ACTUARIAL SOCIETY OF SOUTH AFRICA

QUANTIFYING RISK, ENABLING OPPORTUNITY

LOW INCOME HEALTH INSURANCE MODELS IN AFRICA & ELSEWHERE

Willem Claasen - Swiss Re

7 May 2015

Why Low Income Insurance?

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Different Approaches to Using the Insurance Sector

1. Light regulation or regulated similarly to other insurance lines
   - **Africa**
2. Low income environment driven by government
   - **India**
3. Low income framework only
   - **Turkey**
4. No low income framework, but health insurance heavily regulated
   - **Brazil**

Africa

Light Regulation or Standard Insurance Regulation

- Caveat: not the case in all markets in Africa!
- Freedom of benefit design and rating factors
- Some solvency requirements, but not always
- Spectacular failures, but also successes
- Wide variety of models, products and practices
- Innovation thrives

Benefits Covered

Different needs in different markets and populations

- Fee per day cover business interruption due to treatment
  - Small some assureds
  - Compulsory with small business loans
  - No waiting periods
- Surgical & hospital cash
- Cover for selected surgeries or treatments
- Biggest demand for out-patient services

Sustainability Challenge

Cost of care & delivery models

- Provider networks are essential
- Kenyan outpatient challenge:
  - GP's in expensive private hospitals
  - Radiology & Pathology incentivised

  Solutions:

  - Primary health clinics on work sites, as well as regional / lower level hospitals
  - Mobile telephony with widely dispersed health workers doing home visits
- Community based HMO models

Sustainability Challenge

Anti-selection

- Voluntary individual cover seldom sustainable
- Group cover and community based schemes reduce anti-selection
- Quasi-compulsory sales through cooperatives & affinity groups
- Models without premiums

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INDIA

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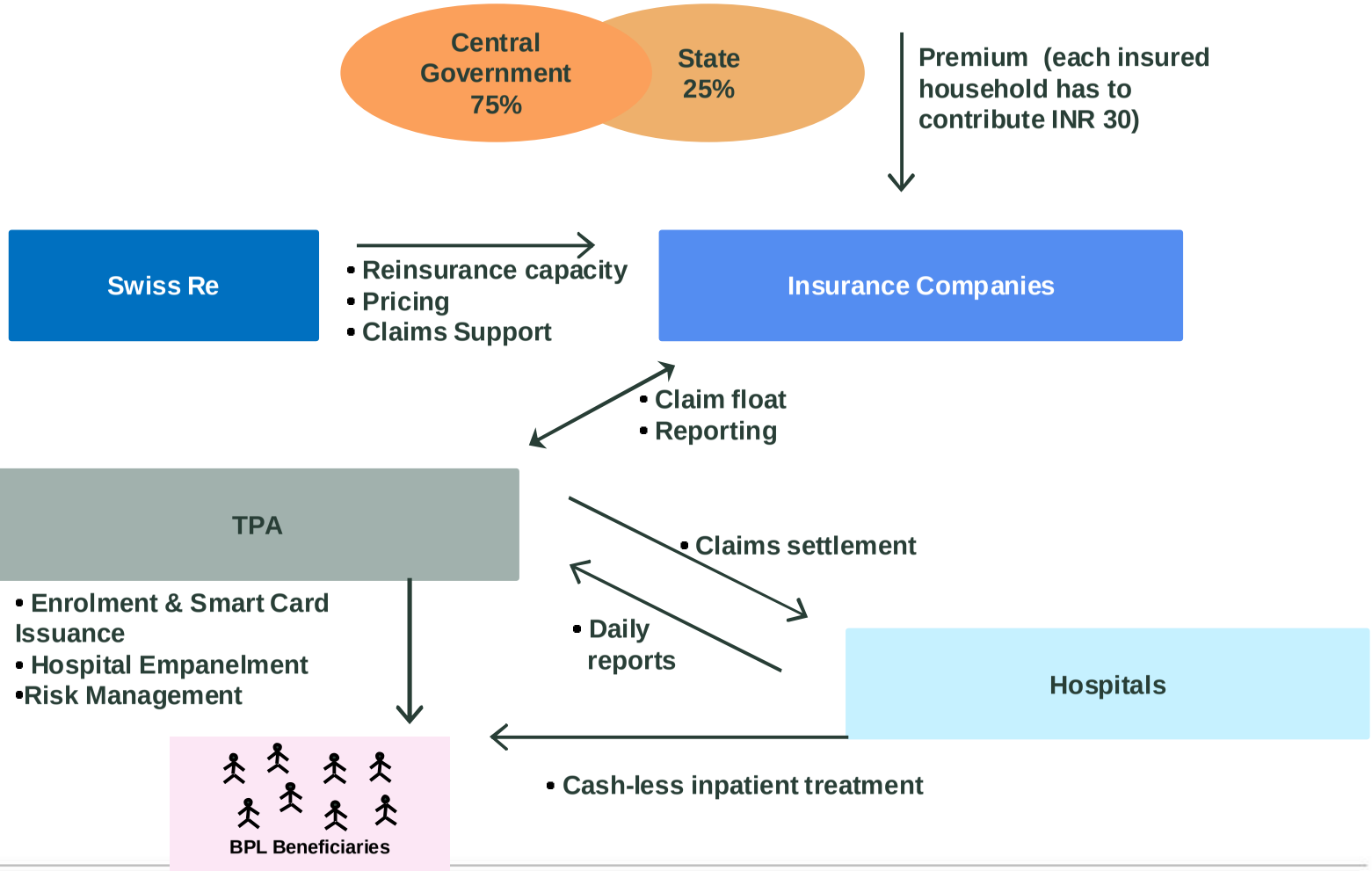
RSBY: An overview



