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Investigating the benefits of integrating wellness program into (health) insurance benefits

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www.actuaries.org/HongKong2012/

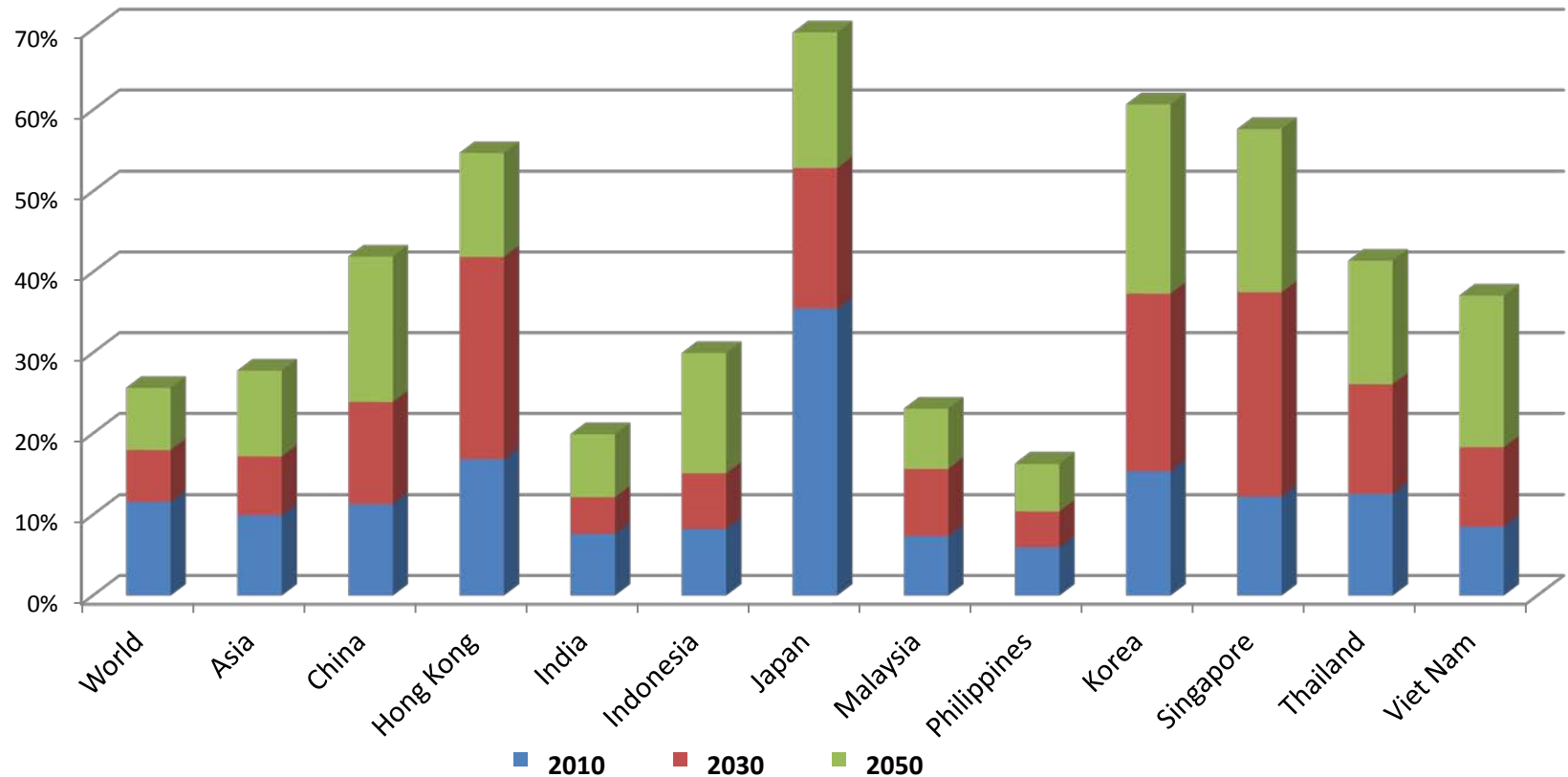
Agenda

- Why is there a need for Wellness Programs
- What are Wellness Programs?
- How have Wellness Programs evolved over the years?
- Integrated Wellness Programs
- Example of a Wellness Program
- Benefits of Wellness Programs for members
- Benefits of Wellness Programs for insurers
- Conclusion

Why is there a need?

