

Asia's Diabetes Challenge

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**12th Geneva Association
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In Asia. For Asia.



- 1. Facts about Diabetes**
2. Asia Feeling the Heat
3. Case for Private Insurance Solutions
4. Key Takeaways

Facts about Diabetes

- It's a **chronic** disease, and there is **no cure**!
- Occurs when the body cannot **produce** enough insulin or cannot **make good use** of it.

	Type 1	Type 2	Gestational
Characteristics	Produce little or no insulin	Insulin resistance or relative insulin deficiency	Occurs during pregnancy
Cause	Auto-immune reaction. Not fully understood.	Often associated with overweight. Not fully understood.	Not fully known
Complications	<ul style="list-style-type: none"> • Heart attack and stroke • Kidney failure • Reduced vision or blindness • Nerve damage leading to limb amputation • Cancer 		<ul style="list-style-type: none"> • Delivery problems • Low blood sugar in baby after birth
Prevention	Unpreventable. Patients need daily insulin injections.	Can be managed through exercise and diet. Most patients need oral drugs and / or insulin.	Unpreventable

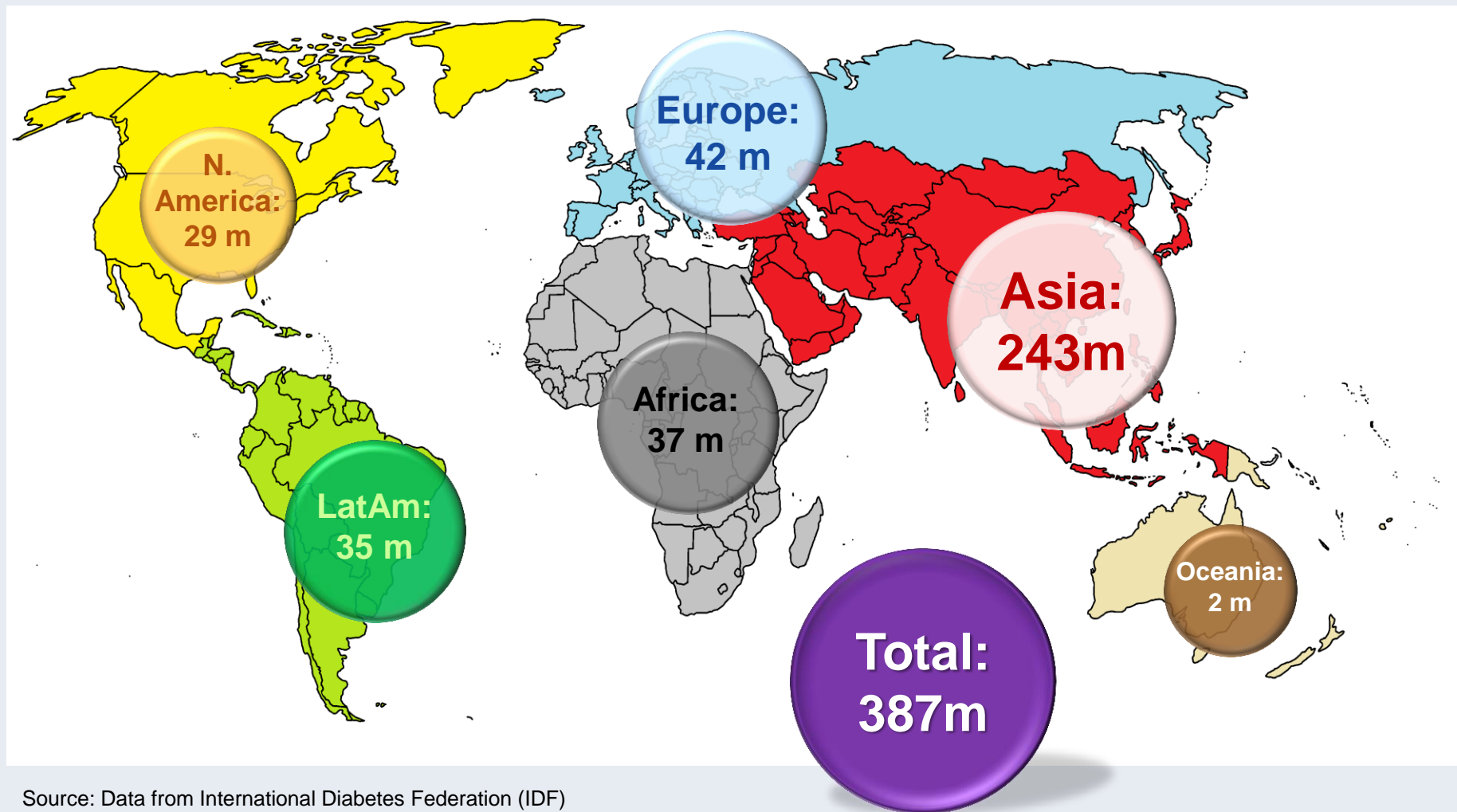
Source: International Diabetes Federation (IDF), World Health Organization (WHO), American Diabetes Association (ADA)



