



Access to Health Insurance – Who Decides?

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Meeting the Challenges of Change

14th Global Conference of Actuaries

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UN CRPD (Article 25 (e))

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- States shall prohibit discrimination against persons with disabilities in the provision of health insurance, and life insurance ..., which shall be provided in a fair and reasonable manner

Discussion in India

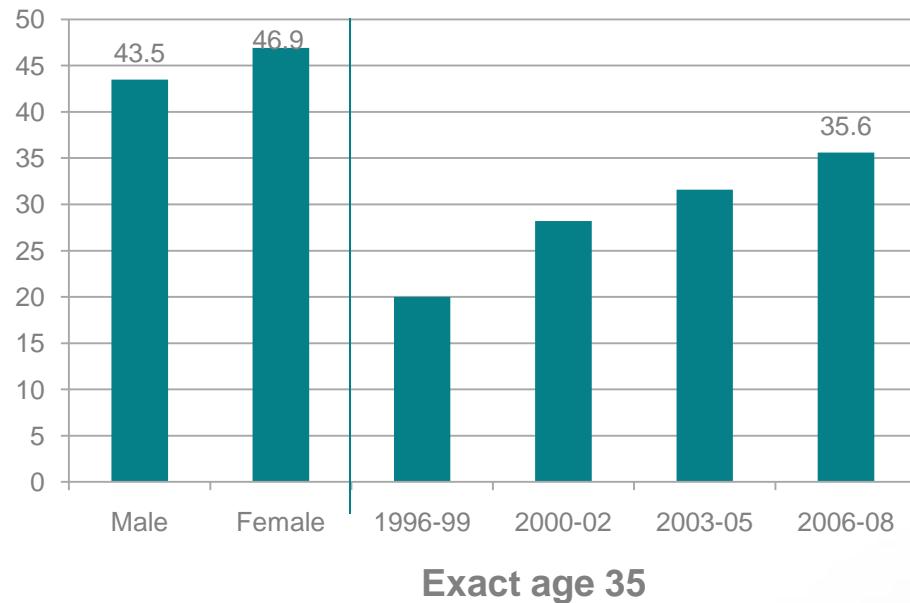
- 1. Cover for persons living with HIV**
2. Lifelong renewal

IRDA's proposal for PLWHIV

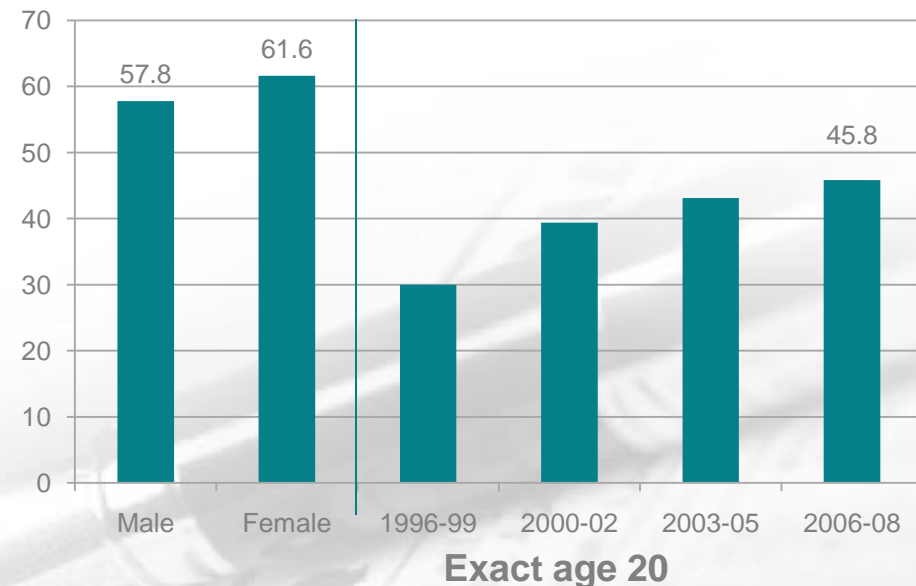
- To have an UW policy on health insurance
- To set clear guidelines
 - All possible risks that can be considered
 - All those risks which would be denied
 - Clearly indicate the specific loadings – subject to File and Use procedure
- Accepted risks shall not be denied any claims on grounds of HIV treatment

HIV – some background

- Life expectancy is increasing rapidly
(UK pop. 1996-06 vs. HIV+ who started treatm. by follow-up period)



