



**The financial gloom in the IPMI and short-term travel insurance industry is expected to persist:**

# **How to stay ahead of the game**








# The MMB Health Trend Global Insurer Survey Report for 2023 paints a bleak financial picture for insurers who do not understand how to mitigate or turn challenging trends to their advantage:

The report primarily focuses on IPMI insurances. However, the trends can also be applied to leisure and short-term travel insurances. Its findings are based on data from 226 insurers across 56 countries, and lists five key trends that increasingly affect insurances today and likely well past 2023.

The trends are summarised below, together with Euro-Center’s recommendations on how to mitigate these risks.

## Summary of the five trends: \*

Trend					
What it means	Per-person medical cost increases are back to pre-pandemic levels.	COVID-19 continues to impact claims experience.	Plan modernization has begun.	Mental health gaps persist.	Plan management requires greater rigor.
Key finding	Plan sponsors must factor forecasted cost increases into budgets and determine how to balance empathy with economics.	Insurers say people are experiencing the effects of disrupted care alongside ongoing COVID claims.	Digital health support is rapidly evolving, but there has been limited progress on health sustainability.	Despite progress, plans continue to exclude mental health care or provide only minimal coverage. Employers are left to fill the gap in other ways.	Benefits managers must develop more robust strategies and prepare for more complex underwriting and plan design decisions.
	<b>68%</b> of insurers expect plan sponsors to prioritize improvements despite forecasted double-digit medical trend rates in some markets.	<b>55%</b> of insurers report an increase in later-stage diagnosis of illness due to deferred care.	<b>1 in 2</b> insurers has changed or expects to change eligibility requirements and eligible expenses to make coverage more inclusive for those who identify as LGBTQ+.	<b>16%</b> of insurers report not providing plans that cover mental health services (versus 26% in 2022).	<b>More than 1 in 5</b> insurers in Asia are adjusting medical plan premiums based on COVID-19 vaccination status.

# Medical inflation (Trend 1)

The average medical inflation globally is expected to be around 12.6%, which will bring major challenges for underwriters.

Figure 1: 2019–2023 medical trend \*

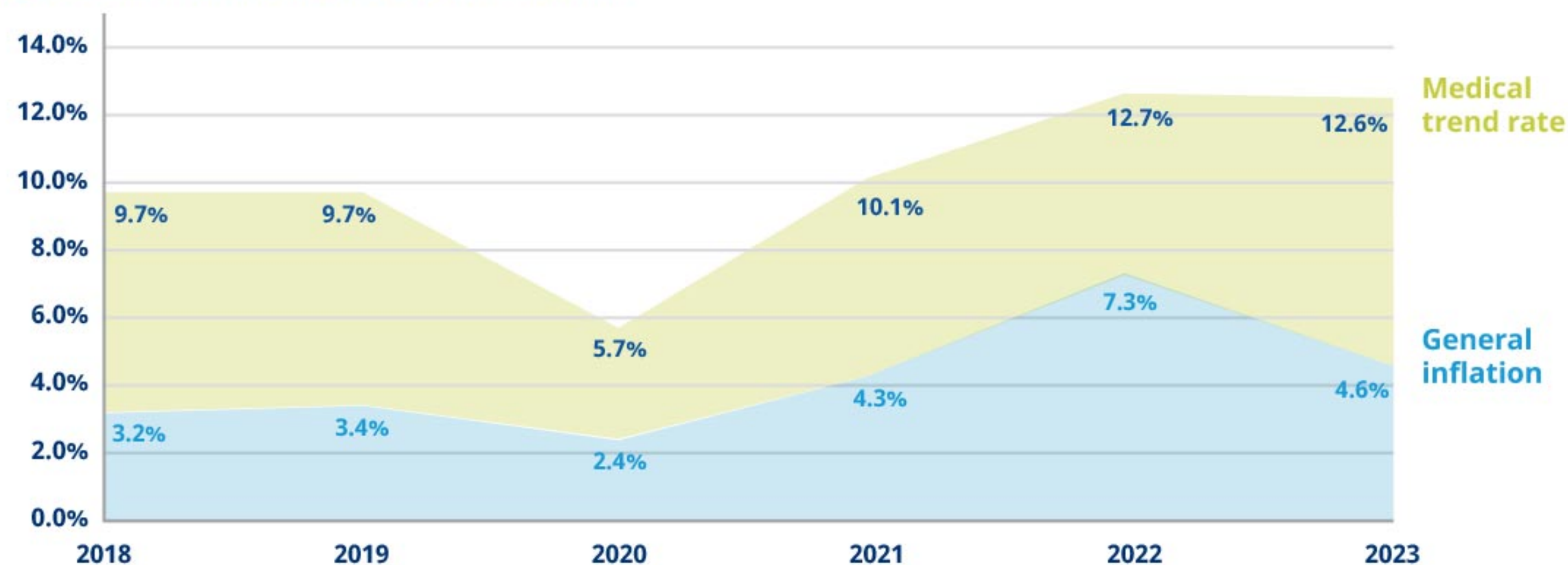
	2019	2020	2021	2022	2023
<b>Global</b>	<b>9.7%</b>	<b>5.7%</b>	<b>10.1%</b>	<b>12.7%</b>	<b>12.6%</b>
<b>Canada</b>	6.9%	3.9%	7.1%	7.0%	7.0%
<b>Asia</b>	10.2%	3.5%	8.9%	10.7%	11.5%
<b>Pacific</b>	4.6%	5.2%	5.0%	5.6%	5.8%
<b>Europe</b>	8.0%	3.5%	10.9%	13.9%	13.8%
<b>Middle East and Africa</b>	11.1%	9.6%	10.2%	15.0%	13.8%
<b>Latin America and Caribbean</b>	13.4%	8.0%	11.1%	10.7%	11.3%

