

INSURANCE – LIFE AND HEALTH

Forging a sustainable healthcare insurance industry



Speakers at the 14th Middle East Healthcare Insurance Conference, held in Muscat in September, discussed building trust among stakeholders and adopting best practices to sustain compulsory healthcare insurance schemes.

By Osama Noor

14th Middle East Healthcare Insurance Conference

The GCC healthcare insurance market is expected to grow from \$16.3bn in 2022 to \$23.6bn by 2028, at CAGR of around 7%, said Takaful Oman Insurance chief underwriting officer Navneet Kumar. He said that Oman's government health expenditures accounts for 90% of current health expenditures, which, along with Kuwait, is the highest among the GCC states. The government in Oman has allocated OMR3.4bn (\$11.7bn) to healthcare, around 4.3% of the sultanate's GDP.

He said that Oman is the only GCC state which has not yet implemented a compulsory healthcare insurance system. "Oman has a universal healthcare system – free for citizens at the point of delivery and offered to expatriates at subsidised rates."

On what hospitals require from insurers to mitigate fraud, abuse and waste (FAW), Oman heart vascular centre managing director Matlooba Al Zadjalii said that it is crucial to ensure the financial sustainability and integrity of healthcare operations.

She said that hospitals are keen on working closely with insurers to

prevent, detect and combat FAW, as it impacts their revenue and the quality of care directly. "Hospitals expect insurers to view the partnership as a long-term commitment ... they expect insurers to commit to a long-term partnership, continuously improving their collaboration and strategies over time," she said.

Insights from around the region

Regulators' guiding principles for compulsory healthcare insurance are built on three main pillars: Service, affordability and sustainability, said Milliman, Middle East and Africa principal partner and managing director Safder Jaffer.

He said that some of the components that help in determining the services offered to the public under compulsory healthcare insurance scheme include the landscape of healthcare services, the mix of population (nationals vs expats), and supply and demand.

Commenting on Saudi Arabia's implementation of compulsory healthcare insurance, he said that the insurance industry went through

various phases of severe losses and uneven business environment that was marked with struggles with the quality of data. However, the speed of reforms in Saudi Arabia in the past few years has been profound, as the market has changed to adopt a value-based healthcare approach.

Overall, health insurance is different from other lines and is a cash-for-management system which requires specialised providers to achieve success. Mr Safder foresees that there is a need for specialised health insurers and this is where providers can be accountable.

Mitigating FAW

Inches founder chairman Asrani said that it is important to fight health insurance fraud through conducting medical audit system, a quality improvement process with a step-by-step analysis of healthcare services against explicit criteria of quality of care and cost. The objective of the audit is to ensure an effective, efficient and financially-sustainable health insurance ecosystem. This, in return, will lead to improve patient outcomes, patient satisfaction and

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financial sustainability.

Al Tamimi & Company UAE senior consultant Anand Singh said that FAW has a significant impact on the insurance sector, especially in the realm of medical claims. “While the Middle East, Oman in particular, face unique challenges, the adoption of global best practices can mitigate these issues,” he said.

Fraud risk management

Health insurance premiums in MENA are worth around \$12bn while 10% of total claims could be fake, said RGA Middle East vice president and head of health Dennis Sebastian. He said that insurers have taken major steps to combat fraud including building efficient automated systems that enable detecting and preventing FAW. However, quick action is needed from governments, industry bodies and stakeholders.

He said stakeholders must collaborate to improve services.

For the insurance industry, Dr Sebastian said that considering all the infrastructure and technological advancements, it is necessary to use the available experience data. He said that this should be part of the insurers’ strategy instead of focusing only on top line growth, where pricing trends in the MENA region need further improvement.

Using sophisticated pricing methodologies

Badri Management Consultancy managing director Hatim Maskawala said the increase in healthcare



(L-R): Ms Awatif Al Zadjali, Dr Hatim Dawood Al-Jawati, Dr Mohamed Ghazaly and Mr Zuhair Al Abduwani

costs in the GCC is attributed to several factors including rising cost of services with medical inflation, growing at annual rate of 13%-14%.

“Changing consumer behaviour and adoption of digital technologies has compelled regional insurance companies to create a new ecosystem in accordance with digitalisation preferences. At the same time, regulators across the GCC have introduced reforms as part of their broader fintech strategy, including the adoption of InsurTech. These initiatives are expected to make the GCC insurance sector more competitive, innovative and facilitate financial inclusion,” he said.

He stressed on the importance of having accurate pricing of insurance policies to achieve profitable growth in this market. Mr Maskawala said that with aggressive price competition in medical insurance policies, pricing will be primary differentiator for long term value generation.

Covering medical expenses

The Middle East is a region known for its diverse healthcare systems, reflecting variations in economic development, governance structures, and cultural contexts, said Howden Insurance Brokers, UAE executive director Chalapathi Srinivasan, noting that achieving a balance between universal social obligation and responsible commercial enterprise within compulsory healthcare insurance systems is a complex challenge.

He said that the government is required to regulate and monitor the process and outcomes of the compulsory healthcare system. The private sector’s role, on the

other hand, is to deliver healthcare facilities, innovative expertise, fair and sustainable offerings, advanced technology and methods, expanded networks and medical facilities to meet various budgets.

Preventing abuse in claims management

MSD GCC HTA and insurance lead Husam Al Majali said that overutilisation is manifested in certain elements including easy access to specialised care through private healthcare insurance (PHI); healthcare commercialisation and increased investments in more hospitals; variation in medical practice and absence of treatment guidelines; and fee-for-service model. He said that other elements include high chronic disease incidence; kickbacks and incentive schemes; moral hazards; luxury lifestyle extending to healthcare customer; and lack of utilisation review by payers.

Dr Al Majali said that there are new opportunities to improve efficiency in PHI through implementing value-based care; conducting health economic evaluation through evidence-based reimbursement and coverage; innovative contracting which is built on risk pooling; managed entry agreements; risk sharing and outcome-based coverage; data and analytics as well as patient support programmes.

The conference was organised by *Middle East Insurance Review*, under the patronage of the CMA of Oman and sponsorship of Oman Reinsurance Company. Around 200 delegates from 10 markets attended the two-day event. 