

MMB India Newsletter

Illumina

Employee Health & Benefits

Quarterly Edition: February 2025

- Message from Leaders' Desk
- Thoughts from Industry Leader
- Industry Update and Overview
- MMB Health Trends 2025: India
- Benefits that truly benefit: Focus on Relevance, Accessibility and Utilization
- Watchout in the next edition!

From the MMB India Advisory Leader's Desk

Hello readers, wishing you all a great start to the year 2025!

The last nine months of FY 24-25 has been an exciting journey for the industry. The regulator, ministry of finance (MOF) and entire ecosystem has been at the front foot to drive insurance penetration and growth in the industry, driving digital transformation, bringing necessary reforms and curbing malpractices to ultimately protect the policyholders' interests.

On the growth front, 11% growth seen in overall health insurance business in YTD Dec 24-25 as against 21% growth seen in YTD Dec 23-24. A lower growth rate was seen in both retail and group business, and degrowth seen in the government health schemes compared to last year.

Public sector growth rate has been consistently on the lower side for over a long period with lower market shares compared to last year, while both private and standalone health insurance companies have demonstrated relatively higher growth as against PSU companies.

Another reason for the decline in premiums, which will more so reflect in the months to come is on account of the revised format for reporting premium figures. Insurers will now report long-term premium income over the entire period of risk. This move was primarily to regulate the expense of management.

Further to boost industry growth the regulator and MOF have proposed 100% FDI in insurance from the existing 74% to fuse foreign investments, alongside the proposal of granting approval for a composite license. The regulator has been harping on the listing of private Insurers as well to boost their liquidity and bring corporate governance. Proposal to reduce GST on health insurance is also under discussion. However, all these are still underway.

In this edition, we are bringing the top highlights from MMB Health Trends Report 2024. This report is an outcome of surveys conducted with Insurers to identify the key trends shaping employer-provided health benefits. It will be interesting to see how some of the trends already known to many of us are intensifying in nature and how insurers and the entire ecosystem is getting future-ready for same.

The newsletter also provides a first-level glimpse into

MMB's flagship report "Future of Benefits 2024 and Beyond". FOB report will not just provide an overview of employee benefits and benchmarking but also for the very first time give a claims benchmarking basis MMB's data for over the last 5 years.

Hope you find this edition a worthy and useful read. Look forward to receiving your feedback on the newsletter on marshemployeebenefits.india@marsh.com.



Ashutosh Jhunjunwala

Senior Vice President
MMB India Advisory Leader

From Industry Leader

Strategic Aspects for Employee Benefits from a Health and Cover Perspective

In India's dynamic healthcare landscape, organizations face the dual challenge of managing rising medical costs while addressing the evolving needs of their employees. Achieving this balance requires a multi-faceted approach that prioritizes sustainability, innovation, and engagement.

Strategies for Balancing Costs and Benefits

1. **Customizable Benefits Plans:** Offering flexible benefits packages allows employees to choose options that align with their unique needs. This approach not only enhances satisfaction but also prevents overspending on underutilized benefits.
2. **Preventive Health Programs:** Promoting wellness through preventive measures like health check-ups, yoga sessions, and mental health support reduces long-term medical claims. These initiatives curb costs while enhancing employee well-being.
3. **Technology Integration:** Leveraging digital health platforms, telemedicine, and data analytics improves access to care and enables better monitoring of health trends. The rise of health tech start-ups in India provides cost-effective solutions for organizations.

Cost Containment Strategies

1. **Network Optimization:** Partnering with preferred provider networks or negotiating rates with hospitals and diagnostic centres ensures quality care at competitive costs.
2. **Claims Audits and Fraud Prevention:** Regularly auditing claims and employing advanced analytics to detect anomalies minimizes unnecessary expenses. This is particularly valuable in optimizing claim processes within India's growing and evolving insurance landscape.
3. **On-Site Wellness Programs:** Introducing on-site wellness initiatives, such as regular health check-ups, fitness sessions, and mental health workshops, can significantly enhance employee well-being. These programs help reduce long-term healthcare costs by fostering a proactive approach to health management.
4. **Encouraging Rational Use of Medications:** Supporting the use of clinically effective and affordable medications, including generics, can help manage pharmaceutical costs without compromising quality of care.

