



***Session 3: Concurrent Sessions on Health Care Insurance
The Role of Reinsurers in health insurance management***

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Waves of Reforms...Oceans of Opportunities

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Topics

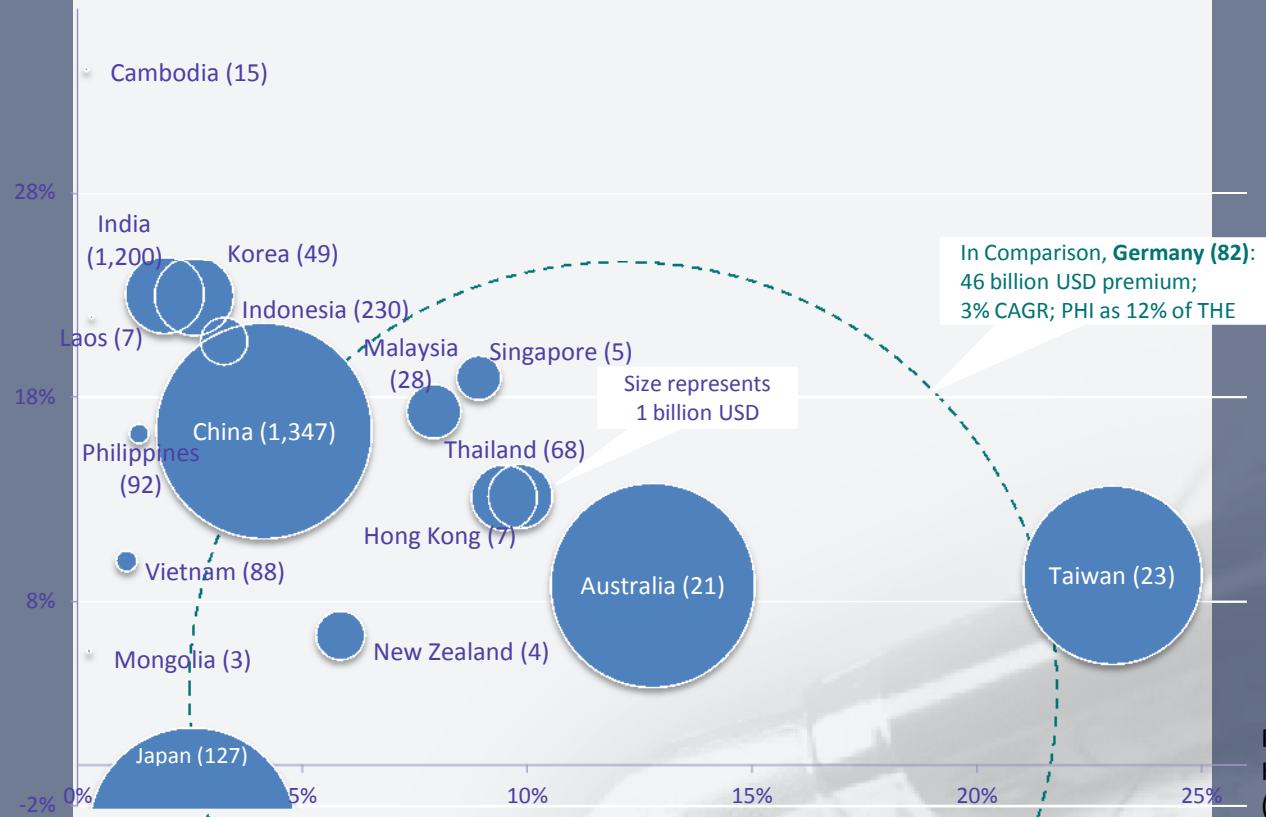
- Healthcare is local and complex
- The Role of Reinsurers
- A Range of Services
- Services Examples

What do regional PHI markets look like?

