



## Captive Focus:

### Self Funded Healthcare Schemes How do they work ?

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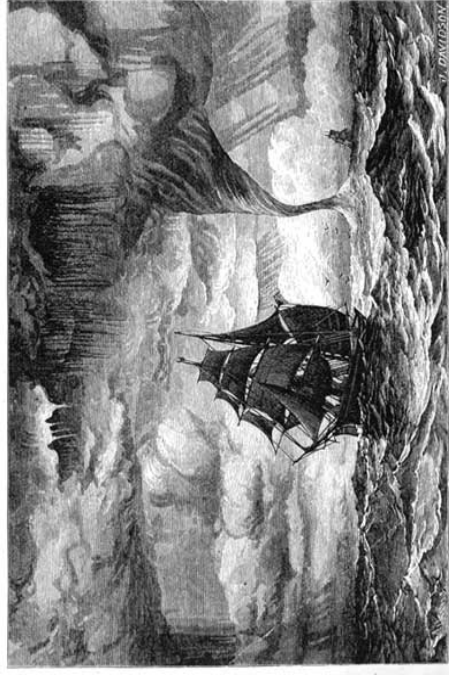
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**Insurance has a role to play - Catastrophe**





# THE COST OF HEALTHCARE IS INCREASING IN THE GCC





## **GCC Healthcare Facts**

- Economic Data points to continued Growth in GDP
- Growth in income levels
- Increased Penetration rates
- Increased Spending on Healthcare
- Changes in Disease mix
- State Funding to Privatization
- Zero Tax – Low Social Insurance contributions



## **Why are Healthcare Insurance costs increasing ?**

- Greater awareness and increased penetration
- Better access to latest drugs
- Increased health risks
- Demographics and Ageing population
- Population growth
- Inflation
- Supply & demand for services



## Data analysis – A Problem for Insurers ?

Healthcare Data is crucial to :

- Identify trends
- Acknowledge changes of behavior
- Understand changes to claims frequency
- Identify types of claims
- Analyse cost structures within hospitals
- Price correctly !!

**Collection of Data is still a problem in the GCC**

**Coding of diseases is inconsistent**



## Data Capture – A Problem for the Customer ?

- Majority of Data held by insurers or TPA
- Customer is driven by **price, service, claims handling, scope of cover**
- Insurers find it **difficult to price** for specific schemes and rely on market averages
- The customer should maintain their own claims data for their members
- The customer should **analyse** and make decisions based on **their own claims data**



## **Quality of Service – What does the Customer require**

- Timely issue of Policy documents
- Claims handling – efficient Third Party Administrator
- Preapproved treatment or reimbursement
- Improved Policy Coverage and fewer exclusions
- No Geographical restrictions
- Minimum level of excess
- High monetary limits on treatments



## Case study





## Why Consider a Self Funded Healthcare Scheme ?

- **Claims become predictable** when a scheme reaches 1,000 or more Members (employees and their dependents)
- **Reinsurance provides protection** for significant individual claims or an epidemic where multiple claims are received
- **Control and ownership of Data**





## Why Consider a Self Funded Healthcare Scheme ?

- A self funded Healthcare scheme allows the customer to **choose their preferred TPA**
- Design their own schedule of benefits** to suit the profile of their company and staff, providing the ability to distinguish between tiers of management
- Retain their own Data** on claims trends and frequencies in order to identify any weaknesses in Health and Safety practices or absenteeism



## **Benefits – Cost Reduction Strategies**

- Corporate wellness plans
- Immunisation programmes
- Regular employee Health Questionnaires
- Medical Screening Programmes
- Employee absence management training
- Return to work/rehabilitation programmes
- Improved Health & Safety Management Programmes

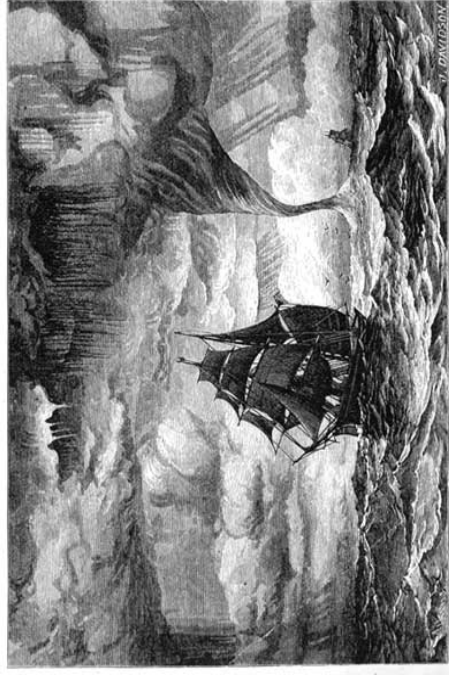


## **Benefits - Complete Flexibility**

- Improved service levels for claims
- Improved benefits
- Healthier and more efficient workforce
- Reduced administration
- Improved cash flow
- Significant reduction in overall costs



