



HEALTH INSURANCE

Three key challenges for the Hong Kong market

The health Insurance sector has seen tremendous economic growth across all markets, mature and developing. On a global scale, the fastest-growing regional market overall is APAC, fueled mainly by the Chinese and Indian health insurers, focusing on their aging and rural populations respectively. According to the Insurance Authority, a similar trend can be observed in Hong Kong, with Health insurance recording a strong growth and representing **40% of insurance premiums collected in 2017 (14,395.2 m\$)**

Document's outline

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2. **Focus on key topics for health insurance**
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 - B. *VHIS – Regulatory analyses*
 - C. *Network of Physicians – Create new ecosystem*

1. Overview of health insurance market in Hong Kong

Hong Kong's healthcare industry is facing new challenges due to both market characteristics and global health trend. Health insurers must deal with new changes by adapting their internal structure to provide more time to market responses in a more flexible way.

Innovation and new technology usage are two of the main responses for health insurers players.

Find below three of the main challenges for health insurer in Hong Kong:



Service and digital transformations

- Define a new customer relation based on providing service to shift from Reactive to Proactive to become a partner in client's life
- Increase customer life time value with more loyalty, healthier client and increasing number of touch points and cross-selling slots



Regulatory requirements

- Deal with a regulatory scope wider than just Insurance Authority (Health and Food bureau released VHIS Regulation)
- Adapt offers in a more quick and efficient way regarding regulatory requirements to capture new market opportunities
- Differentiate from the other insurers with pricing, including services and complementary products



Physician network monitoring

- Differentiating feature from a client point of view
- Control costs (monthly salary payment cycle, accurate anticipation of costs...)
- Control on health quality provided
- Differentiating feature from a client point of view
- Disrupt traditional health network with innovative initiatives to differentiate from other health insurers

2. Focus on key topics for health insurance

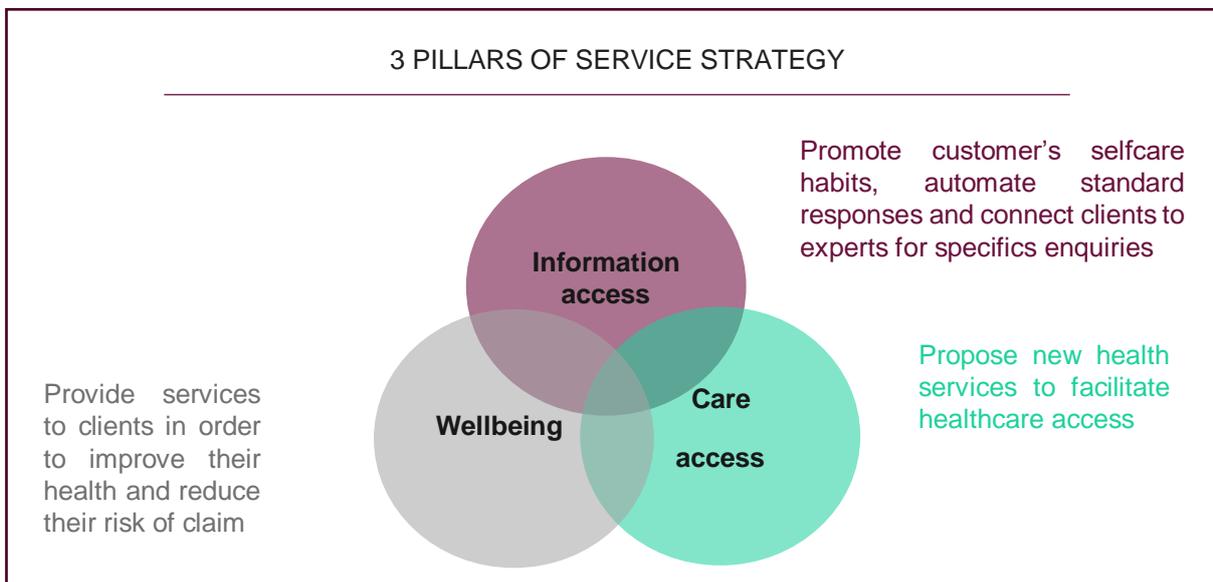
A. Look beyond being an insurance provider

Services play a significant role in building customer engagement. Touch points between the insured and the insurer are no longer only reserved for the occurrence of a claim. The

multiple touch points broadens **customer knowledge** but also increases **customer loyalty** if used wisely.

