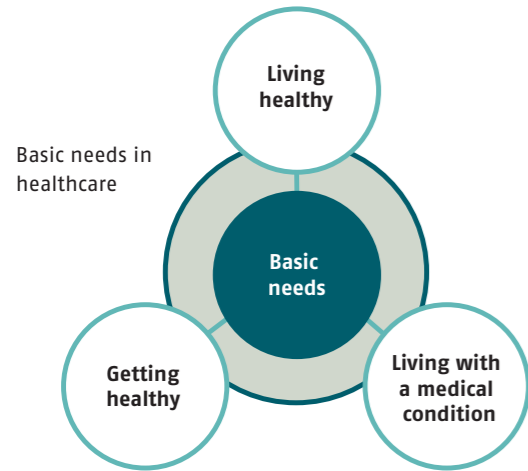




# Future of Health Insurance from an international perspective



The transformation of healthcare that is currently underway worldwide is mainly driven by the need to control the ever-increasing costs in healthcare and by accelerating digitalization. These developments have an increasing impact on the health insurance market. In this market the main players are the government, health insurers and the insured. All three aspire to keep costs low whilst ensuring healthcare of the highest quality.

The above aspirations must be met while meeting the three basic needs of the insured: living healthy, getting healthy and living with a medical condition. It is critical that health insurers search for new ways of meeting these three needs.

There is concern in the market around how to operate these innovations in a GDPR world. There is also skepticism in the market whether new technologies or innovations can really be utilized to create value. Decision-makers have to create clarity about their organization's mission and intentions because society is demanding that companies also make a positive contribution to the social good. In this article we discuss a few real world use cases around how insurers are already moving in this new direction.

### STUDY 1 - LIVING HEALTHY, HOW SHARECARE GENERATES HEALTHCARE DATA:

At US company Sharecare, customers voluntarily fill in a questionnaire covering topics such as smoking, dietary information, exercising habits, medication consumption, insomnia and blood pressure levels. The questionnaire examines health condition and "real" biological age. In return participants receive tailored preventive health advice. Sharecare has gathered information of over 40 million people and already owns over 5 billion data points. Sharecare's format is a real life example of the willingness of people to share privacy sensitive information when they get something in return.

### STUDY 2 - GETTING HEALTHY, OPTIMIZING COST OF TREATMENT:

Health care costs are on the rise. To counter this upward motion, insurers can influence the way health care is delivered. Getting good medical care does not always require going to a hospital or seeing a doctor. Oscar, a digital health insurer in the US, increases its cost efficiency by offering a digital health platform where people can for example upload applications and enter a physician's platform. Swiss insurer CSS uses its Medgate app to facilitate the process of seeking health care advice. It is also possible to order medication or send images of the condition of eyes and skin for a checkup. By using these types of telemed advice, more tasks are given to the insured in the same way as has been done with online banking, which increases cost efficiency.

During a pilot in the US, UberHealth showed that through home delivery of vaccines, people who normally would not have been vaccinated were now reached. This led to an increase in vaccination rates. Another development used to reduce treatment cost are results-linked agreements between insurers and pharmaceutical companies. US health insurers Cigna, Aetna and Harvard Pilgrim already have such agreements. If a medicine does not perform according to expectations, the health insurers will get a discount from the pharmaceutical manufacturer. The performance is measured in terms of hospitalizations rates.



### STUDY 3 - LIVING WITH A MEDICAL CONDITION, AVOIDING EMERGENCIES:

The costs of health care for people with a chronic disease can be kept as low as possible by avoiding emergencies and long-term care. This can be done by using smart monitoring devices. One of such devices is Proteus Discover developed by Proteus Digital Health. It is a sensor the size of a sand grain that is attached to medicine. The sensor makes it possible to check whether patients take their medication in the right way and if the medicine is effective. The US FOOD and DRUG Administration has approved the sensor in combination with a medicine that prevents high blood pressure. It is estimated that in the US costs of between 100m and 300m USD are incurred every year because patients do not take their medication as prescribed.

With other devices, abnormalities in the body can be noticed quickly and taken care of. The company Dexcom does this by alerting diabetes patients when their glucose levels get too high or too low. Medtech company Vifor Fresenius Medical Care Renal alerts patients of impending anemia. Swiss health insurer Sanitas uses their Care4Cardio program to monitor heart failure patients. When there are abnormalities in the data, an expert will contact the patient.

The Health and Environmental tracker (HET) developed by North Carolina State University can analyze whether a person's environment might be harmful to them. The tracker measures the user's medical data but also environmental data such as: air temperature, humidity, ozone concentration and volatile organic compounds. By using predictive algorithms, asthma patients can be warned when there are high chances of another asthma attack. They can then change location or adjust their behavior to prevent the attack from happening.

**STUDY 4 - LIVING HEALTHY, PAY AS YOU LIVE (PAYL):** With PAYL the insurer offers monetary discounts or other rewards to the insured in return for living healthy. Focus areas include: eating healthy, exercising, mental health, getting vaccinations, taking yearly health checkups and smoking. There are already several insurers across the

globe that have such projects. Examples are PingAn Life (China), John Hancock (US), Oscar (US), Medibank (Australia), CSS (Switzerland), Sanagate (Switzerland) and Qantas Assure (Australia). Also in the Netherlands we know of these 'wellbeing programs' like SamenGezond from Menzis and Vitality from a.s.r. Insurers might choose to make their own digital healthcare application or cooperate with already existing companies such as Headspace (meditation app) or Zipongo (digital nutrition advice) to gather the health data. Important in all of these formulas is to include a gaming aspect and give participants an incentive. By rewarding people when they accomplish some type of goal they'll be more likely to continue using the service and share their data. Once global technology companies enter this space, we expect to see a lot of disruption and quick innovation in the market. An example of technology companies investing in the health space is Google that purchased Fitbit.

### TREND IN THE NETHERLANDS

In the Netherlands the concerns around GDPR and the insurers position in the value creation chain can be solved and are actively tackled by insurers. By solving these concerns health insurers are able to contribute to society and the health ecosystem of tomorrow. A key issue we identified in the Dutch market is the long development cycle of new innovations. Health insurers should focus on optimizing their processes to quickly develop an idea, test it in the market and ultimately launch their new solution.

### FINAL THOUGHTS

Insurers need to be able to quickly adopt new technologies and innovations. Looking at the global developments and case studies discussed, there is a lot of opportunity lying ahead for Dutch insurers. If health insurers delay in sharpening their strategic position, they risk their market positioning in the medium term and their existence in the long term. Additionally, these adaptations are also critical for society since healthcare costs can remain low and digitalization will ensure clients needs can be met more optimally. ■

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This article has been written in a personal capacity.