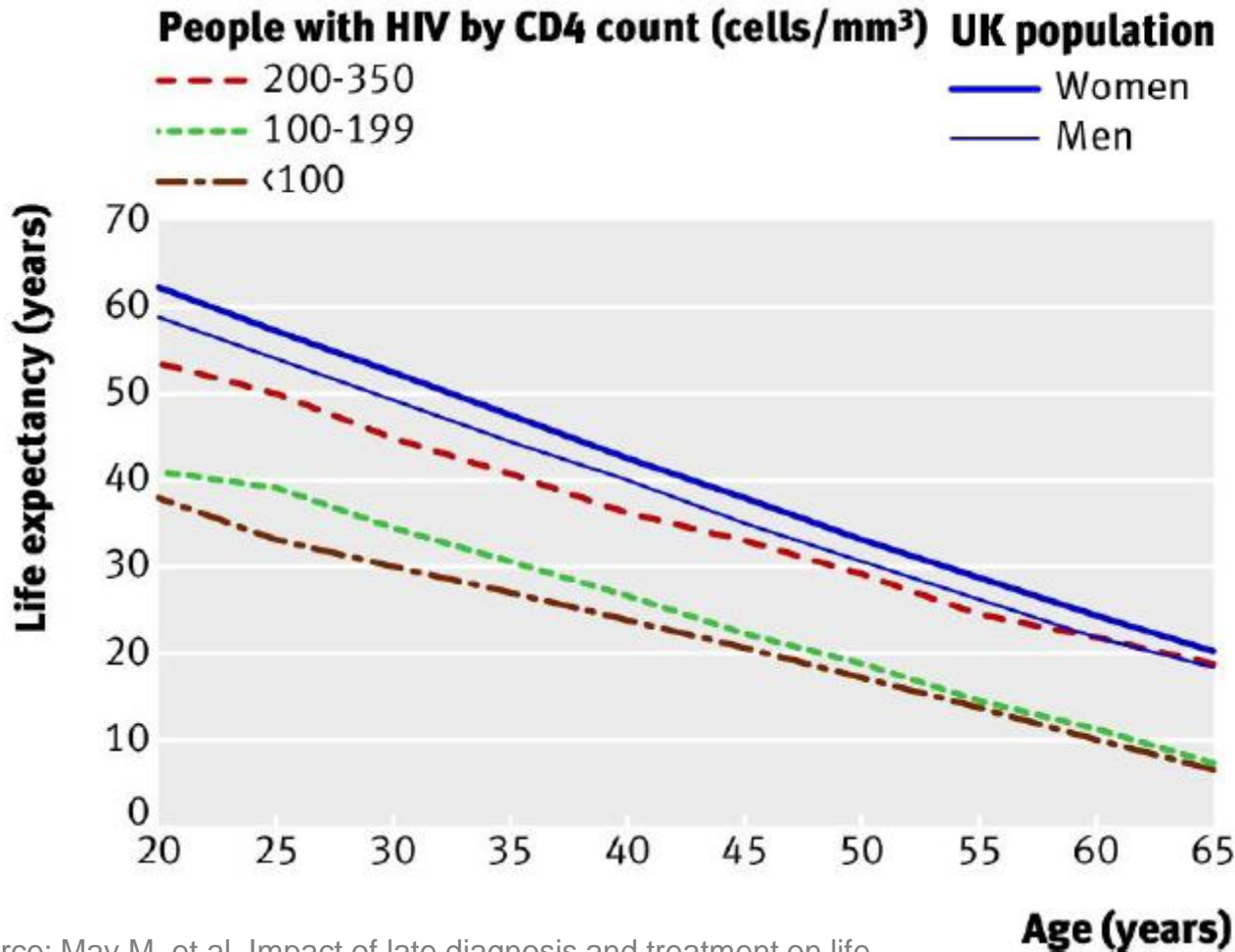
... now almost 80%



Was halved only 15 years ago ...

Source: May M. et al. Impact of late diagnosis and treatment on life expectancy in people with HIV-1: UK Collaborative HIV Cohort (UK CHIC) Study. BMJ 2011;343.


Time of diagnosis is key



Life expectancy from age 20-65 of people who started antiretroviral therapy in 2000-8 by CD4 cell count group at start of antiretroviral therapy compared with that of UK population)

Source: May M. et al. Impact of late diagnosis and treatment on life expectancy in people with HIV-1: UK Collaborative HIV Cohort (UK CHIC) Study. *BMJ* 2011;343.

