

Value Added Service – Wellness and Preventive Healthcare

FICCI

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Ernst & Young LLP

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Foreword by FICCI

The need for quality healthcare has seen an enormous growth and customer centricity in the value added service offerings is of paramount importance with the rising competition. Also, this is complemented by the increasing awareness about preventive care with a focus on the individual well-being. Wellness as a concept is undergoing a continuous shift and expanding in all directions to now have three aspects that are covered – wellness during, preventive care, during inpatient and post-hospitalization care. For a smooth adoption, these wellness benefits need to be embedded with a simple and an innovative design.

We would like to acknowledge and thank the healthcare community for their contribution to the health care industry and to patients. Insurers and healthcare industry leaders are contributing to policy change, quality improvements and health system improvement.

This industry has a lot more to see in the near future. The Federation of Indian Chambers of Commerce and Industry (FICCI) has set up a task force with key representatives from the health care industry, regulators and insurers to deep-dive into issues that the nursing profession faces. The task force has put together the various advancements that the wellness industry has come across with the need that caused such a progress.

This paper holds recommended reforms that cover the wellness evolution holistically and we hope that this paper will pave the way for stakeholders, policy makers and regulators to take initiatives to build on the need for well-being of an individual and support the transformation that the wellness industry is undertaking. This will be in keeping with India's vision to be globally competitive, locally relevant and to deliver cost-effective health care.

We are thankful for the support of the Insurance Regulatory Authority of India and the Insurance and healthcare providers for the development of the report. Going forward FICCI would like to work closely with IRDAI and healthcare industry to make action plans for achieving the reforms. We would also like to thank the FICCI Health Insurance Committee, FICCI Insurance Task Force and the FICCI Healthcare team for their contributions and untiring effort.



Mr Antony Jacob
Co-Chair, FICCI Health Insurance Committee & CEO, Apollo Munich Health Insurance



Mr G Srinivasan
Chair, FICCI Health Insurance Committee & CMD, The New India Assurance



Mr Girish Rao
Co-Chair, FICCI Health Insurance Committee & CMD, Vidal Healthcare Services

Message from EY

Strong economic growth in India since last fifteen years has brought significant changes in dietary habits, nutritional status and lifestyle that resulted in a shift communicable to non-communicable diseases being more common. India's healthcare industry is growing at a significant pace and is complemented by the simultaneous increase in the health risk awareness amongst individuals driving the evolution of wellness and preventive care market where in employers, wellness centers etc., are designing innovative and embedded wellness programs to continuously engage and work towards the well-being of an individual.

Today's young population which accounts to 47% of the total population would be entering the elderly phase years down the line - wellness and healthcare advancements together could bring about a collaborated balance in the well-being of the individual. However, the wellness industry in its current form is fragmented and unregulated. Bring into line to the identified need of an individual well-being, IRDAI has rolled out the new set of Health regulations in July, 2016 allowing wellness incentives as a part of the Insurance products, this move marks just the beginning of a major transition in the health care and wellness industry.

While this shift will bring its own set of challenges due to greater transparency and compliance requirements, the key driver would be efficient management from design (how easily does the wellness incentive embed itself into an individual's lifestyle) to implementation (Digitally integrated and driven processes, customer ease, accessibility etc.).

We are grateful to FICCI for giving us this opportunity to collaborate and be a part of the value added services task force.

The interactions with the members of the task force gave us a chance to explore options that can play a significant role in the evolution of the wellness industry and the rise of wellness marketplaces.

At EY, we are driven by our purpose of 'Building a Better Working World'. We firmly believe that often the genesis of a creative solution is asking the right questions. We hope this report and the recommendations in it will just be the start of that journey.



Rohan Sachdev
Global Insurance Emerging Markets Leader
Partner and Leader - Financial Services Advisory
EY



Narendra Ganpule
Partner - Financial Services Advisory
EY



Irvinder S Lail
Director - Financial Services Advisory
EY

Value Added Services Task Force

FICCI taskforce on 'Value added Services" was constituted on the advice and direction of Chairman - IRDAI. The taskforce comprised of members lead by Mr. Ashish Mehrotra - MD & CEO, Max Bupa Health. The taskforce has created a recommendation paper on 'Value added Services' products, with a focus on wellness and preventive care.

Working Group Members:

- Mr. Ashish Mehrotra, MD & CEO - Max Bupa Health Insurance Company Limited
- Ms. Priya Gilbile, Senior Vice President - Health Risk Management, Max Bupa Health Insurance Company Limited
- Mr. Amit Bhandari, Head - Underwriting, Claims operations & Products, ICICI Lombard
- Dr. Gayatri Mahindroo, Director - NABH
- Ms. Gomathi V, VP - Swiss Re
- Ms. Mallika Rohit, AVP Products - ICICI Prudential Life Insurance
- Dr. Sandip Budhiraja, Clinical Director - Head and Clinical Directorate, Max Healthcare

Max Bupa resources aligned with the taskforce engaged extensively with them to understand their views and take inputs which have been incorporated in the paper. EY as knowledge partner for the initiative brought in their global expertise and helped identifying global best practices in the wellness space. The Max Bupa and EY team comprised of:

- Mr. Irvinder S Lail, Director - Advisory Services, EY
- Mr. Amit Motwani, Manager - Performance Improvement, EY
- Ms. Astha Gupta, Senior Consultant - Performance Improvement, EY
- Ms. Vindhya Alahari, Senior Consultant - Performance Improvement, EY
- Mr. Abhayendra Singh, Head - Health Risk Management Analytics, Max Bupa
- Ms. Meenakshi Gandhi, General Manager - Healthcare Purchasing, Max Bupa
- Mr. Mohit Desai, Chief Manager - Digital, Max Bupa
- Mr. Sharad Chandra, Senior Manager - HRM Analytics, Max Bupa
- Ms. Sabeena Grim, General Management - Project Management, Max Bupa
- Mr. Vineet Gupta, Senior Manager - Products, Max Bupa
- Mr. Vineet Kumar, General Manager - Strategy, Max Bupa

Message from Task Force Leader

Wellness has come to the forefront in the last decade on account of escalating healthcare costs, sharp rise in critical and lifestyle illnesses and lack of preventive care. Increasing incidence of lifestyle diseases like diabetes and hypertension has prompted healthcare professionals to promote wellness by encouraging behavioral changes. Wellness products have the ability to influence behavior and improve people's health hence lowering healthcare costs.

Health insurance now plays a significant role in enabling access to healthcare in India for a sizeable population. Health insurance integrated with wellness offerings results in better health and value for customers, superior actuarial dynamics for insurers and a healthier society. Incentivizing healthy behaviors of customers will help boost penetration of wellness based health insurance products, tailored to the evolving health needs of customers.

With this aim, FICCI Health Insurance Committee constituted a taskforce with industry experts, to come up with a recommendation paper on "Value added Services" products, with a focus on wellness and preventive care. This paper aims to put forward the voice of Health Insurance Industry to the Government and encourage policy reforms suitable for development of the Industry, to ensure health insurance is more inclusive and takes care of overall wellbeing and health of the citizens of India at large.

This report is a result of extensive deliberations amongst the task force and FICCI health insurance committee members and elaborate research and content development by EY team. We hope this paper accomplishes the scope of defining wellness, laying out the existing spread available and provides specific recommendations to bring every entity of the ecosystem on to a common platform and work towards the common goal of individual well-being.



Ashish Mehrotra
MD & CEO
Max Bupa Health Insurance

Executive Summary

Wellness programs are predominantly increasing in the society as the healthcare and insurance providers attempt to reduce costs of chronic diseases and claims respectively, by increasing the awareness around health risks and encouraging well-being of an individual, employers strive for a healthy workforce, and individuals turn out to be inspired to take control of their own health through technological advances that quantify wellness and its impact on the upcoming health risks. However, this industry is still fragmented and unregulated with a huge potential for development. Each wellness offering differs in its own way, yet most are driven by similar objectives: continuous engagement and participation to improve health.

This paper aims at bringing out the vastness and need for the industry, existing spread and specific recommendations to bring every entity of the ecosystem on to a common platform and work towards the common goal of individual well-being.

With the progress of time, wellness as a concept has taken up a multi-dimensional definition, encompassing the individual's desire for one's own well-being, uniqueness and collective welfare. Primarily influenced by societal changes and individual's lifestyle trends, this revolution has also been enhanced by external factors such as globalization and a greater awareness of the need for wellness among individuals.

Wellness players, in alignment to above trends have responded by shifting their focus from traditional offerings like curative healthcare and value oriented mass products to new generational offerings like preventive healthcare, luxury products and personalized services. However, the end customer reach of the wellness is still limited due to the regulated environment of the insurance or healthcare providers and the regulators have now taken their first steps to encourage wellness and this will drive the today's fragmented industry to shape into being a marketplace providing a common platform for various well-ness aggregators.

As the government takes steps to align itself with the ecosystem, it is important to simultaneously address the challenges of design and implementation that outline the effectiveness of the wellness offerings and the ease at which they are made available to each of the entities in the value chain to adopt to the shift. For example, pairing a life insurance policy with a wellness plan encourages customers to take an action to improve their personal health as well as reduce their premiums. The insurer may realize improved experience and be able to develop new and innovative products.

Chapter 1

The Indian Landscape

1.1 Population Demographics

The demography of a country helps to understand the challenges and opportunities it presents for sustainable development. Health characteristics, e.g. burden of diseases, productive years lost, and cost of health care are key drivers of economic growth for emerging markets like India.

According to estimates, within 10 years[1], India will surpass China to become the world's most populous country. However, the pace of growth will slow as the country reaches replacement fertility[1]. Some key statistics of India's current population are highlighted below:

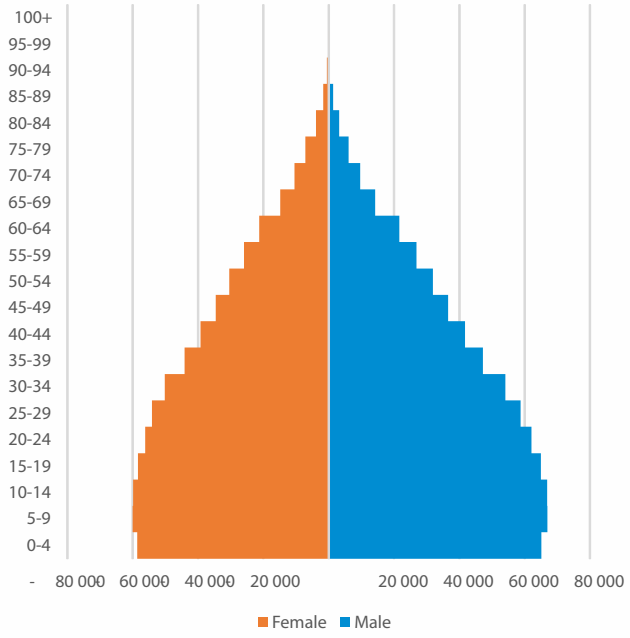
1. Second most populous country with 1.31 billion people (52% male and 48% female)
2. India's population is equivalent to 17.84% of the total world population
3. The population density in India is 441 per Sq. Km
4. 32.7 % of the population (428 million) live in urban areas
5. The median age in India is 26.6 years
6. Crude birth rate per 1000 is 20.4
7. Fertility rate (live births per woman) is 2.5
8. Life Expectancy at birth is 67 years
9. Under five mortality is 53 for every 1000 live births
10. Infant mortality is 40 for every 1000 live births

India's population today is relatively young, primarily due to high birth rates. The population pyramid in the figure shows that young people (below age 25) account for a much higher proportion (47%), while the elderly (65 and older) account for a mere 9%. This broad base is evident for both male and female[2]. As this young population enters the workforce, it becomes a major growth driver for the economy. Also, this young population will need better health protection when they enter the elderly phase years down the line and carry the potential to change the dynamics of the insurance industry.

[1] Replacement fertility means that children born to each couple are on average replacing the dying population without increasing the size of the population

[2] United Nations Population Division Estimates, 2015

Population Pyramid - India (2015)

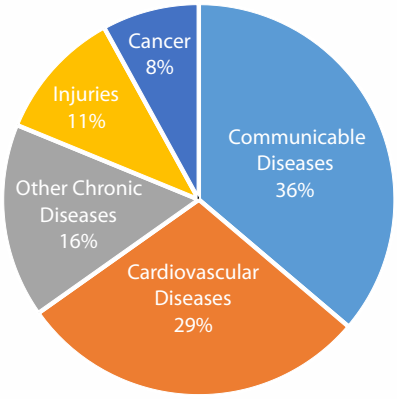


1.2 Diseases and Risk Factors

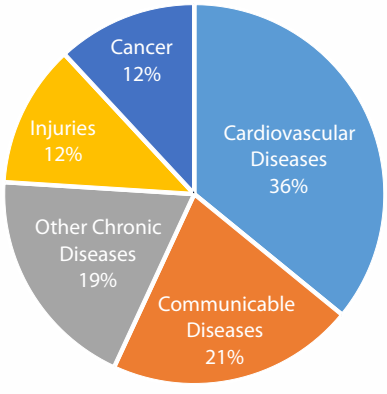
There has been a major epidemiological transition in India in the last 25 years, and the burden has shifted from communicable to non-communicable diseases (NCDs). The major reason is the change in the economic conditions, resulting in a shift towards an unhealthy lifestyle. Currently India is suffering from high morbidity and low mortality, caused by the triple burden of infectious, communicable and non-communicable diseases. In India, the occurrence of NCDs and the resultant morbidity becomes even more prevalent in an aging population. Chronic NCDs have increased over five-fold in the aging population, especially those above 60 years.

The national health profile for 2015 attributes over 50% death to NCDs. Figure below shows the projected disease shift between year 2005 and 2030[3].

India Disease Profile -2005



India Disease Profile - 2030 Projected



[3] Yadav, S. and Arokiasamy, P. Understanding epidemiological transition in India. Global Health Action, 2014

Primarily, there is growing concern to address the increasing burden of non-communicable diseases, which are responsible for two-thirds of the total morbidity burden and just over half of deaths[4]. Recognizing the gravity of situation, in 2013–14, the government started the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Strokes (NPCDCS). Currently this programme is being implemented in 35 states and union territories, and is expected to cover entire country by the end of 2017[5]. However, this initiative is very recent and it will take significant effort and time to arrest the growth of Non-communicable diseases.

Rise of Non-Communicable Diseases

Strong economic growth in India since last fifteen years has brought significant changes in dietary habits, nutritional status and lifestyle. As a result, non-communicable diseases have become more common, negatively impacting morbidity and mortality. According to the World Health Organization, one in four Indians will die from a non-communicable disease before the age of 70.[6] Non-communicable diseases currently account for 53% of the total deaths and 44% of disability-adjusted life years (DALYs) lost[7]. Higher socioeconomic groups are more susceptible to cardiovascular diseases and accompanying risk factors like obesity, diabetes, hypertension and elevated lipids[8]. When compared to global averages, Indians get cardiovascular diseases or diabetes 10 years earlier in their lifespan. This increases the chances of premature mortality in the productive workgroup of 35-63 years.

Table below illustrates the transition between communicable to non-communicable diseases for mortality, between year 1990 and 2013. Most notable is the rise of Ischemic heart disease and stroke[9].