Asia Pacific Regional Private Health Insurance Developments

Private Health Insurance
CAGR 2006-2011 estimated

Premium size of Private Health
Insurance 2011 (estimated)
with population in bracket (million)

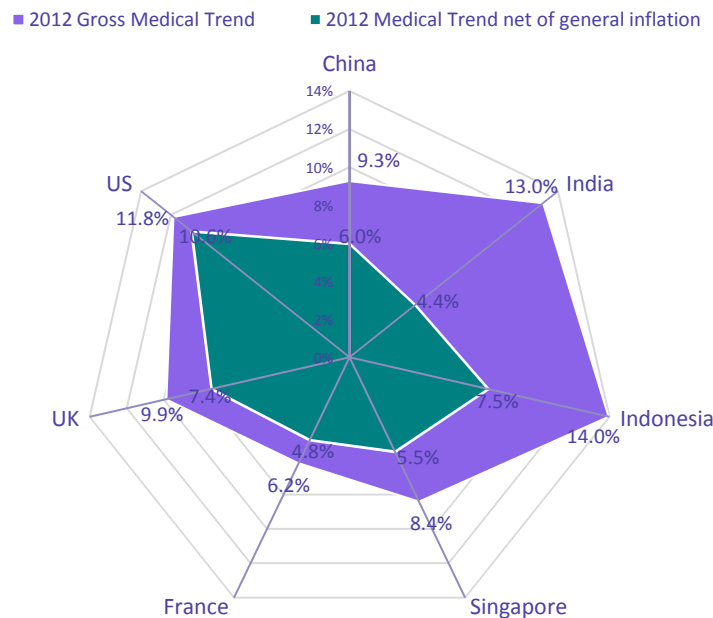


Source: Munich Health Research

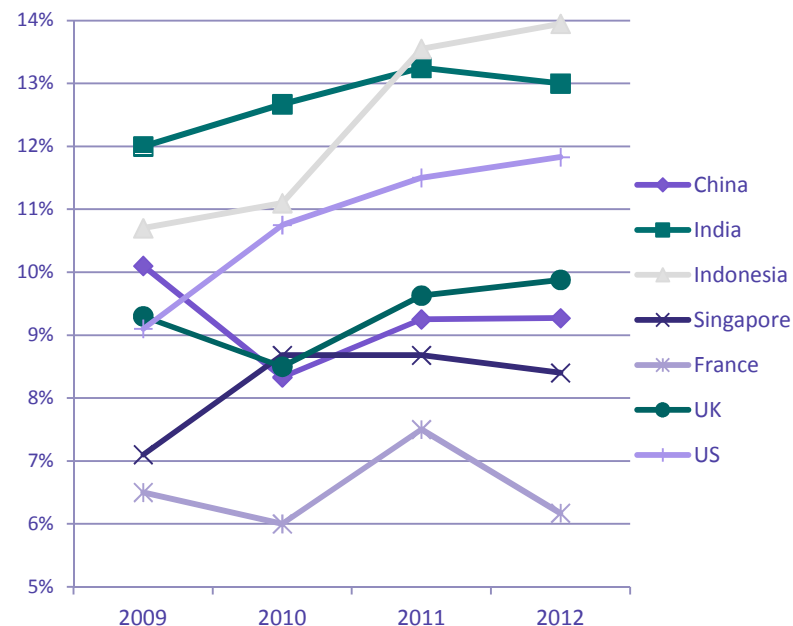
Medical Trend measured by Insurers in the region

Gross Medical Trend* is a survey based index developed by Tower Watson to illustrate the percentage increase in medical cost (trend) for **selected insurers' portfolio**** in each of their representative countries.

Medical Trend Estimates 2012



Gross Medical Trend Development 2009-2012



* This index reflects the increases in both price inflation and utilization, and is only one component (medical insurance) when measuring medical inflation

**The survey was conducted for the past four years among 170 leading health insurers that provide medical insurance solutions to employers in 37 countries throughout Asia, Africa, Europe and the Americas.

