

People Risk Podcast:

MMB Health Trends



Welcome to the PEOPLE RISK podcast powered by Mercer Marsh Benefits.

Helena Zikova

Hello, everybody.

Welcome to Season Two of the people risk podcast powered by Mercer Marsh Benefits.

I'm your host, Helena Zikova. In this series we talk about people related risks as a key priority for organisations today. Recent events have brought employee health and well-being in the centre of every boardroom agenda. And in this episode, we'll talk about the most recent health trends. We will provide insights about external trends that influence the competitiveness and sustainability of health programmes provided by employers to employees and their families.

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Now, let's get started. My guest today is Celine Ng Tong, Celine joined Marsh McLennan 17 years ago and has been in various leadership roles in New York, Hong Kong and London. She's currently focused on global health and well-being at Mercer Marsh Benefits. She has supported organisations in all aspects of global and regional benefits, including designing strategies around holistic well-being analytics and employee experience. Welcome to Season Two of the people risk podcast Celine. Before we dive into the content, tell us something interesting about yourself.

Celine Ng Tong

Thank you for having me, Helena. Very happy to be here.

So I'm not sure if there's a huge amount of stuff that's very interesting about me. But I am French Canadian, Mauritian Chinese. I have a big family I have over 35 first cousins and I know all of them. And I love travelling I've been to 80 countries and counting to this day.

Helena Zikova

Wow. I do think this is interesting indeed. And thank you so much for sharing this Celine. I think that this multicultural aspect and also your curiosity to travel is really important in your role, because how else can one understand multinational companies and the value that can be delivered to them?

So, without any further ado, let's kick off with our first question for today. While the course of the COVID 19

pandemic still remains unpredictable, it is quite clear that you know the impact of employer health programmes will persist for years to come. And the uncertainty that COVID has brought us definitely bears risks that organisations should be wary of.

And that is actually the centre of what we're talking about at this podcast people risks. So tell us which are the key trends that you have observed on the market in your role recently, and also, which are the key medical risks today?

Celine Ng Tong

That's a really good question Helena.

When I think about the risks that are embedded within the medical insurance programmes that an organisation might offer around the world.

I think about three different types of risks:

1. So the first one is really financial risks. So we just published our recent Mercer Marsh Benefits, Global Health Trends Survey 2022. And one of the headlines from that survey is that medical inflation is expected to run at 9.5% for 2022. And that's exponentially higher than general inflation. When you think about medical inflation, what drives medical inflation around the world, it's things like number one, changes in how people are using their medical programmes around the world. So how often and for which reason, it also reflects the increased cost of health care, right? So going to a doctor from one year to the other might not always cost the same price. But as well, when we think about financial risks, it also reflects to a certain degree, the insurance perspective and how they're viewing the risks that they're insuring.
2. The second I think, risk or kind of component to kind of keep an eye on is really employee health risks. So when I think about employee health risk, and I think when an employer is thinking about the medical risks, they need to think about how healthy are my employees? What kind of how healthy are they and what's their risk profile? How is their health risk profile changing from one year to the other? So what we are seeing and what we saw in our MMB Health Trends Survey is that you know, key health risks related to cancer, to cardiovascular disease, to respiratory risk, obviously, with the COVID pandemic are definitely you know, common health risk that an employer need to manage. But the other one, which I think is really interesting is mental health risks. So I think you know, three, four or five years ago, we

didn't used to see mental health risk as being one of the top reasons for medical claims around the world. And now it is now it's kind of, it's within the top three in certain regions. So definitely a risk that an employer needs to manage.

3. And then the third category of risk that I think is not that obvious to think about, but I think the pandemic has really kind of shone a light on this is reputational risk, and what I mean by that is when an employer offers a medical programme around the world, you know, often might be following you know, the market practice plan design, but market practice is not always equitable for all. Market practice sometimes has some gaps that are, you know, that have just been built into kind of the common design. So one example of that is in Central America, for example, often you have blue collar employees are not eligible for a medical insurance programme. And what we've seen with the pandemic, for example, you know, hitting that region quite strongly, actually, what happened is, you know, some of these blue collar employees who needed medical treatment, didn't have the right access to medical care because they didn't have medical insurance, and that obviously has an impact on the employers reputation. It has an impact on their reputation. Both internally and externally. So there is a reputational risk that you need to be managing when you're thinking about your medical programmes around the world.

