

Oman: Compulsory insurance spells opportunities for healthy growth



The 11th Middle East Healthcare Insurance Conference, first time in Oman, saw the launching of the compulsory healthcare insurance scheme for expatriates starting 2018. Held in collaboration with the Capital Market Authority of Oman, the conference addressed the opportunities and challenges of implementing mandatory healthcare insurance and how operators can make the best of technology to benefit from this booming business line in the region.

By Osama Noor

The Omani government has given its preliminary approval to launch a compulsory healthcare insurance system for expatriates working in the private sector beginning January 2018. This was revealed at the 11th Middle East Healthcare Insurance Conference in Muscat in September.

Guest-of-Honour, Dr Ahmed Mohammed Obaid Al Saidi, Oman's Minister of Health, speaking at the opening of the conference, said that the Sultanate is keen on implementing a compulsory healthcare insurance



Dr Ahmed Mohammed Obaid Al Saidi

system in order to ensure quality and efficient healthcare services, noting that applying the system on expatriates in the private sector is one step ahead in the direction which will eventually see all residents covered under a comprehensive healthcare umbrella.

He said that increased spending on healthcare does not necessarily mean better quality care and that the aim of launching compulsory healthcare in-

surance is not to cut costs but rather to ensure the efficiency and effectiveness of healthcare services. He emphasised the Sultanate's commitment to gradually provide compulsory healthcare insurance for residents, starting in 2018 with expatriates in the first phase.

HE Abdullah Salim Al-Salmi, Executive President of the Capital Market Authority (CMA), said that the insurance sector is an important contributor to economic development on the one hand and a means of avoiding and managing risk on the other.



HE Abdullah Salim Al-Salmi

The government in Oman has long paid attention to the development of the healthcare sector and is continuing its efforts to support the provision of high-quality healthcare services, said Mr Al-Salmi. "(Yet), whether health services are provided by the government or the private sector, comparative development studies show that the cost of healthcare is increasing steadily. Public spending and human develop-

CMA resolutions & recommendations

The Capital Market Authority (CMA) has come up with the following resolutions and recommendations at the 11th Middle East Healthcare Insurance Conference:

- 1 To commit to proper planning and setting up appropriate systems and policies prior to the implementation phase, with emphasis on the importance of successful coordination among regulators, government and stakeholders;
- 2 To establish clear and specific policy framework at the highest levels to identify systemic risks and challenges and their economic and social impacts for appropriate decision making and guidance to address such risks and challenges to ensure smooth and fair access to basic health services;
- 3 To protect the interests of all parties, especially policyholders with emphasis on regulatory controls to prevent the abuse of health insurance to ensure the achievement of the objectives of the application by the system;
- 4 To take into consideration the behaviour and lifestyles affecting the health map of communities in the region and focus on prevention to avoid their impact on the health insurance system;
- 5 To incorporate adequate flexibility and rapid response in the legislations and market processes to keep abreast of technological advances in the provision of medical services and the accompanying challenges and opportunities for risk mitigation and management;
- 6 To formulate effective governance systems for the insurance sector and operating institutions that take into account prudential and regulatory principles;
- 7 To recognise that each country has its own unique insurance system which takes into consideration the potential risks, the demographic and topographic landscape, the level of health services provided, their systems and legislation, especially those related to private health institutions, the quality of the rendered services and the right to benefit thereof; and
- 8 To consider compulsory health insurance as a potential factor for achieving universal health coverage, provided that there are a number of elements of success such as clear processes and procedures, reliance on advanced digital technology, efficient and effective governance of the sector, including the decision-making processes, regulatory and supervisory policies and qualified and competent human resources.

ment indicators show that spending on healthcare has become a major challenge for several countries,” he said, noting that the drop in oil prices has put further pressure on the increasing cost of healthcare services in the GCC states.

In the GCC, public and private healthcare spending exceeded US\$62 billion in 2016 and is projected to reach \$132 billion by 2020. In Oman, spending on healthcare increased to 6% of the government expenditures in 2016. Between 2007 and 2016, government spending on healthcare reached an average annual growth of 14%, while average investment spending on the sector reached around 25%.

Elements needed for effective healthcare services

Mr Al-Salmi outlined three necessary elements to overcome the challenge of containing cost and continuing to provide quality and efficient services at an affordable cost: satisfactory healthcare services capable of responding effectively to the demand for these services; insurance companies which facilitate and smoothen access to services; and an integrated regulatory and control system that would ensure smooth

implementation of relevant legislation and regulations besides safeguarding the rights of all stakeholders.