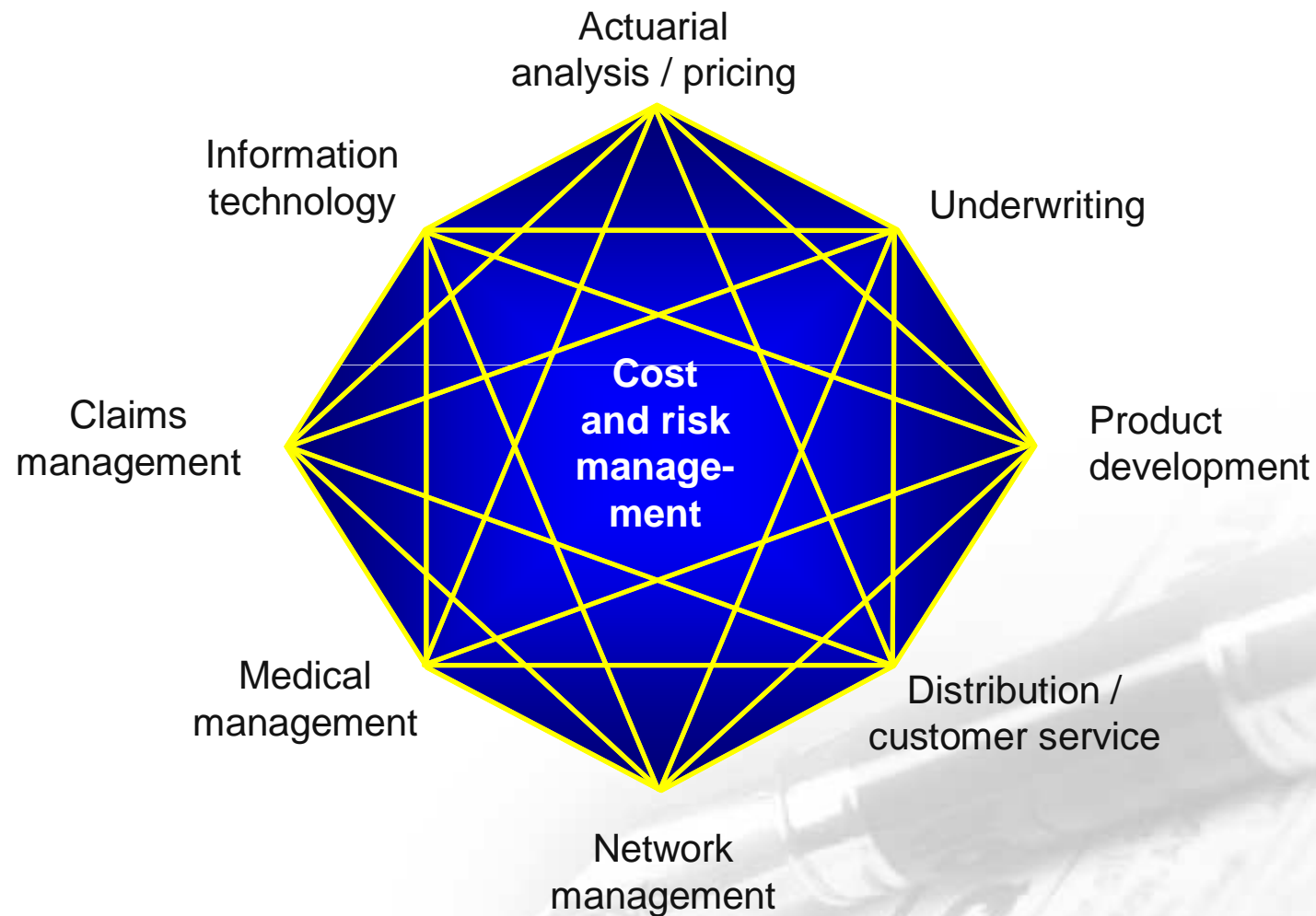
APAC Health Insurance Potential

Key Markets' Healthcare Environments

	India	China	Hong Kong	Indonesia	Malaysia	Thailand	Australia	Singapore	Sri Lanka
Aging Population	Emerging	Yes	Yes	No	No	Emerging	Yes	Emerging	Emerging
Dominant Distributor of PHI	Life / Non-life / Health	Life / Non-life	Life / Non-life	Life	Life	Life	Health	Life	Life / Non-life
Tax Incentives for PHI	Yes	Group only	Group only	No	Yes	No	Yes	Yes	Group only
Restrictions on Premium Rates	notify	No	No	No	No	No	Yes	notify	notify
Minimum Benefits Schedule	No	No	No	No	No	No	Yes	Yes	No
Guaranteed Renewal	Some	Some	Some	No	No	No	Yes	Yes	Some
Portability of PHI policy	Yes	No	No	No	No	No	Yes	Yes	No
Medical Underwriting allowed	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
Reimbursement product as % of total PHI portfolio (in terms of premium, excl. CI)	70%	20%	40%	75%	65%	60%	90%	45%	70%
PHI as funder of private providers	insignificant	insignificant	significant	insignificant	insignificant	insignificant	significant	significant	insignificant
Provider contracting	early stage	early stage	common	not common	common	not common	regulated	No	early stage
Government capitation funding	No	No	No	No	No	No	Yes	Yes	No
Health Statistic Availability	Limited	Limited	Limited	No	No	No	Yes	Limited	Limited

NHI – National Health Insurance
Source: MH market research

The Recipe: *Active management of the Health Insurance Value Chain*



Addressing the potentials Macro Trends and Challenges

Trends and Challenges

- Increase in average income
- Aging population / population structure change (inverted pyramid): sustainability pressure challenging public spending.
- Dynamic health care supply and demand, surging needs for preventive programs
- Medical progress (including new technologies) and higher medical inflation
- Growing needs from healthcare provider (incl. management and billing support)
- Increasing pandemic risk across the region
- Dynamic regulatory frameworks
- Increasing competitive forces



Questions to answer

- How to manage the increasing volume and complexity of healthcare demand?
- How will high quality and scientifically state-of-the-art medical care remain affordable?
- What are the important issues for health insurers and society as a whole?
- How will regulation shape the market space for PHI ?
- What is a sustainable basis for differentiation ?

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Roles in the Health Risk Value Chain