- Aging population
- Increases in life expectancy; advances in medical technologies
- Current disease prevalence
- Health Care expenditures
- Medical reforms

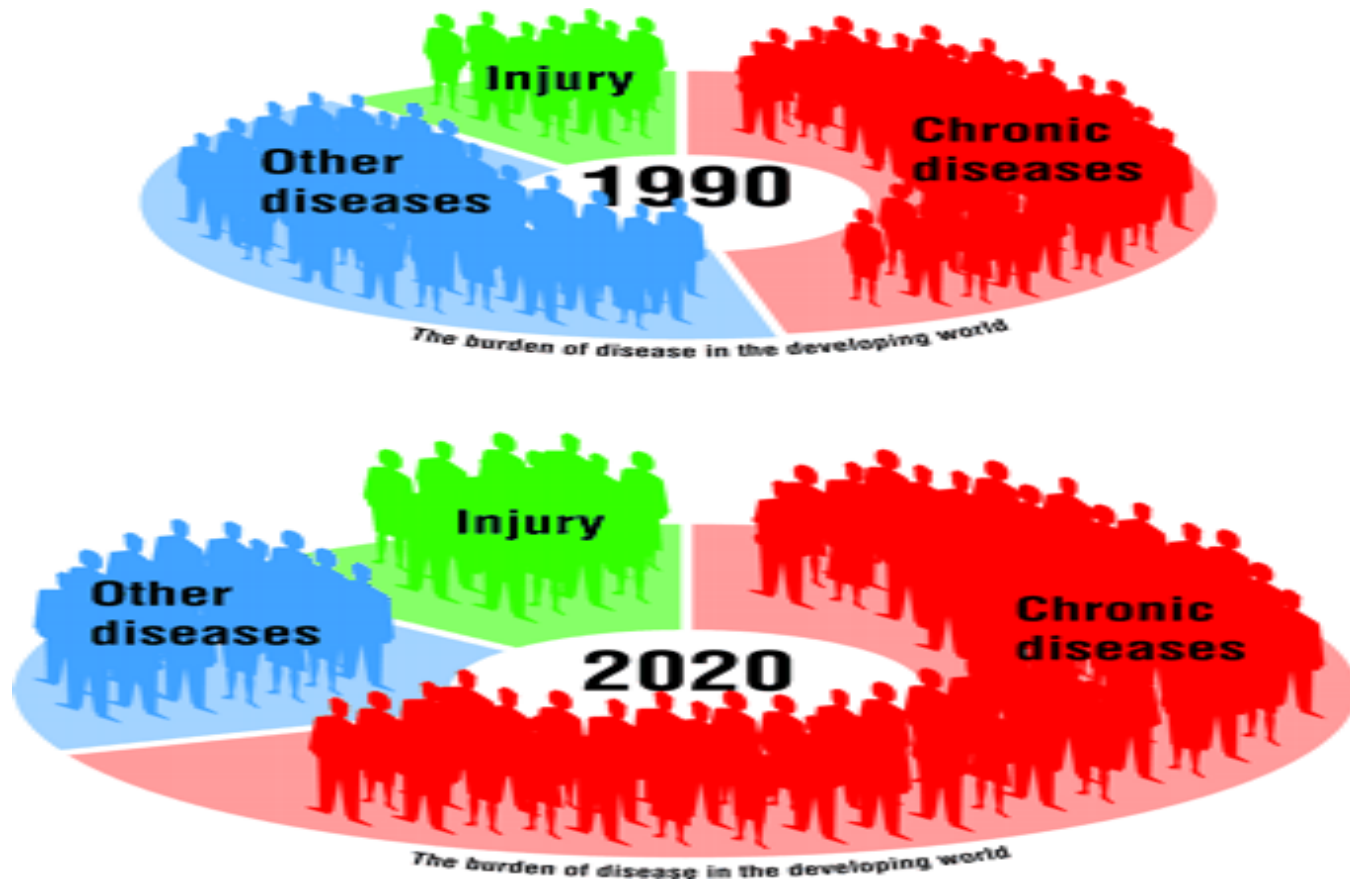
Old-Age Dependency Ratio



Sources: United Nations Statistics Division (2010)

1. Data refer to projected shares of the population aged 65 and above relative to the population aged 15-64 under the assumption of medium levels of fertility rates

Increase in Chronic Conditions



Source : Chronic Disease Mangt 2010

Diabetes –Large numbers! Large Increase!