He said that the CMA has recently established a special department for healthcare insurance. “We will work on the development of legislation, regulation and the necessary controls to manage and operate healthcare insurance systems, taking advantage of the experiences of others in this field.”

He noted that healthcare insurance has been growing steadily in Oman, and accounted for 26% of the market GWP in 2016 and achieved a CAGR of around 34% over the past five years. Last year, 10% of expatriate workforce in Oman were insured, while that of the local workforce and their families was 9%.

The latest increase in the minimum capital requirements to OMR10 million (US\$26 million) and the stipulation for local insurers to be publicly listed companies were to strengthen insurers and enable them to efficiently deal with various insurance branches of business.

Organised by *Middle East Insurance Review (MEIR)* with the support of the CMA, and sponsored by GlobeMed and Oracle Insurance, the two-day annual conference was held under the theme “Making Compulsory Healthcare Insurance in the Era of Disruptive Innovation”. Over 200 delegates representing 17 countries from MENA and other markets attended the event. 

Snippets from some speakers ▶



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“Ensuring transparency and connectivity between all stakeholders of the healthcare system and health-payer value chain remains a major challenge to implement within developing healthcare insurance markets.”

Mr Glenn Lottering (Conference Chairman), Senior Director, Insurance, **Oracle**



“Unlike some other GCC states, Oman is lucky to have a unified regulatory system.”

Mr Robin Ali, Head of Practice, **The Consilient Consultancy**, discussing overcoming the challenges of implementing compulsory healthcare insurance



“Without political commitment to healthcare system, there will be no development.”

Dr Magdy Bakr, Technical Officer, Health System Strengthening, **World Health Organization (WHO)**, sharing some of Egypt’s healthcare system experiences



“Coinsurance and annual deductibles remain the top cost-sharing approaches.”

Mr Steve Clements, Director, Health & Benefits business, Middle East, **Willis Towers Watson (WTW)**, on WTW’s statistics indicating that 80% of corporate customers are satisfied with insurance; yet one in four are likely to change insurers in the next year



“Digital revolution is here and the insurance industry needs to embrace it.”

Mr Howard Gough, CEO, MENA Region, Global Individual Private Medical Insurance (GIPMI) and Global Government segment, **Cigna Corporation**, citing the 2017 Cigna Well-being Report where 59% of respondents currently use or plan to use health apps in the coming year



“For a good recipe for success, public-private-partnership (PPP) is key in setting up a compulsory healthcare insurance system; favourable healthcare outcomes are not necessarily a function of affluence or expenditure.”

Mr Jan Schmitz-Huebsch, Director of Business Development & Projects, **Munich Health Daman Holding**



“With the increased cost and burdens of providing healthcare services, by 2020, most of the GCC countries will have compulsory healthcare insurance systems.”

Mr Manoj Poduval, Country Manager Bahrain, Kuwait, Oman, and Qatar, **MetLife Gulf**



“The topic of incorporating wellness and prevention into health insurance has become a mainstream theme in the industry. Insurers and regulators are both embracing this concept which is a promising trend that should be nurtured and even reinforced by challenging insurers to take it a step further. Many insurers are introducing these programmes as bolt-ons to offer an additional service that members can choose to use. However it is rapidly turning into a gimmick, and insurers are discovering that their biggest challenge after a month or two is engagement. Members lose interest and participation in the programmes drops significantly. So instead of simply adding these programmes as ad-hoc services, we need to consider a more fundamental change in the health insurance paradigm where they are integrated into the underwriting process as ‘pay as you live’ models that reward people for engaging in healthy lifestyle choices.”

Mr Ziad Kharma, Vice President, Business Development, Actuarial and Data Sciences, **GlobeMed**



“Around 58% of health premiums are retained. If the health loss ratios are not controlled, insurers’ profitability and capital adequacy could deteriorate.”

Mr Sachin Sahni, Credit Analyst, **S&P Global Ratings**, on key challenges facing compulsory health insurance



“The regulator in Oman has the essential platform to forge the necessary regulations for compulsory healthcare insurance especially with the setting up of a special department for medical insurance at the CMA.”

Mr Ahmed Al-Mukhaini, the Expert at the **Capital Market Authority (CMA)**



“Adopting the compulsory healthcare insurance system for expats in Oman is a healthy, long-awaited development, and it should boost the insurance market.”

Dr Mazen Al-Khabouri, Director General, **Private Health Est (MOH)**



“Employers have a moral and legal obligation to provide a duty of care to their employees with a focus on personal safety and health.”

Mr Marco Bannerman, Executive Director, Distribution – Middle East & Africa, **Aetna International**