Responding to Market Hardening

Market hardening, characterized by increased premiums and reduced underwriting flexibility, necessitates proactive measures:

1. **Risk Mitigation:** Investing in employee health programs reduces the frequency and severity of claims, strengthening the organization's negotiating position with insurers.
2. **Alternative Funding Arrangements:** For larger Indian organizations, exploring group insurance or captive insurance models offers greater control and potential cost savings.
3. **Transparent Communication:** Engaging employees with clear information about benefit changes fosters trust and alignment during tough market conditions.
4. **Strategic Benchmarking:** Regularly evaluating benefits against industry standards ensures competitiveness while avoiding overextension. In India, regional benchmarking can help address diverse employee demographics.
5. **OPD strategic design and coverage:** Ensuring an integrated OPD offering that is well designed and enables employees to proactively understand about their health status and respond while the employer/ Insurer can use the risk categorisation basis the utilisation data to help manage the risk cohorts and the transition within the risk cohorts that is critical for managing the overall costs in a sustainable manner going forward.

Conclusion

Striking a balance between escalating medical costs and evolving employee expectations in India requires a strategic blend of cost management and value-driven innovation. By embracing flexible benefits, preventive health measures, and efficient cost-containment practices, organizations can navigate the challenges of market hardening while maintaining employee satisfaction, improved engagement and productivity and financial health.