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Number of Diabetes Patients

Number of People (20-79 years old) with Diabetes, 2014



Top 10 countries by number of people with diabetes (20-79 years, 2014)

1	China	96.3m
2	India	66.8m
3	USA	25.8m
4	Brazil	11.6m
5	Indonesia	9.1m
6	Mexico	9.0m
7	Egypt	7.6m
8	Germany	7.3m
9	Turkey	7.3m
10	Japan	7.2m

**~ 243m cases in Asia
out of 387m globally**

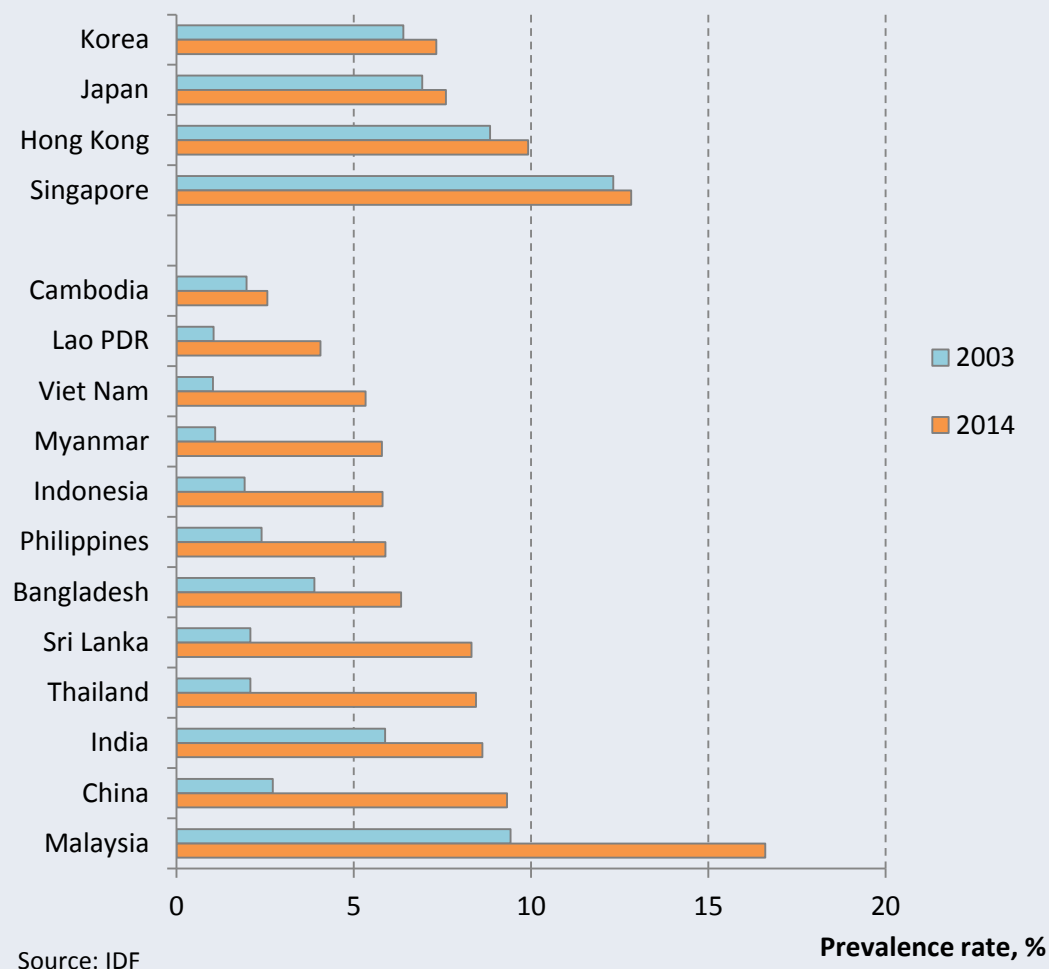
**US\$120bn diabetes-
related expenditure
in Asia**