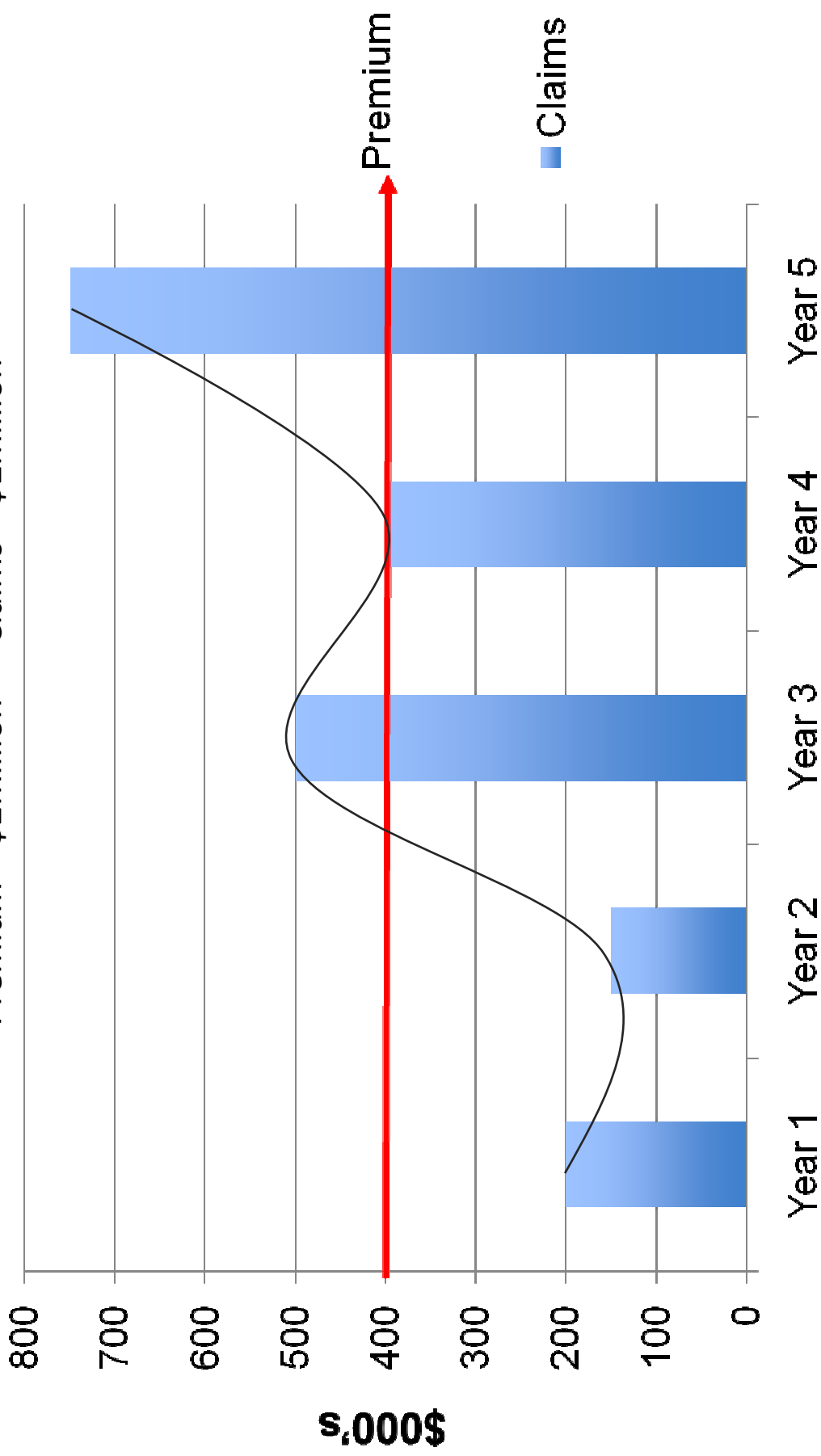
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## Volatility of Claims