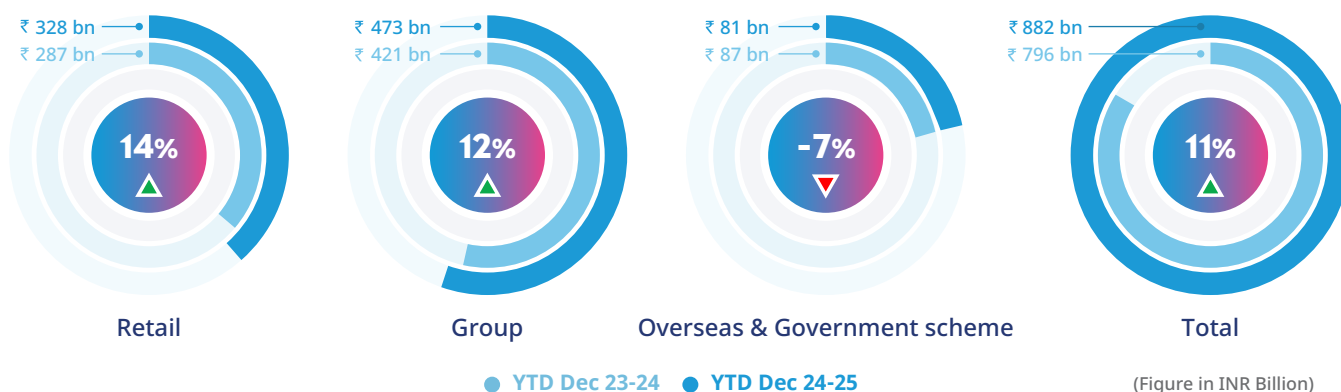
Anuradha Sriram

Chief Actuarial Officer,
Aditya Birla Health Insurance

Industry Overview

Industry Statistics

Health Insurance Business Distribution

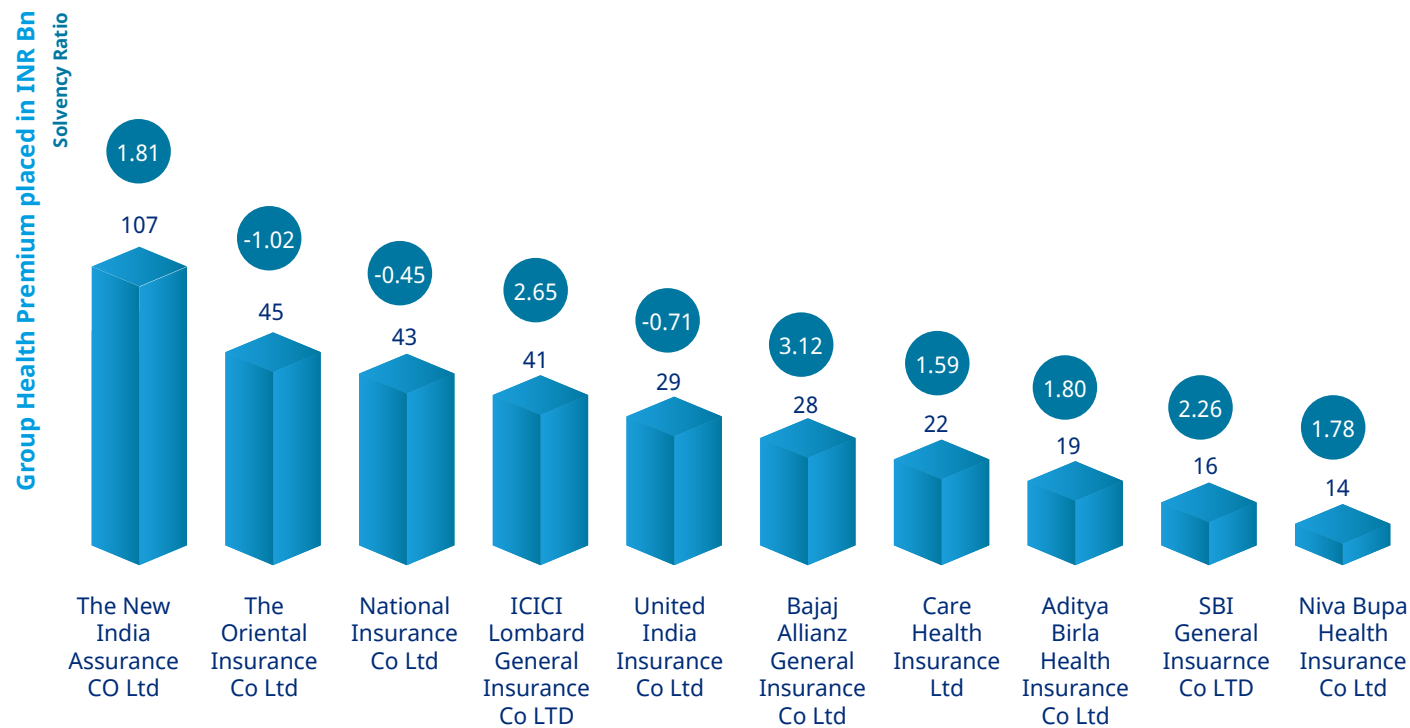


11% growth seen across health insurance industry as against 7.8% growth in overall General insurance industry.

Group Business Distribution

Figure in INR Bn	YTD Dec 23-24		YTD Dec 24-25		
Company	GWP	Market Share	GWP	Market Share	YOY Growth
Public Sector Companies (PSU)	207	49%	225	48%	9%
Private Companies (PVT)	155	37%	178	38%	15%
Stand alone Health Company (SAHI)	59	14%	71	15%	19%
Grand Total	421	100%	473	100%	12%

Top 10 Insurers basis Health premium placed and their Solvency Ratios:



*The health insurance premiums reported are as YTD Dec 24-25, while the solvency ratios are based on data from September 2024, sourced from the Public Disclosure available on the insurers' website.

The solvency ratio measures the company's ability to meet long-term obligations, i.e., for periods beyond one year. It indicates whether a company's assets are sufficient to cover long-term liabilities and whether the company can withstand economic downturns and financial difficulties. To safeguard the interest of Indian policyholders, IRDAI mandates a solvency ratio of 1.5 times for every insurance company.



