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April 2024
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DIRECTIONS FOR CHANGE

Health & Protection's third visit to the UAE was for our first Middle East International PMI Forum in association with April International.

This event expanded on our two previous roundtable discussions and brought together expert speakers with practitioners from across the industry.

Their presentations on a range of critical subjects served to inform and enlighten debates throughout the day.

Subjects covered included future funding arrangements for international healthcare, the developing regulatory environments and what insurers in the region should be looking at to ensure their and the market's viability.

All this was underpinned by the desire for advisers to meet the ever-growing demands of their clients.

As has previously been the case, soaring medical inflation and steeply rising premiums which potentially threaten the sustainability of the sector were a major driving force.

Among the speakers, Dr Sherif Mahmoud, founder and CEO of Syrenia Solutions, drew upon his senior leadership experience at Bupa Arabia and Axa Gulf to highlight some of the failings which he believes insurers in the region have been making.

He noted that addressing these key points could stem the tide of soaring costs.

The importance of health data was also raised with attendees aware that the lack of a central medical records system opened-up opportunities for medical practitioners to repeat tests.

They welcomed previous attempts by insurers to digitalise customer health records and make them easily accessible, and hoped further projects like this would be taken on.

Radical plans for an entirely new approach to funding corporate healthcare were also revealed, drawing significant interest for their potential to improve engagement and reduce costs.

There appears a desire for change in the region and embracing any or even all of these suggestions could have a significant impact.

Owain Thomas, editor of Health & Protection

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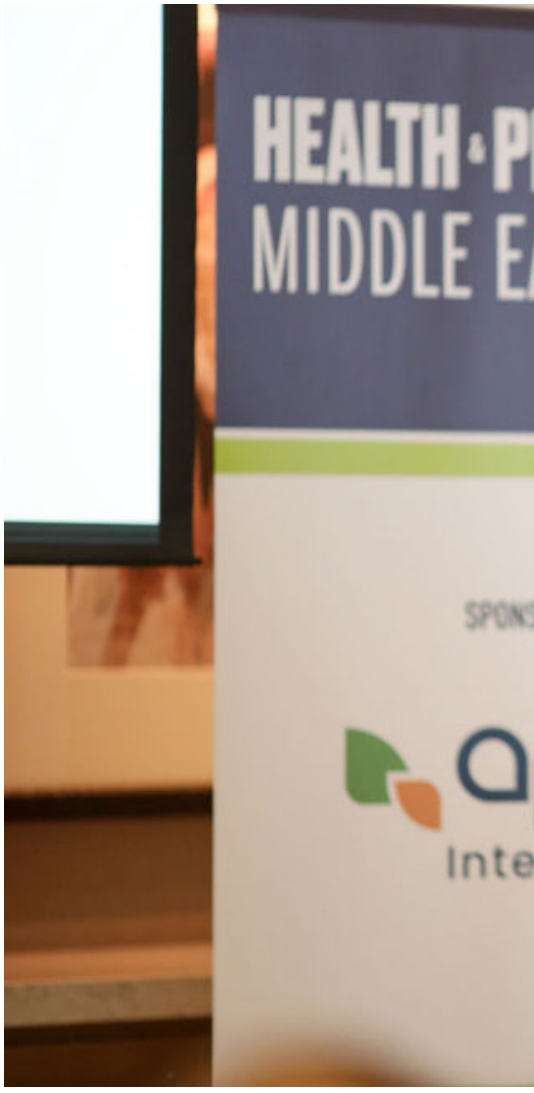
UNDERWRITING VITAL TO INSURER SUCCESS IN MIDDLE EAST

Following principles of good medical underwriting and understanding the location are most important for insurers to operate successfully, writes **Owain Thomas**



Good quality medical underwriting is one of the most important elements to help insurers stand out and tackle soaring premium inflation in the Middle East.

Instead, many insurers had been guilty of just technical underwriting and simply looking to retrospectively make-up their losses, rather than forward planning, according to Dr Sherif Mahmoud founder and CEO of Syrenia Solutions.

Speaking at the Health & Protection Middle East IPMI Forum, Dr Mahmoud acknowledged that the region's desire to be a leader in new healthcare technologies and treatments is another element to meeting this equation.

This desire was being strongly embraced in the United Arab Emirates (UAE).

