

Rising costs remain healthcare's biggest problem



L-R: Mr Mark O'Dell, Dr Sidharth Kachroo, Dr Carol Tan Yean Eng, Mr Damian J Delaney, Ms Young Siew Lee and Dr Ronnie Mathew

At the 19th Asia Conference on Healthcare and Health Insurance, experts from across the insurance and healthcare industry discussed the perennial issues that are plaguing the healthcare ecosystem – rising costs, fraud and tensions between insurers and healthcare providers.

By Ahmad Zaki

An estimated one in 25 life insurance claims across Asia is fraudulent, at least those that are detected. The problem, according to IBNR Management Consulting managing director Asia Rudolf Frei, is that most fraud activity goes unnoticed, as most insurers do not really know what to look out for.



Mr Rudolf Frei

He also brought up results from several surveys conducted across the Asia region which looked at the propensity of people to commit healthcare insurance fraud. “In Malaysia, about 62% of the population is considering or willing to commit insurance fraud. In Thailand, about 50% of the population. The Philippines are around 35% and then Indonesia around 50%. So as an insurance company dealing with fraud, you also need to deal with this propensity. Propensity is something that can be influenced and has been formed,” he said.

The parties that are most affected by fraudulent and wasteful activity are clear: Employers get hurt because their costs are going up every year and employees see their co-payments go up, the percentage of healthcare they have to pay for goes up as well.

“But there’s a segment of the market that we don’t think about often as getting hurt. The people that get hurt often are the actual healthcare providers who are providing good healthcare at a good value every day to their patients,” he said. “And they get hurt because as costs skyrocket from fraudulent, wasteful and abusive activity, then insurers or payers of healthcare look to control costs. And oftentimes it’s the good providers that are getting compressed as you try to control costs across the board.”

A sustainable ecosystem

Arguments have been made on the moral hazard of health insurance and how an attitude of overconsumption of healthcare and making frequent claims will lead to an unsustainable

rise in national healthcare costs.

However, panellists on a discussion of building a sustainable health insurance ecosystem disagreed with this sentiment. While insurers can be seen as an enabler for providers and policyholders taking advantage of the third-party payer system, there is another side to the story.

Income Insurance medical adviser Young Siew Lee said that insurers need to practice some form of deterrence when it comes to accepting claims. “Otherwise, they are, psychologically speaking, acting as enablers for providers and patients taking advantage of the fact that insurers pay for their medical procedures.”

She also added that a lot of times, patients are being taken out of the equation, as many doctors will recommend procedures based on whether the patient has an insurance policy to cover the costs. “The correct thing to do would be to recommend what is best for the patient and let them decide whether or not to pay for it, or whether their insurer will pay.”

“The fact remains that across

Asia, there is a significant healthcare protection gap,” said Mount Elizabeth Medical Centre senior consultant surgeon and director of colorectal care specialists Ronnie Matthew. “Health insurance is something that the entire market needs different shapes and forms. I personally do not believe that because insurers are providing services and benefits under their products in anyway drives over consumption, because what the insurers are trying to do is to fill that gap. What the insurers are trying to do is to provide people options and opportunities to access better healthcare at a faster pace.”

Dealing with overutilisation

“The whole mentality of an insurance policy, at least historically, was to cover the major issues,” he said. “When you take out a motor insurance policy, you’re not covered for your servicing, your wear and tear, your scratches, but when it comes to health insurance, there’s a mentality almost across the board that I paid \$X for my premium, I want to get \$X plus back if I can. And I don’t know how you change that overnight, but it’s an education process and you need to put disincentives in place for these minuscule, frequent claims.”

He noted that there was a pervasive attitude across Asia for overutilisation, overconsumption and overprescription when there is an insurance policy to cover the patient, while highlighting the fraud propensity survey Mr Frei had introduced earlier in the day.

“From that perspective I think this is where there needs to be greater collaboration between healthcare providers and healthcare financiers, or there will consistently be a lack of trust between the two pillars of the healthcare system,” he said.

Making telehealth viable

Ever since COVID-19, telehealth has

seen many new entrants, with lots of venture capitalists investing in the space. “There is a lot of movement in the industry, a lot of VC capital going in. There will be a shake-up at some point, but like any industry, some will survive, and some won’t. But it is a fundamentally good idea, and I would invest in it,” said AXA Life & Health Reinsurance Solutions CEO Laurent Pochat-Cottilloux.



Mr Laurent Pochat-Cottilloux

However, KPMG director, financial services advisory Konark Joshi believes that despite telehealth’s potential, there is still a lot of challenge in making it a financially sustainable business. “I think there’s a lot of issues with reimbursement and payment. Obviously, there are lots of different models, but the willingness of organisations to sometimes engage with risk-based models or value-based care type models is still very nascent, especially in Asia, compared to the US. So, I think there’s a lot of work to do in terms of creating some of the enabling ecosystem factors for telemedicine and telehealth.”



Mr Konark Joshi

The challenges behind record-keeping

In telemedicine, three things are required, said Boston Consulting Group managing director and partner Yamin Groninger. “The first is the technology and infrastructure, the second is the medical expertise and the third is the data. There are people who have the data and the technology but cannot make sense of the data, there are those with



Ms Yamin Groninger

the medical expertise who can understand the data but don’t have access to it. I think the ideal world will be a global economic health record that can actually benefit everyone and each of the players can apply their capability as needed.”

However, a global health record runs into many issues, Mr Frei added, with data protection laws being at the top of the list. “COVID has shown that e-health records are needed and that it does work, but the data still needs to be protected. It’s a trust issue, at the very end.”

“There are also a lot of conflicting interests within the industry,” said Asia Care Group director Mobasher Butt. “As a hospital, I care about providing care and making money, I’m not liable to provide full disclosure of the data to other parties. The same applies to the pharmacy and the insurer. Everyone wants to keep hold of the data and use it as a weapon.”



Dr Mobasher Butt

He added that even if the government imposes some form of record-keeping and data sharing, it is still up to the individual parties to decide the quality of data that is submitted. “Especially private hospitals and some of the public hospitals are understaffed, so even if they want to do it, they might not be able to,” he said.

Mr Pochat-Cottilloux also noted that e-health records only work if everyone has access to them and if everything runs smoothly all the time. “It needs to be part of the system throughout. If we set it up at the hospital level, or even across a group of clinics, it is a bit pointless. It needs to be set up for everyone, or it doesn’t work.”

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