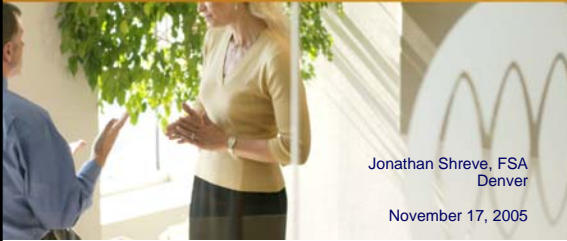


Hot Tamale Baby! - Health Emerging Markets
Presented to
Southeastern Actuaries Conference



Jonathan Shreve, FSA
Denver

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Agenda

- Role of Public vs Private Coverage
- International Opportunities – Products and Locations
- Data Availability
- Role of Actuaries



1. Role of Public vs Private Coverage



Definition (typically)

- Public
 - Taxes pay for most of coverage
 - Individual based
 - Some income adjusted premiums possible
 - Little cost sharing
 - Providers may be state employees or private
- Private
 - Paid for by premiums
 - Group and/or individual based
 - Additional cost sharing
 - Private providers



Public Role

- Social Security vs other types
- Whole population (anyone eligible); select groups (uninsured/poor/elderly)
- Often major medical only
- Goal to do universal coverage (in combination with private)

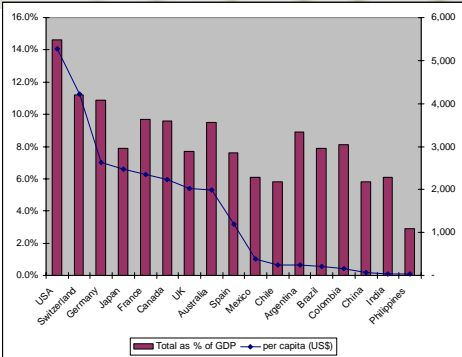


Private Role

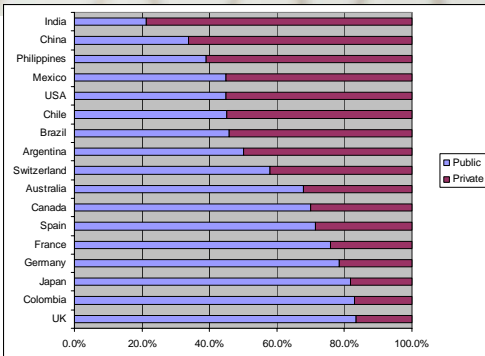
- Various types
 - Comprehensive (Major Medical, Indemnity, Managed Care)
 - Supplemental
 - Catastrophic
- Greater sense of class structures
- Offer more choice/quality



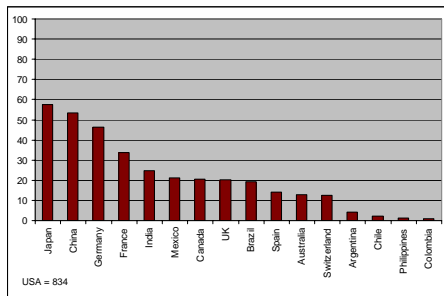
% of GDP/Per Capita Total Spending



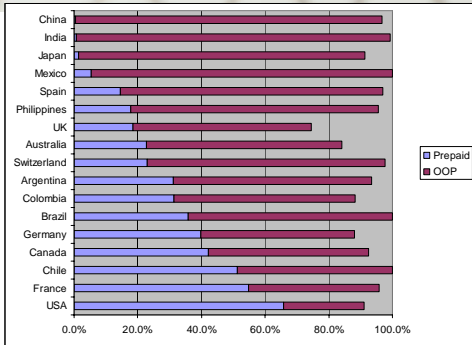
Private/Public Split



Opportunity Index



Pre-paid/Out of Pocket



2. International Opportunities – Products and Locations

Chile

- Every worker must contribute 7% (with employer match)
- May choose to participate in public system or
- May choose to direct care to an ISAPRE (private business)
- Premiums are based on network, benefit design, age, sex, family status

Colombia

- Same philosophy as Chile, except
- Standard benefit design
- Health plans are paid a standard amount set by the state per member, based on age/sex



Mexico

- Social Security contributions go to state
- Banking and mining industry may revert their contribution to an ISES
- Separate major medical industry



Brazil

- Most similar to U.S., with many large self-insured employers
- Small group and individual coverage underwritten by carriers
- Severe regulatory problems in individual
- Range of options, including many small UNIMEDS.



United Kingdom

- Most are delivered by National Health Service
- Significant market for private coverage, written for specific conditions
- As public waiting times decrease, market is shrinking



Germany

- May opt out of social insurance system, but you are doing so for life
- Social insurance system premiums based on salary
- Significant healthcare management and data problems



Hong Kong / SE Asia

- State run systems
- Most coverages are pure indemnity coverages – a fixed amount per day in the hospital
- Not a lot of regulation



India

- Most are in middle class paid at time of service
- Large middle class
- Recent privatization of insurance industry
- Most data resides at TPAs



3. Data Availability



Sources

- Private companies – detail level; varies greatly
- Government publications/regulators – usually high level
- International (WHO/PAHO/etc.) –big picture, resource based
- Examples
 - Chile – government publishes high level for all ISAPRES
 - Colombia – Association collects and publishes
 - Germany – little detail due to privacy concerns
 - Brazil – ANS requests, but does not compile data
 - India – insurers don't have their own data



Building the Health Cost Guidelines

- So far
 - South Africa
 - Chile
 - United Kingdom
- To come
 - Mexico
 - Hong Kong
 - Brazil
 - India



Building the Medical Underwriting Guidelines

- So far
 - Mexico
 - Brazil
- To come
 - United Kingdom
 - Hong Kong



4. Role of Actuaries



Historical Role

- Typically started out as traditional (life/pension) roles
- Multi-line companies bred multi-focus actuaries
- Even 5 years ago, as few as 30 health actuaries in China
- Development in health area at different stages
 - Statistical vs. actuarial approach



Education of Actuaries

- University Programs
 - In many countries
 - Statistical/Economic focus
 - Four year degree typical
- Certification examinations
- Limited continuing education
 - Mexico developing program



Actuarial Associations

- Countries
 - 70 countries have some sort of actuarial association
 - Very few (6) have reciprocal recognition of qualifications
 - Australia
 - Canada
 - Japan
 - India
 - USA
 - UK
- Cover all actuarial areas



Milliman Health Practices

- Mexico
- Brazil
- United Kingdom
- Hong Kong
- India



Thank you!



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