RSBY: Features

Features

- Rashtriya Swasthya Bima Yojana (RSBY) is a government supported health insurance program for the Below Poverty Line (BPL) population. The scheme started in 2008 and covers inpatient treatment and listed day care procedures.
- The head of household, spouse and three more family members are covered under the scheme. The maximum annual benefit for one family is INR 30,000 (USD 600).
- Pre-Existing diseases, Maternity and Pre / Post hospitalization expenses are covered.
- Transport allowance @ INR 100 per visit up to a ceiling of INR 1,000 as part of the benefits.
- RSBY is a cash-less scheme based on a sophisticated IT-solution. Biometric smart cards are issued to eligible household.

Swiss Re is providing risk capacity and is supporting the client with pricing and claims control.

Initial Impact & Learnings

- Improvement in access to Healthcare – millions enrolled
- Hospitals being set up in remote areas by the private sector
- Public Sector hospitals competing and improving performance to gain access to flexible funds & incentives
- Penetration in the areas affected by extremist activities
- Use of sophisticated IT and biometric systems are key
- Data analysis is very important to pick up unintended actions

Turkey

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Turkey Healthcare Financing

Total healthcare expenditure breakdown in 2012

Sources: The World Health Organization 2012, Axco, Swiss Re Global Health Team and Economic Research & Consulting.

Low income framework

- State provide healthcare to all
- Est 18% of population use private healthcare
- Few can afford comprehensive PMI
- Recent framework put in place to cover gap
- Broad rules specified
  - Only up to B level hospitals may be used
  - Co-pays, limits & pre-ex exclusions allowed
  - Should not jeopardize government's finance position
- More than 55 000 new policies in Q1 2015

Warranties		It is valid in type B institutions. It is not valid in type A Inst.	
Ambulatory Treatment			**Warranty Limits**
Doctor	Annual	80%	2000 TL
Medication			
Visualization			
Laboratory			
Modern Diagnosis			
Physical Therapy (20 sessions)			
Medical Auxiliary Equipment		80%	2000 TL
Inpatient Treatment			
Surgery	Annual	100%	Unlimited
Contracted Health Care Provider/ Nonagreement Health Care Provider/ Nonagreement Doctors	Each and every occurance		Minimum fee tariff
Hospital Treatment	Annual		Unlimited
Artificial Limb	Annual		5000 TL
Chemotherapy-Radiotherapy-Dialysis	Annual		Unlimited
Minor Medical Treatments	Annual		Unlimited
Room-Meals-Accompaniment (180 Days in a year)	Annual		Unlimited
Intensive care (90 Days in a year)	Annual		Unlimited
Ambulance (Land)	Each and every occurance		Unlimited
Rehabilitation	Annual		5000 TL
Dental Treatment (Due to Traffic Accident) (20 Sessions)	Annual		Unlimited
Physical Therapy (Due to Traffic Accident)	Annual		Unlimited
Domiciliary Care ()	Annual		Unlimited

