



Keeping medical inflation at bay

Efficiency, communication and service excellence are essential to tackling medical inflation and cost containment, says **Mr Georges Chidiac** of **Damana**.

Healthcare spending in the GCC continues to rise, with the recent GCC healthcare industry report from Alpen Capital forecasting that the annual figure for the region will surpass \$104.6bn by 2022. In the UAE, the healthcare bill has been rising rapidly by 13% every year, with current per capita spending in the emirates standing at \$1,323 – the second highest in the GCC behind Qatar (\$1,800), according to latest data from the World Bank.

There are a number of factors in play to explain rising healthcare spending; population growth and mandatory health insurance across much of the GCC are the two major drivers of increased spending. A city like Dubai serves as the perfect indicator of where the regional industry is trending with the emirate now home to an estimated five million policyholders – an almost 10-fold increase of that before healthcare was made compulsory.

Furthermore, the prevalence of sedentary lifestyles and the lack of physical activity have triggered an upward trajectory of associated conditions and non-communicable diseases, which consequently results in a strain on healthcare region-wide. In addition, on a macro level, people are also living longer, and ageing populations require greater care.

Management programmes alleviate medical inflation

In this instance, health management programmes and disease management programmes can help alleviate medical inflation. Such programmes for people with diabetes or hypertension, for example, are designed to ensure the person improves in health once the medicine or the treatment has been administered, thus reducing future costs.

At the global level, technological developments, new procedures, enhanced treatments and drugs are all positives for our industry. Survival rates from serious illness have never been greater thanks to the effectiveness of 21st-century healthcare. Therefore, rising healthcare spending and inflated costs are inevitable at the very least in the short- to mid-term, as medical trends and developments, life-saving innovations, procedures and treatments come at a cost.

Where insurers really come to the fore is in how they can help to manage medical inflation to support customers. For instance, there could be a situation where a new technology that is better and cheaper than the current one is

introduced to the market. But because it has not been fully assessed, it is priced aligned with others.

Wider network gives more clout

Patients must be able to trust both their health insurance providers and health service providers. Leading insurers in the region should place great importance in having a dedicated and trusted network of providers that can best support the needs of their members. Having such a network gives them more clout to negotiate on procedures, treatments and services for clients. The greater efficiency and effectiveness can help contain premiums.

Customers can play an important role by continuing to pay close attention to their policies. While we take great pride in our commitment to tailoring packages to suit clients, we encourage regular reviews on policy performance and level of cover. With the healthcare industry transforming at a rapid pace thanks to the constant evolution of new treatments and technologies, policy reviews can help guard against unnecessary inflation in premiums.

Insurers should also work hard to protect clients against the misuse or waste of health coverage. Openness and transparency with providers and dedicated case management teams closely monitoring activity ensures the insurers only pay for treatment that is medically necessary and correct, and only pay for services that have been provided.

Tech adoption improves efficiency

Technology is making healthcare more effective; it also can help the insurance industry become more efficient. With access to more data than ever before, technologies such as AI can be used to better analyse complex data to establish more bespoke, personalised products and action plans. This improved efficiency should ensure policies

contain only the services and cover clients require.

Efficient data analysis will also serve as a vital tool in preventative care. Governments and health authorities across the GCC are collaborating to improve preventative care, starting with mandatory health screenings for residents, and recent regulations to link medical records, and understanding their medical history. The addition of data analysis will create a pathway for greater sector-wide collaboration, resulting in a more effective system.

To take a holistic, idealist approach, the best way to mitigate medical inflation is to invest in preventative care. Preventative care will reduce the number of members going to hospitals and clinics, therefore mitigating inflated bills for all parties.

Open lines of communication, transparency and a commitment to service excellence will ensure that amid growing demand for healthcare and rising costs associated with it, insurers are best placed to provide quality service at the right price.

The COVID-19 challenge

The current global COVID-19 pandemic will, of course, provide an unprecedented challenge to the industry. As the number of cases increases, the inevitable knock-on effect is a rise in healthcare costs. This requires an agile approach across the industry to work with health authorities to allay fear and make sure customers are given the right advice on the symptoms to be aware of, the best time to visit a doctor and the right precautions we can all take to contain the spread.

The full impact of the virus on the healthcare sector will not be known for some time; however, insurers and reinsurers will play a vital role in protecting patients and industries from financial losses. [M](#)

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Letter to the Editor



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