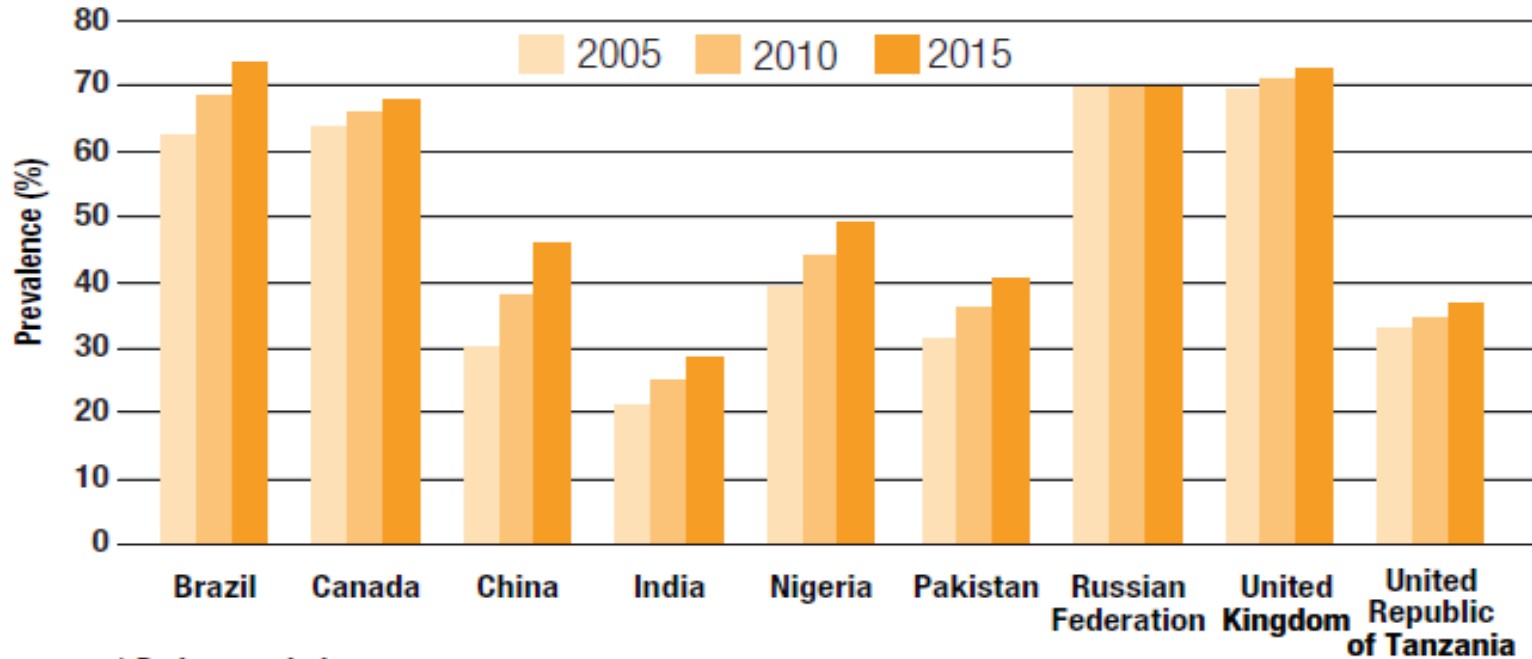
COUNTRY/TERRITORY	2010 MILLIONS	COUNTRY/TERRITORY	2030 MILLIONS
1 India	50.8	1 India	87.0
2 China	43.2	2 China	62.6
3 United States of America	26.8	3 United States of America	36.0
4 Russian Federation	9.6	4 Pakistan	13.8
5 Brazil	7.6	5 Brazil	12.7
6 Germany	7.5	6 Indonesia	12.0
7 Pakistan	7.1	7 Mexico	11.9
8 Japan	7.1	8 Bangladesh	10.4
9 Indonesia	7.0	9 Russian Federation	10.3
10 Mexico	6.8	10 Egypt	8.6