Diabetes Prevalence Growing Fast!

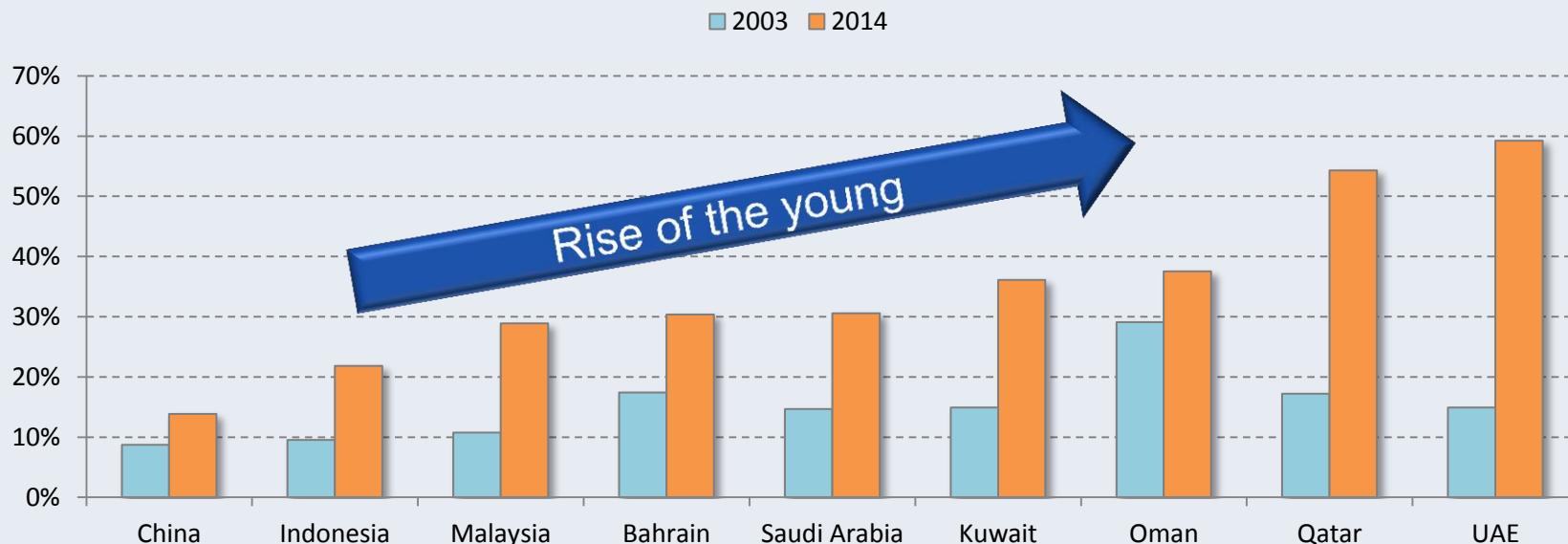
- Strong growth in prevalence, especially among developing economies

- Solutions are falling behind growing problems



National Prevalence Rate Across Selected Asian Economies























Percentage of Diabetes Cases Accounted by Young Adults (20-39 yrs old)



Source: IDF, ACR

- **Underlying drivers**  Urbanization and undesirable lifestyle changes
- **Significant implications**  Individuals, public & private schemes