1990		2015	
Rank	**Disease**	**Rank**	**Disease**
1	Lower respiratory infections	1	Ischemic heart disease
2	Diarrheal diseases	2	Chronic obstructive pulmonary disease
3	Preterm birth complications	3	Cerebrovascular disease
4	Tuberculosis	4	Lower respiratory infections
5	Neonatal encephalopathy	5	Diarrheal diseases
6	Ischemic heart disease	6	Tuberculosis
7	Other neonatal disorders	7	Diabetes
8	Chronic obstructive pulmonary disease	8	Chronic kidney disease
9	Tetanus	9	Neonatal preterm birth
10	Neonatal sepsis	10	Road injuries
11	Stroke	11	Neonatal encephalopathy
12	Road injuries	12	Other neonatal disorders
13	Self-harm	13	Tetanus

Communicable, Maternal, Neonatal and Nutritional diseases	Non-communicable diseases	Injuries

[4] WHO Mortality and Morbidity Data, 2015

[5] Ministry of Health (2015)

[6] Who.int. WHO | India: first to adapt the Global Monitoring Framework on noncommunicable diseases (NCDs).2015

[7] Health Risk Factors India, Swiss Re, 2015

[8] Subramanian, S., Corsi, D., Subramanyam, M. and Davey Smith, G. Jumping the gun: the problematic discourse on socioeconomic status and cardiovascular health in India. International Journal of Epidemiology, 42(5), pp.1410-1426, 2013

[9] The State of Health in the Commonwealth: India profile, IHME (2015)

Major Non-Communicable Diseases

Non-communicable diseases include respiratory diseases, orthopedic problems, hypertension, cardiovascular diseases (CVDs), diabetes, cancer, etc. However, following are the four major non-communicable diseases, responsible for 43% of mortalities in 2014:

1. Cardiovascular Diseases - Cardiovascular diseases (CVDs) will be the largest cause of death and disability by 2020 in India[10]. Cardiovascular diseases cause around 45% deaths of non-communicable diseases and 29% deaths of all diseases combined[11]. Approximately 2.6 million Indians are predicted to die due to coronary heart disease, which constitutes 54.1 % of all CVD deaths. Nearly half of these deaths are likely to occur in young and middle aged individuals (30-69 years)[12]. Primary reason for this situation is late diagnosis of the disease, and lack of preventive care.

2. Diabetes - After cardiovascular diseases, diabetes is taking the highest toll on India's health in category of non-communicable diseases. India is now both, the cardiovascular disease and the diabetes capital of the world. In year 2015, there were 69.1 million reported cases of diabetes; this number can reach to 109 million by 2035[13].The average age of a diabetic is 40 in India, 10 years younger than in developed countries[14]. Late diagnosis is a factor for diabetes, due to lack of preventive care in India. This causes the disease to be in advanced stage, by the time patient reaches out for medical care.

3. Chronic Respiratory Dieases - It is estimated that 30 million patients in India are suffering from chronic respiratory diseases, out of which 22 million are suffering from chronic obstructive pulmonary disease (COPD)[15]. COPD, most common among men due to smoking behavior, causes 6 times increase in cases of respiratory disease.

4. Cancer - According to estimates, as of 2015, there were 3.9 million people suffering from cancer with reported cases of 1.1 million[16]. The most common cancers in men are those of the oral cavity, esophagus and lung while in women the main sites are the cervix, breast and ovaries.

Major Risk Factors

Major risk factors causing non-communicable disease burden in India are listed below:

1. Tobacco: In Indian context, tobacco is responsible for one third of all the cancers. India is second largest consumer and third largest producer of tobacco. According to Global Adult

[10] FoodNavigator-Asia.com. India bracing for heart disease, 2015

[11] National Health Profile, Central Bureau of Health Intelligence, 2015

[12] Health Risk Factors India, Swiss Re, 2015

[13] International Diabetes Federation. (2016).

[14] M, Bhansali A, Anjana RM, Pradeepa R, Joshi SR, Joshi PP, et al. (2014).Knowledge and awareness of diabetes in urban and rural India: ICMRs

[15] Subramanian, S., Corsi, D., Subramanyam, M. and Davey Smith, G. Jumping the gun: the problematic discourse on socioeconomic status and cardiovascular health in India. International Journal of Epidemiology, 42(5), pp.1410-1426, 2013

[16] EY; Call for Action: Expanding cancer care in India July, 2015

Tobacco Survey 2009-10, there were around 275 million tobacco consumers in India in both smoke and smokeless form, likely to cause 1.5 million estimated deaths annually by 2030[17].

2. Dietary risks: One of the major reasons for rise of non-communicable diseases in India is change in dietary preferences over last 20 years. With increasing urbanization in India, vegetable and fiber rich diet is on a decline and is being replaced by processed food and soft drink. These foods and drinks are high in fat and sugar, responsible for increasing the overall caloric intake. These dietary habits further coupled with sedentary life style are responsible for cardiovascular diseases and diabetes.

3. Obesity: Due to dietary habits and sedentary life style, India has seen a surge in obese people. India now ranks number 5 in the ranking of countries by obesity prevalence. Obesity is also a key reason for host of ailments like cardiovascular diseases, diabetes and respiratory disorders.

4. High blood pressure: Transition from agrarian life style to city life and high stress jobs has led to increase in blood pressure. High blood pressure and hypertension are main reasons for cardiovascular diseases. Hypertension is directly responsible for 57% of all stroke deaths and 24% of all coronary heart disease (CHD) deaths in India[18]. In India, raised blood pressure increased from 5% in the 1960s to nearly 12% in 1990s, to more than 30% in 2008[19].

5. Air Pollution: With increase in motor vehicles and industrialization, air pollution is becoming a big problem in India. Air pollution contributed around 620000 deaths in India during 2010[20]. Indian capital Delhi has the world's highest average levels of PM2.5 at 153 µg/m3. The next three highest cities are also in India and they range from 134–149 µg/m^3.

