

SUMMIT NEWSLETTER



The AMII 2015 Summit, held once again at the Royal College of Physicians in London took the theme of Health and Wellbeing.

Opening the event Stuart Scullion, in his first Summit as chairman of AMII ran through the ways in which the Association is listening to its members.

“We have surveyed AMII members to see what they want from their association,” he said. “You wanted us to create bespoke products for AMII members, to put forward information and educational presentations and to include regulatory and compliance training across a wider scale. We are in conversations across all three of those.

“Also irrespective of where we hold AMII events it is always a drag for someone to get there so one of the things members asked us to look at were at holding regional training and support events and we are looking into that.

“You also would like us to formally train in sales and motivational techniques, especially for some of the younger people who are coming through in the industry who need to develop that breadth of knowledge and expertise for the industry to survive and flourish.”



Addressing the theme of the day Stuart said:

“The wellbeing revolution many of us have talked about probably for a decade is finally underway and gathering pace. If you look at the way we act we don't heed the message of the four key things which will impact on our well-being: exercise, weight, smoking and alcohol consumption. I believe we will very soon see a legislative and regulatory pressure for us as a nation and employers in the nation to start managing the wellness of our staff and our population.”

What won't be helping is the recent hike in insurance premium tax.

Stuart said: *“I was fortunate enough last Thursday to attend the CBI dinner in Manchester and Sue Weir, the CEO of Medicash eloquently spoke of the impact of the IPT increase on the healthcare market. I share her view. The increase in IPT is ill conceived and ill thought through. It will put further pressure both financially and operationally on the NHS.”*

Stuart Scullion – AMII Chairman

“The increase in IPT is ill conceived and ill thought through. It will put further pressure both financially and operationally on the NHS.”

“The IPT increase is estimated to raise £177m. If I look at our own business, in the over-60 category the biggest single reason we lose customers is because of cost – they can't afford it and for many this will be the straw that breaks the camel's back. They say that they still have the NHS and therefore will be treated. The effect of this increase will be to force those people back into the NHS with the additional cost implications and a further burden. I don't know what the amount of money will be but

it would not surprise me if the cost of treating those people at a time when their propensity to claim and the cost of their claim is ever increasing will be greater than the tax revenue raised.

“David Bennett, outgoing chief executive of Monitor said that in his view the NHS is probably as close as it have ever been to have to look at alternative forms of funding because the British public is at the limit of what it is prepared to bear in terms of taxation. So I would contend that the Chancellor, instead of increasing IPT would have been better to have reintroduced tax breaks for the over 60s with the resultant reduction in the future burden on the NHS.”

AMII website

Paul Swanson outlined the development of the new website. AMII represents not just health insurance but a number of products and the old website was all geared to health insurance. It will now be the go to place for all things health and wellbeing, be that for individuals, SMEs, large corporates, insurers and advisers. It is designed to drive business to AMII members.

The word 'broker' has been removed. Members can be sourced via postcode entry and a map will show the locale of intermediaries in that postcode area. Selection can be by distance and product, ie life cover, cash plans, etc.

NEW AMII WEBSITE LAUNCHED

VISIT WWW.AMII.ORG.UK

There will be an Ask the Expert section – for the public and the press to ask questions. Members can put themselves forward to answer questions and it will be their responsibility to respond. There will also be regular blogs.

The NHS Five Year Forward View – Change for Good

First address of the day was by John Tacchi, CEO of Big Practice, which provides 90 GP practices to the NHS covering 700,000 patients in central Birmingham.



The Five Year Forward View was commissioned by Simon Stevens, chief executive of NHS England and is broadly an attempt to make a statement about what needs to be done about the NHS.

Tacchi said *“We know the £110bn budget for the NHS doesn't cover it because all we talk about is deficits.”*

He said Stevens predicts it could get £30bn worse but Tacchi's view is that that figure is the one Stevens thinks the politicians want to hear and be comfortable with.

“But if we spend approximately 8% of GDP on healthcare remember the US spends 18%. If we went to £200bn spending for the NHS where is the money coming from? The crisis is now. The great thing is that none of it is rocket science. The NHS is great at going in a circular motion and ending up where it started. The people working in the NHS were given their head they could fix the NHS tomorrow. The problem is that the organisation itself gets in the way. There is an awful history in the NHS of looking upwards and asking 'what do we do next'?”

“Neither can we have one size fits all – the reality is that there is no one organisation called the NHS, there are lots of local organisations with an NHS badge and one locale is very different to another and you have to take that into account.”

John Tacchi, CEO Big Practice

“For every £1 spent on prevention you save £5 on a cure in the future. There is room for private services and the NHS has to wake up and realise that.”

Summing up the key problem with the NHS Tacchi said:

“We have an NHS designed for 20 years ago and we need one for 20 years ahead.”

“Prevention versus cure,” he said, “is all about engaging the population and getting individuals to take more responsibility.”