Individual Spend Rising

Diabetes-related Expenditure			
Country	Mean Expenditure per Patient		
	2014 (US\$)	2007-2014 CAGR (%)*	
Korea	2,144		18%
Singapore	2,858		12%
Japan	4,908		8%
Viet Nam	150		26%
Indonesia	175		26%
Philippines	205		23%
China	421		21%
Lao PDR	74		18%
Sri Lanka	123		18%
India	95		17%
Bangladesh	43		14%
Malaysia	565		13%
Thailand	285		11%
Cambodia	88		6%
Oman	1,069		15%
Kuwait	1,949		14%
Qatar	2,748		12%
UAE	1,967		10%
Saudi Arabia	1,067		9%
Bahrain	1,196		8%

Source: IDF, ACR

*Constant exchange rate

• Macro view

- Increase in income per capita allowing more medical spent
- General medical inflation

• Disease-specific

- Duration with diabetes
- Choice of drugs and treatments

Recent and Upcoming Developments

Country	Timeline	Progress
Philippines	Nov 2014	Expanded national health insurance program to all senior citizens
Singapore	Nov 2015	Expanded national insurance scheme to be compulsory and universal, lifetime coverage with no lifetime claim limit and include pre-existing conditions
China	End-2015	Expand medical insurance to cover all major illnesses for urban and rural residents participating in the basic medical insurance system
Indonesia	2019	Mandatory enrollment in national system for all Indonesians
Vietnam	2020	Social health insurance for 80% of population, from targeted 70% of population in 2015

Indonesia



- Non-mandatory national health insurance system, US\$243m deficit in 2014
- Projected deficit in 2015, >US\$900m
- May raise premiums by end-2015

Thailand



- 2013 public health spending, US\$14b
- 2013 fiscal deficit, US\$7.7b
- Fiscal deficit expected to widen in FY15/16 and FY16/17

Source: The World Bank, WHO, ADB, various news sources

China: Private and Public Sector Cooperate

China's State Council has decided to introduce the medical insurance scheme on serious illnesses across the nation (July 2015)

- Main purpose is to **solve the problem of poverty** caused by major/ chronic diseases
- By end of 2015, all residents participating in the basic medical insurance system for rural and urban residents will be covered
- Scheme will be **run by private insurance institutions** and be financed from the basic medical schemes.
- A **chronic disease** can also be a major illness.
- Eligible are households where health expenditure equals or exceeds 40% of the household's capacity to pay.