Rates for 2019, 2020 and 2021 are retrospective. Rates for 2022 and 2023 are prospective. Unweighted global averages used. See Appendix A for a list of estimated medical trend rates by market and data sources.

## Key factors affecting medical inflation:

- Country general inflation rate
- Over-use of medical facilities
- Regulation rules of price policies in a health sector
- Price changes of major medical equipment manufacturers
- Endemic and pandemic situations
- Political unrest and long-term country instability
- Price increase in the private medical sector in order to compensate for the financial losses during Covid
- New, expensive technology investments and treatment methods.

Figure 2: Medical trend rates versus general inflation<sup>2</sup>



**The average medical inflation globally is expected to be around 12.6%.**

**78% of health insurers worldwide expect higher or significantly higher medical cost for the next three years.**

## **EC client support solutions to Trend 1**

EC has systems in place designed to keep medical claims costs in reigns. Preferred providers are incentivised and invoices audited to ensure the lowest cost possible in any territory globally. Other cost reduction measures are also in place.

- Regular price list monitoring of 2650 preferred hospitals worldwide.
- Negotiation of preferential pricing with medical providers.
- Revision of providers' invoices and follow-up negotiations.
- Adequate reserves updates and high cost cases alert.
- Active "steerage" of clients to cost-efficient providers for ongoing cases.
- Support to customers' pre-approval process with a provider selection.
- Recommendations of a restricted cost efficient providers' network at clients' destinations.
- Recourse savings—establish co-insurance or other third party coverage.
- Development and promotion of telemedicine services.
- Provide average medical claims cost statistics per region for premium calculations.
- Outsourcing solutions of simple claims, keeping claims fees low.
- Multiple partnership to manage optimal costs of medical services in the USA.



## Post-Covid trends affecting medical claims inflation (Trend 2)

- Increased utilization of medical providers:
  - In 2022 the utilization rate of medical facilities was 30% higher than average in 2020-21.
- In 2023, the expected rate is 10% higher vs 2022 due to:
  - Increased tourism activity.
  - Increase of high-cost cases because of multiple delays in planned inpatient treatment in the Covid period.
  - Post-Covid negative effects such as worsening of chronic conditions and poor lifestyle habits.

### EC client support solutions to Trend 2

- EC has extensive expatriate solutions in place that are additionally tailor-made for selected clients following their request.
- Occupational health services: health check-ups in location, including at offices.
- Vaccination drives are already provided by EC in some parts of the world, including in Oceania.
- ECbot solution using AI to enable 24/7 real-time communication with customers.



## Digitisation in the industry is increasing (Trend 3)

The report confirms the increasing prevalence of new digital tools and services designed to support policy holder wellbeing and diagnosis.

The participants of the survey have implemented the following: Telemedicine incl. video call (72%), provider apps (49%), programs that assist with mental health/counselling (39%), apps that assist with medical diagnosis (26%) and wearables / self-manage technology (25%).



### EC client support solutions to Trend 3

We have solutions in place already and are continuously developing.