“For every £1 spent on prevention you save £5 on a cure in the future. There is room for private services and the NHS has to wake up and realise that.”

Changing the Game – Comprehensive Wellbeing Improvement

The next session **Changing the Game – Comprehensive Wellbeing Improvement** was given by Oliver Harrison, senior vice president, Healthways International.

He began with:

“The cost of healthcare has been rising at 2% above GDP for 50 years and in many countries life expectancy at birth is lower than it has been historically for the first time in recent history, so something is going wrong if we are putting more money into healthcare systems yet outcomes at the macro level are starting to plateau and in some areas fall back. We are facing the challenges of life style diseases, non-communicable diseases and long term conditions like diabetes.



“The potential savings from evidence based programmes that we know work from around the world from a range of behaviour risk factors, smoking, stress, inactivity, etc adds up to £22bn per annum which matches the current efficiency shortfall within the NHS.”

Oliver Harrison, Healthways International

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Harrison outlined the handful of causes of long term conditions: **activity, nutrition, sleep, our mood, stress, finances, relationship, sense of purpose.**

“We need to impact these for our family, community, company we work for. Education is not the key, for example people know they need to stop

smoking or do more exercise.” Harrison outlined some of the products that Healthways offers larger corporates that could have a positive impact on employee wellbeing and engagement.

Further information at: www.healthways.com

Healthcare and Life Sciences Predictions 2020: A Bold Future

In **Healthcare and Life Sciences Predictions 2020: A Bold Future**, Karen Taylor, research director, Deloitte UK Centre for Health Solutions expounded on this report, which covers all aspects of healthcare. It comprises of ten predictions: which seek to overcome the barriers to the market and see what is possible.



“All countries are facing rising healthcare costs,” said Taylor, “We are living longer, but with more complex and multiple conditions, new therapies, new diagnostics so we can do more but it costs more. Most people don't think of paying for their own healthcare which is the challenge of the healthcare intermediary to work within a free healthcare system. But people are looking at different models.

“For decades there has been an imbalance between the healthcare providers and the patients where the knowledge and the information has rested with the health professionals but now because of technology and the internet the patient can access information about themselves and their condition so their expectations are increasing. They are no longer passive recipients of healthcare.”

Taylor said patients will become more like consumers and take control of their own health, more informed and more engaged. People are more comfortable consulting via skype, eg with Babylon.

“A silo approach to patient information and patient records has stopped improving the whole patient journey. One of the things which has to happen is that we have to see open access to healthcare information and share that information. In the UK we are behind the likes of the US in doing that. Some emerging countries are leapfrogging our systems to get patient owned health records.”

“The home is where most healthcare will be taking place – many aspects of healthcare can be delivered at home, eg people doing their own diabetic readings, their own insulin injections, warfarin and cancer drugs delivered safely at home, etc. Digital technology is allowing much of this to happen but also partnership and collaboration between those operating in this health value chain.”

Taylor also addressed the development in wearables which support and monitor ill health and how it is increasing.

“There is a proliferation of healthcare applications - 160,000 in the Apple store at the last count. Governments are trying to provide guidance to patients. The predictions as to how this technology will grow are high. We are seeing insurance companies using wearables for their employees or through their health plans to help members monitor and demonstrate that they are taking better care of their own health.

Karen Taylor, Deloitte UK

“Some of the most innovative approaches to healthcare delivery are being developed in emerging markets and we are seeing really cost effective to things like cataract surgery or orthopaedic surgery where you have specialisms and outcomes as good as in the UK but as a fraction of the cost.”

“When it comes to data the danger is that we will be data rich but information poor. We are seeing a huge increase in people developing the tools to interrogate and make use of this data and this is where partnerships and collaboration between sectors such as pharma, healthcare and patients and the insurance industry is very important. This is also key when it comes to genetic make up which means we can have more targeted therapies, link diagnostics to treatment and ultimately have a much more cost effective approach to healthcare.”

One challenge for the market is that of regulatory compliance and how it has become incredibly complicated.

“Regulators are there to make sure patients are safe,” Taylor said. “The proliferation of regulation is delaying the length of time it takes drugs to get through the search and development pipeline: it is causing problems for the industry to respond quickly and effectively to changing needs. Regulators, pharma and patients need to have more open dialogue.”

There are also lessons to be learnt abroad.

“Some of the most innovative approaches to healthcare delivery are being developed in emerging markets and we are seeing really cost effective to things like cataract surgery or orthopaedic surgery where you have specialisms and outcomes as good as in the UK but as a fraction of the cost. So the technology and approaches and because they don't have an expensive infrastructure that can be a constraint means they can move more quickly. We are seeing innovations in emerging countries that are now being brought into developed countries.”

You can access a full copy of the Report at:

<http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-healthcare-and-life-sciences-predictions-2020.pdf>

The Big Debate: **Health and Wellbeing and the implications for health insurance**

The final session of the day was the Debate - tackling '**Health and Wellbeing and the implications for health insurance**'. On the panel was Alister Scott, head of health and deputy CMO at BT, Magnus Kauders, CEO of Blossoms Healthcare, Raman Sankaran, sales and marketing director, Simplyhealth and Paul Johnston, CEO Punter Southall Health and Protection.