And Dr Mahmoud added that insurers should be differentiating their products by directing their investment and helping clients to target their cover to the specific needs of populations.

The Middle East, and particularly the UAE, is recognised as one of the areas with the highest medical inflation for international private medical insurance.

As clients are increasingly phased by steeply rising premiums and hold advisers responsible for sourcing cheaper rates fears over the sustainability of IPMI have been growing, with many factors cited.

However, addressing the audience in Dubai about what should be expected from global insurers working in the UAE, Dr Mahmoud identified three areas that were vital to supporting the market:

- underwriting,
- targeting insurer and clients needs,
- and rewarding hospital and practitioner performance.

"What needs to be done? What is expected from a global insurer to bring to the market when they are working here?" he asked.

"First is sophisticated and up-to-date underwriting. They need to shift their practice from being reactive and increasing or decreasing premiums to retain clients or purchase market share.

"Instead, they need to anticipate the impact from health technologies. And these new technologies need to be assessed properly, not by their cost, but by their value.

"For example I might be very happy to invest more with a drug that will be a single dose therapy and the patient will be cured, rather than continuously paying the patient

Dr Sherif Mahmoud
founder and CEO of
Syrenia Solutions

because the drug-to-drug cost is cheaper."

UNDERSTAND TREATMENT VALUES

Second, he argued that insurers needed to direct their investments to the cover requirements in the region and noted that there was very little differentiation between products in the market.

With employers typically the largest client base he highlighted the need for buy-in from this group, adding that starting with a minimal basic benefit, but including top-ups that make sense for organisations.

"Employers need to understand the importance of investing in prevention and that prevention covers their needs," he continued.

"So the cost of absenteeism and cost of presenteeism needs to be taken into consideration when the budget is factored.

"I hope one day you can convince the employer, the chief executive and the chief financial officer (CFO) about the value of prevention.

"The CFO never wants to pay more, but if they find a link between, for example, treating diabetes or providing haemoglobin self-management devices for diabetes at an extra cost, by knowing this will reduce the cost of sick leave, they might think about it again."

HOLD HOSPITALS TO ACCOUNT

Finally, Dr Mahmoud emphasised that insurers needed to begin rewarding hospitals and practitioners based on performance.

He recommended they shift from activity based to value-based reimbursement and that they rank providers based on their quality instead of brand and capacity.

"Coming to the hospitals, of course, there is an element that is directly related to hospital management, but insurance cannot continue on," he said.

"I've never believed in something called volume limit, for example, because when you repeat, I give you more patients you give me more discounts, or I give you more patients, you prescribe more.

"Imagine that the cost of medications in the UAE represents 37% of the claims, yet worldwide it's between 11% to 16%.

"This is coming from doctors, because they can prescribe a list of 12 medications that will end up in a trash bin or expired on your shelf, so you need to reward for the outcome."

He added that some locations were beginning to or attempting to introduce

"IMAGINE THAT THE COST OF MEDICATIONS IN THE UAE REPRESENTS 37% OF THE CLAIMS, YET WORLDWIDE IT'S BETWEEN 11% TO 16%."

value-based activity but that he was not expecting to see real results for two or three years as it takes time to be implemented.

And he concluded by emphasising that insurers needed to be ranked on the quality of their treatment not their marketing.

"I'm not going to visit the doctor on how good he looks, I need to know his qualification. I've never seen any single, any single statistic that shows the quality of outcome in any of the hospitals here.

"Insurers need to monitor this, they need to work on ranking their providers based on this. Believe me, it might be tough in the beginning, but it will work as the stepwise approach towards who is cost-efficient, who is driving value and optimal cost, rather than who spends more than the others.

USE YOUR DATA

Following the presentation, Lockton vice president of people solutions Matthew Richards agreed that the market suffered from only having a handful of insurers with significant market volume to have a stronger position with hospitals.

He also noted there was typically little co-operation or collaboration between them on data relating to hospital and practitioner quality.

"There's only five or six scale insurers in this market and from my time in insurers here, I don't think there's any genuine collaboration when it comes to data and those pieces," Richards said.

"It seems there's no insurer with large enough scale of data to make it statistically relevant; perhaps some quality-of-care outcomes yes, but there's not enough data in any one place to make it work, they'd have to work together to gain any real data."

