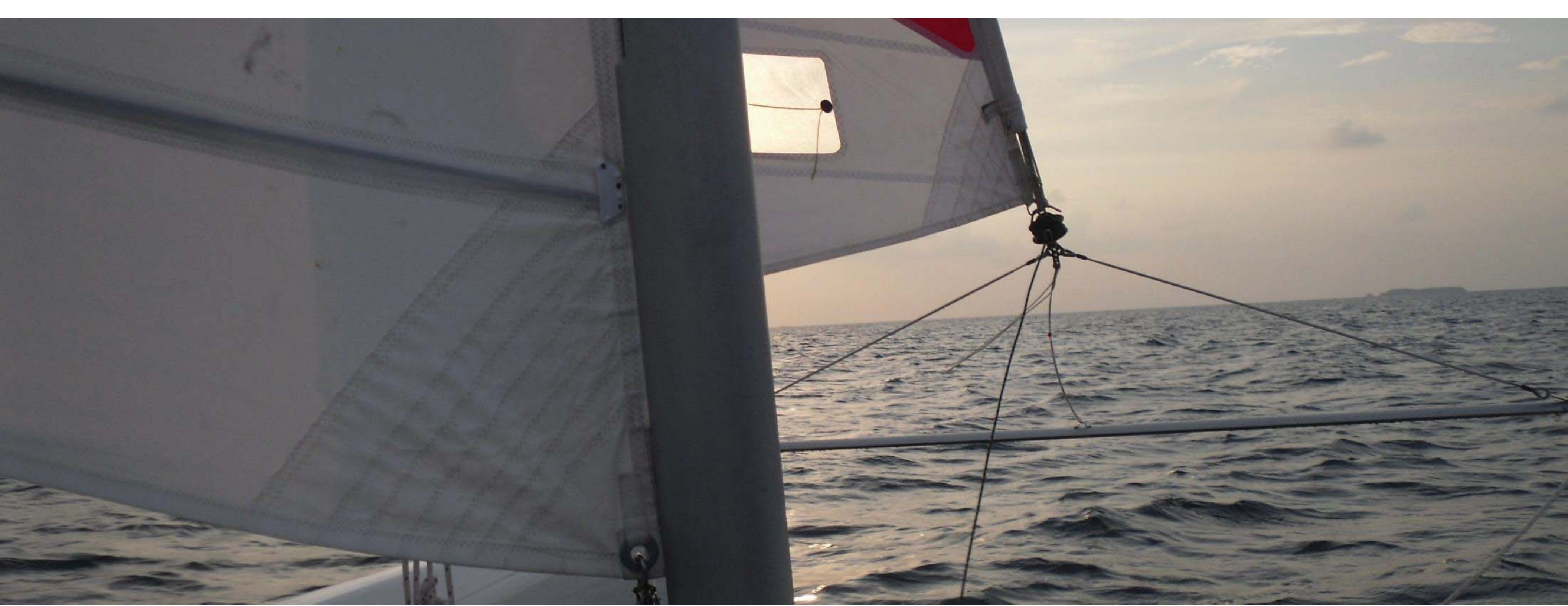

HIGHLIGHTS OF THE WIDER ASIAN VERTICAL

8th Seminar on Current Issues in Health Insurance, IAI
Session: "International Health Insurance Markets"

Gayle Adams, CERA, FIAI, FIAA
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AGENDA

1. INFLUENCERS OF THE SHAPE OF HEALTH INSURANCE
2. MAINSTREAM
3. MASS SCHEMES
4. OBSERVATIONS

THE ENVIRONMENT SHAPES ITS HEALTH PRODUCTS - THE PAST, PRESENT & EXPECTED FUTURE

Past, present & future environment …

- Regulatory environment - product, premium, T&C, providers, tax
- Funding mechanisms – government, private, individual, family, employer, inter-linkages
- Providers - payment methods, capacity, occupancy rates & adaptability
- Current & historic market structure, systems, public health
- **Peoples attitudes, disposable income, culture…………**
- Technical risk
- Everything really!

Actuaries can & should use their skills **to learn & then help** develop future frameworks

MAINSTREAM HEALTH INSURANCE

Health Insurance "Rules" (1)

	India (inc new hlth reg's)	UAE	Saudi Arabia	Thailand	Australia	Singapore	NZ
Is HI a top up/alternative to a public health system?	Not by design. Mass ins increasingly sig as state cover	"Locals" have good state hlth. Ex-pats no state hlth.	"Locals" have good state hlth. Ex-pats no state hlth	No (Dhipaya)	Yes	Yes, to the basic Medishield	Yes
Are there Govt incentives eg tax deduction, compulsion or other eg CPF?	No	Abu Dhabi - compulsory for ex-pat employees (= 80% of pop).	Compulsory for ex-pat employees (= 33% of pop)	No	30% premium tax rebate for many; tax penalty for high earners	CPF can be used to pay premiums	No
Restrictions on premium rates	"File & use", Life insurers prem fixed 3 years. Regulator preference for GI rates to be stable 1st 3 years	Signed off by regulator & actuary.	"Fair, reasonable & adequate" as signed off by an actuary & regulator	Regulator approval/ actuarial sign off. Must be based on a company's claims	Modified community rating (age at entry)	To "inform" the health ministry	Need to justify rates that are not community rated
Restrictions on benefits/ wordings	Yes, detailed regulations depending on product type	Prescribed min group product (IP & OP) in Abu Dhabi only	Prescribed min group product (IP & OP)	No	Prescribed standard min product, some max benefits	Minimum benefits are prescribed, Medishield	No (possible indirectly from HRA)

