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PROTECTING INVESTING FINANCING ADVISING

## Health Insurance Solution

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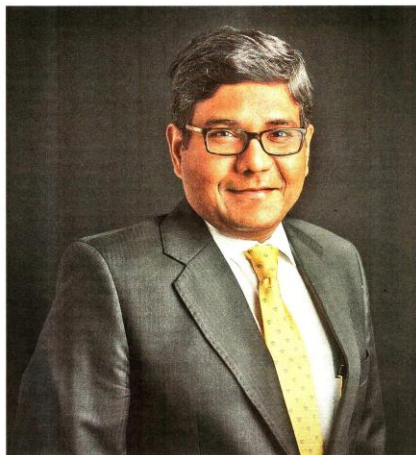
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### insurance

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# “We will talk about health rather than health insurance”

Ayushman Bharat is a positive development as it will create massive awareness about health insurance among those who are still not covered, Mayank Bathwal tells **Preeti Kulkarni**.



**Mayank Bathwal**  
CEO, Aditya Birla  
Health Insurance

#### How has Aditya Birla Health Insurance differentiated itself from its peers?

There is clearly a need for health insurance as the penetration is low and the cost of healthcare is rising. Most people think group covers are sufficient, but this is misleading as it will not be there when they retire or quit their organisations. After speaking to customers, we realised that they felt health insurance was meeting a small part of their needs, that is, only hospitalisation claims. Therefore, we adopted a slightly different approach. We decided to talk about health rather than health insurance. We do have a vested interest because if something good happens, we will benefit as claims will be down. To draw a large part of Indian consumers who are 35 or younger and have largely stayed away from health insurance, but are taking care of their health or are generally healthy, we decided to incentivise them by offering 30% of the premium back every year. We track their physical activity and health behaviour, in addition to health assessment at the beginning of the year, at our own cost. This is possible because of

technology—smartphones can be linked to our app to track active days. Secondly, even if you contract lifestyle diseases, we put you on a chronic care programme at no extra premium. A health coach is appointed and complements the doctor of the policyholder. We also have a cadre of care managers who help you navigate the complex healthcare ecosystem in case of hospitalisation. In our first financial year, we have collected ₹250 crore in premium and covered a million lives.

#### What will be Ayushman Bharat's impact on the healthcare and health insurance space?

I think it is a positive development. The big thing is that it will create massive awareness. We could not have created awareness on this scale. If I now go to prospective policyholders, at least they would have heard about health insurance. It will also bring in better healthcare infrastructure. You will see further investment on the healthcare side, which will help as we do face challenges around healthcare facilities in smaller towns. Also, a lot of data will be collected. Technology and the ability to leverage it will become critical to manage healthcare data effectively. Yes, there are some concerns around pricing, but to me, those are issues that will have to be tackled as we move ahead in the journey. We will have to start somewhere. Some healthcare providers are not happy with package rates and we will see how it goes.

#### Can it bring about some about some kind of standardisation in treatment costs? Will private health insurers benefit from it?

We have been talking about standard treatment protocols. This will be the beginning. Otherwise, how will you have package rates? They will work only if they are standard protocol-driven. The government is also talking about quality audits—what they are saying is that you can't under-treat a patient. So there will be package rates, quality accreditation and, over time, outcome-based framework. If the patient has to undergo treatment again, it could mean that there was a gap. If there is less repeat, then the healthcare units will be rewarded. From a design perspective, it is the right thing to do. In mature markets, this is what is happening. This is the way to control costs.

**Doesn't administration of such a massive scheme need a healthcare regulator?**

This system will act as a proxy regulator. There are going to be package rates, quality audits and fraud checks. Then there will be state disciplinary committees too. Insurers can give feedback on frauds and every tenth case can be investigated, for instance. The success depends on the execution, but I am happy that the design is being done right. At the moment, I am positive that it will be executed well.

#### What would be a healthy claim ratio for this programme?

Anything less than 100% would be healthy. There has to be money made, otherwise it will not be sustainable. Pricing will have to settle at a level where there is some money to make. We would like to explore the opportunity as for a new company like ours, it will give us scale which otherwise will take a long time to achieve.

#### What is the target customer group for your retail portfolio?

Our focus is not so much on income or age, but on the health intent. If you have it, you will find something in our offerings. If not, then you will not see value in the 30% health returns that you can earn. There is an element of cognitive segmentation of people with health intent. Our products are meant for all age groups, there is no upper limit on entry age. Our offerings are drawing younger policyholders. Our average customer age is less than 35 years.

#### Wellness is a key area of focus for you, but how do you quantify benefits?

We call up customers to remind them that their health assessment is due. There are rewards for customers who do it within 90 days. At present, 20% of our customers have started the healthy journey. We plan to take it to 30% and 50% over the next few years. We will track claims of people who have started their health journey and those who haven't. If we can prove that claims are lower for the former, then we know we are doing it right. It will take 18-24 months to give data, but this is how we will track the effectiveness of the wellness element.

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