[17] WHO, Global Tobacco Epidemic Report, 2015

[18] Gupta R. Trends in hypertension epidemiology in India. J Hum Hypertension 18:73–78, 2004

[19] WHO, World Health Day Report, High Blood Pressure, 2013

[20] Health Risk Factors India, Swiss Re, 2015

Chapter

2

Introduction to Wellness

The term wellness has been used in several ways and there are different views on what wellness encompasses. However, there is a general agreement that the following characteristics define the wellness paradigm:

1. Aspiring towards evolving process of achieving full-potential
2. Multidimensional and holistic
3. Positive and affirming

Hence, wellness is an active process through which people become aware of, and make choices towards, a more successful and healthy existence. Modern wellness concept includes both primordial and preventive healthcare shifting disease management from reactive to preventive.

In India, traditional medicine and preventive practices such as Ayurveda, Yoga and Meditation have always stressed on wellness, i.e., healthy mind in a healthy body and aligned to deliver overall well-being.

2.1 Defining wellness and preventive care

Wellness is viewed from a holistic perspective and represents a perceived positive state of being and embraces a body-mind-spirit concept. Several organizations, institutes and scientists have made an attempt to define wellness in the past. Some select definitions are presented below:

Institutions/ Organizations

#	Institutions/ Organizations	Definition
1.	World Health Organization	Wellness is a state of complete physical, mental and social well being, and not merely the absence of disease or infirmity
2.	The National Wellness Institute	A conscious, self-directed and evolving process of achieving full potential
3.	NABH (National Accreditation Board for Hospital & Healthcare Providers)	A state of a healthy balance of the mind and body that results in overall well being
4.	Arizona State University	Wellness is an active, lifelong process of becoming aware of choices and making decisions towards a more balanced and fulfilling life

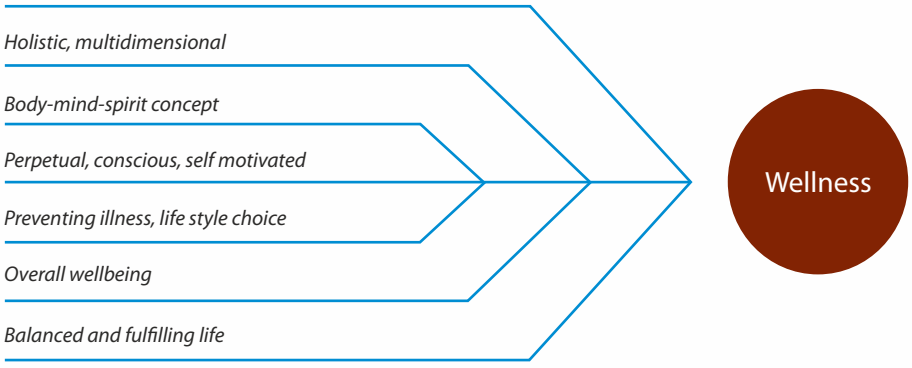
Dictionary

#	Dictionary	Definition
1.	Merriam - Webster	The Quality or state of being in good health especially as an actively sought goal
2.	The American Heritage Medical Dictionary	Wellness is a condition of good physical, mental and emotional health, especially when maintained by an appropriate diet, exercise and other life style modifications
3.	Dictionary.com	An approach to healthcare that emphasizes preventing illness and prolonging life, as opposed to emphasizing treating diseases

Scientists

#	Scientists	Definition
1.	Dr. Bill Hettller	Wellness is multidimensional and holistic, encompassing lifestyle, mental and spiritual wellbeing, and environment
2.	Jack Travis	Wellness is a way of life - a lifestyle choice to move towards optimal health and achieve your highest potential
3.	Rickhi and Aung	Wellness means focusing on practices that benefit one or all three dimensions - body, mind and spirit
4.	Myers, Sweeney and Wittmer	Wellness is a way of life oriented toward optimal health and wellbeing in which the body, mind and spirit are integrated by individual to live more fully within the human and natural community

As evident, wellness encompasses several key dimensions that include physical, emotional, psychological and social attributes. These factors contribute to wellness in a series of complex and interacting ways. Wellness, unlike health, is more than absence of diseases and involves a holistic perspective of an individual. It involves wide range of human experience such as personal growth, family, education, community development, medical care, coaching and work. Key features characterizing wellness are highlighted below:

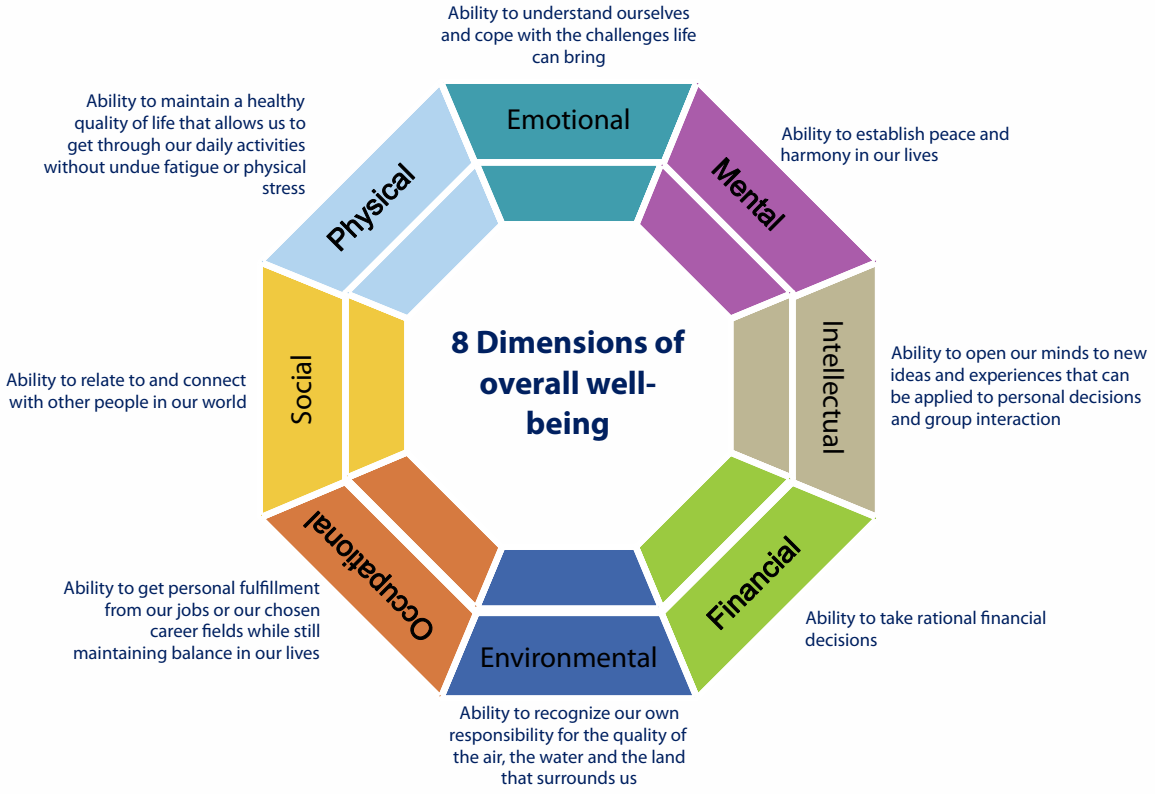


Based on the above, wellness may be defined as:

> "A conscious, self motivated, continuous and holistic approach to overall well being encompassing physical, mental, emotional and social health and enabling a disease free, balanced and fulfilling life"

2.2 Scope of wellness and preventive care

A holistic and multidimensional perspective to the concept of wellness encompasses 8 dimensions. Each dimension is equally vital in the pursuit of optimum health and acts and interacts in a way that contributes to increasing the quality of life.



One can reach an optimal level of wellness by understanding how to maintain and optimize each of the dimensions of wellness. These are briefly discussed further below:

Physical wellness

Physical wellness is the ability to maintain a healthy quality of life that allows us to get through our daily activities without undue fatigue or physical stress. The ability to recognize that our behaviors have a significant impact on our wellness and adopting healthful habits (a balanced diet, exercise, routine checkups etc.) while avoiding destructive habits (tobacco, drugs, alcohol, etc.) will lead to optimal Physical Wellness.

In general, physical wellness includes physical activity, nutrition and self care, and involves preventive and proactive actions that take care of one's body.

Some of the key services under the scope of physical wellness are listed below:

#	Services	Select service providers
1.	Fitness centers	Talwalkars, Gold's Gym, Anytime Fitness
2.	Alternate therapy	Kottakal Arya Vaidhyasala, Dr. Batras, Soukya, Nirvana Naturopathy
3.	Nutritional care/ dieticians	Health Total (Anjali Mukherjee), Rujuta Diwekar, Pooja Makhija's
4.	Annual health check ups	Public and private hospitals, clinics, diagnostic centers
5.	Disease Management	Kartavya Healtheon, Apollo Sugar
6.	Vaccination/ preventive care	Public immunization services, hospitals
7.	Corporate wellness	Truworth, FitHO
8.	Diagnostic labs	Metropolis, SRL Diagnostics, Apollo Pathlabs, NM Medical
9.	Pharmacies/ chemist	Medieazy, NeMeds, Noble Medicals, Apollo Chemists
10.	Beauty care	VLCC, Kaya Skin Clinic
11.	Rejuvenation	Anada Spa (destination), Four Fountain Spa (day)
12.	Health tracking equipment & wearable	Fitbit, Garmin, Misfit

Emotional wellness

Emotional wellness is the ability to understand ourselves and to cope with life's challenges. The ability to acknowledge and share feelings of anger, fear, sadness or stress; hope, love, joy and happiness in a productive manner contributes to our Emotional Wellness.

Emotional wellness is conceptualized as awareness and control of feelings along with a realistic and positive view of the self, conflict and life circumstances. The ability to cope with stress and maintain fulfilling relationships with others also enhances one's emotional wellness.

Some of the key services under the scope of emotional wellness are listed below:

#	Services	Select service providers
1.	Counseling services	Parivarthan, Talkitover, Optum
2.	Stress management	Truworth wellness
3.	Telephonic help line services	1to1help.net, Human Dynamic
4.	Personal development programs	Learning and development institutions, Management development programs
5.	Anger management	CRBT India
6.	Healing services	Energy healing centers, Yoga centers

Spriritual wellness

Spiritual wellness is the ability to develop congruency between values and actions and to realize a common purpose.

