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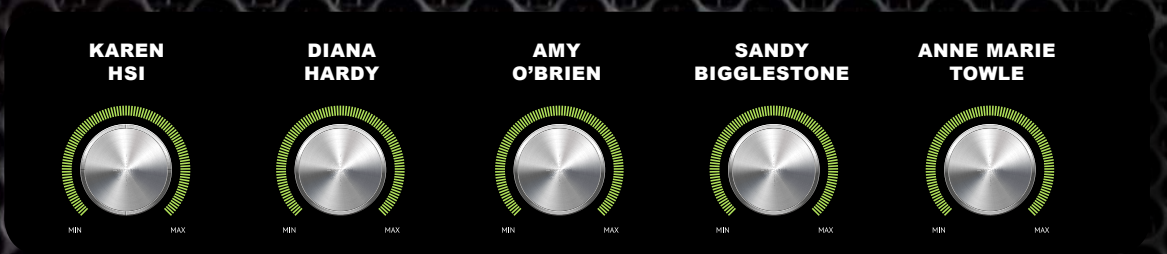
04 September 2019 - Issue 181




# Amplify Women

## CICA's new initiative to support and provide opportunities for women in the captive insurance industry

### Employee Benefits

GEB's Daniela Masters explains how firms can create more effective health benefit programmes

### La Linea

Nigel Feetham of Hassans International Law Firm discusses the possibility of a new captive domicile

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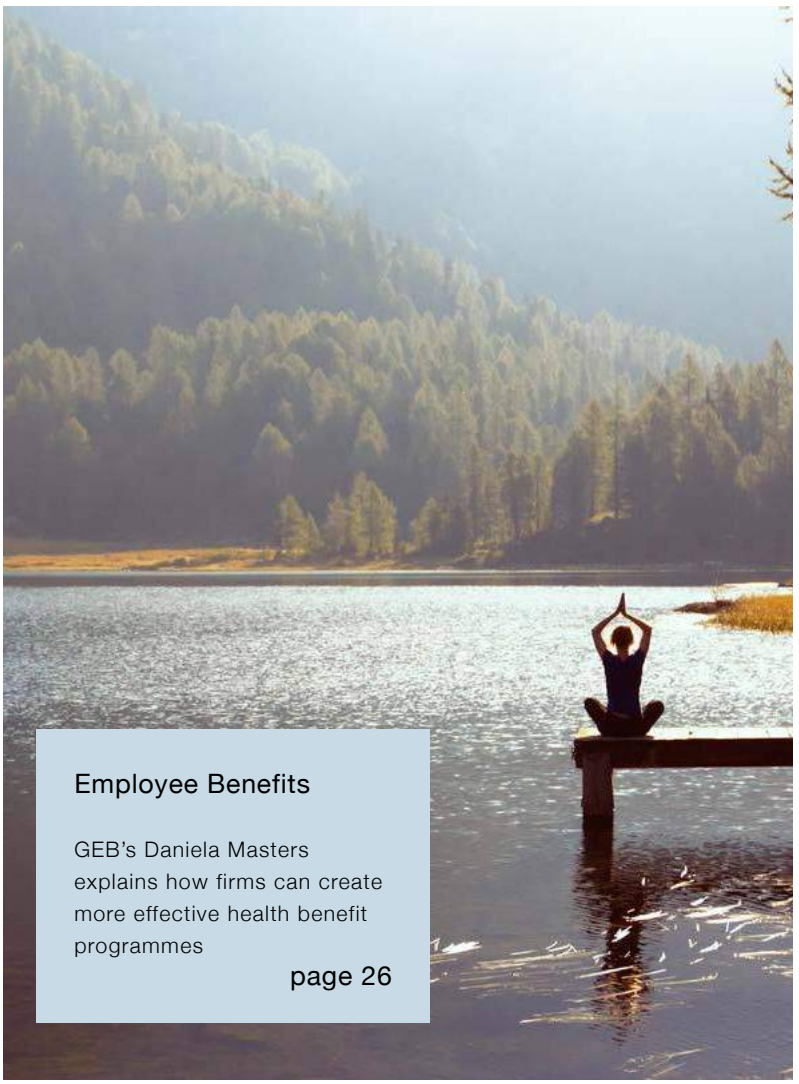

# Wellbeing in practice at the global level

## By using data to drive insight and inform decisions, benefit managers and their insurers can address trends and cost drivers more precisely, allowing for effective health benefit programmes, says GEB's Daniela Masters

Daniela Masters
Head of health and wellness programmes
Generali Employee Benefits Network (GEB)

Most insurers provide clients with some degree of scheme reporting, the quality and extent of which varies greatly. But without the resources and know-how to delve deeper into claims data and ultimately identify the trends and cost drivers, it can be a challenge to come up with meaningful initiatives for their mitigation. Captive clients have perhaps an even greater interest in managing the health risk within their population, requiring an in-depth understanding of the root causes behind utilisation and diagnostic trends.

Well-designed medical claim reports offer focused information to help benefit managers make important decisions about group cover and implement supplemental health programmes. There are various options in the market, but the best medical reports are those that present data in an aggregated but highly interactive format with drilldown functionality, allowing users to study spending trends at country level, with data sorted by population type, benefit and diagnostic categories and medical provider, as well as analyses of peak claims and

high claimants, and changes in the number of covered lives. Data subsets allow benefit managers to pinpoint root causes for year-over-year changes in utilisation of medical services, including incidence, frequency and unit cost of services.