Source : WHO



Increasing Obesity

Projected prevalence of overweight (BMI* ≥ 25 kg/m²), women aged 30 years or more, selected countries, 2005–2015



Source : WHO Report: Preventing Chronic Diseases – A vital Investment

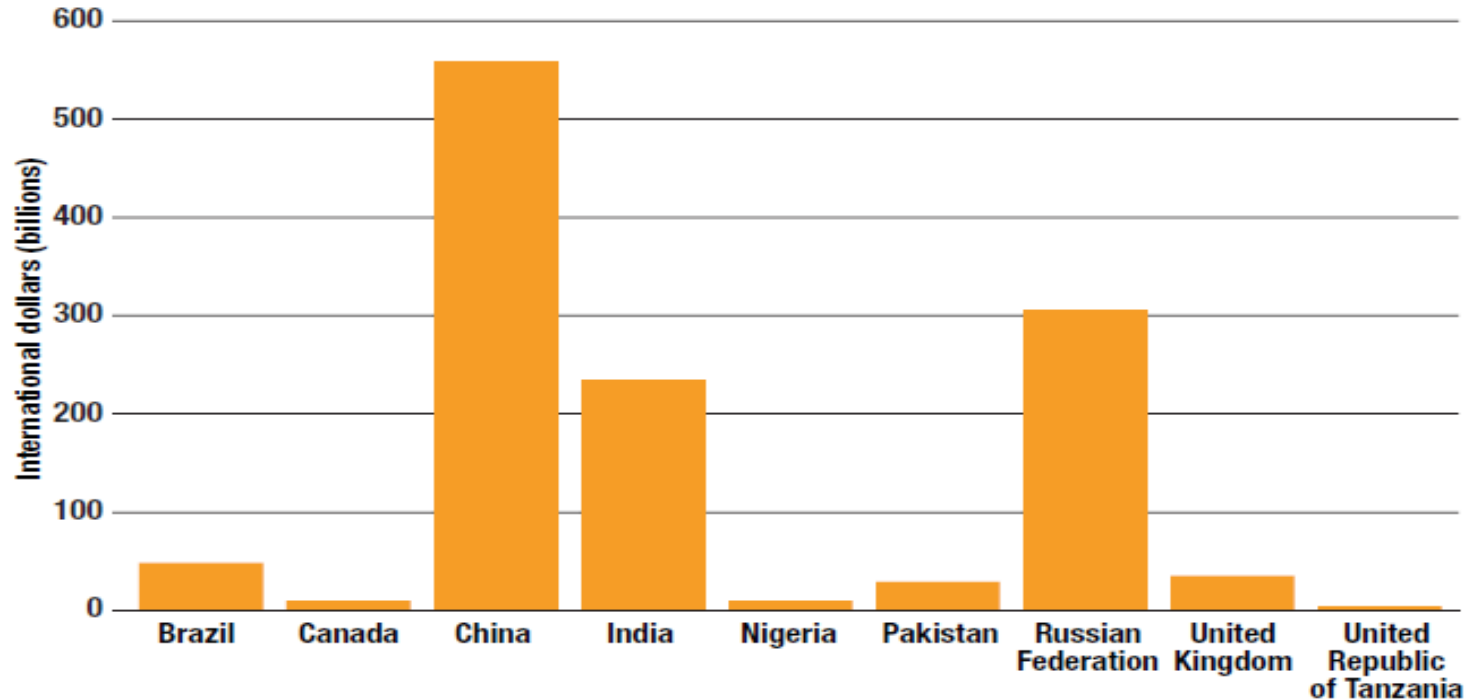
Medical costs spent are increasing!