Higher LE – more insurance

- Example:  **ALLLIFE**
BECAUSE ALL LIFE IS FOR LIVING
 - Life plus lump sum disability (ADW definition)
 - Subject to adherence monitoring policy
 - Significant benefit reduction in case of non-adherence
 - Highly specialised product
 - Dealing with sensitive information
 - Individualised assessment
 - Infrastructure for adherence protocol needed

Higher LE – more insurance

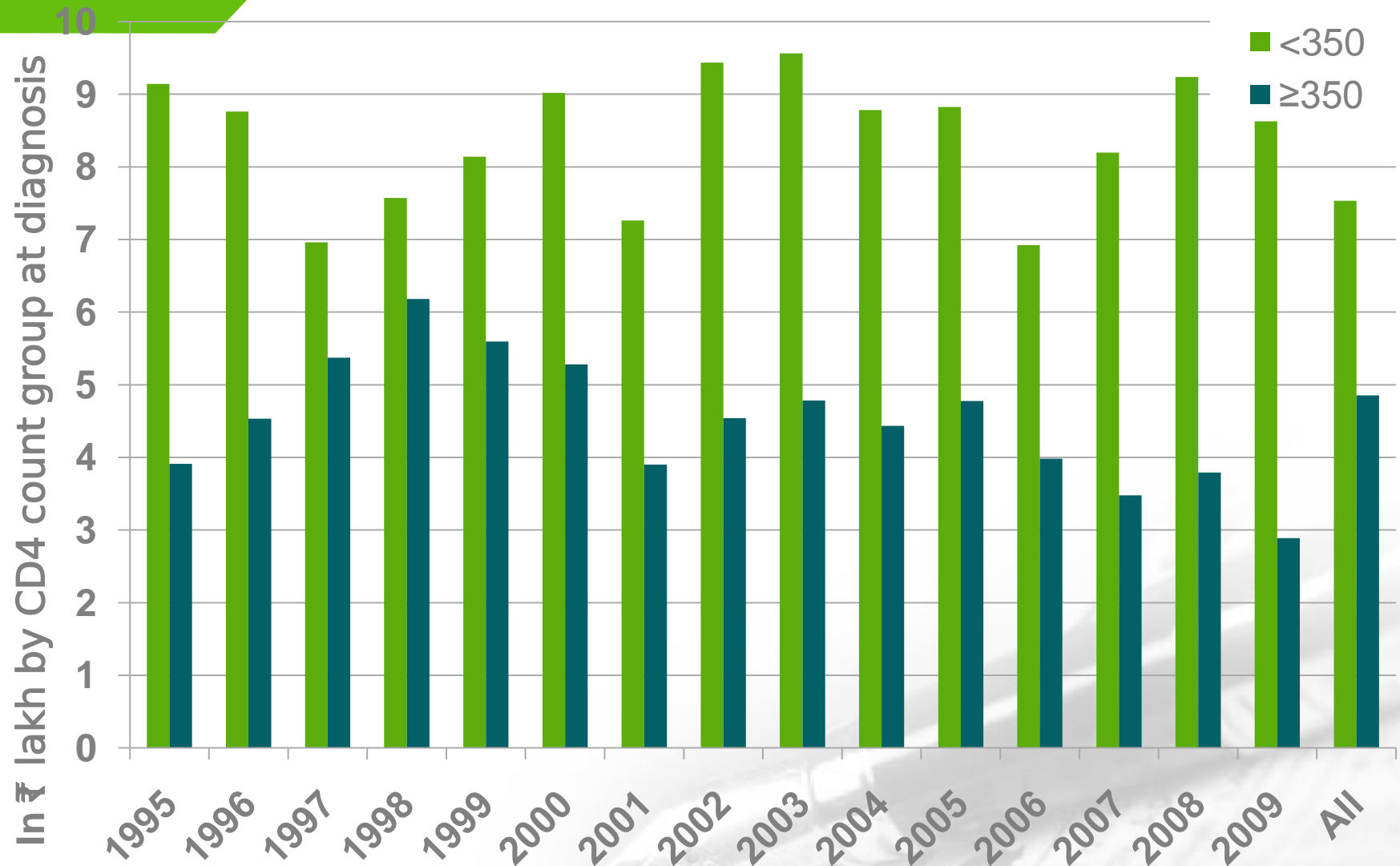
- Comparison to IRDA's proposal
 - What works for Life, works for Health?
 - Can underwriting (risk assessment) of a medical condition be isolated from other conditions?
 - Benefit reduction in case of non-adherence?