Helena Zikova

Very interesting. Thanks for sharing Celine.

So as you mentioned, we have financial, we have employee health and reputational risks, and this sits very nicely with people risks and what we're talking about in this podcast. But when we look at, you know, the People Risk Report that came out last year and also the MMB Global Health Trends report that came out at the beginning of 2022. It's very easy to see older regional differences. So it means these developments have impact around the globe everywhere but not with the same extent.

So you mentioned at the beginning as well that you work with multinational organisations so tell us which regional differences do you observe when it comes to these health trends that you mentioned? And could you give us some examples?

Celine Ng Tong

Sure.

So I think our Health Trends Survey really highlighted kind of the differences in how insurance carriers were viewing medical health risk and the differences. So some of the findings that I thought were quite interesting were,

for example, in the Middle East and in Latin America, actually insurance carriers there. We're saying that they were expecting an increase in the utilisation of medical treatment compared to pre pandemic level. That means that they're expecting employees to use or to need medical care in a professional setting, to a level that's higher than before the pandemic and they're expecting this trend to continue to really increase and this might be driven by the fact that you know, during the pandemic people you know, kind of really put off some treatments that I you know, they they needed and in some cases their condition may have worsened. So, this is reflecting a little bit of that expectations, I think from the insurance market.

What we also saw actually in Middle East and in Latin America, is that they are also indicating that they're expecting, you know, higher life insurance claims to come through. And, you know, this is actually kind of really the first time that we're seeing kind of a change in pattern in life insurance claims, you know, from from polling carriers around the world. So, definitely a trend and what we're hearing from that the carriers and from clients in those regions.

When you look at Asia, however, it's almost the opposite. So what insurance carriers are seeing in Asia is they're expecting usage of medical treatments to be at a level that is below pre pandemic level. So they're expecting employees to use less medical treatment. And I think that's reflecting to a certain degree that as individuals, we really have adapted to different ways of seeking medical treatment during the pandemic, right, we might be going more virtual, we might be ordering medication online. So I think to a certain degree, you're seeing that being reflected in that the Asia results.

The other thing that I thought was quite interesting was that also some insurance carriers are saying that actually, we might require things like proof of COVID 19 vaccine coverage before we offer, you know, life insurance or medical insurance coverage, and that's come out from from the survey for carriers in Asia. So that's what I'm seeing. I know, Helena that you work with a lot of clients in Europe. What were some of your observations?

Helena Zikova

Thanks, Celine, I think related to what you shared around how COVID-19 is impacting claims.

It seems like in Europe, the carriers have certain extent of uncertainty around the predictions how it will develop in the future. So they're quite cautious when it comes to you know, how medical claims when they will return to normal, which is not surprising, I think, because COVID-19 is now the third highest cause of claims by both dollar amount and frequency.

But I do have some good news to share from Europe. Insurers are increasingly now making changes in order to

facilitate the design of more inclusive medical plans. So the DEI agenda is on the rise in Europe, and I'm extremely happy about it.

Celine Ng Tong

I agree.

I think there's such a good positive development and there needs I think there needs to be more that's done to really link the DEI and benefits programmes. We're really good to hear that that's happening in Europe,

Helena Zikova

Absolutely Celine.

And let's continue talking about multinationals, which is your specialty and your home turf. Multinationals who are affected by the health developments that we just talked about. They are affected by them not only in Europe, but on a global scale. And when you think about their challenges, what would you say is their biggest challenge?

Celine Ng Tong

Really excellent question.

So I think there was a lot of challenges but what that means is that there's really a lot of opportunities, right? There's really an opportunities for multinationals, for organisations to really make an impact on the lives of their employees, the life of their employees, loved ones on the market overall. So if I think about those big global challenges/opportunities, I think the first one for me is that there is a huge need. And there is a huge opportunity for multinationals to really drive a culture of holistic wellbeing. And I think to be able to deliver that culture of holistic well-being the organisations that are the most successful at doing that are the ones who are able to balance being really authentic, being really, really true to who they are, while still also being practical and impactful. Because when you're global, you have to again, make sure that your well-being strategy feels, you know, true to who you are as an organisation and resonates with employees. But it also has to be something that every single market can implement in a fairly consistent manner and in a manner that will really have an impact on your employees.