MH business models



TPA / Assistance

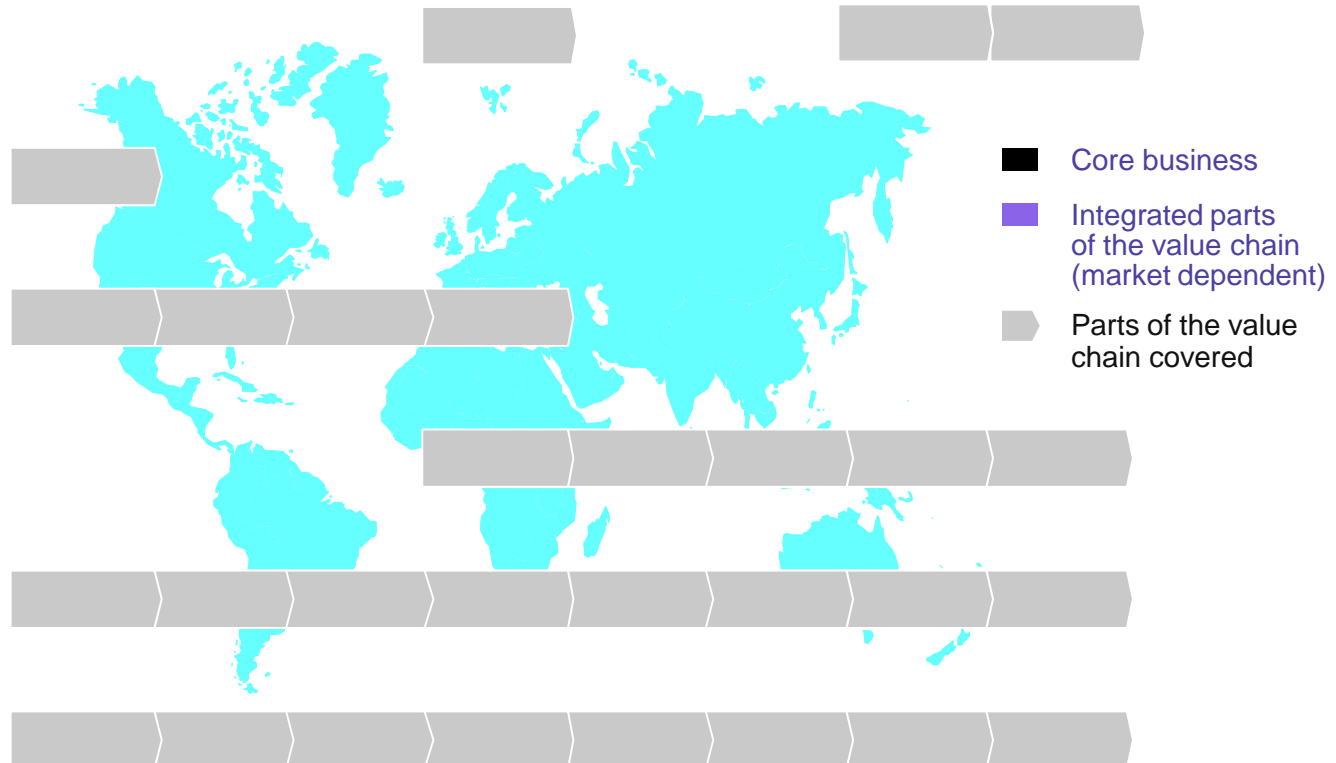
Classic capacity reinsurance

Classic primary insurance

Administration plus Managed Care Services

Integrated reinsurance ("including TPA")

Integrated primary insurance



Acting as more than a source of Capacity

Improving Health Insurance Results

Provision of reinsurance capacity

Source of capital management solutions

Enhancing product and service design as well as innovation for our clients to increase their sales, profitability, customer satisfaction and retention

Improving risk management and risk transfer – loss ratio optimization

Process reengineering and managing costs down – expense ratio optimization

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Potential services along the health risk value chain