Countries	1997		2006	
	% GDP	Public: Private	% GDP	Public: Private
China	4.0	44:56	4.5	42:58
Hong Kong	4.4	Not available	4.7	54 : 46
India	4.3	25:75	4.9	20:80
Indonesia	1.8	41:59	2.2	50:50
Japan	6.9	81:19	7.9	82:18
Malaysia	3.0	49:51	4.3	45:55
Philippines	3.6	43:57	3.3	40:60
Korea	3.9	45:55	6.5	55:45
Singapore	3.5	41:60	3.4	34:66
Thailand	4.0	54:46	3.5	64:36
Vietnam	4.7	30:70	6.6	32:68

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By 2015 China is estimated to lose over USD 500 Billion over 10 years in its national income due to chronic diseases

Projected foregone national income due to heart disease, stroke and diabetes in selected countries, 2005–2015



Source : WHO Report: Preventing Chronic Diseases – A vital Investment

Medical Reforms

- Medical reforms are happening
 - In countries where there is a strong state subsidy on medical facilities, government is looking for ways to manage the health of its population.
 - In countries where there is a lack of government healthcare, insurers are looking for ways to actively manage its policyholder's health
- No longer enough for insurers to compete on product levels, but there has been increased emphasis on service level.
- Examples: Hong Kong, China

What are Wellness Programs?

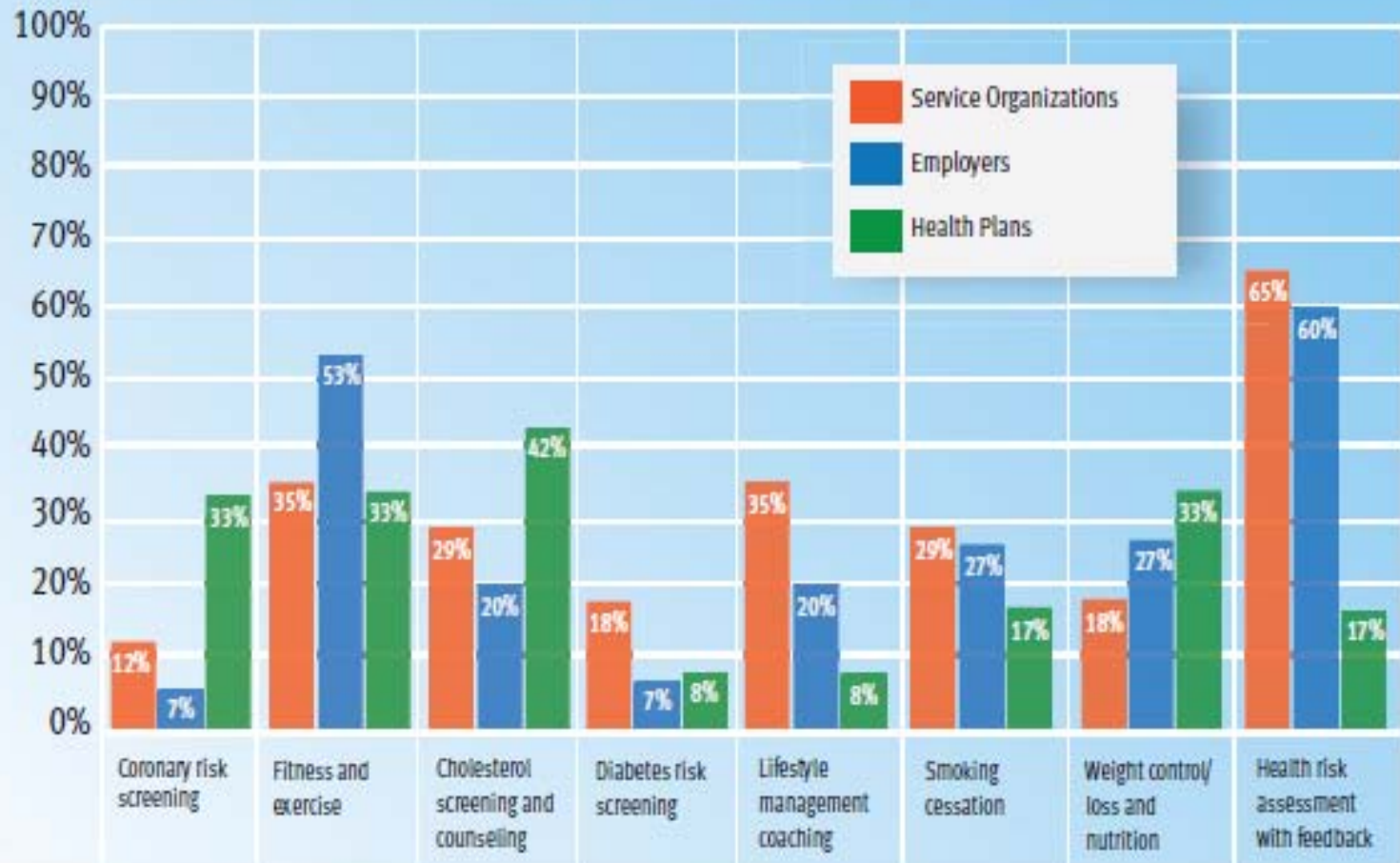
- According to the American Journal of Wellness, “Health Promotion is the science and art of helping individuals change their lifestyle to move toward a state of optimal health.
- Optimal health is defined as a balance of ***physical, emotional, social, spiritual, and intellectual health.***
- Lifestyle change can be facilitated through a combination of efforts to ***enhance awareness, change behavior, and develop environments*** that support good health practices.
- Of the three, supportive environments will probably have the greatest impact in producing lasting change.”

