



Trends in Health and Group Benefits

Looking at the past to peek into the future

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Agenda

The Group Health Insurance Ecosystem

- The various stakeholders

Trends Discussion

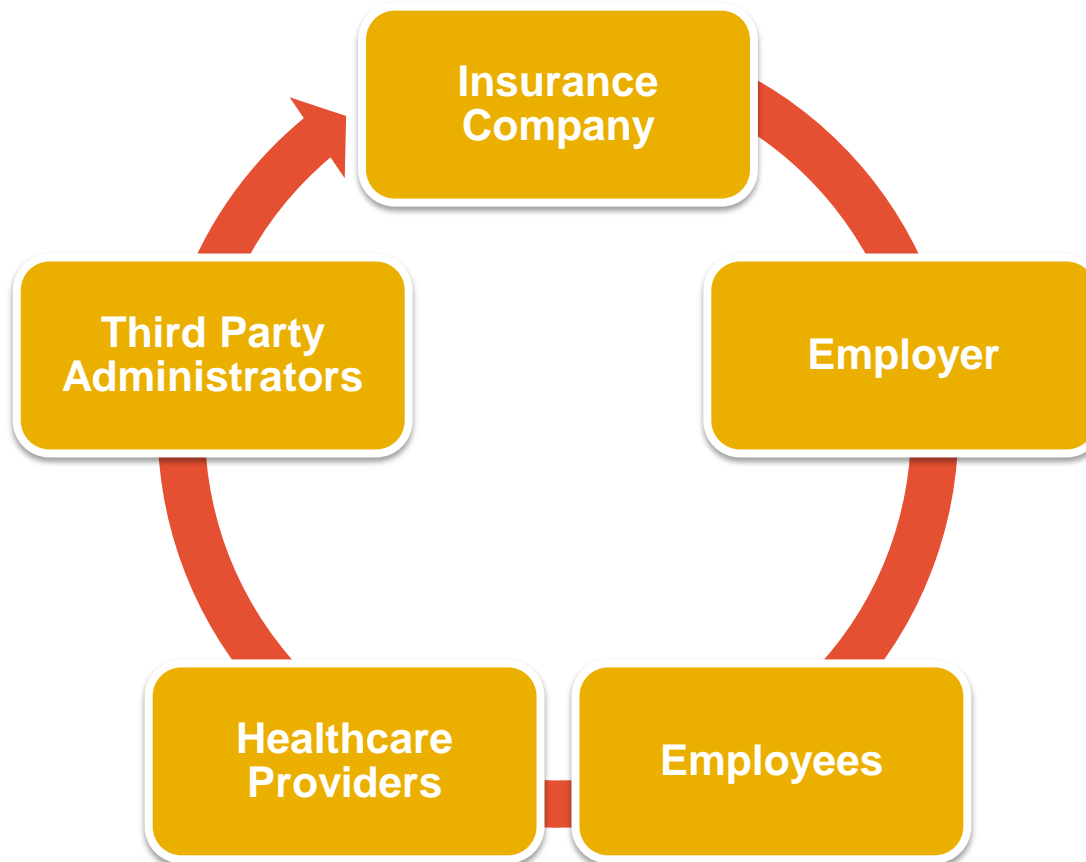
- How various stakeholders' behavior and experience have varied with the changes in eco-system

A Future Possibility

- A possibility from employer's perspective

THE GROUP HEALTH INSURANCE ECOSYSTEM ECO-SYSTEM

The Stakeholders



TRENDS DISCUSSION

Trends for Insurance Companies

- Claims:
 - Change in disease and ailment patterns
 - Medical inflation is very different from economic inflation
 - Impact of fraudulent claims
- Exposures:
 - Increasingly diverse customer profile (Income/Age/Location/Gender/Lifestyle)
 - Changes in distribution channels and their practices
 - Impact of new health regulations

Trends for Insurance Companies

- Products
 - Evolving features
 - Cost sharing and risk containment measures
- Services
 - Network hospitals to ensure good quality of services
 - In-house TPAs
- Likely future:
 - Reduced cross-subsidy across different lines of business
 - In ideal state, future premium increase would outpace medical inflation
 - Top-up cover for large loss making groups

Trends for Employers

- Cost Vs. Coverage:
 - Move towards cost containment with benefits restoration
 - Education of employees to understand associated costs and outcomes
- New focus on wellness and productivity
 - Cost of providing health benefits during times of economic downturn has increasingly become unaffordable
 - Competition for talent has increased the pressure (market mapping)
 - Accessing and analyzing data to understand employees emerging risk profile and deciding on appropriate interventions

Trends for Employers

- Redefining CTC (Compensation) of employees
 - Highlighting insurance benefits provision as a part of compensation
 - Looking beyond conventional way (providing for cover beyond active employment, managing critical illness cases, etc.)
- Likely Future:
 - Introducing flexi-benefits in favor of employees to retain and attract talent

Trends for Employees

- Changing mindset:
 - Overall increased demand for quality care (preference for private healthcare hospitals)
 - Increasingly wider coverage
 - Learn about personal health risks and how to control them
 - Increased interest in remaining healthy rather than seeking healthcare services
- Likely future expectations:
 - Coverage beyond active employment stage

Trends for Third Party Administrators

- Technology influence:
 - Upgraded data management tools
 - Improved efficiency and reduced servicing TATs
- Enhanced Role:
 - Data analysis and inputs for plan (re)structuring for corporate clients
 - Move towards enhanced hospitality services (designated staff for VIP employees)
 - Adding wellness to their bouquet of services
- Likely Future:
 - Enhanced gate-keeping role
 - Incentives linked to profitability of account or ability to control cost
 - Item wise costing of each service offered rather than package rate linked to premium

Trends for Healthcare Providers

- Technology influence:
 - Upgraded hospital management tools
 - Improved efficiency and reduced waiting time
 - Availability of options like telemedicine, electronic medical records, etc.
- Healthcare to Luxury care:
 - Emergence of 'next generation' hospitals
 - Rise in retail clinics, single specialty, secondary and tertiary care centers
 - Offering services in the form of boutique/packages
 - Move towards enhanced hospitality services
- Likely Future:
 - Increase in traffic (due to incidence/coverage/accessibility) resulting in need for increased capacity
 - Increased competition on prices, services and outcomes

A Possible Scenario- Self Retention Model

Employer

- Self retention of healthcare risk
- Channelizing funds to provide for desired employee benefits
- Monitor effectiveness of strategy to bring in required changes

Insurance Company

- Provide cover for outliers (a stop loss kind of arrangement)
- Safe guarding the financial interest of the company

Third Party Vendors

- Help employer in administration and management of programs
- Benefit structure optimization

TIME FOR DISCUSSION.....