Health Insurance "Rules" (2)

	India	UAE	Saudi Arabia	Thailand	Australia	Singapore	NZ
Guaranteed renewability	Yes	No (except via group)	No (except via group)	No (except via group)	Yes	Yes	In practice
Portability/ Pre-ex conditions	Max waiting periods for pre-ex, Portability required	Only via statutory employee group cover	Only via statutory employee group cover. Retail immediate cover for pre-ex available	Groups can have pre-ex cover	Yes	Yes	Sometimes
Are underwriting and applying exclusions allowed?	Partial, see above	Not for employee group product in Abu Dhabi	Not for employee group product	Yes	Prescribed max waiting periods <= 12 mths for all conditions	Yes	Yes, but need to justify
Is group business significant/ allowed?	Significant	Dominant	Dominant	Allowed but not significant	Allowed but discouraged by tax	Allowed but not significant	Significant

Providers

	India	UAE	Saudi Arabia	Thailand	Australia	Singapore	NZ
Are insurers a large funder of private hospitals?	Growing from a low base (mass insurance an exception)	No	No	No	Yes	No	Yes
Is provider contracting - allowed and/or common?	Yes, but mainstream have limited price negotiating power & provider resistance. Mass ins. has high neg power	Yes/ Networks of different grades of providers	Yes/ Networks of different grades of providers	Preferred providers but limited cost negotiating power	Limited by legislation	No	Only the largest HI really has the volume
Is there case rate/ capitation funding?	Case rates yes, Capitation a long way off	Case rate/ no capitation	Case rate/ no capitation	Case rate/ no capitation	Case rate/ no capitation		Some case rates & fee schedules
Is there effective insurer credentialing/ quality of providers	Resistance from providers	Abu Dhabi: Providers are regulated by the hlth Authorities	Not really	Some	Some		Not really

Technical

	India	UAE	Saudi Arabia	Thailand	Australia	Singapore	NZ
Dominant distributers	PSU's dominate, then "with profits" GIC's & then new stand alones	Daman, otherwise mostly multi-line private insurers	Private companies, largest 2 are a stand alone & an ex-gov insurer	Dominant stand alone private insurer, then multi-line privates	All stand-alones. Dominant gov insurer. Mix mutuals & private.	NTUC, Multi-line insurers	Dominant stand alone mutual. Then private companies & then small mutuals
Aging population issue	No	No	No	A significant ex-pat retiree market	Yes	Yes	Yes
Claims escalation	Of course	Of course	Of course	Of course	Of course	Of course	Of course
Is statistical industry data available? Eg claims cost by age	Improved	No	No	No	Yes, fairly good	Yes, but only in force figures	Yes (or was)
Financial Industry data available eg industry profitability	Yes, although limited value	Company accounts usually available	Company accounts usually available	No	Yes	Not specifically on health	Depends

MASS HEALTH INSURANCE

Mass health insurance

- Saudi Arabia (IP/OP foreign workers)
- UAE (IP/OP foreign workers)
- Australia (IP/some OP total population)
- New Zealand (IP/some OP total population)
- Singapore (CPF)
- Thailand & Fiji
- India (several scheme types – for the more disadvantaged segments)

OBSERVATIONS

Observations

1. Solutions & learnings are translatable but not directly transferable (ie care required)
   - Government impact(eg regulation, mandatory, tax rebates, etc)
   - Waiting periods vs other underwriting vs no underwriting (inc retail)
   - Outpatient cover – compulsory business, retail business – viability & impact on IP cover
   - Population diversity eg India, Gulf vs Australia, NZ
   - Raring structures – age at entry impact
   - Product design
   - Influence of consumer awareness/acceptance, family culture
2. What will happen when bottom up meets top down?

PRODUCTS MUST –

- Reflect target population's needs & culture
- Be understandable in their market & be "wanted"

ACTUARIES NEED TO DEEPLY -

- Understand their different markets & consumers thinking
- Get involved in development

Thoughts

- See if your parents or friends can understand the product! Can you?
- Understanding market research – strong interest/need does not necessarily mean people will forgo a holiday to purchase a health product
- Shouldn't be frightened to take controlled risk – ie do try something new - but DO have an exit strategy **&** make sure the regulator is behind it.
- Consistency of industry learning & development
- Room for India industry to develop in a world first & leading manner but needs effort & focus
- ***Lots of room for actuaries to participate in India's health financing development*** – we can -
  - Be informed on a broad scale – numbers won't do in themselves
  - Get involved in policy debate & research
  - Care!

CONCLUSION ....

...... Lots of room for Indian industry and individual companies and actuaries to develop policy & products in a world leading and social beneficial way.... but needs effort & focus