Spiritual wellness can be considered to be the broader concepts of beliefs and values, seeking meaning and purpose in existence and establishing harmony with self, others and universe.

Some of the key services under the scope of spiritual wellness are listed below:

#	Services	Select service providers
1.	Meditation services	Ananda Sangha, The Art of Living Foundation, Tushita
2.	Yoga	Isha Foundation
3.	Life coaching services	CRBT India, Tvam

Intellectual wellness

Intellectual wellness is the ability to open our minds to new ideas and experiences that can be applied to personal decisions, group interaction and community betterment. The desire to learn new concepts, improve skills and seek challenges in pursuit of lifelong learning contributes to our Intellectual Wellness.

Intellectual wellness includes engagement in creative and stimulating activities, as well as the use of resources to expand knowledge and focus on the acquisition, development, application and articulation of critical thinking. Services such as, education/ skill development, critical thinking skills, time management skills fall under the gambit of Intellectual wellness.

Social wellness

Social wellness is the ability to relate to and connect with other people in our world. Our ability to establish and maintain positive relationships with family, friends and co-workers contributes to our Social Wellness. It encompasses the degree and quality of interactions with community and nature.

Peer acceptance, attachment/ bonds with others and social skills are regarded as fundamental to social wellness.

Occupational wellness

Occupational wellness is the ability to get personal fulfillment from our jobs or our chosen career fields while still maintaining balance in our lives. Our desire to contribute in our careers to make a positive impact on the organizations we work in and to society as a whole leads to Occupational Wellness.

Occupational wellness also includes contribution of one's unique skills and talents to the community in rewarding, meaningful ways through paid and unpaid work. Some of the

services such as, professional learning development, career services, how to maintain work life balance fall under the scope of social wellness.

Environmental Wellness

Environmental wellness is the ability to recognize our own responsibility for the quality of air, water and land that surrounds us. The ability to make a positive impact on the quality of our environment, be it our homes, our communities or our planet contributes to our Environmental Wellness. It includes individual relationship with nature and community resources.

Financial Wellness

Financial wellness is the state of being fully aware of one's financial state and budgets. It includes saving and managing finances in order to achieve realistic goals and has the ability to take rational financial decisions.

2.3 Ancient wellness and preventive care practices in India

In India, wellness is a concept which has been in existence since ancient times. Traditional medicinal and health practices such as, Ayurveda and yoga have propounded the concept of mental and bodily wellness. Most of the ancient wellness concepts have largely focused on basic needs of an individual within the need hierarchy, namely health, nutrition and relaxation. The principles of these ancient holistic systems are playing a big role in the emerging wellness movement today. Some of the key Indian traditional medicinal and health practices that are integral to wellness ecosystem are listed below:

#	Services	Select service providers
1.	Ayurveda	Traditional system of medicine which is based on the idea of balance in bodily systems and uses diet, herbal treatment and yogic breathing
2.	Yoga	Yoga is a group of physical, mental and spiritual practices and disciplines
3.	Naturopathy	Its form of alternative medicine employing a wide array of natural modalities including homeopathy, herbalism and acupuncture as well as diet and life style counseling
4.	Unani	Unani system of medicine is based on the concept of equilibrium and balance of natural humours (blood, bile, black bile and phlegm)
5.	Sidda	It's a traditional medicine originating in ancient Tamilakam in South India

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2.4 Wellness and preventive healthcare measures for disease prevention

As discussed in chapter 1, India may be at unique risk from Non-Communicable diseases (NCDs) such as, hypertension and diabetes. WHO has identified that most NCDs are result of four particular lifestyle related behavioral risk factors – tobacco use, physical inactivity, unhealthy diet and harmful use of alcohol. They lead to four key metabolic/ physiological changes e.g., raised blood pressure (BP), overweight/ obesity, raised blood glucose and raised cholesterol levels leading to diseases like cancer, stroke, ischemic heart diseases and heart failure.

Many chronic diseases are preventable through lifestyle choices or early detection and management of risk factors. The best way to fight these diseases is to prevent it and wellness programs introduce people to tools which can help them to prevent chronic conditions. Wellness programs promote healthy behaviors such as eating a well balanced diet, regular physical activity, taking annual health checkups, quit smoking etc and choices like healthy diet and physical activity are critical to controlling chronic diseases. Some of the key wellness and preventive steps include:

Physical activity	• Being active for at least 150 minutes per week can reduce the risk of chronic disease
Annual health check ups	• Periodically getting screened for chronics
Nutritional care	• Having a well balanced diet including fresh fruits and vegetables
Stress Management	• Work life balance and managing stress
Quit Smoking	• Smoke free life is the most crucial step to good health

Well structured wellness programs promote behavioral changes that can play a crucial role in decreasing chronic health care cost burden and also help people to lead successful healthy life.