How have Wellness programs evolved?

- No Claim Bonus
- Preventative screening tests
- EAP
- Help Lines
- On Line support tools
- Medical Second Opinions
- Corporate wellness

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Wellness Programs with Most Eligible Members Enrolled



Integrated Wellness Programs

An integrated Wellness Program involves –

- Identifying the current health status of your staff members
- Determining the appropriate health promotion programs and interventions to offer
- Marketing and implementing the health promotion programs
- Building in motivational incentives
- Evaluating the impact
- Revising wellness programs based on investigation outcomes

Example of Wellness Programs

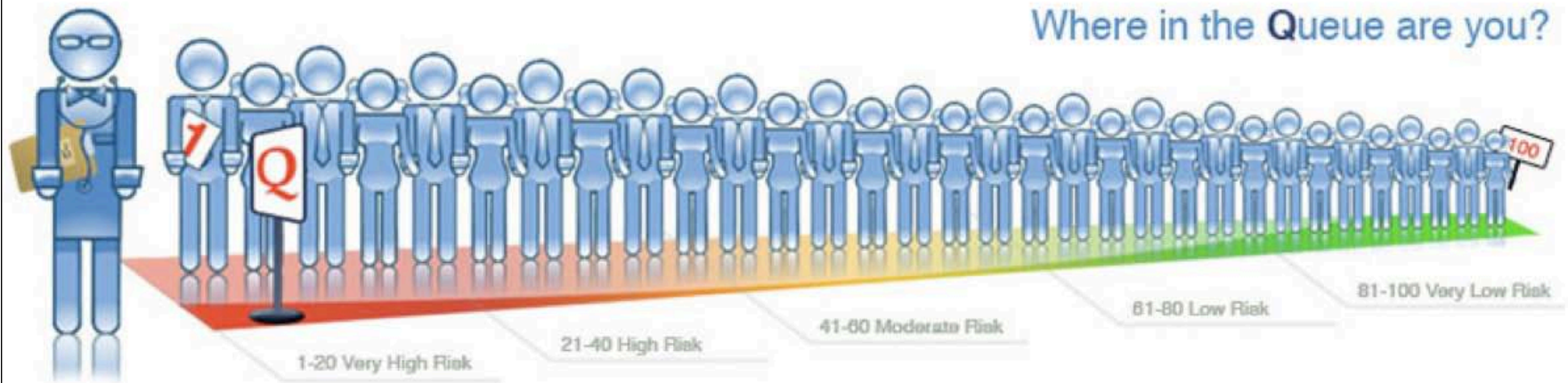


Patrick, we are now processing your results and while we do, would like to introduce you to....

...the Q Score System

100 people the same gender, age and race as you.

The person at the front of the Queue will need medical attention immediately, the person at the back will not be visiting their GP with a heart condition for quite sometime.



Where are you **right now**? Where **could** you be? **When** might you reach the front?