Dr Mahmoud agreed this could be tricky, but cited that there were some very large insurers across the UAE which could make use of their data but appeared not to be doing so.

SECOND MEDICAL OPINIONS

The potential of using second medical opinion services more pro-actively to help reign-in unnecessary treatments or procedures was also raised by the audience.

Lockton vice president of people solutions Matthew Richards

Dr Sonja de Pattenden, regional head of employee benefits at RMS Insurance Brokers

Dr Sonja de Pattenden, regional head of employee benefits at RMS Insurance Brokers, asked whether there was any possibility it could be made mandatory for a second referral to an independent expert should an operation be recommended.

"We know how trigger happy the doctors are to say a patient needs an operation tomorrow," she said.

"If someone is told to go for an operation, they could then be referred to that independent advisory firm which can refer patients to specialist doctors around the globe to verify that diagnosis.

"Would that cut back on a lot of these surgical procedures that maybe aren't necessary or maybe misdiagnosed. Is that something we should be thinking of?"

Dr Mahmoud said he would be happy if the Dubai Health Authority activated its advisory boards to be second medical opinion providers as an independent structure was needed.

He warned insurers could potentially be seen to be pressurising patients in how they handled this situation at present.

"It needs governance. It needs a protocol of positioning, how to contact the patient to give the patient the consent, not to threaten the patient, or bribe the patient to go to another doctor," he continued.

"If the patient goes to another doctor and that doctor says the same thing as the first doctor, when the patient goes back to the first doctor, that doctor is now taking revenge on the insurance company.

"So a little bit of structure would be needed," he added. ■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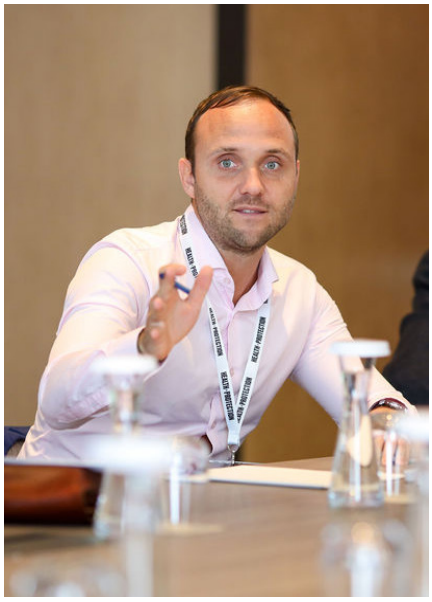


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Working together to curb medical inflation and ensure sustainable products

EMBRACE HEALTH DATA AND DO NOT FEAR AGGREGATORS

Online aggregators and price comparison sites are unlikely to hurt advisers but data is key to a strong IPMI sector, writes **Owain Thomas**

Consilient head of practice Robin Ali

Advisers operating in the international private medical insurance (IPMI) market do not need to fear the rise of aggregator websites and other similar technologies taking on their businesses.

However, the Health & Protection Middle East IPMI Forum heard that given the importance of data to the sector, new technologies could play a key role in how the market and business practices develop.

And there is clearly a need for better quality and more accessible patient healthcare data with insurer health passports being welcomed.

Speaking at the Forum, Consilient head of practice Robin Ali explained that insurer claims and underwriting processes were the areas most likely to be significantly impacted by artificial intelligence and machine learning technologies.

"The key really is artificial intelligence and machine learning enabled claims adjudication and claims settlement," he said.

"Technology can support in this area and it can also support in providing direct member or direct to provider payment systems."

He noted that most third party administrators (TPAs) were targeting 85% of claims being full automated, and while this figure was unlikely to be reached, those that could get near it would be "well ahead of the game".

And those IPMI providers with a fully automated claims process will be able to reduce their costs significantly, however he warned them to ensure they remained

"YOU'RE GOING TO HAVE AI-SUPPORTED VIRTUAL SALES AGENTS, SO SOMEONE COULD BUY A POLICY JUST BY COMMUNICATING WITH THE MACHINE."

compliant by linking to state electronic tolling systems which exist in many locations including Abu Dhabi, Saudi Arabia and Dubai.

In terms of underwriting, Ali highlighted that IPMI providers that have the data and the technology can use that data and advance analytics for better pricing.

