EHEALTH AS A CORE LEVER IN THE EVOLUTION OF THE INSURANCE SECTOR:
FROM “PAYER” TO “PLAYER”, THE OPPORTUNITY IS HERE

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Abstract
The health insurance sector is getting a considerable amount of attention all around the world and in particular in developed countries. This is partly because of the ever growing costs related to certain health issues like ageing and chronic disease and, on the other hand, due to the reshaping of Public Welfare. Insurers play a crucial role in the health sector worldwide but their current (traditional) role is extremely different according to country specific health and welfare policy. The common factor at an international level is that the Insurers are trying to move from a simple “Payer role” to become a reference point (a “Player”) for all the health-related needs of their customers.

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Introduction
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In light of the above, Health telematics (from wearables usage to several m-health applications) presents great potential for both insurer and insured. Such potential should be harnessed in a profitable way by targeting less risky clients and presenting them with an improved, better-priced value proposition. For this to happen, the Insurance Company will have to seek partners from both the technological innovation sphere and medical providers, keeping in mind that its role in the health system is changing from “payer” to “pivot”.

Insurance companies are becoming more of a 360° health “counsellor” that assists the insured in taking the best decisions based on digital solutions. This helps differentiate their offer and allows them to manage the profitability levels. According to Matteo Carbone, worldwide InsurTech thought leader, there are five main value creation levers to take into consideration: “1) Risk selection, enhancing the underwriting phase with a temporary monitoring based on dedicated devices; 2) Loyalty and behaviour modification programmes, leading the client toward risk free behaviour; 3) Value added services, developing client tailored ancillary services that allow the Insurer to play as an omnichannel medical concierge; 4) Loss control, developing a broad approach to mitigate claims; 5) Risk based pricing, developing insurance policies with pricing linked to client behaviours.”

The winning insurance value proposition will be the one which is able to propose to its customers insurance components together with “e/mhealth” modular services made available in a single, easy to use and complete user experience accessible via a mobile app: wellness, medical network access and medical services.

In order to better grasp the actual benefits for clients (the citizens that decide to get insured) and not just for Insurers that adopt such an innovative approach, we need to take a closer look at the South African player Discovery that can be considered the benchmark when it comes to engaging and improving the life quality for members and generically speaking the national welfare. Its Vitality programme has managed to create a system that not only raises the loyalty of customers but improves their lifestyle and overall state from a health point of view. Why is that?
Because of a gamification strategy run with the support of an extended network of partners and with the help of wearables and smart objects alongside the well know smartphone. Other than your smart watches and smartphones there are a series of devices that can be used in order to accurately gather data points from members: take for example contact lenses that measure blood-sugar level in a non-invasive way, smart shoes with a sensor in the insole for measuring running style or smart toothbrushes that check if you’re using a correct brushing routine.

What Vitality does is to give customers mini challenges related to shopping for food, physical and sporting activities, medical checkups and so on, that if accomplished are rewarded with cash-back, discounts or other types of incentives. As a consequence the individuals end up having a more active life (Engaged Vitality members exercise 25% more than non-Vitality members) and according to a study released by Discovery they live longer than non-Vitality members: to be more precise the average life expectancy of an insured South African is 67 years while the average life expectancy of an insured Vitality member is 81 years.2 Also, according to a BCG report hospital visits for Vitality members are down by 15% and the duration is shorter by around 23% when they do go to the hospital.

The data are very telling and the implications for ensuring healthy lives and promoting wellbeing are huge. But how could this approach be taken to as many citizens and could it work so well for the general population or does it just address a certain niche of people who are already health conscious and practice sports? These questions need to be addressed in order to see to what degree innovation driven by Insurers and technology companies can be used to benefit citizens in general. There are several companies with the same approach as Dicovery like Oscar, Humana or Bupa to name just a few and there are companies that provide IoT health scoring platforms i.e. Dacadoo, Amodo or Quealth.

Another major part of the connected health trend is virtual medical visits for which the main drivers are lower costs and in some cases lack of medical doctors. According to a survey by Mercer, a typical charge for a telemedicine visit is US$40, compared to US$125 for an office visit, in the US.3 For this reason the percentage of large employers that are offering telemedicine services in the US has seen significant growth reaching 59% from previously 30%.3 We could say that the opportunity here is huge, but generally consumers need to be educated in order to be able to benefit of such a service and know when and how to use it.

In China, where there are approximately 15 doctors for every 10,000 citizens with a major deficit in rural areas, there are some good examples of apps that may prove useful for making the triage of patients and even replacing physical medical visits when possible. One such app is Baidu’s Melody chatbot that uses Artificial Intelligence technology able to do a basic diagnosis required for setting up an appointment with a real doctor. Other famous Chinese examples based on mobile apps are Ali Health and Ping An Good Doctor - that offers several levels of medical services starting from data storage and online booking to video consultations, medicine delivery and disease management.

Several start-ups are also using AI in order to handle the first contact with the patient and to gather the initial data needed for a physical or video medical appointment. Such startups are Your.MD from USA, Babylon Health from UK or AI Health and Fitness Coach programme created by AXA in Hong Kong. The latter is a proactive chatbot that can learn on the go and can analyse wearable data in order to offer suggestions when it sees that you are not having a “normal” behaviour.

We are all witnesses to a major shift in the way that medical services are delivered, passing from a one-size-fits-all approach towards a personalised approach that looks at individuals and their habits, needs and their environment. As the World Health Organization predicts a 13 million doctors deficit at worldwide level by 2035,4 it’s essential for connected health to evolve in such a way that will allow care providers to be much more versatile and flexible in getting to their patients. Other players such as Insurance Carriers will be able to reduce costs and positively influence the health state of their customers. Citizens will have improved access to medical care and advice at a lower cost. The benefits of connected health are real for all players involved and should be sustained even at a government level in order to help spread the culture of innovation in healthcare among citizens.
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