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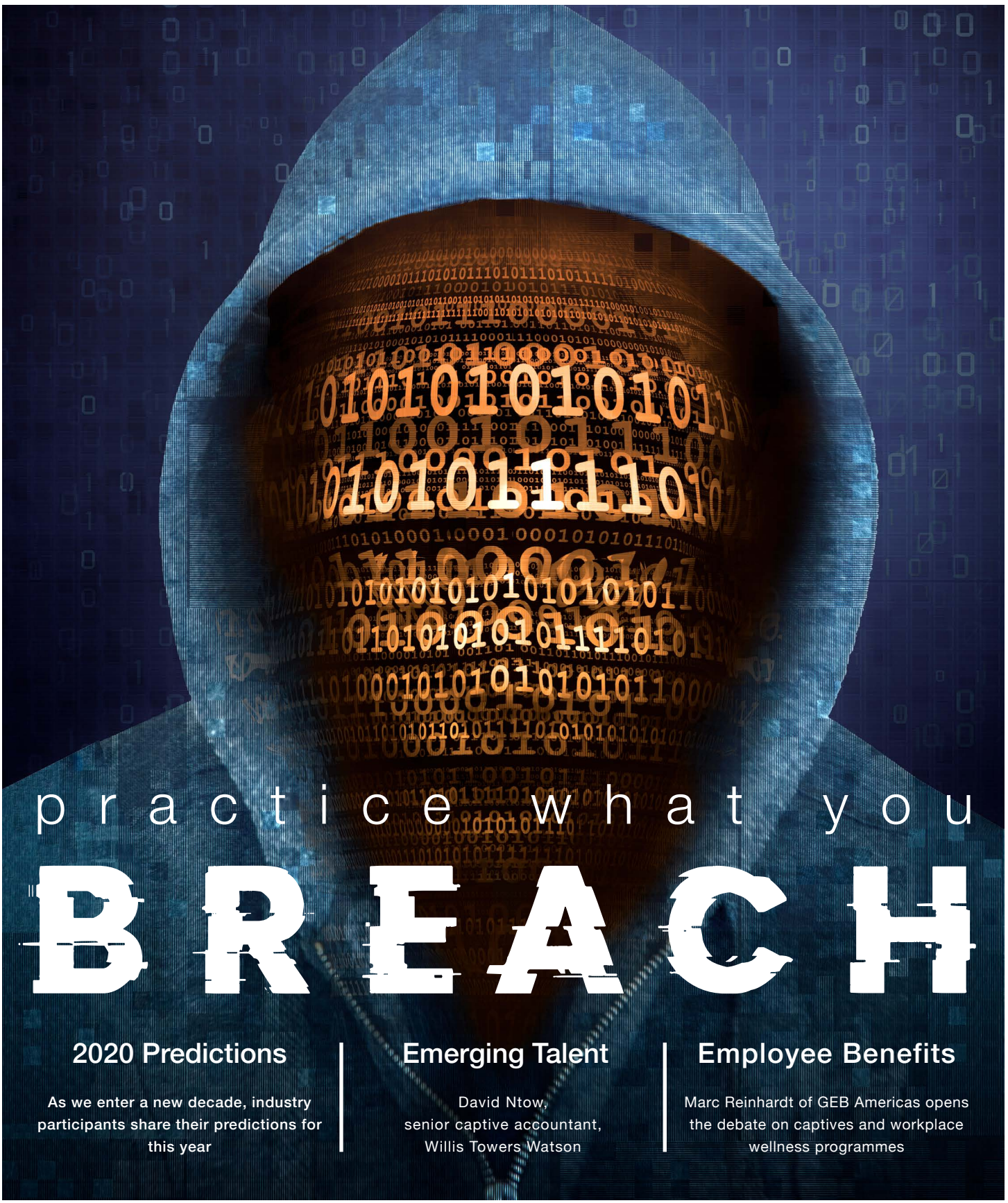

practice what you BREACH

2020 Predictions

As we enter a new decade, industry participants share their predictions for this year

Emerging Talent

David Ntow, senior captive accountant, Willis Towers Watson

Employee Benefits

Marc Reinhardt of GEB Americas opens the debate on captives and workplace wellness programmes

