

Insurers must evolve with patients' healthcare demands



Healthcare has become one of the most debated topics in the world – made more relevant by the pandemic. With customers demanding more from their healthcare providers, while struggling with rising medical costs and inflation, what role can insurers play in helping provide affordable healthcare? The Asia Conference on Healthcare and Health Insurance gathered experts in the industry to explore some of these issues.

By Ahmad Zaki

While healthcare technology and medicine are improving at a steady pace, people's health are not. The disability adjusted life years (DALY) is a measure of overall disease burden, expressed as the cumulative number of years lost due to ill-health, disability or early death. Unsurprisingly, people living with non-communicable diseases (NCD) account for more than 50% of the DALY being lost.

According to dacadoo senior VP Thomas Dijohn during his opening



special address at the Asia Conference on Healthcare and Health Insurance, if it was all added up, close to 1.5bn years is lost every year. "This is a significant issue for people living with conditions and dying prematurely and their families. But it's also a huge burden on society and on the economy as a whole."

Rising cost of healthcare

According to a WTW paper published in January which looked at the healthcare costs in the past and projecting where they would be in 2022, in 2020, healthcare costs grew by 5.4%. Last year, up by 7%. And the paper projected that this year would see an increase of 7.6%. Unfortunately, the increase in the cost of healthcare is outpacing the increase of disposable income.

"At some point we're going to end

up in a situation where the healthcare cost simply becomes unaffordable to people, whether they cover themselves with a health insurance product or out of pocket, it is just going to be unsustainable. And if you look at individual markets, maybe putting Australia aside, the growth is sitting around 8% to 9% all the way up to almost 24% in India," he said.

MetLife and AXA, through their Maxis joint venture, also investigated healthcare costs. They discovered that in the US and UK, NCDs account for the vast majority of the cost. At the same time, they also realised that between 70% to 90% of all these costs could have been prevented if people had had the right behaviour.

"A lot of this cost could actually have been prevented and can be reduced if we somehow influence the behaviours that are driving the NCDs.



Mr Matt Zafra



Ms A Vigneswari

So, I guess we can say there's still hope for mankind in fixing this very fundamental issue," said Mr Dijohn.

Healthcare is fragmenting

Bain & Co associate partner Matt Zafra said that when it comes to the frontlines of healthcare, the value is shifting from the traditional pharmaceutical companies and hospital sectors towards 'alternative sites of care'.

This is mainly because patients are evolving – pre- and post-pandemic marked a huge difference in how people view healthcare and what they expect from their providers. The accelerated digital revolution has also changed how people want to access their healthcare.

"These potential sites of care are also traditionally very fragmented, so we start to see the lines blur between payers and providers and even pharmaceutical distribution. And many of these big players are becoming ecosystems of vertically-integrated care," he said.

However, the complexity of these ecosystems does mean that patients are also not sure about where to go for care. They lack the tools to help them navigate and understand where the best sites of care will be. And the pandemic has also changed behaviours, with many patients saying that they felt at risk when going to hospital, and so they deferred some of that care that they might have needed.

"And as context for why this is important for health insurers and payers, we think of healthcare as a value chain, but in reality, it's an

ecosystem. And health insurers are fundamentally very close to the patient and have a place at the frontline."

The issue is that most patients only consider insurance when they pay their premiums and when they have a claim to make. And even at the time of claims, said Mr Zafra, they do not view their insurer as a partner that will help them navigate this complex ecosystem and arrive at better quality and outcomes.

"So that's the real opportunity for us, as we think about how that landscape has changed, is how those consumer preferences have evolved," he said.

Common patient complaints

Bain & Co's recent survey about the frontlines of healthcare also explored some of the common complaints people had with healthcare systems across Asia.

These results are consistent across markets, with most common criticisms having to do with hospital wait times, price of insurance premiums being too high, and the cost of medical bills being unsustainable.

"And importantly, the doctors and nurses don't want to spend time with them. And in effect, neither side really appreciates that value of that interaction or attempts to build a relationship," he said.

Working towards universal healthcare

Mr Zafra also noted that healthcare is becoming part of the national agenda and part of national defence in many Asian countries, with

governments stepping up to increase quality and provision of care where the epidemic has surfaced, and noticeable gaps are found.

For universal health coverage (UHC) to be successful today and sustainable in the future, however, new approaches are needed to purchase national schemes, said ACCESS Health International, Southeast Asia consultant A Vigneswari.

"Private health insurance is thus an important but underutilised mechanism of health financing that can help support the achievement and sustainability of universal health coverage in low- and middle-income countries in Asia."


This opportunity is significant in countries where uptake of private health insurance is still low and has room to grow, digital use and penetration is high, and government policies are supportive of innovation.

"We identified three approaches of innovative models of private health insurance to support the achievement and sustainability of universal health coverage; sustaining UHC, addressing the NCD burden and reinforcing prevention," she said.

There are five stakeholders to consider in developing this insurance innovation ecosystem – insurers, digital firms, pharmaceuticals, non-profit organisations and governments.

Building the insurance product alone is insufficient, she said, adding that an ecosystem approach is needed that addresses the entire insurance value chain not only to design the insurance, but also to ensure its uptake and success at every stage.

"To implement this approach, both the multi-stakeholder approach, and an enabling policy environment are required to launch, test and iterate to get the right product to the right people," she said.

The Asia Conference on Healthcare and Health Insurance was organised by *Asia Insurance Review* and was sponsored by dacadoo. 

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