HIV and Health insurance

- HIV infected persons live longer but also for a longer period with sickness
- Prediction of health costs* still uncertain
 - €18,000 p.p.p.a (₹ 12 lakh)
 - €500,000 in total (> ₹ 3 cr)
- Canadian study shows dependence of medical expenses according to time of presentation
 - Diagnosed with HIV at CD4 counts $< 350/\text{mm}^3$ =: late presenter

* Estimates from German private health insurers

Mean cumulative PPPA total care cost by year (until patient moved, died or 2009)



Originally in 2009 Can\$. Converted with end 2009 exchange rate. DOI: 10.1155/2012/757135

HIV and Health insurance

- Treating PLWHIV is expensive
- Increased initial costs can be defrayed over time
- Early detection / access to care are key
- Focus of care is shifting from immuno-deficiency-related opportunistic infections or AIDS-defining malignancies to ART-related toxicities etc. (based on the Swiss HIV Cohort Study)

HIV and non-AIDS co-morbidities

- CVD
- Osteoporosis
- DM
- non-AIDS defining malignancies
- Psychiatric diseases

Current situation

Typical Exclusion

The Company shall not be liable or make any payment **for any claim directly or indirectly caused by, based on,** arising out of or howsoever attributable **to** any of the following:

- xv. Any sexually transmitted diseases. Acquired Immune Deficiency Syndrome (AIDS), AIDS related complex syndrome (ARCS) and **all diseases caused by and/or related to the HIV.**

HIV positive persons

- ✦ Covers HIV positive persons except for opportunistic infections and treatment for HIV / AIDS. The minimum CD 4 count at the time of entry should be 350.

Underwriting HIV

1. Diagnosis of HIV infection
2. Additional data on HIV status
 - Particular data protection needs
3. Full health questionnaire and medical report also on all co-morbidities
4. Holistic assessment of the individual's risk
5. Assessment almost always requires opinion of the CMO

Underwriting HIV

- CLEAR uw guidelines for HIV are nice to have, but the assessment of HIV and co-morbidities is what counts
- Where medical changes are so fast and yet so uncertain, guidelines may be unsuitable for a File & Use approach
- Other underwriting guidelines are not treated in the same way

Instead...

- ... of forcing the industry to a promise not possible:
 - Education and prevention
 - e'ers may be interested in group life cover with an HIV/AIDS prevention and treatment cover – an investment to ensure that educated staff remain employable for as long as possible
 - Insurer should be able to adjust benefit levels in case of non-adherence
 - State-sponsored schemes for the masses and needy



राष्ट्रीय स्वास्थ्य बीमा योजना

Competition

- Different marketing strategies require different u/w guidelines (DM vs. Long Qn)
- Ensures that needs-based products are designed and offered



PRESS RELEASE

Life Insurance Corporation of India has come out with yet another initiative of Direct Marketing.

Life Insurance Corporation of India has come out with yet another initiative of **Direct Marketing**. It has been observed that in the severally under-tapped Indian Insurance Market, competition has done something good i.e. creating awareness about need for taking Life Insurance Policy. Till now the concept was that Life Insurance is only sold and



We give you
critical illness
insurance
for diabetics.

Diabetes Care
Critical illness insurance for diabetics.