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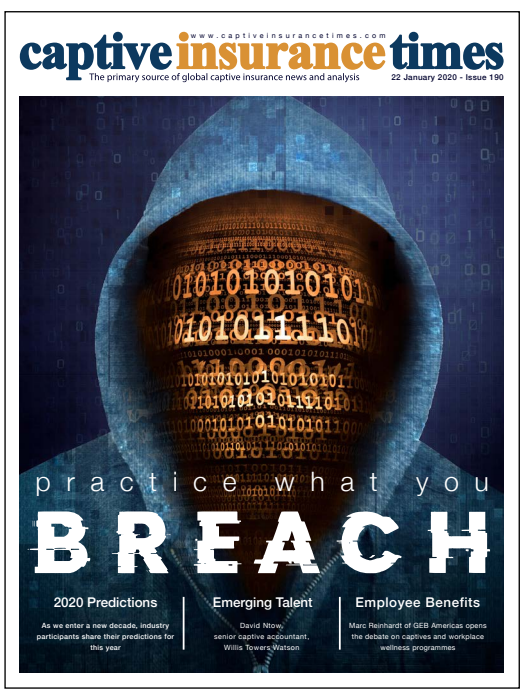

In this issue

Cyber Risks

Although traditional insurance faces difficulty when dealing with cyber risks, captives continue to thrive as a useful coverage tool

Captives and workplace wellness programmes: Opening the debate

Sophisticated healthcare reporting, involving analysis and recommendations, is already available to captives and functionality improves every year. But are they completely fulfilling clients' needs? If they are, why are requests increasing for direct data feeds? Marc Reinhardt of GEB Americas says it's time for a cross-industry debate: what's next for data?

Medical claims reporting has become incredibly sophisticated over the past decade, but what do captive clients actually do with the data? Are recommendations translated into local actions with identifiable outcomes? If not, how can we better work in partnership to ensure that client needs are fulfilled?

Alongside this, there seems to be a growing interest – particularly from US-based captives – in direct data feeds. In other words, clients would like to receive their data on a monthly or quarterly basis, with a view to carrying out their own analysis and drawing their own conclusions.

With a history of self-insuring medical plans, many US corporations no doubt already have the internal experience and capabilities to do this. Understandably, they want to ensure a consistent approach with regards to their subsidiaries in other countries.

But this raises a number of questions: even if the data from country to country can be harmonised (for example, using standardised diagnostic or procedure codes) can it be done in such a way that allows for the rollout of US-style workplace wellness programmes in other territories?

Are such programmes even relevant in countries where the scope of cover under local private schemes might be restricted due to the prevalence of local public health systems? And, on a practical level, how do you ensure compliance with each country's data privacy laws?

Partnership working

These are all questions that we'll be bringing to the World Captive Forum. They're questions that are of huge relevance and importance to all captive clients.

And as reinsurers and network providers, we all need to be cognisant of competition and market share, the big questions that affect all of us need to be discussed out in the open for the benefit of all.

Why? Because people of all age groups, regions and countries are affected by noncommunicable diseases (NCDs). Otherwise known as lifestyle diseases, NCDs are responsible for killing 41 million people each year, equivalent to 71 percent of all deaths globally,

according to World Health Organisation (WHO) statistics.

These are chronic conditions such as diabetes, heart disease and chronic pulmonary conditions, the prevalence of which is driven up by unhealthy lifestyle factors, such as inactivity, poor nutrition, tobacco use and frequent alcohol consumption.

Of course, employee health, safety and wellbeing extend even further beyond individuals and their families. It is of paramount importance "to the productivity, competitiveness and sustainability of enterprises, communities and to national and regional economies", as stated by the WHO in a document that is now a decade old but arguably as relevant as ever. In this, Dr Maria Neira, director, department of public health and environment, WHO, neatly sums up the importance of workplace wellbeing: "The wealth of business depends on the health of workers".

Healthcare system variations

All of these issues will undoubtedly strike a chord with every captive client in every country of the world.

Where each client (or country) differs is in their underlying drivers with regards to ensuring data-driven wellbeing improvements, which brings us back to the questions raised earlier in this article around harmonisation, relevance and compliance.

For example, faced with local healthcare insurance coverage that is much more comprehensive in scope, and an average medical trend rate of 6.5 percent, US captive clients have an obvious financial incentive to limit healthcare claims by reducing the risk of employee ill health. These actions are further reinforced by the US Affordable Care Act – otherwise

Understanding data-driven priorities: a comparison of universal health coverages

Regulated system

In the Netherlands and Switzerland, people are legally required to buy one of a range of insurance policies available in the marketplace or else pay a fine. Subsidies are available from the government for those who cannot afford insurance. In the Netherlands, financing is shared between individuals and their employers and insurance plans also cover dependants. The Swiss pay the entirety of their plan costs and separate plans are required for children. Insurance isn't tied to employment.

