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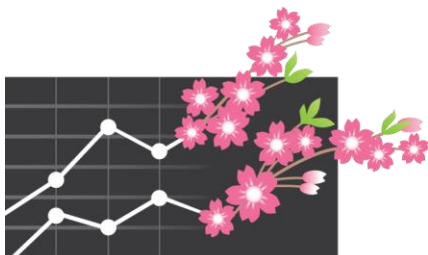
Roseanne da Silva

Washington April 2014



Parallel Sessions

- **H-1: Cost, Access, and Quality - The US Health System and the Affordable Care Act** This session will discuss the Affordable Care Act and the state of health coverage in the US, and with Cost Containment, and what the state of Massachusetts is doing to contain healthcare cost in the wake of expanded access to private insurance and Medicaid.
- **H-2: Healthcare Cost Differentials and Cost Drivers** By investigating how healthcare costs differ by region in South Africa, drivers of medical inflation are identified. Further, a study on health costs in the last year of life also sheds light on cost drivers.
- **H-3: Health Systems and Reforms** Find out about national health insurance schemes in West Africa and challenges ahead of the initiators and actuaries. Get an understanding of how governments handle the challenge of providing healthcare to constituents, with a look at systems/models. And, look at what aspects of modeling are consistent or vary across countries.



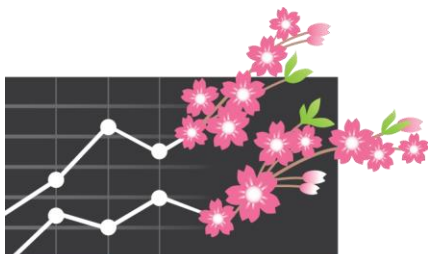
Parallel Sessions

- **H-4: Long Term Care and its Sustainability** See a visual display that enables the sustainability of elderly support/care programs in developed countries to be understood quickly. Hear an actuarial perspective on high health care costs incurred by insurers in the last year of a policyholder's life. Plus--senior officers at life insurance, life reinsurance and financial services consultancies in the LTCI market look to the future.
- **H-5: Challenges and Solutions to Health Actuarial Matters in Developing Countries** In this session, the insurability of HIV positive people, compared to those suffering from other chronic conditions, as well as different models of providing low cost health insurance are investigated.
- **H-6: Microinsurance Panel Discussion - Sponsored by the IAA Microinsurance Working Group** Microinsurance is growing and fairly rapidly moving from NGO-driven projects to commercialization. In this context, the role of actuaries is becoming very important, and widely recognized, as a necessary means to assure adequate pricing, effective monitoring, and sound solvency standards. This session is intended to offer attendees at ICA2014 an overview of these trends and how actuaries are becoming involved in them.



Parallel Sessions

- **H-7: New Ideas for Health Actuaries**
- **H-8: Leveraging New Insights from the Global Burden of Disease and Risks to Achieve Great Health Gains at Lower Costs** This session discusses The Global Burden of Disease and Risk, and its implications for adult health priorities. Integrating the Global Burden of Disease and related financial data on healthcare costs in order to project cost trends and estimate prevention gains will be demonstrated. There will also be a case study from the Congressional Budget Office on modelling the long term impact of an increase in the Federal Tobacco Excise Tax.
- **H-9: Wellness, Behavior, and Medical Inflation**
- This session will include case studies from South Africa and Canada. In the overall medical inflation landscape, where effects of demographic changes and supply side inflation are often well understood by actuaries, does wellness behavior (or the lack thereof) make a significant contribution to containing (or exacerbating) medical inflation? Evidence from studies in South Africa and Canada will be presented.
- **H-10: The Importance of Big Data in the Life and Health Insurance Industry** This session shows how the world of insurance, underwriting and product development could change in response to Big Data.



Common themes

- Universal access / social security
- Managing the burden of disease
- Using data effectively
- Shifting the focus to wellness
- Affordability



Some impressions about the international actuarial profession

- Well respected profession – still ranked as best job around the World
- SA has excellent brand and reputation
- Some regions are experiencing unemployment amongst graduates – (wider fields)
- Current challenges
 - Social security – fertility rather than ageing
 - Regulation – principle of proportionality
 - Communication / Collaborative skills – demonstrating value
 - Big data – actuaries need to get involved
 - Climate change – the world is underinsured and unpredictable
 - Communicating uncertainty to stakeholders – politicians, regulators, individuals – get to human scale
- There is no ideal system – we have to understand diversity of situation and find ideal fit – Applies to SS, Health, Pension provision
 - Focus on ethics and professionalism as recognition of value
 - Need to THINK – not trust models blindly



Micro Health Insurance – The product development challenge

Roseanne da Silva
Actuarial Society of South Africa



The goal of universal access

The cost of using *care* does not put people at risk of financial hardship

Critical dimensions:

- who is covered,
- what services are covered
- how much of the cost is covered



The Millennium Development Goals Eight Goals for 2015

1. Eradicate extreme hunger and poverty
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development



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The challenge

- Lack of access to health insurance amongst the poor in developing nations
(Griffin & Shaw, 1995; Doyle et al., 2011)
- Prefunded health insurance is preferable to alternative sources of finance
(Brown & Churchill, 2000; Binnendijk, Koren & Dror, 2012)
- BUT: MHI providers have largely failed to deliver.....



»Why?

»Can we help?