Health
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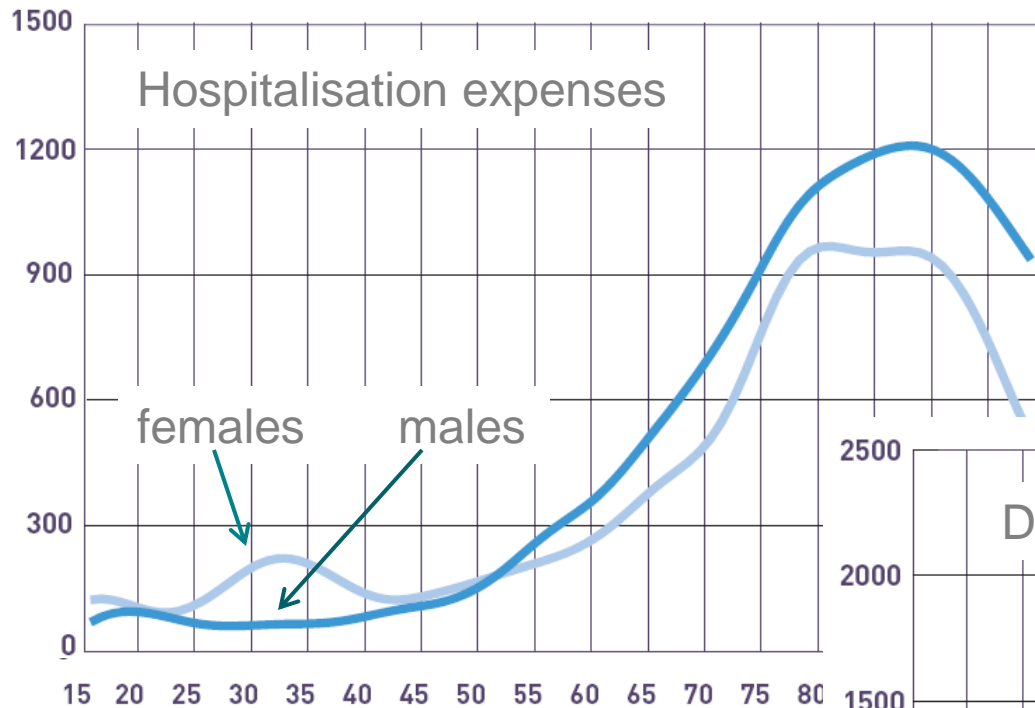
Discussion in India

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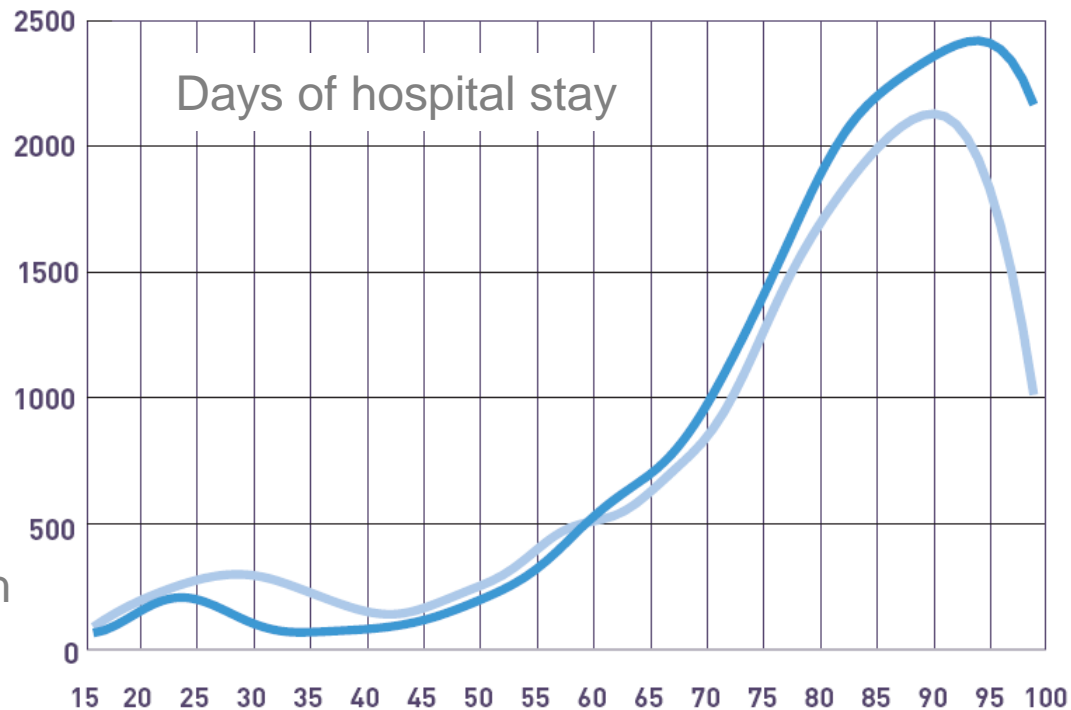
Refusal to renew health for seniors?