[Find out](#) >

Improve your Q Score reduce your premium



Thank you for taking the time to enter all your details

You are now on the road to a healthier life



1 Your Q Score

2 Your lifestyle factors

3 Set your goals

Your Q Score - Where in the queue are you?

Your Q Score represents your relative risk of experiencing heart disease and illness compared to others of a similar age, gender and race as you, by placing you in an imaginary queue of 100 people.



Nicola, you are currently in the Queue at position: **Q78** - This is a Low risk score.

You could, however, move down the queue by 17 places to **Q95**, which is a **Very Low** risk Q Score

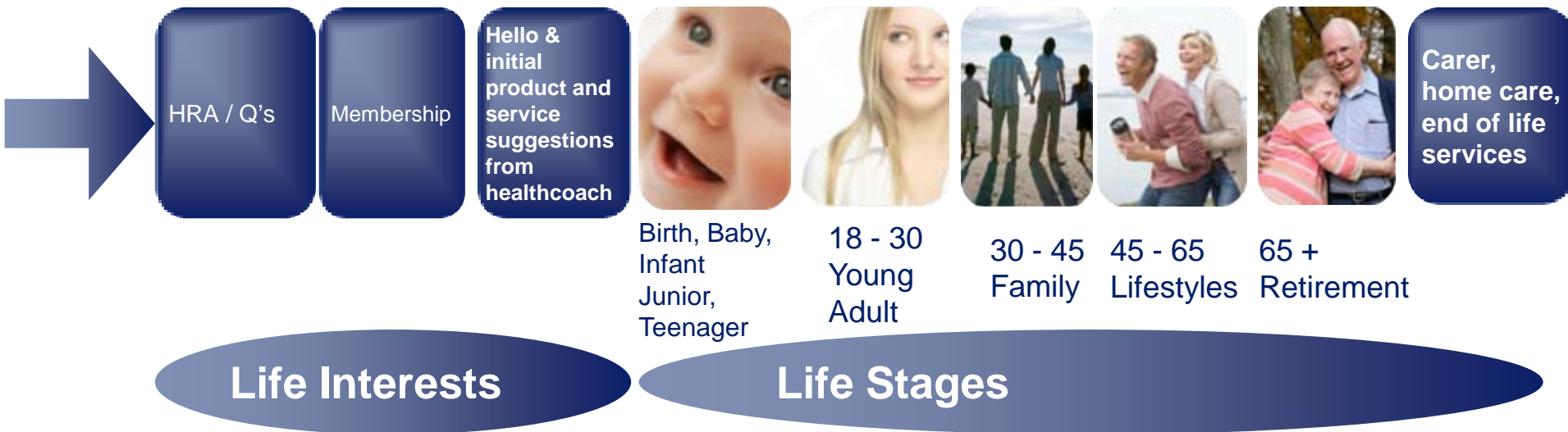
[Understand how your Q Score was calculated](#)

[See your lifestyle factors](#)

The Proposition: "Where are you on life's journey?"



Fast easy access to relevant health and clinical advice for life's little problems



Earning healthpoints

Information Management



- ✓ Suite of data accessible online.
- ✓ Track number of **registrations**, **average Q Scores** across modifiable search criteria - **gender**, **job function**, **location**, **division** as well as individuals.
- ✓ Monitor **risk of CVD, CHD, diabetes, stroke, high blood pressure, obesity, high cholesterol.**
- ✓ Track **lifestyle factors affecting health** - stress, nutrition, sleep profiles, smoking, alcohol consumption.
- ✓ Take positive steps to improve employee wellness and prevent claims through timely intervention.