Health insurers have to provide a **wide range of innovative services** to customers in a proactive way. Those initiatives will open up large opportunities to add value for both customers and insurers players. It will define a **new relationship driven by wellness and selfcare** services to reduce medical costs and effectively engage members.

Insurers must transform their model to shift from **Reactive to Proactive**

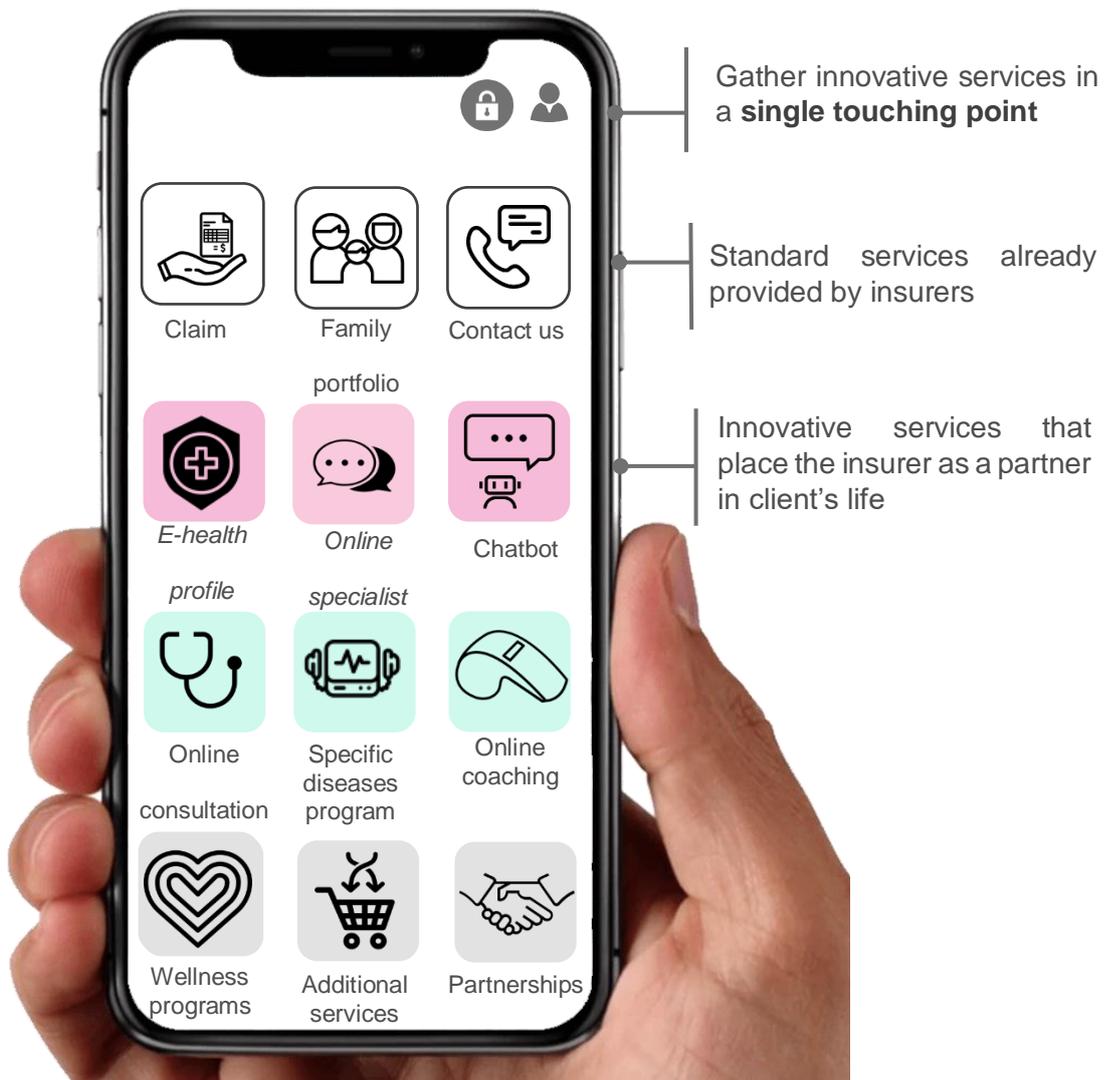


Services are defined to bring added value for the customer

- Prevent health threats and lower the risk of health issues
- Postpone bad effects of illness by detecting potential diseases at an early stage, allowing customers to take necessary action to seek the best treatment to defer illnesses; and healthcare services that facilitate a better recovery.
- Protect against medical expenses in the near and long term

New services would also benefit insurers

- Increase customer lifetime value by improving client's loyalty and his involvement in the insurer's environment. Increase number of touchpoints to have the possibility to collect data and push relevant content by cross and up selling
- Decrease customer risk with services which are raising awareness of health and lifestyle practices that could help prevent illness and reduce reimbursement amounts
- Change image by shifting from traditional players to a partner who assists the client throughout life



B. VHIS – Regulatory analyses

Created by the Food and Health office, VHIS is a Hong Kong regulation. Its aims are to improve the **accessibility, quality and transparency** of health insurance but also increase **using of private medical facilities**. This regulation brings the opportunity to **reach new market shares**.

What challenges insurers will have to tackle?



First entrant

Being early bird is crucial in the way you set up the new offer



Management of administrative costs

As there will be more asking claims, one of the keys is the control of administrative costs



Regulation

New product has to fit all requirements in order to be certified by VHIS office



Differentiate from other offers

Present a unique offer including all the with common regulatory requirements

VHIS Market Trends