- This insurance is available to a person between the age of 18 to 59 years. ... the Policy can be renewed up to the age of 80 years
- If the insured has taken continuous Medclaim insurance policy with us for at least 5 years prior to ... 80 the policy can be renewed ... to the age of 90 years as a special case ... on case to case basis

Hospitalisation costs



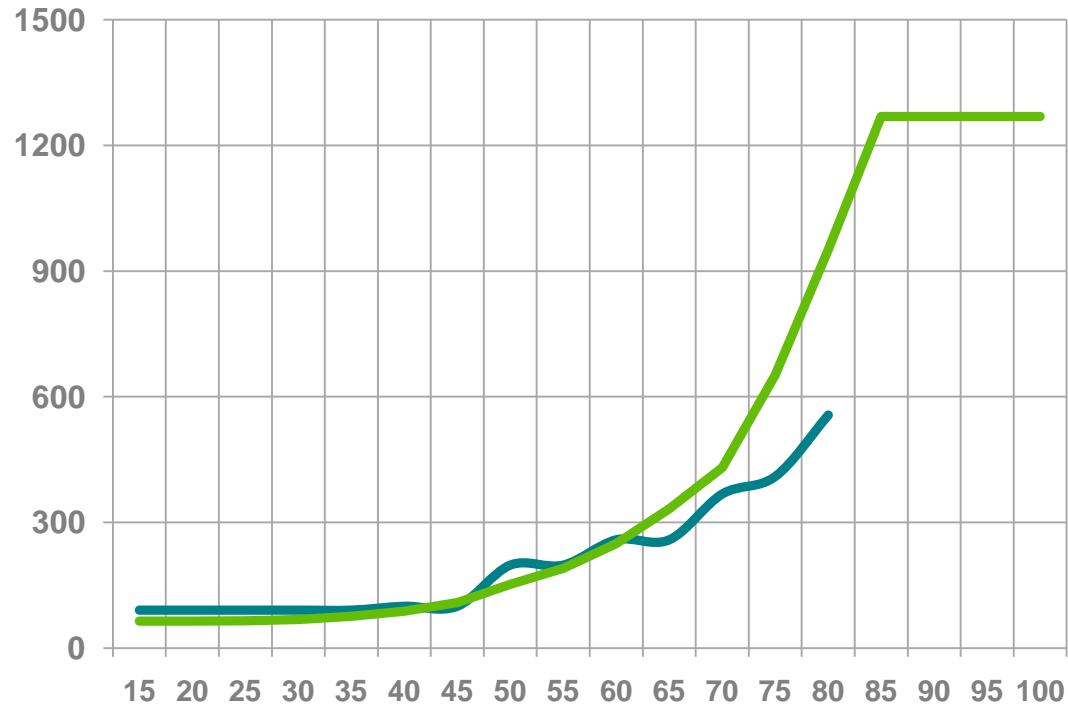
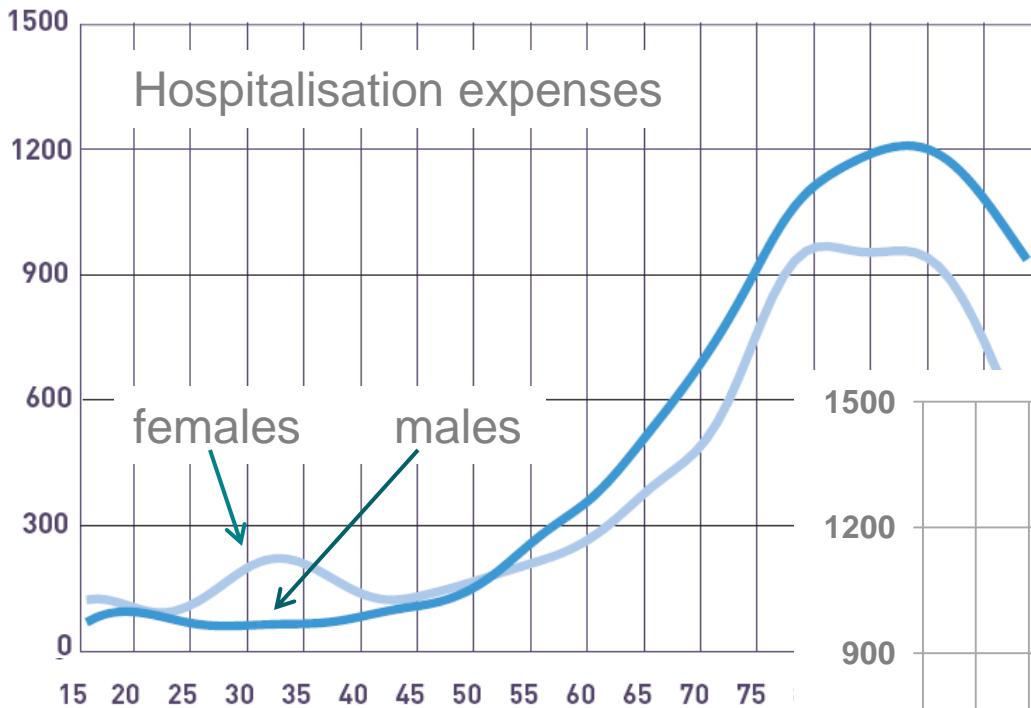
Medical inflation is **not** considered!!