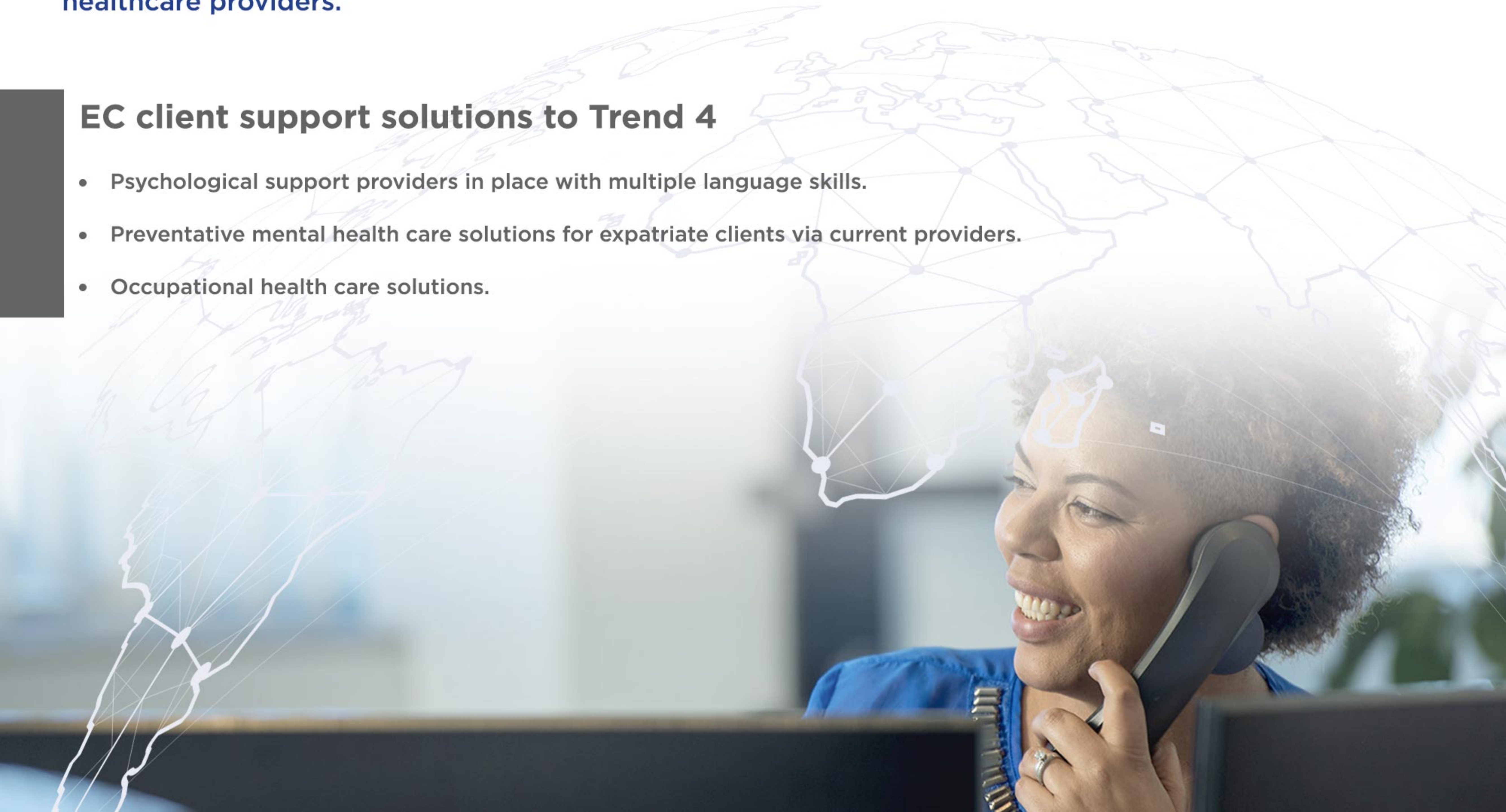
- Telemedicine via audio and video.
- ECbot solution using AI to enable 24/7 real-time communication with customers.
- Provider app/search tool-updated data fed into client's solution.
- Psychological counselling services.
- Security application enabling on-line monitoring of security situations with real-time security alerts.
- Outsourcing solutions with extensive reporting and seamless phone/data transfers.

## Mental health awareness (Trend 4)

Mental health awareness results in more mental health claims, as well as consumer choice towards policies with coverage. In 2021, 26% of insurers globally offered no support for mental health. In 2022, that figure has now fallen to 16%. However, preventative solutions are only covered by a quarter of healthcare providers.

### EC client support solutions to Trend 4

- Psychological support providers in place with multiple language skills.
- Preventative mental health care solutions for expatriate clients via current providers.
- Occupational health care solutions.