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Health Management leads to lower lapses and absenteeism improvements

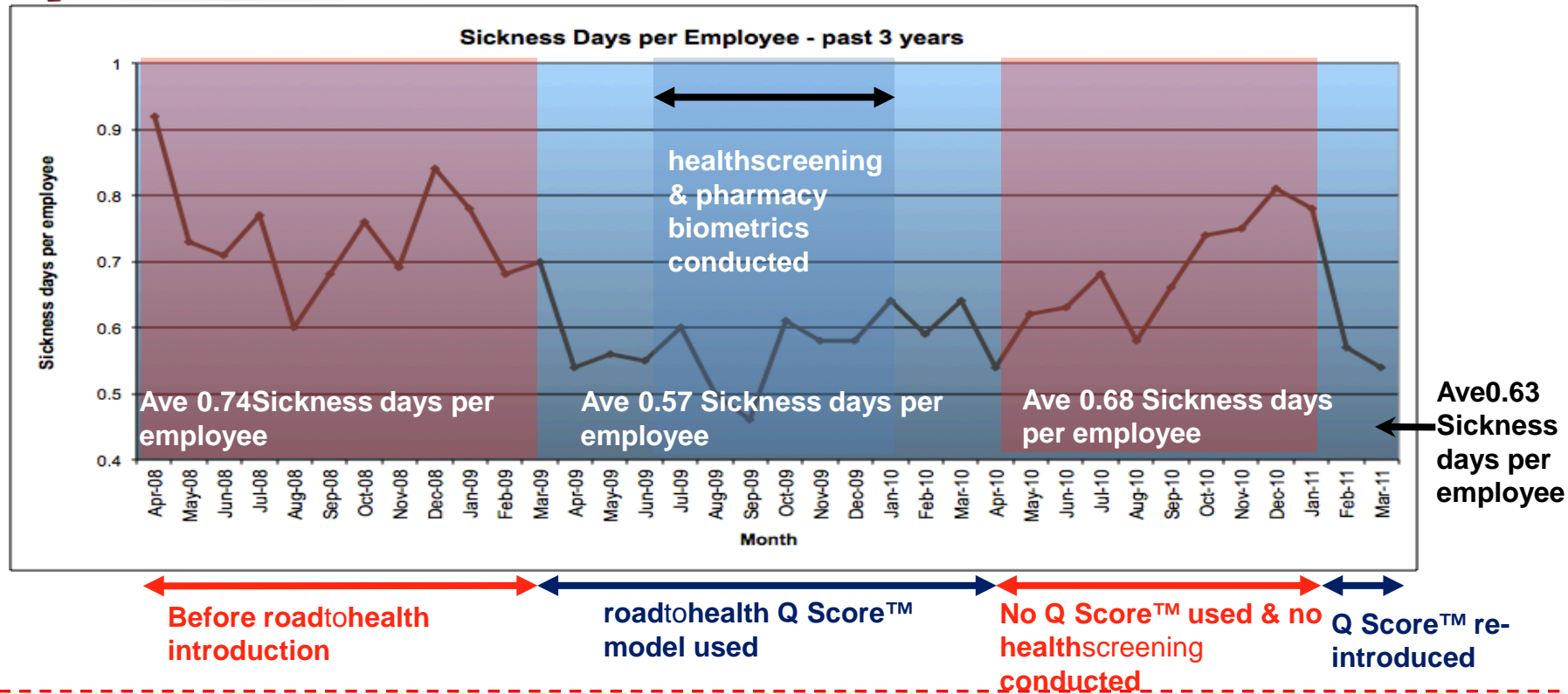


Policy Lapse Rates

The numbers quoted by the Insurer show:

No Q : 21.4%

Using Q: 9.3%



Benefits of wellness programs for members

- Improve overall health and well-being
- Early detection of health risks
- Targeted health interventions- e.g. Disease Management
- Reduce premiums
- Allow certain (denied) groups of people to be covered
- Allow policyholders lifetime journey.

Benefits of wellness programs for Insurers

- Managing and improving risk
- Managing the health of policyholders, managing claims costs.
- Branding
- Opportunity to regularly speak with customers
- Increase customer interaction, hence loyalty
- Engage customer actively throughout lifetime journey
- Healthy policyholders feel that they are 'gaining' a service
- Sales and Marketing
- Pre-selecting your customers
- Reduce lapses
- Management Information

Conclusion

- Increasing prevalence of chronic diseases and poor lifestyle
- Wellness programs have evolved over time
- A lot more can be done
- Interest from governments, insurers and public
- There are certainly benefits in integrating wellness programs into insurance benefits to policyholders
- Proven improvement in health
- Need to evaluate these benefits versus costs of implementation

Thank you

Questions?