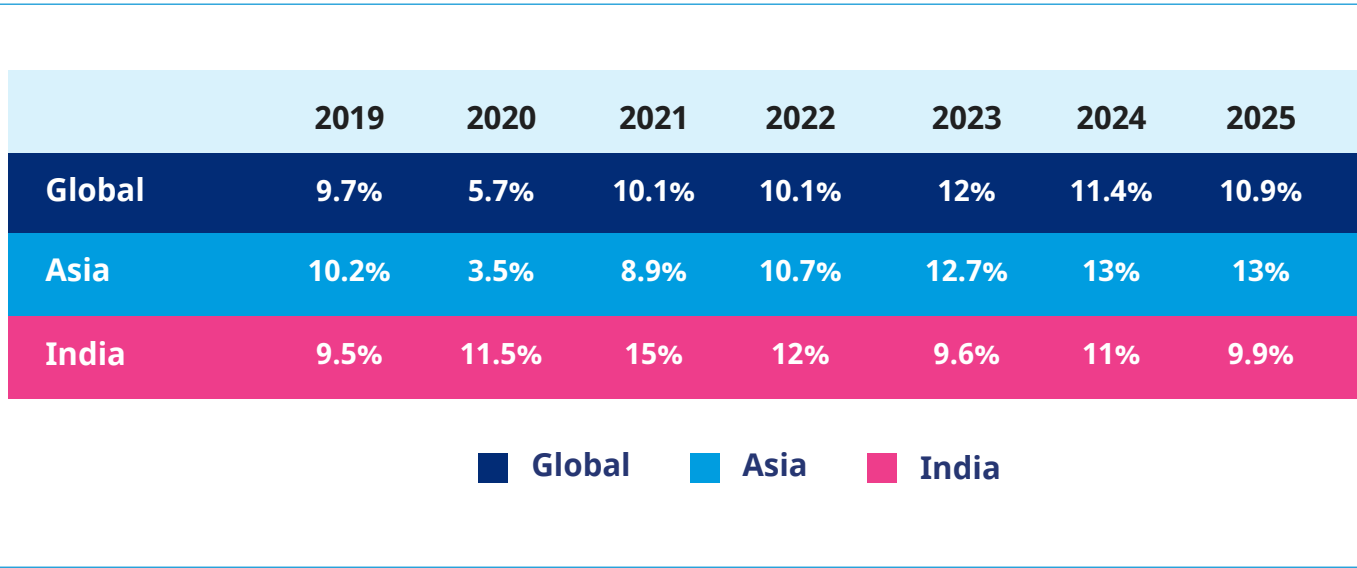
MMB Health Trends 2025: India

Dr. Monika Verma, Advisory, MMB India

MMB Health Trends 2025 report offers a comprehensive analysis of the evolving landscape of global health insurance, drawing insights from a survey conducted in mid-2024. This survey involved 225 insurers across 55 countries including India, providing a robust dataset to understand current trends and future projections in health insurance. Medical Health trend is a year on year increase in average claim cost under a medical insurance scheme. It includes medical inflation (increase in cost for services/supplies; can be driven by currency fluctuations with respect to imported supplies, changes in treatment mix (potentially more expensive options now being administered, utilization changes (more/less of certain age groups leveraging health services and regulatory changes.