Source: China State Council

ACR Financing – More Room for Insurance

Private insurance can do more to help households and governments

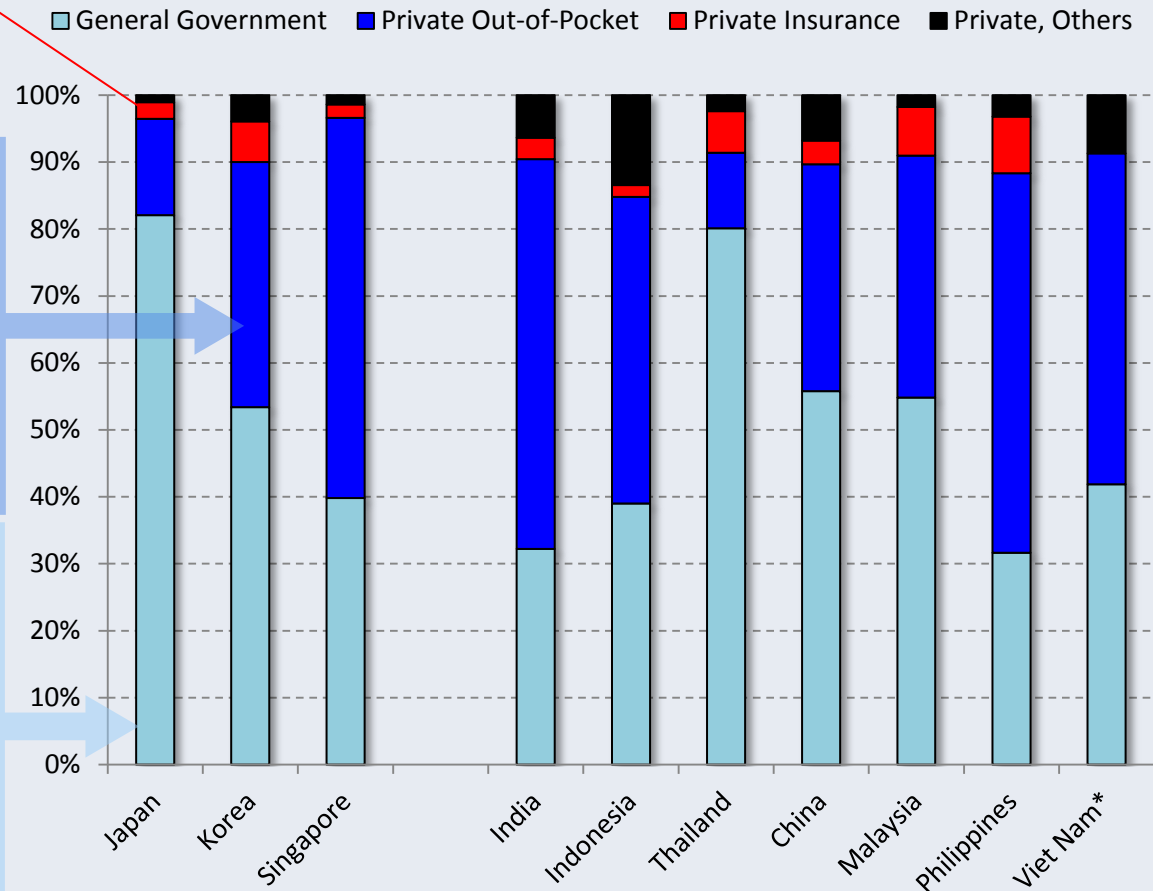
Private Out-of-Pocket

- Wage growth still recovering from crisis
- Poverty or income inequality persist