Single public plan

This is where national, regional or local governments are the main payers of healthcare. The National Health Service in the UK is funded by national taxes. Other systems are decentralised, with revenues raised through regional taxes (Canada) or local taxes (Sweden). A level of patient cost sharing applies, for example a portion of prescription drug costs. Also, aspects such as vision and dental benefits are only available for children and low-income adults.

Private coverage

Supplementary insurance plays a role - to varying degrees – in all countries with universal coverage: to pay for non-covered aspects such as dental, vision care, chiropody and physiotherapy or to provide quicker access to elective care. Meanwhile, Australians are incentivised through premium discounts and rebates by the federal government to purchase private hospital insurance. And in Germany, where health insurance is mandatory, individuals have a choice of two systems: the first, competing, not for profit, non-governmental health insurance funds (sickness funds); and the second, substitutive private health insurance.

known as Obamacare. This act permits employers to offer financial incentives for achieving health related goals, such as stopping smoking or losing weight. US organisations are also advanced in using data and metrics – for example, from screening programmes and health risk assessments – to track progress of employee wellbeing programmes.

By way of a stark contrast, compare this with the UK, where the average medical trend is around the same as the US but only around 10.5 percent of the population have access to private healthcare, but where the local scope of cover is not as comprehensive. In the UK, the main financial incentive to invest time and resource into wellbeing programmes tends to be to address short and long-term sickness absences: cutting the cost of which is much more indirect and intangible than limiting healthcare claims, and where financial incentives aren't used to achieve wellbeing goals. It's more about encouraging individuals to buy into a lifestyle change.

Different wellbeing priorities

In fact, across Europe, in Canada and also much of the Asia Pacific region, the focus for employee wellbeing has moved away from reducing insurance costs to helping employees perform better, engage with their colleagues and contribute to a positive company culture. This, in turn, is thought to help improve recruitment, retention and ultimately business performance.

Bearing all of the various healthcare systems and workplace wellbeing drivers, how can we ensure the facilitation of data-driven, sustained improvements for captive clients across all the territories in which they operate? How can we help clients turn recommendations into actions and outcomes? And although direct data feeds are valuable in the US, is harmonisation possible – or even relevant – across other countries? Will it raise more questions than it answers? To be discussed. ■

