Medical Cost & Premium Inflation on the RISE!!!

(An extract from thestar.com.my dated 1/12/2021)

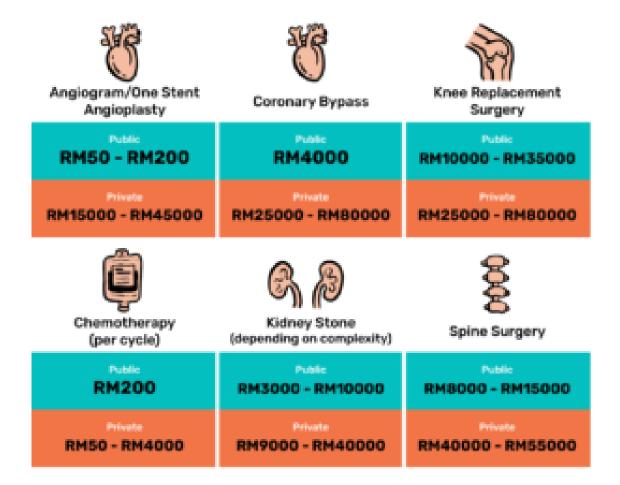
KUALA LUMPUR: The insurance and Takaful industry calls on all stakeholders such as **Bank Negara**, **private hospitals and doctors to work together** with the industry to address the rising medical cost and premium inflation.

The **major drivers** of medical and premium/contribution inflation are: -

- 1. Advances in medical treatment, imported equipment, supplies and medicines;
- 2. High prevalence of non-communicable diseases;
- 3. Ageing population; and
- 4. Increasing benefits and policy design.

The below image is the illustration on the Medical Treatment Charges between Private & Government Hospital in Malaysia:-

Public vs Private Healthcare Fees



Life Insurance Association of Malaysia (LIAM) survey: -

- i. Claims have risen to 88.6% of premium.
- ii. The average annualized premium increase was 6.47% and the rate revision only happens every three to five years.

The survey shows that:

"Claims have been increasing at a faster rate than premiums. Over the long term, this threatens the sustainability of medical insurance."

Suggestions by Actuarial Partners 2020 study/survey: -

- a) Insurers and Takaful operators to introduce more alternative plan designs with lower premiums and cost-sharing provisions for policyholders to maintain their medical coverage and encourage cost control.
- b) A greater transparency by **publishing the average costs of common procedures and treatment** and this can empower policyholders to make better healthcare decisions.
- c) To automate and digitize guarantee letter process to reduce administration costs and improve the insured patient experience.

If you haven't have a medical insurance plan, please consider to have one. Just like what we Malaysian always said 'Sediakan Payung Sebelum Hujan'.

Contact us now for a free consultation on insurance related matters

- 1. Email your queries to insurance@edindings.com or
- 2. Call us at 012-2861817 (M), 03-21622515 (0)