

The value of claims analysis in health microinsurance: Learning from three South Asian cases

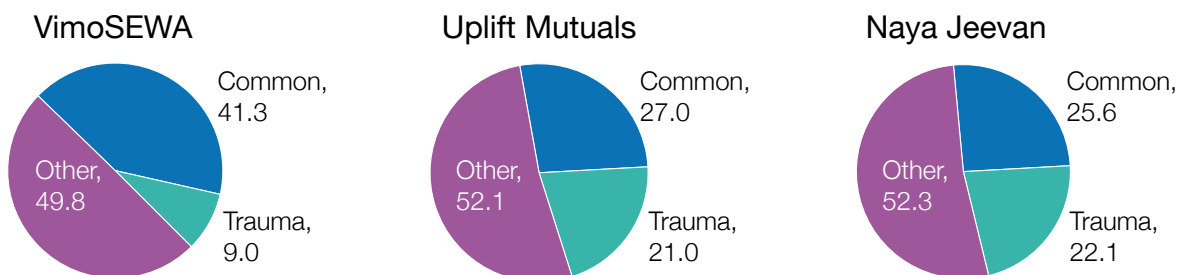
Briefing Note

Most providers of health microinsurance (HMI) can do more to understand the illness and claims patterns of insured clients. Analysing claims data equips HMI practitioners with valuable insights to improve the client value and viability of their programmes. This note provides insights from a comparative analysis of claims data of three South Asian HMI programmes run by VimoSEWA, Uplift and Naya Jeevan.

HANDFUL OF COMMON ILLNESSES, SUCH AS DIARRHOEA OR FEVER, ALONG WITH TRAUMA AND ACCIDENTS, GIVE RISE TO APPROXIMATELY 50 PER CENT OF CLAIMS COSTS. Many of these conditions are preventable or can be treated through outpatient care if detected early and if services are available.

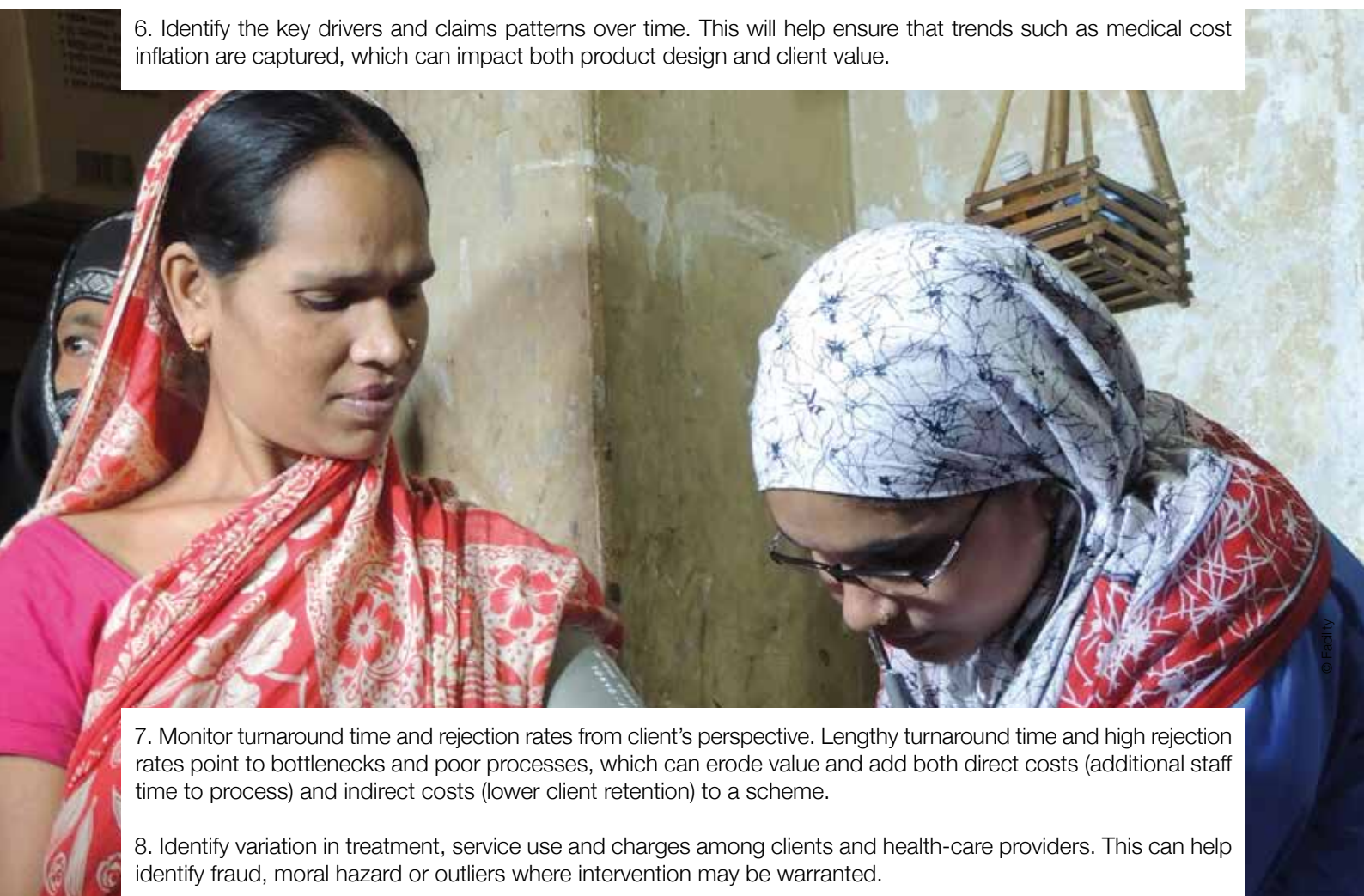
CLAIMS PATTERNS CAN PROVIDE INSIGHT INTO UNDERLYING PATTERNS OF ILLNESS AND THE TREATMENT-SEEKING BEHAVIOUR OF INSURED CLIENTS. Analysing claims frequency and rejections by diagnosis or other variables, such as health-care provider or claimant demographics, can identify ways to align HMI products, services and operations with the needs and objectives of both clients and HMI providers, as well as to assess how clients use products. Hospitalization claims also reflect the status of health services accessible to clients. For example, if outpatient services are weak, hospitalization for fever and diarrhoea may be more common.