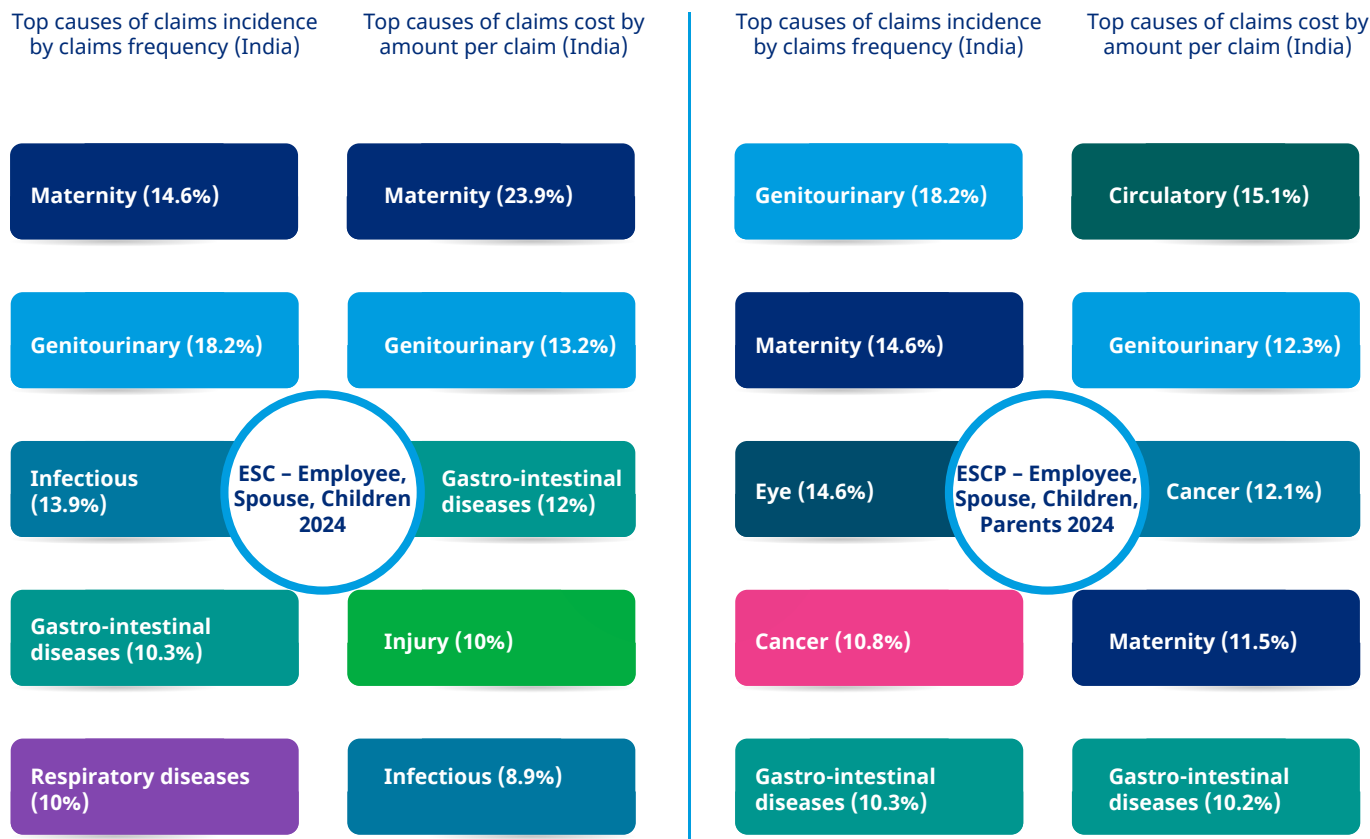
Rising Medical Costs

One of the most significant findings of the report is the alarming increase in medical costs. The data indicates that over half of the surveyed markets are expected to experience double-digit increases in medical expenses in both 2024 and 2025. The projected trend rate for India in 2024 is expected to close at 11% and for 2025 at 9.9%.



This trend is attributed to several factors:

- Medical Inflation:** The ongoing rise in the cost of medical services and treatments is a primary driver of increased health insurance premiums.
- Changes in Treatment Options:** Advances in medical technology and treatment methodologies, while beneficial, often come with higher costs that are passed on to insurers and, ultimately, consumers.
- Increased Incidence of Health Conditions:** There is a notable rise in certain health conditions, particularly cancer, among younger populations. This shift necessitates more comprehensive coverage and innovative treatment options.



Adapting Health Plans

Considering these rising costs and risks, there is critical need for employers to reassess and adapt their health plans. Employers are encouraged to implement strategies that not only manage costs but also cater to the diverse health needs of their workforce. This includes:

- **Innovative Practices:** The integration of virtual care and artificial intelligence (AI) is highlighted as a means to improve health outcomes while controlling costs. Virtual care can enhance accessibility, while AI can streamline processes and personalize care.
- **Comprehensive Coverage:** There are significant gaps in coverage, particularly in mental health and reproductive health benefits. Insurers need to enhance their offerings to better meet the evolving needs of employees, recognizing that holistic health coverage is essential for overall employee well-being.

Challenges and Opportunities

There are challenges and opportunities within the health insurance landscape. While rising costs present a significant challenge, they also create opportunities for innovation and improvement in health care delivery. Insurers and employers are encouraged to collaborate in developing solutions that address these challenges while enhancing the quality of care provided to employees.

Conclusion

Overall, the "Health Trends 2025" report serves as a vital resource for understanding the current and future state of health insurance. It provides actionable insights for employers and insurers, highlighting the importance of adapting to rising costs and changing health needs. By embracing innovative practices and addressing coverage gaps, stakeholders can work towards a more sustainable and effective health insurance system that benefits both employers and employees.

Benefits that truly benefit: Focus on Relevance, Accessibility and Utilization

Dr. Tripti Verma & Shivani Phadke, Advisory, MMB India

The landscape of group health insurance in India has undergone a significant transformation, with policies increasingly incorporating a wide range of benefits that address critical health issues and cater to the needs of a diverse, multigenerational workforce. Mental health treatments, once stigmatized and often neglected, are now recognized as essential components of overall well-being. Similarly, coverage for Autism reflects a growing awareness of developmental disorders and the importance of early intervention through therapies, counseling, etc. Additionally, women's health and reproductive care have gained prominence, with increasing importance on offering support for not just maternity-related ailments, but also addressing health issues related to puberty, menopause, etc. as well.