"It can employ lifestyle-based underwriting. By capturing data that could simply be personal health records or from wearable devices the provider is going to be able to underwrite far more precisely.

"That means it's going to cover its risk better and it may even provide better pricing marketing."

He also highlighted the rise of AI-supported virtual sales agents, continuing: "the days are fast fading whereby all products are sold through brokers, through personal interaction".

"You're going to have AI-supported virtual sales agents, so someone could buy a policy just by communicating with the machine."

MARCH TO ONLINE

When quizzed by the audience about why aggregator sites had yet to really take-off for health insurance and what their development could mean for the market, Ali was more reflective.

"The problem with aggregator sites and the reason why, until recently, they haven't really gained a foothold is because they've become nothing more than price comparison sites," he said.

"That doesn't tell the consumer anything about the quality of the insurance company that's standing behind that policy and also, insurers themselves were pushing against the rise of aggregator sites for that very reason.

"Even though they exist there still has to be some element of advice beyond just the price, so I don't think that aspect of technology is going to replace brokers and advice."

Lockton vice president of people solutions Matthew Richards suggested the greater possibility was aggregators operating more as lead generation tools, particularly on retail or individual policies.

"If you can get someone to talk about their motor insurance or whatever it might be, that's a good way to get them in to talk about the other lines," he said.

"So that's why you see those aggregators having enormous workforces set behind them, because it's just a pretty front end as a lead generator rather than a genuine aggregation tool, particularly for medical insurance."

Ali agreed that operating these businesses required a lot of people who may not be face-to-face brokers but can still interact with the client.

"Where will it come? To answer your question, I think it will be in the more ▶


Michael Plaugmann, head of employee benefits at Malakut Insurance Brokers

simplified product areas where virtual agents enabled by artificial intelligence can take care of sales," he said.

"That's where I think and I wouldn't say it would endanger the broker's role, because really you're talking about very basic local insurance with a set price."

DATA QUALITY CRITICAL

The importance of data to the sector as a whole and its quality was a key part of discussions during the Forum.

Several attendees cited concerns about the figures they received from and the processes which involved the repeated manual input of data from multiple sources.

"The amount of data that we have to collect from the clients to give to the insurers, for the insurers to give to the regulators and so on," said Dr Sonja de Pattenden, regional head of employee benefits at RMS Insurance Brokers.

"That is all in the system anyway. Somebody should develop a system that they can like go to all the sources and then double check that everything matches and the insurance company has got the correct data."

It was noted that some insurers were connected to the visa system and do not require the same level of data as others, which was a bonus.

However, concerns were raised about the quality of the data insurers were sharing with advisers in annual claims reports and then typically form the basis of future renewal premiums.

"I just question the credibility of data in this market," said Michael Plaugmann, head of employee benefits at Malakut Insurance Brokers.

"It should be automated where insurers don't punch in numbers into a claims report. It's got to be automated somehow so that there's some control over the numbers that go into these reports."

This turned the discussion to the role of individuals' health data and how this could be better available and utilised, through secure means, to enable more accurate diagnosis, treatment and coverage.

Lockton associate director Philip Bell raised the potential benefits of a health passport that had been proposed by local regulators previously.


Lockton associate director Philip Bell


Pacific Prime regional CEO David Hayes

Pacific Prime regional CEO David Hayes agreed the plan would likely be very positive for the sector.

"Essentially that would get ahead of non-disclosure as well," he said.

"Because if this could track that one claim for a certain condition several years ago and the member moved insurer, there would be no hiding place."

INSURERS FILL HEALTH DATA VOID

Specialist international insurance barrister Simon Isgar noted that part of the reason for delaying this initiative was different data pooling arrangements across the UAE but the expectation is that it will be implemented.

It was also highlighted by Consilient's Ali that hospitals, clinics and medical practitioners would not support some form of universal health record as it may interfere with their business operations.

"Providers have always silently pushed back on a unified medical record," he said.

"Without it, if you go to a different provider than previously, the new one will run the same test again, because without the unified medical record they don't have your records and say 'We have to do all these tests'.

"So they push back against unified medical records because if there was a unified medical record they wouldn't be able to run half the tests they do."