Government-funded

- 'New normal' growth environment
- Competing uses for public fund

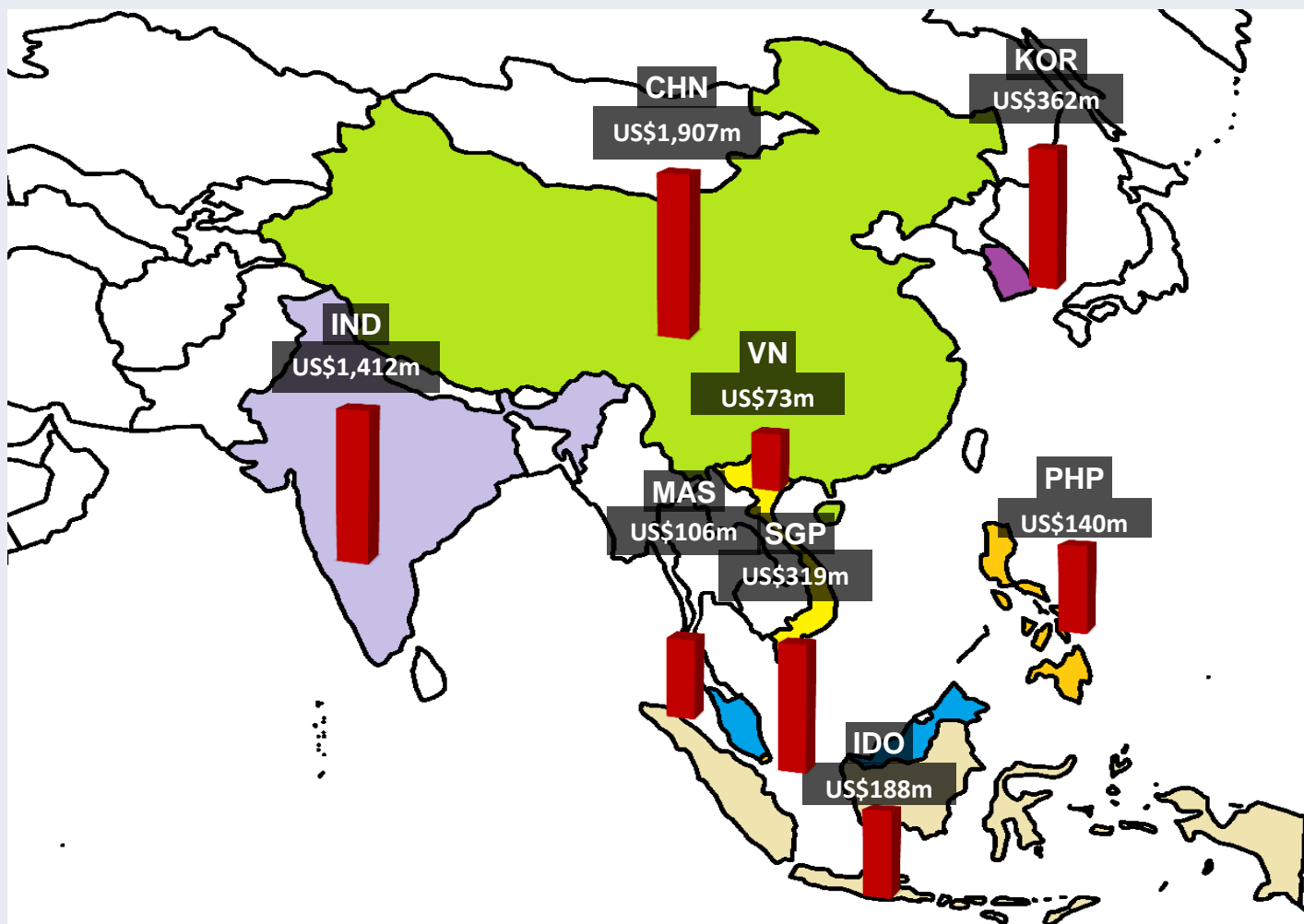
Health Financing Structure in Asia, 2013



Source: WHO, ACR

* Data for private insurance are not available

Potential Market for Diabetes Insurance: Selected Asian Economies



Source: ACR estimates

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- A close-up photograph of a water droplet hitting a surface, creating concentric ripples. The image is in shades of blue and white.
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 3. **Case for Private Insurance Solutions**
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Lack of experience data

- Product design
- Product pricing



Lack of sophistication

- Methods of diagnosis or monitoring (e.g. HbA1c)
- Benefits of insured (e.g. fixed benefits)



Market failure

- Asymmetric information and adverse selection
- Lack of randomness and moral hazard

1

Demand aspects

- Awareness of the impact of diabetes on general health
- Awareness of the cost

2

Supply aspects

- Expertise for early detection of diabetic conditions
- Expertise & infra-structure to manage early-stage diabetes cases

=> *We need incentive-based insurance solutions to align interests*

- **Improving insurability**

- Big data and analytical tools
- Telematics in healthcare to monitor patients' actions
- Smartphone apps (e.g. monitor glucose level using phones)

- **Pitfalls of technological application**

- Risk selection – cherry picking issue
- Burden on healthcare providers



**Solutions built
around
information and
data**



- Private plans exist with limited scale



- Scale achieved most quickly with public schemes
 - Few governments have fiscal bandwidth to sustain programs



Target: Integrated Solution with Governments and Private Sector

Governments

- Infrastructure
- Medical expertise
- Education & Training
- Regulations
- Oversight on healthcare institutions and costs

Private Sector

- Access to data
- Technological applications
- Talent pool
- Promoting awareness – lifestyle programs



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Diabetes and Implications

- ❑ Financial and economic impact of diabetes is catastrophic not only for individuals, but also the governments and societies at large
- ❑ Public sector cannot solve this issue alone
- ❑ Diabetes 2 can be controlled but requires lifestyle changes
- ❑ Private and public sector together can improve the financial and non-financial health outcomes
- ❑ Data issues need to be addressed to unlock potential solutions which are likely to be information- and data-driven



Q & A



**Thank You For Your
Attention**