The regulator has time and again (through multiple circulars)* emphasized on making insurance more comprehensive and holistic with special attention on coverage for vulnerable groups, such as individuals with disabilities, mental health conditions, and HIV. Previously excluded from many insurance plans, these coverages are now being integrated into health insurance schemes for inpatient admissions, albeit with certain conditions and sub-limits. This shift is driven not only by binding regulations but also by rising awareness and the expanding need for these coverages. **Organizations are also recognizing their responsibility to ensure diversity, equity, and inclusion (DEI) within their organizations, prompting them to prioritize adequate insurance and non-insurance-related coverages for diverse employee groups.**

While insurers are now offering these coverages for inpatient care under group Medclaim policies, the actual utilization and relevance of many of these benefits often lie in outpatient and preventive health services, which frequently remain uninsured or inadequately covered. It is crucial to recognize that specialized solutions targeting outpatient care and preventive health are available under insurance. **These standalone solutions not only unbundle services from conventional group Medclaim coverage but also provide targeted offerings that enhance their utility and awareness.** Accessibility to these services - such as consultations, therapies, vaccinations, screenings, and diagnostics - is now facilitated through a phygital model, allowing for cashless transactions. Accessibility, relevance and utilization of the benefits is further streamlined through app-based platforms that not only provide cashless options but also create a seamless, faster, and hassle-free experience for users.

At MMB India, we offer bespoke advisory services to our clients with integrated health and wellbeing insurance solutions that support employees in moments that matter through benefits that truly benefit.

Women Healthcare Solution



Sexual and reproductive Health

- Elective abortion
- Sexual health and wellness
- Family planning and contraception
- Menstruation related health concerns
- Perimenopause and menopause



Family building and Pregnancy

- Contraceptive counselling
- Getting pregnant
- Infertility/fertility
- Pregnancy/high risk
- Pregnancy loss
- Emotional support
- Genetic testing and counseling
- Adoption/surrogacy
- Paid and unpaid time off



Postpartum and newborn care

- New baby delivery
- Newborn care
- Parental leave
- Postpartum depression
- Lactation support
- Sleep support



Return to work

- Parental leave
- Sleep support
- Life adjustments/ emotional support
- Financial and social security gaps
- Lactation support



Parenting and child health

- Pediatric care
- Tutoring
- Parent coaching
- Mental health/ Substance abuse
- Education planning
- Special needs
- Adult child special needs



Prevention & Screening

- Health check up
- Breast cancer screening
- Cervical cancer screening
- Ovarian cancer screening
- HPV vaccination
- Mental health helpline
- Interpersonal & domestic violence screening and counselling

Mental Health Solution

AI-based virtual wellness and mental health

assessments and periodic check-ins to provide insights into employee wellbeing

Access to best

psychiatrists/therapists for consultations.

Continuous Engagement to

facilitate awareness amongst workforce with webinars, workshops, wellness sessions (yoga/laughter/destress).



Special avenues to **support vulnerable groups** such as LGBTQ+, child development & parental support, women at work.

In-app access to support groups and self-help content for issues such as abuse, addiction therapy.

Supporting organization culture and building employee resilience by training your team leaders and senior managers. Special training provided to create a community of wellbeing champions (WBC) at work.

OPD Sum insured options ranging from INR 15,000 to 1 lakh, with the flexibility to extend coverage beyond employees – including spouse, children and parents. This will also cover all prescribed testing, medication to support therapy and treatment of mental illnesses