In this environment, initiatives from insurers to provide health data passports or similar for members were warmly welcomed, allowing the patient to take their health records with them when being treated and to upload new details. ■

FUTURE FUNDING MECHANISMS COULD PROMPT LONG-TERM VISIONS

A different approach to funding corporate healthcare could open up possibilities of more advanced solutions, writes **Owain Thomas**

Simon Isgar, specialist international insurance barrister

Medical benefit trust-based funding models could prompt a fresh approach to providing corporate health insurance coverage in the Middle East and widen the availability of coverage.

It is believed the method would improve client buy-in for their employee medical coverage and help them to maintain greater cost control, Health & Protection's Middle East IPMI Forum heard.

Regulations within the United Arab Emirates (UAE) mean schemes must be fully insured but attendees explained there is desire to facilitate a more risk-sharing-based approach and this could encourage more insurers and reinsurers to work in the region.

Specialist international insurance lawyer Simon Isgar presented the medical benefit trust solution which he said has been discussed with potential clients in Dubai but was not yet active.

Discussing the concept further, Isgar continued: "What I termed here is a medical benefit trust and how that would essentially work; the best idea is to focus on a very large company.

"The HR manager wants to have control of the costs and is not keen to just pay a premium and then let the insurer deal with it.

"So, this model would give the member ▶

and all of its beneficiaries some control over those costs"

USING CAPITAL MARKETS

Isgar explained that the model operates by giving a risk transfer into capital markets as a structured trust.

Those assets in the trust, for example the membership fees which act like a premium but are actually membership fees, are then moved into capital markets by insurance securities to fund arrangements.

"The only insurance in the model would be the trust assets itself, which would be insured normally through an insurance company or a captive, and then maybe reinsured as a type of stop loss if there's any large claims, such as a cancer claim, for example," Isgar said.

"Then you have the members, who are the beneficiaries, that will have the benefits of that trust and its assets."

He also suggested that there would be some sort of member screening process conducted to understand the health of the population covered and recognise any pre-existing conditions, as would typically done through underwriting.

"Essentially, if you know there may be potential cancer cases in that group, you might then want to talk to the trust manager about reinvesting those assets into capital markets to cover those potential losses," Isgar added.

"It may look quite farfetched, but I think those models will be future models to consider. The mindset of insured

members also has to change to some extent where they need to think of healthcare as long-term and therefore to that extent they need to think of long-term investment, and this model produces that."

Isgar acknowledged that a key issue would be clarifying roles and responsibilities in a structure such as this and how that would work.

And he emphasised that the model is not insurance.

"It's regulated because a trust is regulated as a collective investment scheme," he continued.

"So it'd be regulated if it was in the Abu Dhabi Global Market (ADGM) or the Dubai International Financial Centre (DIFC).

"We would regulate that trust but that's the only regulated market, so it's not insurance as such."

He noted there was a big issue with capacity in the Emirates for medical insurance because loss ratios are high which is off-putting to reinsurers.

"These types of models reinsurers like because they still have elements of insurance and reinsurance with the trust assets, so yes, it should be technically considered risk transfer," he said.

"THESE TYPES OF MODELS REINSURERS LIKE BECAUSE THEY STILL HAVE ELEMENTS OF INSURANCE AND REINSURANCE WITH THE TRUST ASSETS, SO YES, IT SHOULD BE TECHNICALLY CONSIDERED RISK TRANSFER"

RISK SHARING BENEFITS

Discussing the need for alternative funding and coverage models, Michael Plaugmann, head of employee benefits at Malakut Insurance Brokers, highlighted the lack of risk-sharing models which are present in other locations.

"One of the limitations of this market is there's only 100% insured, there's no risk share model, and therefore loss ratios will always suffer because it all sits on the insurer," he said.

"So if we could share that out, we could come up with different products and spread the risk.

"Fundamentally the product hasn't changed for so long, it's antiquated, we just need to refresh it, add some value."

Confirming he would support some variation of a performance share model where the client and insurer take some risk over multiple years, he continued: "You could have a riskier product where you either purchase specific stop loss or aggregate stop loss on your medical claims.

"So you basically make the client put their money where their mouth is.

"We could say to them 'We don't believe your projection of this much is what's needed to pay claims, we think it's this, so you take the gap then let's see what happens by the end of the year."