So that's the really the ultimate challenge for multinationals. And what we've seen that has worked really well for these complex organisations is a lot of them. What they do is they'll set up a framework, right? So it's a little bit of like if you think about it as a map. Here's a map that you can follow around the world that addresses things like physical well-being mental well-being financial well-being social well-being. Here's a framework that you can go out. And what these companies do is they have these global frameworks and then the local markets can really look at these frameworks and figure out themselves

what will be the most relevant, what will be the most impactful for their employees, and then kind of track their own journey around this framework. And we've seen that that's been an approach that works really well.

I think the second challenge/opportunity that I see and it's linked back to the conversation we were having earlier, is really kind of that opportunity for organisations to really push the market to address some of the gaps that exist in the standard market medical insurance programme or any benefits really. So what I mean by that is, you know, thinking organisations are thinking about is it okay, that there might be differences in who's covered under my medical programme, so part time versus full time versus contractor employees? Is it okay? That in some countries, I cover pre-existing conditions, and then another I don't? Is it okay that I give access to my employees to a health screening versus not in this other market? So what companies are really doing is they're considering what do I stand for? What is really important for me? And what type of inequities Am I okay with, or do I think are just justifiable? And what we're seeing very progressive multinationals do is they're identifying some of these gaps. They're making a stand and they might be saying we want to cover domestic partners, same sex opposite sex around the world, and they're really pushing they're pushing the insurance carriers are pushing their advisors like Mercer Marsh Benefits, they're pushing third party providers to make it happen. So I think as a multinational organisation, there's this huge opportunity to really make a stand.

And there's also at the same time, this huge opportunity to really shape the market. So I think that that's one that I'm hugely excited to see. Some of our clients kind of really take some of the early steps there. And really start to change, you know, the future of benefits.

Helena Zikova

I really like what you said, Celine, you know about holistic well-being because as you mentioned, it has to be authentic to the employees but it also has to be practical and impactful. And thank you so much for summarising it in such a way.

And I think another very important part of that holistic wellbeing is one of my favourite topics mental health. So I'm sure that our audience would love to hear from you. How has, you know COVID-19 impacted the global health trends, considering mental health? And are there some regional nuances?

Celine Ng Tong

Yeah, yeah, mental health is top of mind for every single client that I speak to right now.

And actually, we are just about to release our Global Talent Trends Survey that indicates that 81% of employees

are close to burnout. So employees are just tired, right? There's just a huge amount I think of exhaustion in the system. People are tired from you know, living in this pandemic. You know, people right now have a lot of anxiety and stress and sadness for what's happening. You know, with the conflict between the Ukraine and Russia, pre pandemic. There was also Brexit for example, in the UK, so there's just a huge amount of exhaustion. And what we're also seeing is that actually, one in two employees are actually saying we would love it if our employer was able to provide us more mental health coverage by our insurance programme. So you're seeing kind of that need and that desire for more, more coverage, really more insurance that covers different types of of mental health treatment. And the positive news and all of this positive, I'm using air quotes here is that we are seeing the market move in a similar direction. So one of the key findings from our MMB Health Trends Survey was actually you know, insurers have really adjusted to that right. There's more insurers offering access to mental health coverage under their standard products. We're also seeing that insurance carriers are also investing. They're investing in you know, access to virtual mental health visits. They're investing in access to things like well-being apps where employees can access education material, they can access tools to support with the self-care. They're also providing tools to the employer so the insurance carriers are offering communication material, they're offering access to experts to kind of really support driving a message of, you know, focus on mental health, self-care to employees. So there's also that ecosystem is very much I think, expanding and I think that's a very positive message from a global perspective.

When I think about the regional differences on that we are seeing, I think, the major I think regional difference that we will be seeing is just in terms of just basic access to mental health treatment under the insurance programmes. So what I mean by that it's access to, you know, outpatient treatment for mental health, inpatient treatment, it's access to preventative mental health measures, it's access to medication related to mental health. So when we're looking at, I guess, coverage, one of the big region that's really far behind and that's, I think, quite glaring when you look at, you know, other markets, like Latin America, like Europe, is Asia is actually quite behind from, you know, access to all these different types of coverages that I was just talking about. So again, I think the positive here is that, yes, there's a difference from an Asia perspective.

