

# New roadmap needed for health insurers to survive



Lines will continue to blur in healthcare as non-traditional players enter the segment. Insurers will have to work out what their role will be in this uncertain future.

By **Ridwan Abbas**



Industry lines are being redrawn in healthcare as non-traditional players look to enter the fray by offering new services and ways of customer engagement. And as payers, health insurers might also need to rethink their business models moving forward, said Oliver Wyman head of health and life sciences Dr Manav Saxena.



Speaking at the Asia Conference on Healthcare & Health Insurance, he had referred to the announcement by Amazon, Berkshire Hathaway and JP Morgan back in January to set up a healthcare company for their employees in the US as a sign that non-traditional players will be increasingly present in healthcare.

A big reason why corporates like those mentioned above are looking to disrupt the industry is the desire to make access to healthcare simpler and cheaper.

Indeed, Dr Saxena believes that conditions are ripe for disruption with medical inflation a major concern for

consumers, employers, insurers and governments. Further, digital technology and big data are facilitating a change from the traditional model, allowing for virtual care and continuous monitoring as well as a shift towards prevention rather than just treatment.

## New business models for insurers

Given the changing environment, health insurers will have to respond and rethink their business models, to become more than just a payer in order to ensure their relevance. Dr Saxena outlined four scenarios where health insurers could redefine their core businesses.

First, they could play the role of 'network provider' by facilitating access to hospitals and doctors.

Secondly, they could act as a 'health enabler' by providing an integrated health solution which includes delivery network, referral management and care coordination.

Thirdly, insurers could act as a 'patient hub' by being a patient-centred health management company focused

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predict the health status of consumers better.

However, Caregiver Asia CEO Ms Yeo Wan-Ling pointed out the growing risk of data breaches in health-care, especially since providers are combining offline and online methods of diagnosis and delivery of care.



Ms Yeo Wan-Ling

“You need to ensure that the channels you are using, whether online or offline, are secured. Caregivers are extremely good at their job, but technology can be a burden to them, especially those who are not as well-tuned to using certain technology channels,” she said.

### Synergistic partnership

Meanwhile, Swiss Re’s head of health and medical solutions Ms Sohila Kwan touched on the importance of risk management for health insurers, an example of which would be to build in health management into the next generation of health insurance products.



Ms Sohila Kwan

She added that future business models for health insurers would require ‘synergistic collaborations’ with various parties in order to deliver more services and add greater value to customers. For instance, partnering with healthcare providers to provide health management services and technology providers to facilitate the use of devices and platforms.

Another major theme for health insurers is around ‘simplification’, whether in the form of product design and underwriting process, she said. For instance, 60 per cent of the 422 million adults with diabetes globally reside in Asia. Hence, it would be useful for insurers in the region to look at ways to simplify the way they underwrite diabetes products.

### ‘Gold-plated’ healthcare

Moving forward, the trend points to health insurers having more targeted approaches for different customer segments and risk pools than they have in the past.

One area of interest would be the high net worth customer segment in

Asia, said Now Health International’s general manager for Asia Pacific Rob McIntyre.

He said the HNWI (high net worth individuals) segment is forecast to be a \$100tn market by 2025 (\$63m currently). And Asia currently ranks number one in terms of the world’s largest high net worth population.



Mr Rob McIntyre

This target market tends to attach great significance to their health, wellness and a healthy lifestyle; and spend a lot of time and money on quality healthcare, he said.

Insurers looking to make an impact in this segment will have to deliver an holistic health solution focusing on preventative and personalised care – examples of which include DNA and genetic profiling.

### A growing segment

AXA’s global head of health reinsurance partnerships Laurent Pochat-Cottilloux outlined three megatrends affecting the health insurance sector that, though not new, “have so much momentum that they seem unstoppable”.



Mr Laurent Pochat-Cottilloux

First, healthcare is becoming ever more complex, expensive and personalised; second, on average consumers are becoming more affluent, have rising expectations of medicine and are seeing a higher prevalence of lifestyle diseases; and third, increasing interconnectivity and globalisation have shaped an “international mindset” for everyone and everything, where “everyone wants the best tech, talent or service etc. available, regardless of boundaries”.

The three trends taken together account for above-average growth of key customer groups for health insurers, namely expatriate workers who are localising quicker; more affluent consumers from developing markets seeking the best treatment in their region; the underinsured customers from mature markets seeking value for money; and increasing international students and leisure travellers.

Hence, a significant opportunity for health insurers in the future would

on predicting, preventing and engaging with patients.

Lastly, insurers could also fashion themselves as a ‘consumer hub’ by promoting better living through personalised consumer engagement.

### Data is key

SCOR Global Life Asia Pacific Deputy CEO Vincent Lepez made a similar point of how health insurers needed to go beyond their traditional role of paying claims, citing three factors contributing to this change in dynamics.



Mr Vincent Lepez

They are: 1) a widening gap between industry intention and customer perception; 2) a growing need to understand and influence customer behaviour to stimulate demand; and 3) a re-imagining of the health insurance proposition to stay relevant.

He added that it was important for the industry to build trust with its customers so that they, in turn, will be more willing to share personal data, thus allowing insurers to identify and

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lie in cross-border health insurance, he said.

### Mitigating medical inflation

Managing healthcare inflation and incentivising the right behaviour remains a continual challenge for health insurers. In this regard, big data and artificial intelligence can certainly be used to achieve better outcomes in healthcare, said speakers from life reinsurer RGA.

RGA head of health, Southeast Asia markets, Emma Wilkins said that while there remains a tendency for overconsumption of health services, it is also hard for claims departments to prove that some treatments are unnecessary. It is thus a balancing act not to punish the consumer.



Ms Emma Wilkins

But with the use of technology, insurers can begin to mitigate the situation, said RGA's head of innovation management Dr Giorgio Mosis.



Dr Giorgio Mosis

For instance, technology can make it possible for care programmes to be managed outside of the hospitals.

**Digital technology and big data are facilitating a change from the traditional model, allowing for virtual care and continuous monitoring as well as a shift towards prevention rather than just treatment.**

“We have to find ways to process hospital data, to make much better decisions, from critical care, incentive care to ward care, all the way to the patient going home to do rehab,” he said. The use of solutions like wearables can enable doctors to track data like respiratory rates and ECGs, and could help with prevention rather than simply being reactive as is often the case at present.

Instead of being reimbursed for the most treatment which may not be necessary, hospitals should be paid for better outcomes and pre-habilitation – prevention before people get to hospitals – and better chronic disease management.

He said, “This means implementing technology that influences the behaviour of the doctors, by design.”

Ms Wilkins observed that through the use of data, such as the large number of claims for fever, one could distinguish between fever patients admitted to hospital for 10 days, compared to another for just a day.

Dr Mosis said that one could start with small data which provides insights into doctors and patients, and then follow this by sieving through the data to distil the right behaviour and the right incentives leading to that behaviour and then finally validating the solution with big data before automating the process with AI.

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