With a comprehensive data set, benefit managers can make informed decisions regarding plan design, terms and conditions, eligibility, provider networks, HR policy and relevant wellness initiatives.

The best solutions generally involve building closer partnerships and working collaboratively—across HR, rewards, health and safety, risk management, and with local insurers—to achieve more informed decision-making at the local and global level.

Following are some case examples where data was applied to help identify meaningful programme changes that would support both the health of members as well as the financial health of the global benefit plan: ■

## Case Study 1: Understanding cost drivers for preventative care in the Philippines

Using GEB's Medical Dashboard Reports, a captive client with a large population in the Philippines identified an unusually high volume of spending under the health examinations diagnostic category (ICD 10/Subchapter 21). Spending in this category represented nearly 10 pecent of total paid claims, with category expenditures increasing nearly 30 percent over the prior year. This appeared to be overwhelmingly caused by employees (96 percent of claimants) who were obtaining routine physicals.

Upon examination of the data at a deeper level, we identified a subcategory "Other special examinations and investigations" where most of the spending was incurred. In fact, nearly 70 percent of the paid amounts for health examinations were related to this subcategory, and 99 percent of those paid amounts were for executive health checks (as opposed to routine check-ups). Furthermore, 100 percent of the executive checks were for a very low number of individuals and provided at one single medical facility, one of the most expensive private hospitals in the country, offering health checks at 100 times the average check-up cost.

**Recommendations/observations**

**Negotiate volume discounts with a preferred provider and limit the scope of services:**

With many executive health checks required by HR policy for certain populations, we saw an opportunity to negotiate a volume discount through a single preferred provider who could offer a more focused and thoughtful scope of packaged services to better control costs but still ensure the essential tests would be included.

**Alternate funding for executive health checks:**

When included as a covered benefit in an insurance plan, mandatory executive health checks are typically priced within the premium at full cost, for example, a 100 percent Loss ratio and the employer pays both premium tax and reinsurance commissions on top of the total cost for those services.

This means that by embedding mandatory executive health checks within the insurance plan, the cost to the captive is actually higher than it would be if the employer simply reimbursed the incurred expenses directly.

Since these are known (and often required) costs, they can be quantified and budgeted for on an annual basis.

Insurance is perhaps best used for unforeseeable expenses, not mandatory ones.

It was our recommendation, then, that the captive considers reimbursing the executive health checks directly, rather than offering as an "insured" benefit.

In this scenario, the insurer could even continue to administer the reimbursement for the executive health checks, but arrange for reimbursement to come directly from the employer, rather than from medical premiums.

By examining the true root cause of claims spending, we were able to identify relevant recommendations and alternatives for providing executive health checks in the Philippines.

## Case study 2: Understanding utilisation trends for respiratory healthcare services

GEB's Medical Dashboard Reports for one large client revealed an unusually high volume of respiratory claims in Thailand where the local medical contract offered extremely limited outpatient coverage, representing 23 percent of total paid claims. Of those claims, 63 percent were attributed to services for acute upper respiratory tract infections, for example, the common cold and 37 percent to influenza/pneumonia.

Through further analysis, we found that influenza/pneumonia claims were mainly incurred by dependent children, with 77 percent of the total paid for influenza/pneumonia resulting from inpatient hospitalisations, specifically for pneumonia.

Further research identified some interesting hospital admission patterns worth querying. To address this problem, it was clear that a more complex and comprehensive solution was required beyond the client's general flu vaccination campaign for employees. Dependent children were the key to addressing this driver, and especially pneumonia.

We also discovered that hospital admissions for the dependent children were all during evening hours to lower-cost hospitals, suggesting that the difficulty employees had for caring for children during the workday may have motivated decisions for hospital admissions for illnesses that might be more appropriately addressed at home or in an outpatient setting.

The lower-cost hospitals were all too willing to admit the sick children when they presented at night so that a specialist could see the children in the morning.

**Recommendations/observations:**

To address this issue and respiratory illnesses in general, GEB recommended the following:

- A family health day hosted by the employer to better address dependents who were driving claims, and the promotion of not just free flu jabs, but pneumococcal vaccinations as well, especially for children.
- An HR policy review to consider allowed absence(s) from work to care for dependents (especially for lower-paid staff).
- A review of and possible access to outpatient care to ensure sufficient benefits for the treatment of respiratory illnesses in the outpatient setting and prevent unnecessary hospitalisations. This included the introduction of telemedicine for medical advice on how to provide care at home, and to avoid symptom escalation among children (especially dehydration), as well as to obtain medical clearance to reduce unnecessary doctors' visits.
- An education and awareness campaign to help employees and their families learn how to avoid and manage colds and flus.
- Implementation of a more focused pre-authorisation process/triage service for approving hospital admissions for respiratory illnesses.
- Consultation between the insurer and the treating hospitals to review the medical necessity criteria for hospitalisations for influenza.
- An assessment of office air quality, changing of air filters, improved sterilisation of all office surfaces.
- A smoking cessation campaign.

By using data to drive insight and inform decisions, benefit managers and their insurers can more precisely address trends and cost drivers, allowing for a more effective and affordable health benefit programme for global staff.