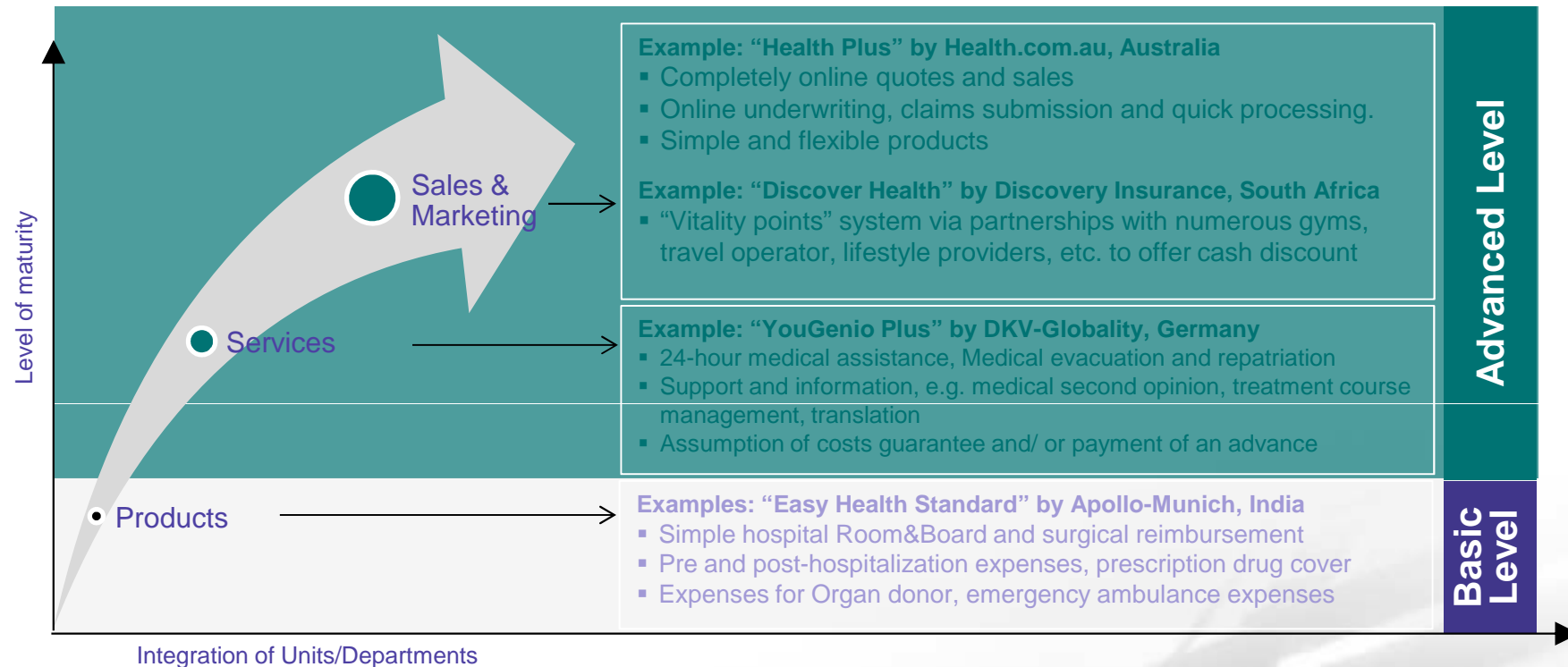
	Actuarial	Product Development	Marketing / Sales	Underwriting/ Risk Assessment	Claims- / Network-management	Medical Management	IT Services
Assessment	Basic actuarial approach / def.	Market and customer assessment	Market and customer assessment	Initial high level assessment	1st client approach Claims / Network	Initial medical review	Review of processes and IT
	The initial assessments service to identify the areas, where our services can create the most client value						
Best Practice Services	First Actuarial Diagnosis	Integrated and market-oriented product development & sales approach		Underwriting analysis	Review of claims processes, provider profiling	Feasibility check	Health systems
	Re-pricing, premium adjustments	Innovation transfer	Development of best-practice sales approach	Underwriting workshops and trainings	Medical network management	Prevention programs	Business Intelligence solutions
	Pricing new simple products	Generic product development process	Implementation of new sales concepts	Medical underwriting guidelines	Evaluation / steering high cost claims	Disease management	IT Consulting
	Monitoring system, KPI	Sustainable product design	Monitoring/ review of sales strategy	Edit engines for claims management including data analysis			
	Group monitoring & renewal pricing						
	Business Intelligence System						

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Product evolution



Diversification depends mainly on the level of market maturity:

- while product concepts itself can be the key to innovation and growth in lower-developed markets,
- a mixture of products and service components is needed in emerging markets.

In general it can be said, that the more developed a market is the more focus needs to be put on sales & marketing concepts as this is the most promising way to gain operational effectiveness and competitive advantage in the long run.