Long Term Disability Solution

Financial Security To Manage Unforeseen Events

Enhance Productivity And Engagement



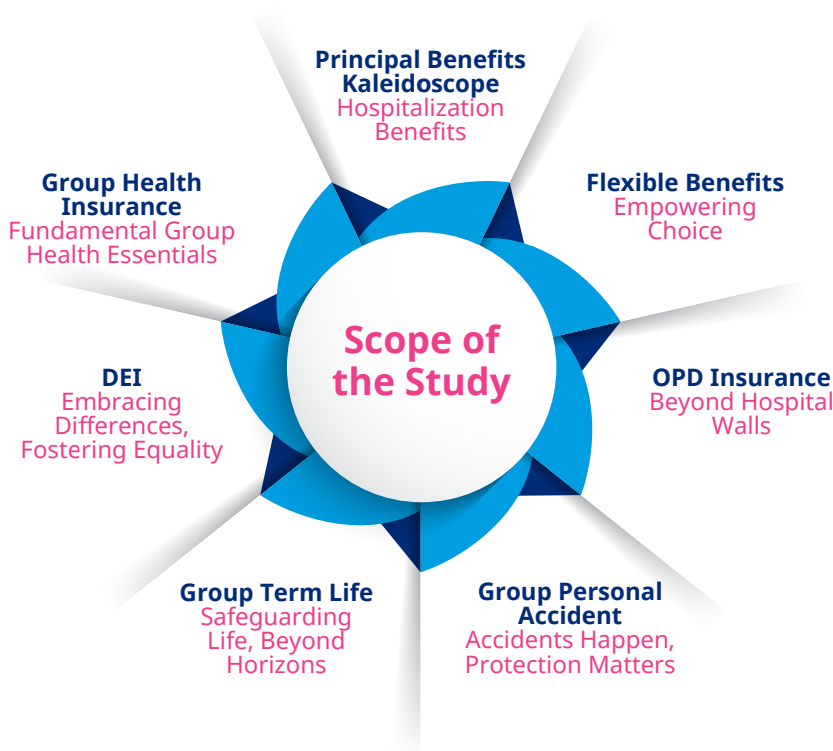
Talent Attraction And Retention

Peace Of Mind Supporting Mental Wellbeing

- Curated benefits upgrade which is aimed to provide monthly compensation in case of defined illnesses and or injury
- The person must be incapable of performing his ADLY and unable to resume work duties
- Defined Fixed payout for a defined period or until recuperation to perform ADLY and or work Duties

In conclusion, as the group health insurance landscape in India continues to evolve, it is essential for employers, insurers, and health tech partners to collaborate in creating comprehensive, accessible, and user-friendly solutions. By prioritizing clear communication and addressing the diverse health needs of employees, we can ensure that everyone benefits from the full spectrum of available coverage, ultimately fostering a healthier and more inclusive workforce.

Watch Out in the Next Edition!



14

Industries

10,000+

Policies

4 Mn+

Claims

600+

Benefits

30 Mn+

Enrolments

5

Years' data analysed



Report Launch by MMB Leadership:

Hervé Balzano (left), President, Health & Benefits, Mercer and Marsh Global Leader, Mercer Marsh Benefits and Julio Garcia-Villalon (right), Mercer Marsh Benefits Leader, IMEA



Project Team:**Core Team:**

Dr. Tripti Verma
Shivani Phadke
Shreya Bagrodia
Ashutosh Jhunjhunwala
Tanushree Sinha

Design Team:

Shraddha Acharekar
Shantanu Sohoni

Marketing Team:

Shilpa Lakhi

Disclaimer: The Mercer Marsh Benefits (MMB) is the service value proposition which Marsh brings for its clients. MMB is not an insurance product. In India, an insurance product can be provided only by a registered insurance company. Insurance is a subject matter of solicitation.

Marsh India Insurance Brokers Pvt. Ltd. is a subsidiary of Marsh McLennan. This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Insurance is the subject matter of the solicitation. For more details on risk factors, terms, and conditions please read the sales brochure carefully before concluding a sale. Prohibition of Rebates - Section 41 of the Insurance Act, 1938; as amended from time to time: No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take or renew or continue insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer. Any person making default in complying with the provisions of this section shall be punishable with a fine which may extend to ten lakh rupees. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. All decisions regarding the amount, type or terms of coverage shall be your sole responsibility. While Marsh may provide advice and recommendations, you must decide on the specific coverage that is appropriate for your particular circumstances and financial position.

Marsh India Insurance Brokers Pvt. Ltd.'s corporate and the registered office is at 1201-02, Tower 2, One World Centre, Plot-841, Jupiter Textile Compound Mills, Senapati Bapat Marg, Elphinstone Road (W), Mumbai 400 013. Marsh India Insurance Brokers Pvt. Ltd is registered as a composite broker with the Insurance and Regulatory Development Authority of India (IRDAI). Its license no. is 120 and is valid from 03/03/2024 to 02/03/2027. CIN: U66010MH2002PTC138276. Compliance ID: IND-20240314