But I think that that really means that there's also an opportunity here so back to what we were talking about earlier, opportunity to really save the market an opportunity to also kind of look at know potentially you know, other vendors beyond kind of the traditional insurance carriers to fill in some of those gaps. But that's probably the one major regional difference that I see on this topic.

Helena Zikova

Yeah, it's interesting that you mentioned this because we also saw that another service that we have run like the Health on Demand survey at the end of last year, and employees really expected that now they actually expect investments in mental health done by their employers.

But there is some opposing force which is cost you know, many organisations are struggling at the moment. They are dealing with cost constraints, and for some of them, it seems logical that they should be considering cutting benefits rather than enhancing them although the employees want them and need them. So what would your recommendation be for organisations that are in this situation?

Celine Ng Tong

Yeah. Well, that's a great question.

And I think it's always going to be a priority, I think for organisations, right? Yes, you want to do more around wellbeing around mental health, but it needs to be in a way that's sustainable, I think from a cost perspective, and I completely understand and respect that.

What I would say though, is that cutting benefits is not always the only lever that you have as an organisation to manage costs and to make sure that costs are sustainable in the longer term. So some of the other levers that are really available if an organisation is trying to think about how do I do all of this in a way that's sustainable? I think one of the first lever that I'm a huge proponent of is really to think through how can I actually see are my employees to different points of cares that might be more effective from a cost perspective, but still have very positive quality outcomes, right? So you don't want to, you know, quality of health care to be impacted. And when you think about it, there's, you know, that could mean can I send my employee towards a centre of excellence for example, today direct my employee to use a digital health service, so go and visit your general practitioner, do a virtual visit instead of doing an in person visit? So are there different points of care that I can direct my employees towards that might be more cost effective? And one of the you know, some of the clients that are really, really creative are the ones who are able to think about how do I leverage plan design to drive some of these behaviours because the two are really interconnected.

So I think that's number one in terms of first recommendation. The second one would be really to think about how are you funding and how are you delivering some of this coverage? So what I mean by that is, you know, could you introduce a programme on a voluntary basis? So what I mean by that is that the employee pays for the coverage. Instead of the company paying for that. So for example, as an organisation Do you want to pay for dental care and vision? Or do you want to say employees you know, if you value this and if you need this, then

you could pay for this coverage on your own and as an organisation, could I reinvest that investment, that investment towards you know, things like mental health coverage? So again, there's a way to think about how you finance and how you deliver the coverage that might be more sustainable in the longer term. And that might also just, again, kind of help you focus on the items that are important for you as an organisation and also help the employees you know, potentially personalised their package.

The other thing that say, which I think is a bit of an obvious one, but again, if you're trying to drive sustainable costs in the longer term, one of the key things that you need to be doing as an organisation is focusing on improving health outcomes. And when I mean health outcomes, it's Holistic Health, right? Physical, Mental, financial, wellbeing, social well-being, if you are able to drive, and just make sure that your employees are healthy and thriving, then that will have positive impact on your medical costs. So again, investing in wellbeing, you know, will down the road actually have a positive impact on your medical programme.

And then my last recommendation is really to use any and every data that might be available to you as an organisation to help identify what are the right priorities and really, you know, what are the recommendations, what are the levers that you should be pulling, so, that can be you know, your medical claims data, that can be employee feedback, that can be you know, information from you know, managers or leadership, you have as an organisation have tonne of data available to you. So really mind that to figure out which should be your priorities and where should your investment be?

Helena Zikova

Thank you, Celine, thank you for sharing these incredible insights with us.

And to your point, you know, it's really all about that holistic well-being which is unimportant investment for every business, and to be a business priority.

So if I could summarise the key takeaways and our Health Trends for 2022 you know, medical trend rates and claims are increasing. And COVID-19 definitely has an impact on them. Prevention and self-care are needed in order to mitigate the health risks. And you know, health equity DEI and medical plans is a growing priority, which makes us very happy.

But if you want to learn more about the topics that we discussed today, you can download the MMB Health Trends report 2022 available on [mercer.com](https://www.mercer.com) and [marsh.com](https://www.marsh.com).

I would like to thank our listeners for listening to us regularly and tuning into season two of the People Risk podcast. You can find out more about MMB Marsh and Mercer on LinkedIn, Twitter, Facebook, and YouTube. Speak soon.

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