

How your company can get health insurance overuse under control



What is behind the overuse of company health insurance? How is it affecting your annual premium? And what can you do to control it?

This is a pressing issue. With employers in Abu Dhabi, Dubai and Saudi Arabia now responsible for providing health insurance for their staff and with compulsory coverage being rolled out in Qatar, the costs are stacking up. Health insurance is there to be used, but the more each individual claims in any given year, the higher the premium for their coverage is likely to be when the policy comes up for renewal.

To put that in some context: Health insurance premiums in Dubai rose by an average of 9.5% in 2015 and current figures suggest that premiums across the UAE are going up by around 20% year-on-year.

The rapid growth of the health insurance market in the region should mean competition between providers helps keep prices down. However, the value of claims being paid out is currently as much as 30% higher than the total paid in premiums, so prices are on the increase.

So what lies behind the phenomenon of health insurance overuse in this part of the world? It's certainly a complex issue, but there are some key factors to identify to ensure your company is better protected.

Your guide to unpicking the overuse problem

Let's start with the obesity epidemic. According to the World Health Organisation (WHO), 33.8% of men and 45.1% of women living in the UAE in 2015 were obese. This significantly increases their risk of suffering from cardiovascular disease and several types of cancer (two of the UAE's top four health issues) as well as type 2 diabetes.



Figures from the International Diabetes Federation show that 35.4 million people in the Middle East and North Africa (MENA) region already have diabetes, set to rise to 72.1 million by 2040. Right now, the condition is affecting 14.6% of the UAE population. The reasons behind this worrying trend include high levels of inactivity and unhealthy diets – as well as smoking (particularly in men).

Next we move on to a tendency among UAE residents to bypass the GP. Statistics released by Health Authority Abu Dhabi (HAAD) show that in 2015 Emiratis covered by Daman's Thiqa plan made an average of 15 claims for hospital outpatient services (services that don't involve an overnight stay). Foreign nationals covered by the Basic plan made an average of 4.4 claims, and those with the Enhanced coverage package made 5.5. As a comparison, the most recent numbers show the average person in the UK made around five outpatient visits, with just one visit per year being the norm in Saudi Arabia.

So it seems there is a tendency in the UAE not just to overuse healthcare services in general but to go directly to a trauma unit or specialist rather than making an appointment with a general practitioner. For example, it is reported that around 60% of people attending the new trauma centre at Dubai's Rashid Hospital are not actually in need of emergency care.

And finally there is the abuse of the system by healthcare professionals. Sadly, it's not just patients who are capable of taking advantage of the system. It seems some doctors in the UAE may be ordering unnecessary diagnostic tests to boost revenue. Around 28% of respondents in a survey carried out by the magazine 999 (UAE Ministry of Interior) said they believed they had been booked in for tests they didn't need, simply to push up the billable total.

Many medical professionals also prescribe brand-name medicines rather than less expensive generic versions. There is the possibility here of being lured by commission from drug companies. A study carried out at a private hospital in Dubai showed that only 4.4% of drugs prescribed in the UAE were generic, in contrast to around 80% of prescriptions filled in the USA.

First steps your company can take to control overuse

In the UAE, around 90% of the workforce is made up of foreign workers, so providing an attractive package is crucial to recruiting and retaining top talent. Even if some of your operations are in parts of the Gulf where employers don't yet *have* to provide health insurance, you may already offer it as part of your staff benefit packages.

But it is critical to make sure that the costs stack up.

It's hard to improve a situation without getting a clear picture of the way things currently stand. So a first step is to carry out an analysis of the health insurance claims your staff make and correlate this against the premiums you pay. You may find staff who pay a lot of visits to medical facilities, especially for appointments with specialists, will have higher premiums.

You might also explore the reasons behind the high number of visits. For example, do the staff members with the highest figures have chronic conditions that need regular check-ups? And are

some of these conditions actually ones that could be improved by healthier lifestyle choices? We will look at that in more detail later, but what we are talking about here isn't pulling individual employees aside and confronting them. It's essentially a big data exercise, enabling you to extrapolate information that you can use to build your own awareness of the situation and educate your staff as a whole.

You might decide to use the figures you gather from your analysis to highlight the issue of health insurance overuse within your organisation. However, it's important to take a positive stance and focus on providing helpful guidance. Remember that recently-arrived foreign workers may not be familiar with accessing private healthcare so would value guidance on how to use it.

Let's look at some points to emphasise both within your own department and with employees across your organisation.

Extending the options available: If you're using health insurance benefits as a way to attract and retain talent, you might find that you could make savings by offering your employees more choice, including letting them select the level of coverage they want.

A virtual doctor service: A number of commercial telemedicine providers have recently sprung up across the Gulf region, some of whom offer corporate packages so employees can benefit from discounted online or telephone consultations. If you decide to sign up with one, encourage your staff to arrange a virtual consultation whenever appropriate before booking a physical appointment or rushing to a hospital.

Importance of employees seeing their GP first: Visits to hospitals and specialist clinics will be more expensive than a visit to a GP. So if someone is worried about any aspect of their health, they should book an appointment with their GP rather than going directly to a specialist. If the GP decides specialist attention is warranted, they can arrange a referral to the most suitable practitioner.

Awareness of costs to employees: Employees end up paying for overuse as well. With many health insurance packages, the beneficiary may be responsible for paying for a percentage of the fees charged – a co-payment or deductible. In Dubai, employees may be expected to make a co-payment of 20% of the cost of any medical services they use, up to a total of AED 1,000 per year.

A workplace wellness programme: Implementing a wellness programme, including support with healthy eating and giving up smoking as well as a range of motivational exercise options, is a fantastic way to demonstrate a proactive approach to wellbeing. It can actually help you keep your insurance costs down by heading off health issues related to obesity.

The generic drugs route: There is a strong tendency for doctors in the Gulf region to prescribe brand-name drugs, rather than generic versions, which can work out up to 85% cheaper. (In the US, the FDA states that lower prices don't mean lower quality.) To help keep costs down, patients should mention to doctors or pharmacists that they would prefer the generic version of any drugs prescribed. The good news is that the Health Authority Abu Dhabi (HAAD) has a Generic Drugs Policy that puts tighter controls in place to ensure patients receive generic drugs where they are available.

Clear communications: A dedicated online portal, a staff magazine or an email newsletter are all great ways to communicate messages to your workforce without targeting particular individuals.

In the end, it's worth speaking to your insurance advisor or consultant and discussing the best approach. Having control over what may have in the past seemed uncontrollable gives real peace of mind and the ability to plan as you start to take on new cost-saving measures.



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Tanvir is responsible for developing and implementing Lifecare's commercial strategy. He thrives on developing customer-centric business relationships, and as such he is currently focused on revolutionising Lifecare's customer experience and driving the company's digital transformation plans – all with the aim of unlocking Lifecare's full technology potential. With a career spanning back more than 20 years,

Tanvir's experience has been gathered in professional services, banking, and telecommunications, having worked with PwC in Sydney, Andersen in Sydney and London, and Standard Chartered Bank in London. He relocated to Dubai in 2008 and spent a number of years advising and consulting international businesses on how to drive growth before joining Lifecare in 2015. Tanvir graduated with a Bachelor of Commerce degree from the Australian National University in his home town of Canberra and is a qualified Chartered Accountant and a member of Chartered Accountants Australia and New Zealand.