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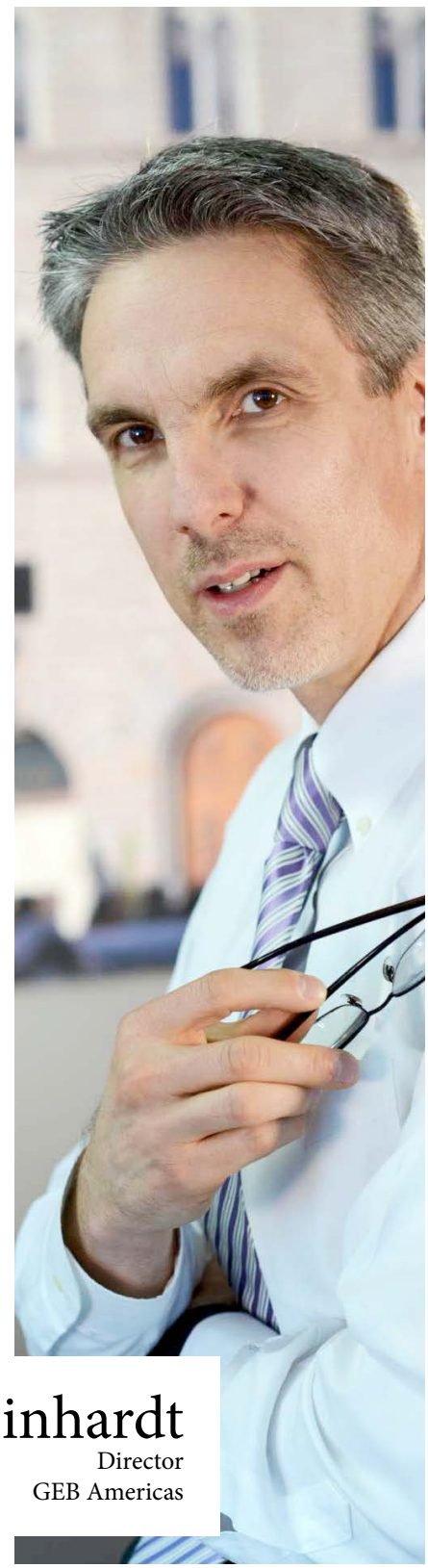
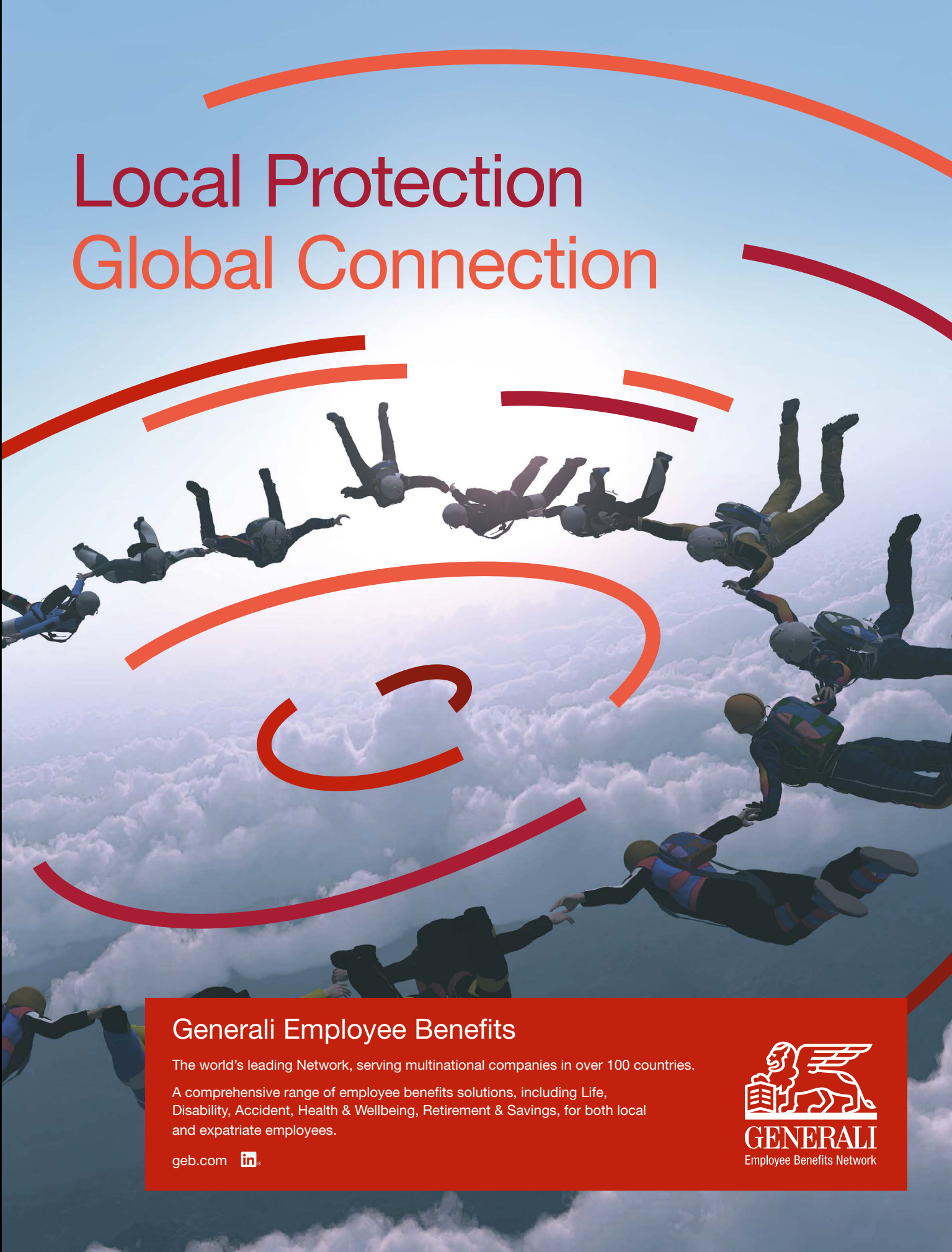


Marc Reinhardt
Director
GEB Americas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