IT IS ESSENTIAL TO KNOW WHY, HOW OFTEN AND AT WHAT COST CLIENTS RECEIVE TREATMENT AND INCUR CLAIMS. A better understanding of the drivers of claims can enable HMI programmes to identify areas for product and process improvements, leading to improved client value and programme viability.



TEN RECOMMENDATIONS TO UNLOCK THE POTENTIAL OF CLAIMS DATA ANALYSIS

1. Define, assign and communicate responsibilities for gathering, monitoring and interpreting claims data.
2. Identify key data elements and a process for data collection and analysis. The process to collect and analyse data should be guided by data availability and an understanding of inherent trade-offs.
3. Assign unique identification numbers or codes to each policy, person insured, health-care provider and claim. Use standard descriptions and codes for diagnosis categories, type of health-care provider and claim status.
4. Use software to facilitate data storage, back-up, monitoring and sharing. It need not be expensive or complex – HMI providers have successfully used spreadsheet software like Excel in addition to customized software to analyse their claims data.
5. Carry out training and monitoring for health-care providers, internal staff and other stakeholders, so they know how to collect and submit claims data to the HMI provider.
6. Identify the key drivers and claims patterns over time. This will help ensure that trends such as medical cost inflation are captured, which can impact both product design and client value.



7. Monitor turnaround time and rejection rates from client's perspective. Lengthy turnaround time and high rejection rates point to bottlenecks and poor processes, which can erode value and add both direct costs (additional staff time to process) and indirect costs (lower client retention) to a scheme.
8. Identify variation in treatment, service use and charges among clients and health-care providers. This can help identify fraud, moral hazard or outliers where intervention may be warranted.
9. Use claims data to optimize product design and calculate more accurate premiums.
10. Analyse and disseminate data with a view toward improving the health system and to advocate for improved prevention.

Housed at the International Labour Organization, the Impact Insurance Facility enables the insurance industry, governments, and their partners to realise the potential of insurance for social and economic development. The Facility was launched in 2008 with generous support from the Bill & Melinda Gates Foundation, and has received subsequent funding from several donors, including the Z Zurich Foundation, Munich Re Foundation, the World Bank Group, USAID and AusAID. See more at: <http://ilo.org/impactinsurance>