Leading Group Insurer – improving profitability

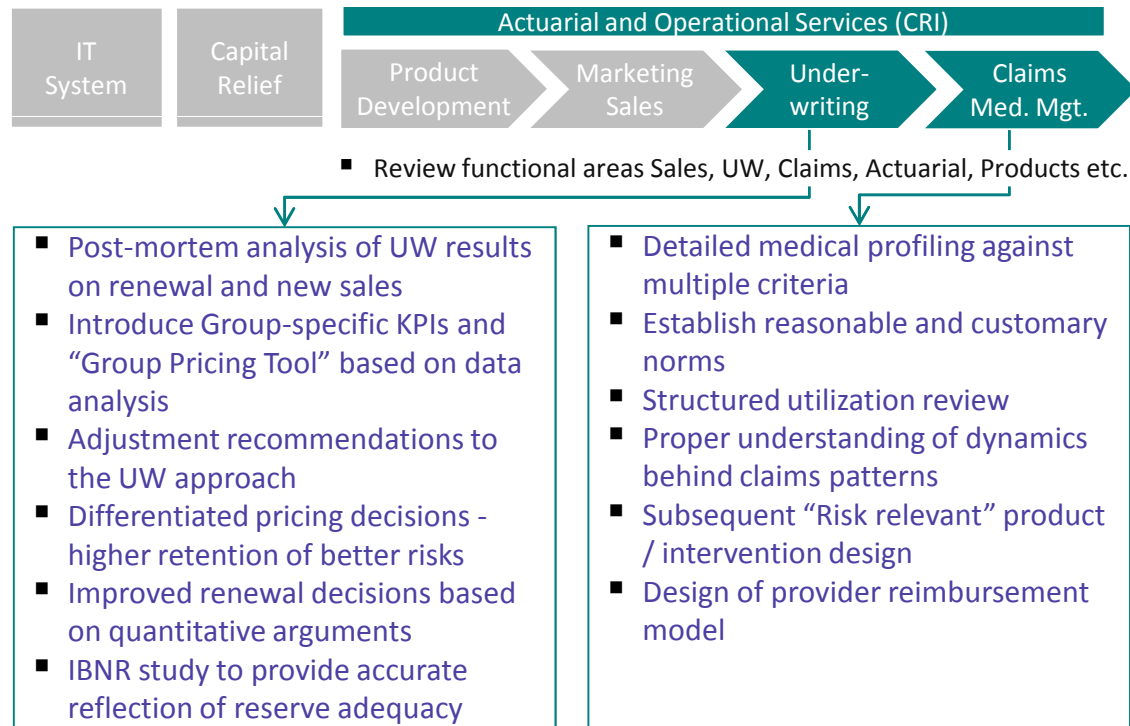
Client & Market Background

- Strong brand based on financial stability and long history.
- Leading health player with large sales force and efficient claims workflow.
- Imminent Health Reform implies both challenge and opportunity.

Issues

- Weakness in large group market segment.
- UW approach can lead to pricing risks; Claims not pro-actively managed.
- Absence of medical analytics and utilization review.
- Lack of data analytics restricts possibility to develop more sophisticated products.

Scope of Work



Outcomes

- Expected: Better completion rate, faster returns and detailed information; quicker underwriting; enhance data analysis and improve underwriting decision; top and bottom line growth, enhanced market leadership in health insurance.

Visions and Feedback

- Management by Data will occur on a extensive basis in Actuarial function.
- Provider Management Innovations will make an operational difference.

Data Requirements development and implementation – Reimbursement products

Policy Data Requirement

Policy number	Date of policy inception	Plan Type or Sum Assured
Name	Date of policy renewal	Written Premium, Premium payment mode
Gender	Date of birth	Exclusion, if any and/or risk loadings

Claims Data Requirement

Fix-benefit Product

Claim number
Plan Type or Sum Assured
Date of Admission
Date of Discharge
Date of Notification
Date of Payment
Type of illness/injury (ICD-9 classification)
Surgical procedure (CPT-4)
Surgeon's name
Claims – (type of currency, by submitted and approved)
Daily Hospital Cash due to sickness
Daily Hospital Cash due to accident
Daily Hospital ICU

Indemnity Product

Claim number	
Plan Type or Sum Assured	
Date of Admission	
Date of Discharge	
Date of Notification	
Date of Payment	
Type of illness/injury (ICD-9 classification)	
Surgical procedure (CPT-4)	
Surgeon's name	
Claims – (type of currency, by submitted and approved)	
Room & Board (including ICU)	Non-hospitalization claims (if applicable)
Surgery cost	Outpatient clinical consultation fees
Anesthesia fees	Prescription drugs
Operating theatre charges	Diagnostic test including X-rays
Inpatient/Specialist consultation cost	Specialist consultation fees
Miscellaneous cost	Dental treatment
Day surgery (if any)	Other type of benefits
Pre Hospitalization cost (including diagnostic fees)	
Post Hospitalization cost	
Medication/Drugs cost	
Other charges	
Total claims	



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THANK YOU!

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