Brazil

Strongly regulated health insurance market

- Public sector health for all, but bad perception of service & quality
- Around 25% of population on PMI, rest cannot afford it
- Strong regulations around benefits that need to be covered
- No dedicated framework for low income health
- Insurers do not play in the low income space
- Private clinic groups are emerging that focus on this market

The right methodology

In conclusion

- Different markets have different needs
- No standard recipe, but some ingredients work better
  - Compulsory membership in some form
  - The correct delivery model is essential
  - Monitoring of experience
- Regulatory framework needs to enable

Many players need to work together to make it work

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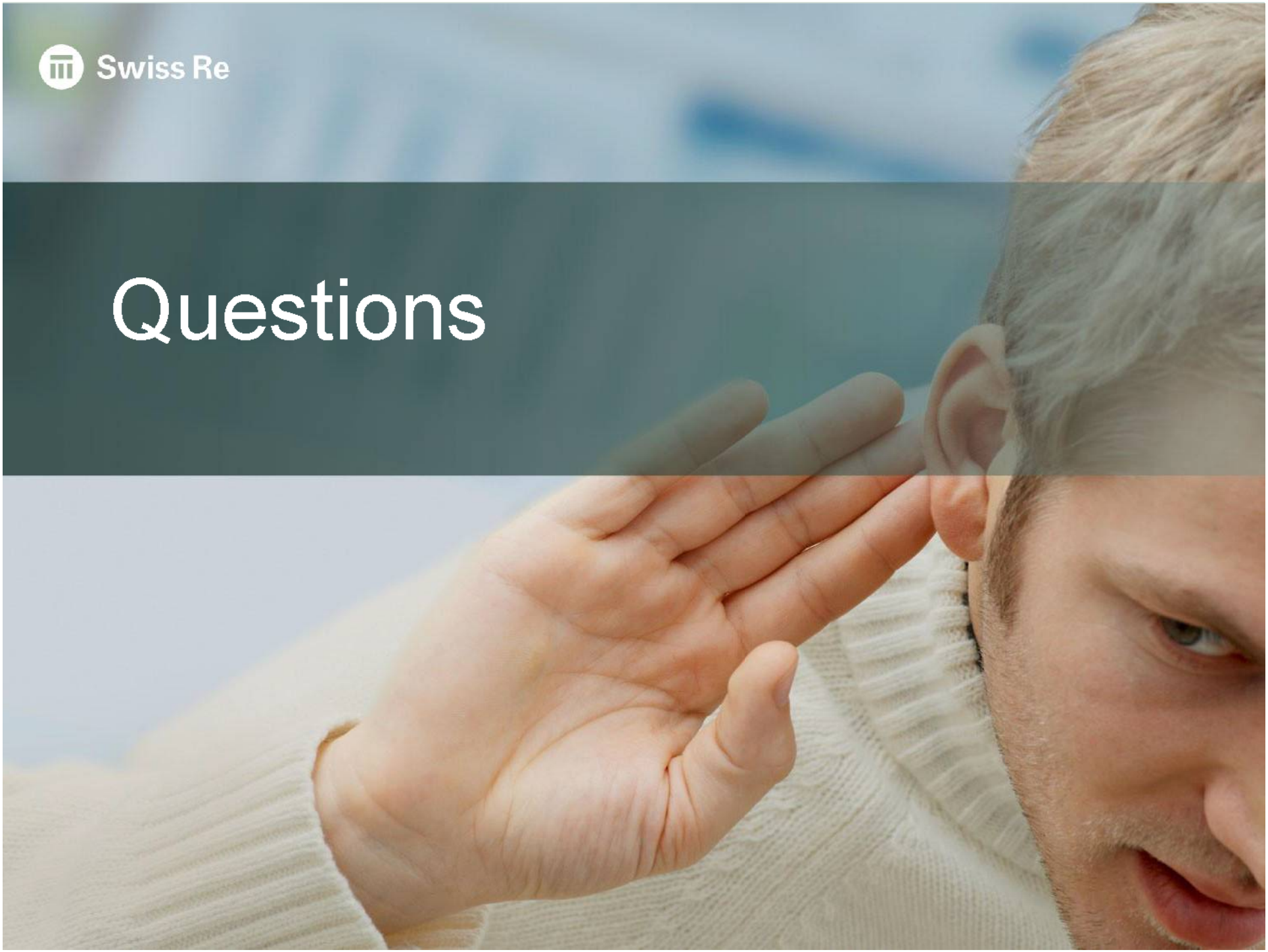
Questions



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