1. Every health insurer have launched a VHIS product (25)
2. Insurers shown an aggressive strategy to reach new customers
3. Misconception of the VHIS product from Hong Kong resident (tax deduction, resuming care in progress...)

Examples of VHIS aggressive campaigns

Protect your health early and enjoy 4 months' premium refund

PRUDENTIAL
英國保誠

Listening Understanding Delivering

We do new era health protection
Protect your health early and enjoy 4 months' premium refund

Enjoy Full Year VHIS Protection for HKD10
Limited-time Offer

C. Network of physicians – Create new ecosystem

Health insurers have to find some elements that make it possible to differentiate itself from the others. One interesting way is to create **a health ecosystem** composed by physician network. The care network makes it possible to select doctors and improve the efficiency of the back office. It can also encourage patients to go to less busy doctors and bring balance between private and public. Chinese insurers are going further by providing alternative to the traditional network.



Health network benefits for clients

- Increase reimbursement limits
- Reduce coinsurance percentage for supplemental major medical benefits
- Add-on cashless arrangement service for day case procedure



Health network benefits for health insurance

- Control costs (monthly salary payment cycle, accurate anticipation of costs...)
- Control on health quality provided
- Cross sell possibility with additional health or wellness products



Best practices for physician network dynamic

- Build a consistent network allowing to offer a wide range of choices without taking the customer out of the network

- Give to primary care physicians a more central role to refer patients through a coherent network



Strong alternative to the traditional health network

One-minute Clinics launched by Ping An in early 2019 providing healthcare services to more than 3 million users in China with a deployment of 1 000 units.

It connects patients with a clinician on Ping An Good Doctor's in-house medical team and provides more than 100 categories of common drugs. Ping An also placed in the Volkswagen factory in Jiading district of Shanghai.

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