Isgar noted there was interest from providers and regulators in risk-sharing approaches elsewhere around the region, specifically in Saudi Arabia.

And while the potential to offer different funding models was warmly welcomed, there was caution that it may not be taken-up quickly with a change to longer-term mentality needed.

"It's definitely good for us to suggest but I don't think clients would understand it because it's not been here," said Lifecare International group commercial director for MEA Amber Musson-Thorp.

"Unless you've got someone that comes from an industry or from a country or a region that's had it before, I don't think they're going to come to us and say, 'can we have this model?'" ■

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THE FUTURE OF CORPORATE HEALTH INSURANCE IN THE MIDDLE EAST

Richard Poinson, head of sales at APRIL International in the UAE

The healthcare landscape in the Middle East is undergoing rapid transformation, driving insurance providers to reinvent health insurance plans to keep pace with evolving trends.

Rising healthcare costs, new technologies and a demand for personalisation are reshaping the sector. Understanding current trends is essential for anyone seeking competitive benefits that can withstand disruptions.

THE PRESSURES OF RISING HEALTHCARE COSTS

Healthcare costs have consistently outpaced general inflation globally.

According to Mercer Marsh Benefits' Health Trends 2024 Report, the medical inflation rate in the Middle East is projected to hit 14.4% in 2024. These rising costs place financial pressures on businesses and insurers.

On a corporate level, businesses are compelled to absorb higher premiums or shift costs onto their employees through reduced coverage levels or cost-sharing options.

For instance, a company might implement co-insurance, leading to a shared responsibility for healthcare costs among employees.

As benefits fail to keep pace, households devote a growing share of income towards healthcare expenses.

Hence, we aim to raise awareness of healthcare access challenges and guide our clients throughout their healthcare journey.

A REVOLUTION IN TECHNOLOGY

Digital disruption is transforming corporate health benefits through telehealth, AI and analytics. The Covid-19 pandemic accelerated telehealth adoption globally.

Consequently, it has become critical for insurance providers in the Middle East to incorporate this trend into their plans.

Most insurance providers now directly cover telehealth provider fees or partner with telehealth platforms to offer virtual care.

APRIL International (APRIL) witnessed rapid telehealth growth since launching telehealth in 2020, with the usage of services increasing by 337%, by the end of 2023.

In health insurance, telehealth offers convenience and timely medical advice through easier scheduling and reduced travel and wait times from in-person visits.

The service provides medical advice options for expatriates and local nationals alike, and the remote workforce anytime and anywhere, using their preferred language.

Telehealth consultations are often more cost-effective than in-person consultations, benefiting insurers and companies financially.

GROWING DEMAND FOR PERSONALISATION

Recognising the importance of catering to the diverse needs and preferences of the workforce, companies offer personalised health insurance plans.

These customised plans empower individuals to adjust their coverage to suit their specific requirements, thereby ensuring their wellbeing.

In addition, such companies can support preventive care, early detection, and targeted treatments by offering coverage that tackles employees' specific health concerns.

This approach helps avoid serious illnesses, reduce healthcare costs in the long run, and improve employee productivity.

Personalisation fulfils diverse needs of employees in a cost-effective manner. We collaborate with insurance brokers and their clients to devise customised coverage plans that match their budgets and increase their workforce satisfaction and outcomes.

Whether employees require more overseas coverage, benefits or plan options, APRIL assists them in finding the optimal solutions that demonstrate the employer's dedication to comprehensive care and efficient healthcare expenditure.

APRIL can also offer a separate level of coverage only for dependants.

Such a flexible offering brings additional value, enabling employers to fulfil their employees' expectations for family coverage, all while maintaining a reasonable budget.

This benefits both companies and employees.

NAVIGATING THE FUTURE HEALTHCARE LANDSCAPE

With a vision of change and innovation, APRIL is committed to transforming health insurance in the Middle East.

Recognising the escalating healthcare costs, APRIL sees the potential of new technologies such as telehealth to enhance access to quality care and deliver cost-effective outcomes.

APRIL provides customised solutions to individuals and businesses, with a case management approach that focuses on delivering affordable, quality care with a client-centric service.

By strategically navigating the regional healthcare landscape, APRIL ensures a comprehensive solution for client's needs. ■

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