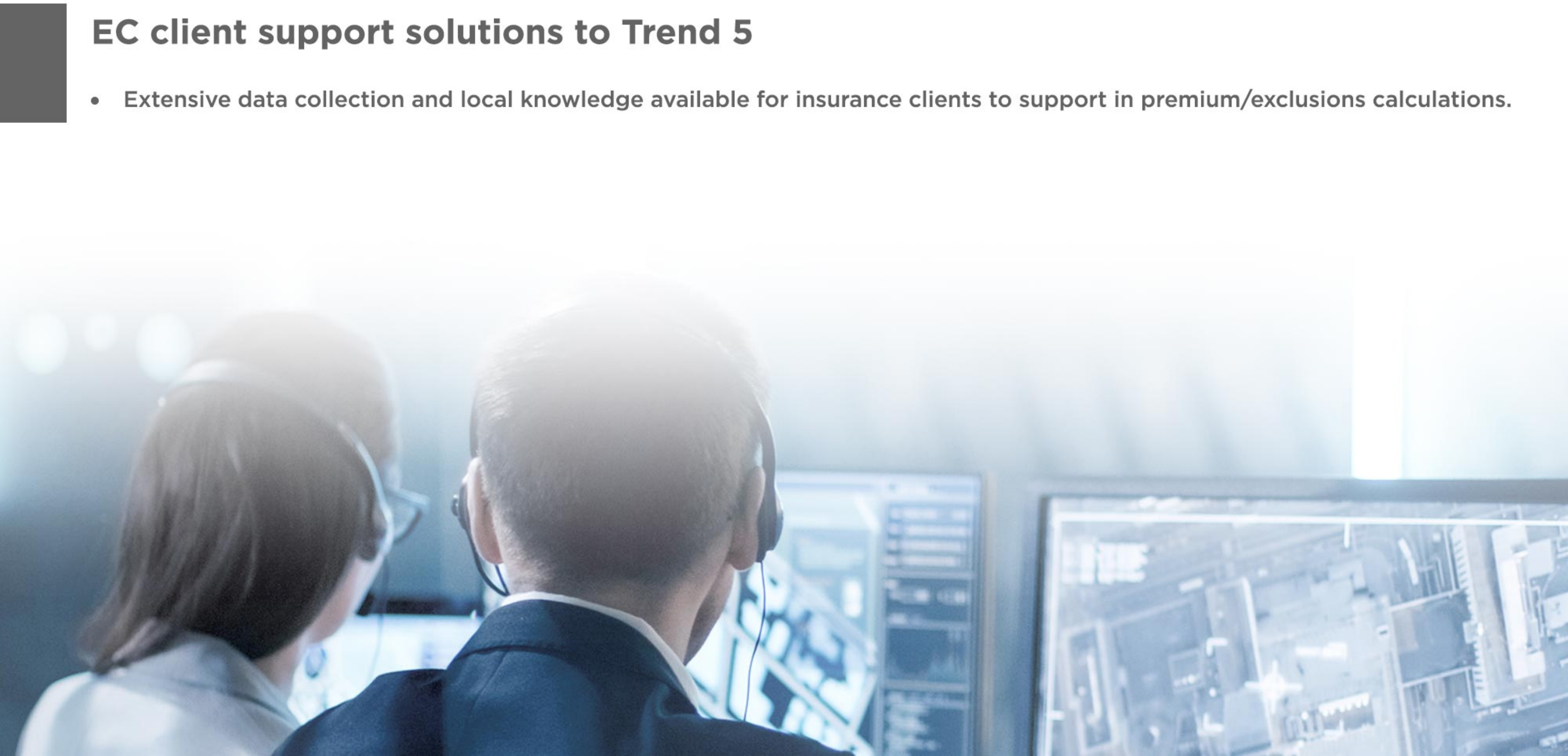


## Changes to coverage and exclusions (Trend 5)

Although the projected trend for 2023 is close to 2022 levels, there is considerable uncertainty: Around half of insurers globally have not automatically adjusted deductibles and co-payments to reflect inflation. 1/5 of insurers are now treating long term Covid as a pre-existing condition, alternating premiums based on vaccination status

### EC client support solutions to Trend 5

- Extensive data collection and local knowledge available for insurance clients to support in premium/exclusions calculations.





# Conclusion

The conclusion in the MMB report lists five key take aways.

If you only do five things ... \*

1



Plan for future inflation-related cost increases, but maintain a balance against the value of health insurance as an attraction and retention tool.

2



Ask insurers in-depth questions about the true extent of their support for mental health conditions.

3



Explore the functionality and quality of digital services offered by insurers, and understand how these fit within the benefits portfolio.

4



Promote early health screening and diagnosis for chronic conditions to help manage future claims costs.

5



Be aware of changing insurer requirements related to their underwriting practices (for example, COVID-19 vaccination data), and develop an effective plan to meet them.

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## EC COMMENT:

This is easier said than done. Fortunately, Euro-Center already has multiple solutions in place for each of the five inflation trends listed in the MMB report: medical inflation, post-Covid effects, digitalisation, mental health coverage and expectations. Speak to us about how we can assist your specific client groups according to type of policies, geographical location, diagnosis and much more.

Contact us on [commercial@euro-center.com](mailto:commercial@euro-center.com)