Male, aged 43, is set as 100.

Source:
German association of private health
insurers 2010/2011

Hospitalisation costs

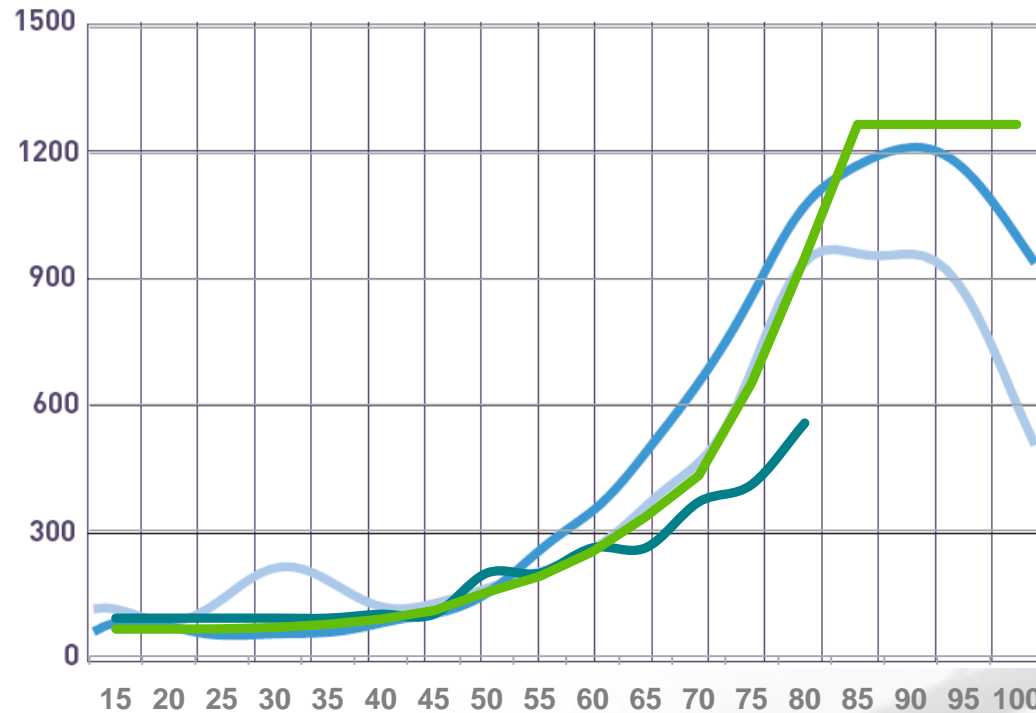


Male, aged 43, is set to 100

India:
 Individual, ₹5 lakh, Mumbai,
 Star Health (Medi Classic)
 Max Bupa (Heart Beat)

Hospitalisation costs

Hospitalisation expenses



Male, aged 43, is set to 100

India:

Individual, ₹5 lakh, Mumbai,
Star Health (Medi Classic)

Max Bupa (Heart Beat)

Issues

- Medical expenses at high ages are notoriously underestimated
- “Age attained”-dependent risk premiums make health insurance unaffordable at highest ages
- Service tax does not help
- Medical inflation and long duration erodes sum insured

Instead ...

- ... of demanding lifelong renewal:
 - Introducing incentives/regulations for (tax-efficient) medical savings accounts
 - Or reviewable level premiums (and setting up an old-age reserve)

Summary

- Voluntary private insurance and the obligation to accept risks do not fit well together
- But the opportunity for business demands we do not single out or unfairly discriminate
- Risk assessment shall be transparent and based on evidence
- Insurers must be able to price the risk
- Competition and experience will grow appetite for new risks
- Incentives / regulations outwith IRDA's realm achieve more for the good of the society

Contact Details / Disclaimer

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