Premium = \$2million    Claims = \$2million



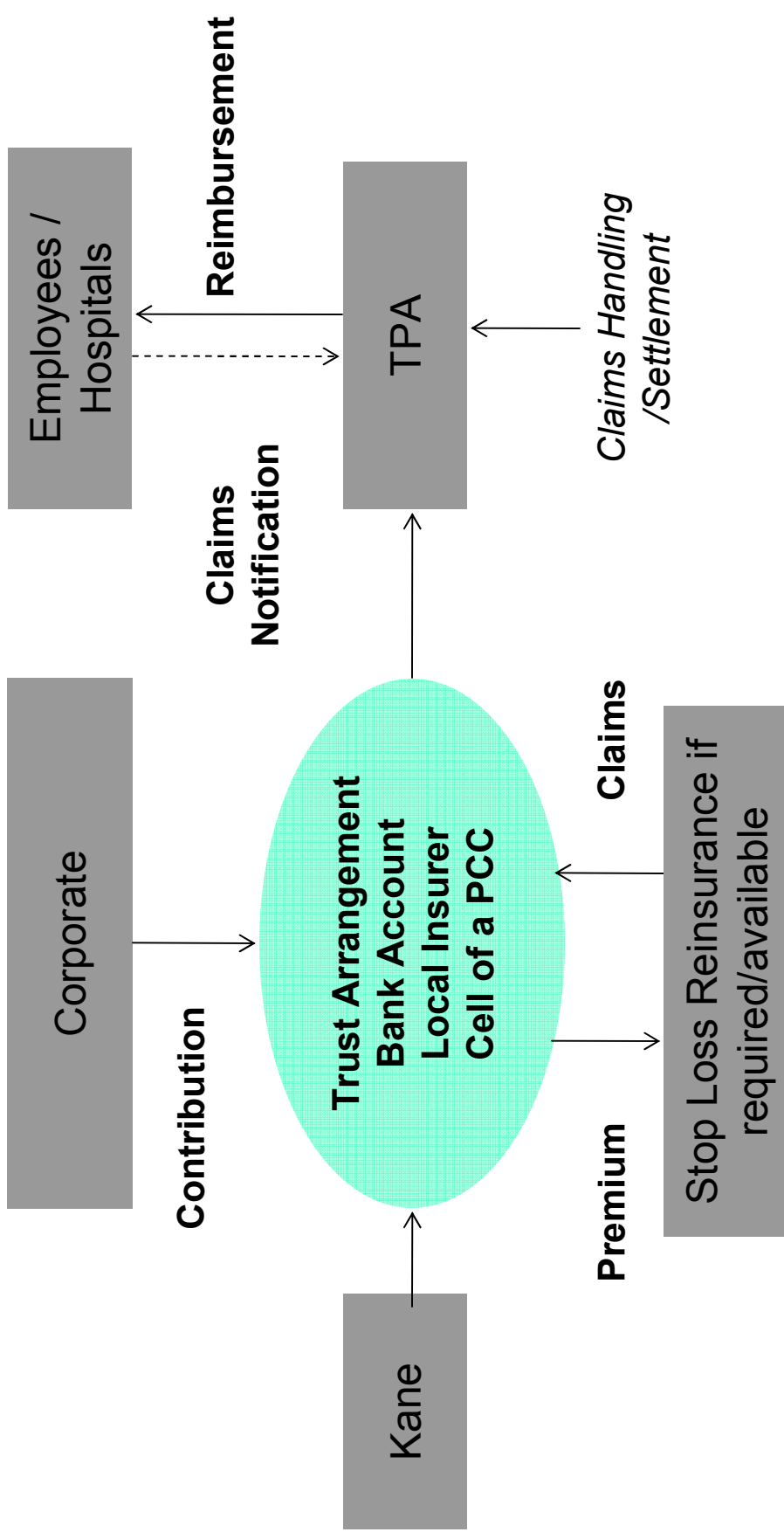


## Case Study – GCC Bank – 2,000 Members

	US\$	Insured	Self Admin
Insurer Admin Fee	12% of Premium	156,000	-
Scheme Admin Fee	10% of Premium	-	100,000
Broker Fee	10% of Premium	130,000	-
Insurer Profit	10% of Premium	130,000	-
TPA Charges	15% of Premium	195,000	195,000
Reinsurance	3% of Premium	39,000	-
Reinsurance	5.5% of Premium	-	55,000
Claims Payment		650,000	650,000
<b>Premium</b>	US\$	<b>1,300,000</b>	<b>1,000,000</b>



## Self Administered Healthcare Schemes





## **Conclusions**

- Premium Saving up to 30%
- Design your own benefits and limits
- Choose your own Third Party Administrator
- Improve your Members quality of service
- Improve cash flows
- Retain all claims information
- Analyse your Data
- Introduce Effective cost reduction strategies
- Further reduce claims costs