Agenda

- The need for micro health insurance
- Key challenges
- Our project plan
- Progress to date
 - Case studies
 - Work in progress



Structuring delivery

- Funding
 - Sources
 - Adequacy
- Pooling
 - Entity
 - Mechanism
 - Governance



- Purchasing
 - Incentives
 - Contracting
- Benefits
 - Level of care
 - Managing expectations
 - Cost sharing
- Monitoring
 - Data collection
 - Risk management
- Distribution

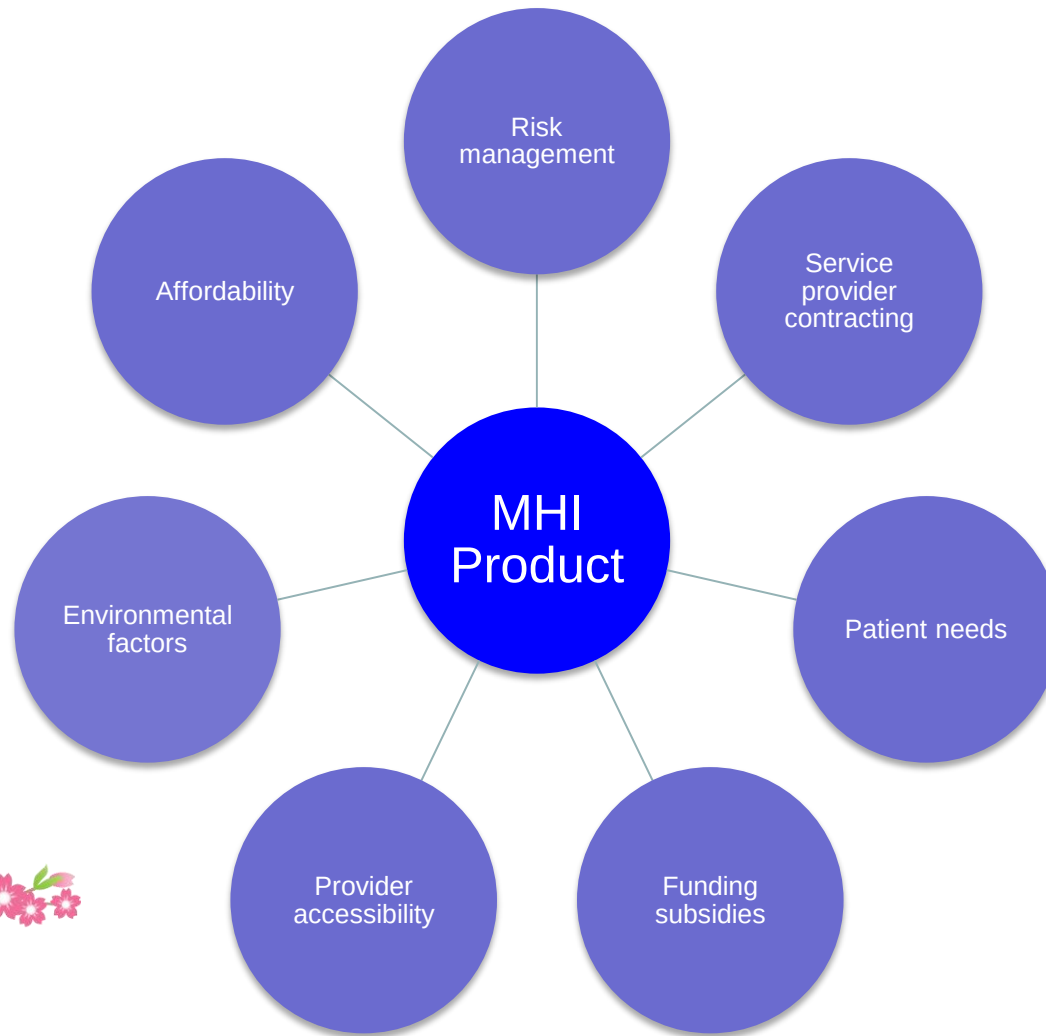


Specifying the problem

- Willingness to pay
- Benefit expectations
- Current utilisation (impact of insurance)
- Accessibility of service providers



Lots to consider.....



Micro health insurance project

- Aims
 - Investigate practices
 - Benefits
 - Structuring
 - Framework for assessing utilisation
- Process
 - » Data collection
 - » Best practice assessment
 - » Framework development
 - » Link to Milliman Pricing Model Project



Collaborators

- Micro Insurance Working Group of the IAA
- Finmark Trust
- Wits University
- Milliman



Sources of data per country

- International statistics (WHO...)
- National statistics
- Regional statistics
- Local (insurers and community entities)

– Challenges

- » Specificity
- » Consistency
- » Confidentiality



Some case studies

- Kenya
- India
- Ghana
- Columbia



Risks and Risk Management

Adverse selection	Less of an issue	Subsidised premiums
Cream skimming	Less of an issue	Targeted enrolment list
Moral hazard and over utilisation	Substitution for IP for OP Increase in utilisation over time	Max annual benefits, listed procedures and packaged rates
Provider induced demand	Increase procedures higher fees Pair procedures to maximise fees (increase in hysterectomies)	Independent review of treatment Dis-empaneling providers involved in fraud



Work in progress

- Expected outcomes
 - Literature survey under way
 - Identification of best practices
 - Benefit design
 - Implementation
 - Collection of data
 - Utilisation framework



The Role of the Actuary

- Providing a framework
- Advice and support
- Monitoring and analysis
- **Innovation, Care, Experience**



References

- Brown, W & Churchill, CF (2000) Insurance provision in low income communities. *Microenterprise best practices*. Development Alternatives Inc.
- Griffin, CC & Shaw, PR (1995) *Health Insurance in sub-Saharan Africa: aims, findings and policy implications*. World Bank.
- Doyle, C; Panda, P; Van de Poel, E; Radermacher, R; Dror, DM (2011) *Reconciling research and implementation in micro health insurance experiments in India*. Trials
- Binnendijk, E; Koren, R; Dror, DM (2012) *Hardship financing of healthcare among rural poor in Orissa, India*. BMC Health Services Research.