The panel first considered how soon the technological revolution would start to have a positive impact on health and well-being. Alister was of the view that size will play a part in the corporate sector. He said:

“We are starting to see the use of technology within larger companies especially where they have scattered workforces as a natural way of trying to get people to

access healthcare. But it is going to be a hard sell especially to SME employers without large resources behind them to make it feasible.”

A common theme of the discussion was all parties working together and the part of the insurance industry within that. As Raman said:

“Where technology can play a big part is in facilitating collaboration and partnerships. A real barrier today is the health insurance industry model: we have some real challenges and some real opportunities. The first challenge is in how we view risk. There is a lot of investment in technology but until we make it personalised and get feedback as to how it would make you do things differently and get insurers to look at risk in a different way.

“Another barrier is traditional approach with insurer and provider on one side and the intermediary providing the relationship on the other. For technology all parties have to work much closer to develop the right products and services. We could find non-traditional players entering the market like Google and Apple.”

However, Magnus highlighted how Google's health online video consultations didn't grow as quickly as it had hoped.

“There are some big companies moving in and out of healthcare but I think the best people to be in control of the technology are the clinicians who might actually be using it,” he said, “For insurers to enter the market and say technology is going to revolutionise healthcare is disingenuous.”

Of course when talking technology 'wearables' are fast encroaching on the nation's wrists – but while the UK is still somewhere behind other countries this may not be such a bad thing.

Paul conceded technology is a broad question.

“Technology will have a big impact – the company Fitbit is of the view that the US market and the impact on consumer behaviour is about two years ahead of that in the UK. It is about the pace of adoption. Wearables are starting to make a change in some behaviours so that won't stop but it is hard to judge the pace and direction. Specialists, insurers and employers all have a role to play in this space as well.”

Paul warned however that government had to ensure data security and that the insurance industry has a pivotal role to play in managing that risk. Raman highlighted the specific concern about selection.

“If we use personalised data to cherry pick bad risk that is a sure fired way to see public confidence plummet. Products and services in the new world will be very different however.”

Paul agreed that this difference will reflect consumers taking care of their own health and wellness.

“There is certainly a shift ahead in preventative measures. If all employers have a cost to bear if they are going to provide some forms of screening for employees surely some form of tax incentive is in order here from the Government. That will reduce the strain on the NHS. It will impact productivity and GDP which is in the national interest. Politically some form of tax relief around PMI is never going to happen. But maybe there is an argument that helps within the corporate sphere.”

There was a consensus among the panel that when it comes to our expectations of the NHS there will be gaps that need to be filled elsewhere.

“The State should be leading the way in healthcare but increasingly some form of insured route is inevitable – it's just who pays,” said Alister.

Raman saw opportunities in the need to fill the gaps: *“but capitation type systems around social care are perhaps most likely as carrying less political baggage,”* he said.

Paul Johnston saw some parallels with the pension system.

“There is some risk transfer about to come through the system, there is an interesting analogy with pensions,” he said. *“We had a defined benefit product which was too expensive and something akin to our full blown PMI product. It continues to have a role and employers won't ever truly move away from it. But with pensions we ended up creating a defined contribution product to get the nation saving. What are we asking the employee to do: to save into that DC pot, which they can take with*

them, but ultimately we are saying they have to take some responsibility and accountability for this. To my mind there is a similar trend that could emerge on health and wellness which is: we the State can't afford this, we need some risk transfer and tax incentive needs to be thought about around this. So we could be talking about a health and wellness savings account that can be built up over time and fill some of the protection gap."

With the increasing use of technology and consumer engagement with their own healthcare so the data around lifestyle and health is building as is the concern as to how such data is used.

"We all now have access to limitless amounts of information and that will increasing impact on what we expect from healthcare but will the amount of care match expectations," queried Magnus.

Raman added: "We have the dichotomy that the insurance and private side of things isn't growing but that the NHS is the holy-grail and can deal with everything is not realistic. We need solutions to fill the gaps and it is not just about peoples' expectations."

Paul agreed: *"The NHS will meet certain of those expectations but it behoves the insurance industry to come up with initiatives to help fill those gaps, come up with products and services to do that."*

As for management of the data Raman said: "It is going to have to be dealt with centrally with the direction of the government but not under its auspices. It is too huge to be in one place it will need breaking down. It is about combining the data and use of the data to create something meaningful." But key to it all is the healthcare intermediary. "The healthcare intermediary has a role to play in managing some of this data," said Paul. "My sense is that the role of the intermediary in the healthcare market could change over the next few years in the way they work in partnership with the client and with the providers with the data but only some of the data."

Copies of presentations from the Summit are available from AMII General Secretary, Michael Payne on request to: amiihealth@btinternet.com