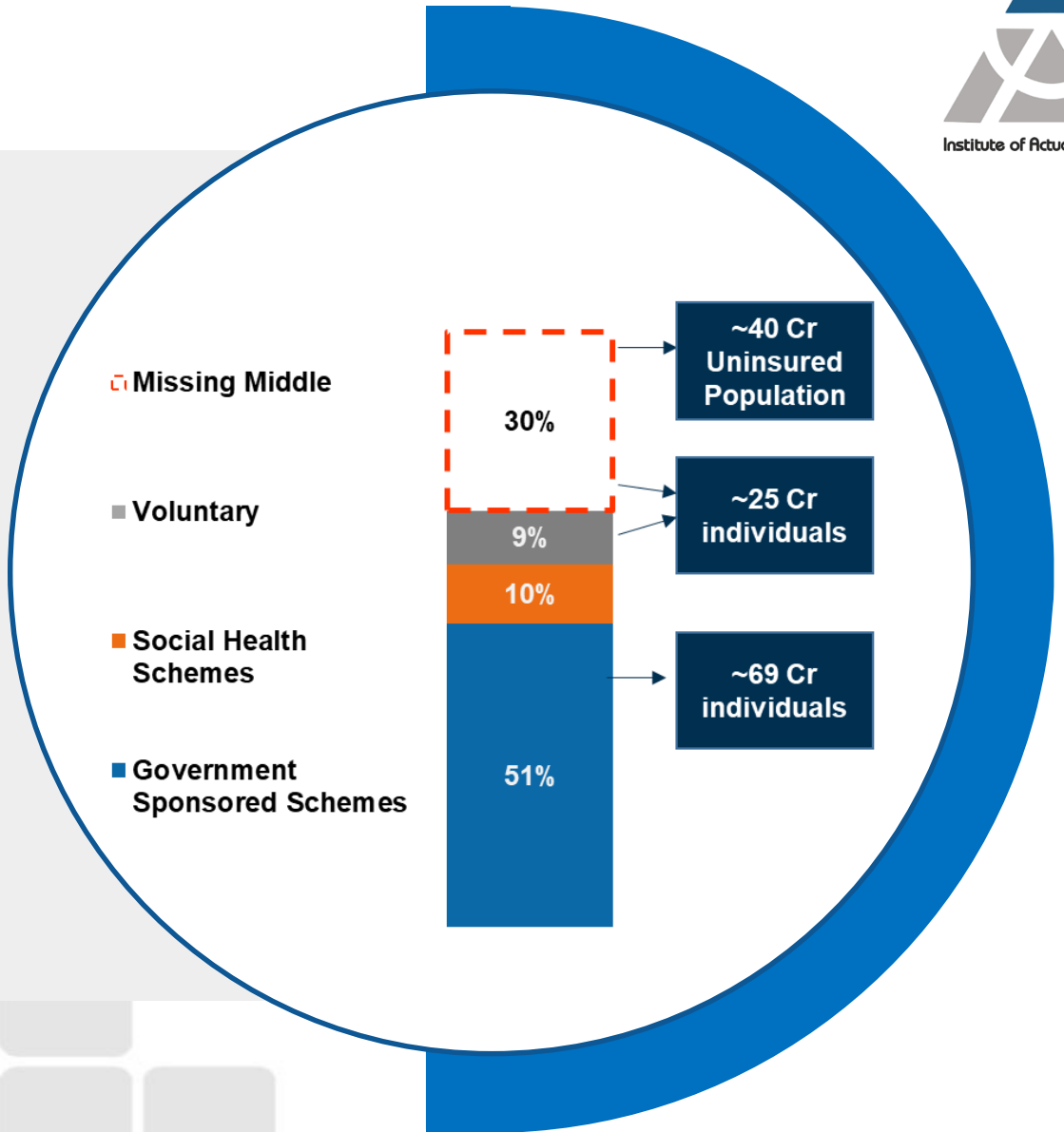
IRDAI's Big Guns

- I. Bima Sugam
- II. Bima Vistar
- III. Bima Vahak

State Level Insurance Plan in action and taking shape

These newly introduced initiatives and **BIMA TRINITY** will act as a game changer in ensuring wider coverage

Under Insured & Uninsured - A Huge Opportunity for Growth



THANK YOU