Chapter

3

Market sizing of wellness and preventive healthcare in India

3.1 The market size of Indian wellness industry

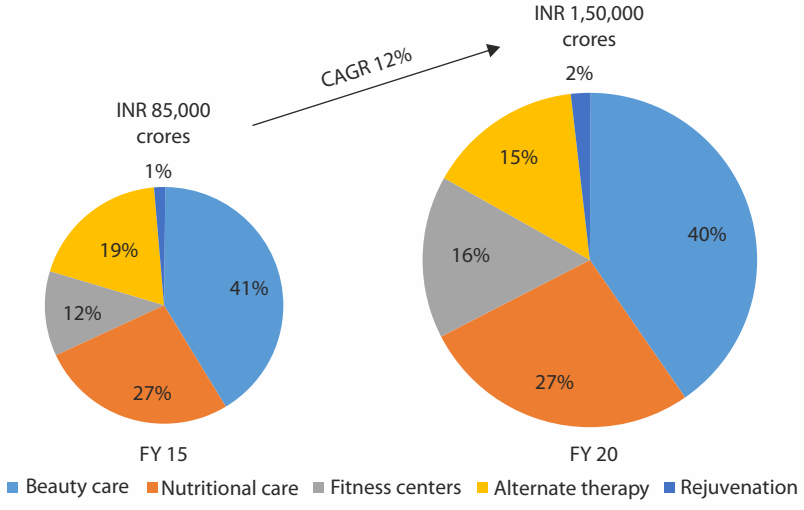
Indian wellness industry has seen a significant evolution from being restricted to fitness and feminine beauty to a more all-encompassing subject of physical, mental and emotional wellness. In its current form, wellness industry includes five major sub segments - the beauty care, nutrition care, fitness centres, alternative treatments, therapy and rejuvenation.

During FY15, the Indian wellness industry was estimated at ~INR 85,000 crores. Bolstered by increasing awareness, push from the insurance industry and government, it is expected to grow at a CAGR of ~12% for the next 5 years. From its current size this industry can achieve ~INR 1, 50,000 crores by FY20. With significant scope for penetration especially in areas like nutrition, rejuvenation and fitness the Indian wellness market is a huge business opportunity waiting to be harnessed. The line and carry the potential to change the dynamics of the insurance industry.

3.1.1 Segment level projection for FY20

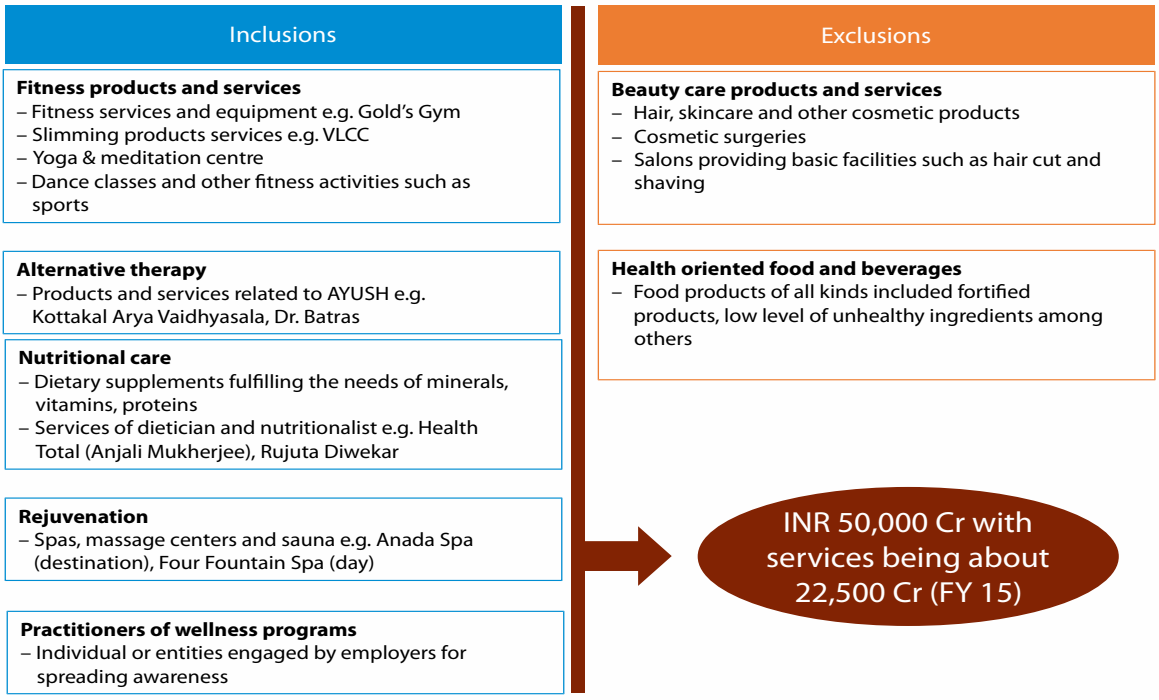
While this sector as a whole is expected to nearly double by 2020, some sub-segments will outperform others. While beauty care and nutritional care would retain their share, fitness and rejuvenation would significantly increase their market share. This growth also influences the addressable market that various players can look out for and has been discussed in more detail in the subsequent section.

While most sub-segments have a healthy growth, driving forces such as, lifestyle diseases, increasing stress levels and blurring of gender boundaries have led to higher growth of segments like fitness and rejuvenation.



	Products	Services	CAGR	Drivers
Beauty care	Cosmetic Products Massager & personal equipments	Salons, Beauty centers, Treatments	11%	• Increased acceptance for organized players and consequent spurt of such players • Evolution of concept beauty from a woman subject to being gender neutral. Hence, bringing in whole new target audience in the form of adolescent to young & middle aged men.
Nutritional care	Health food & beverages	Dietician	12%	• Increased awareness and utilization of nutritional foods especially driven by the supplements market
Fitness centers	Exercise equipments	Gym, Yoga, slimming	18%	• Increased penetration and acceptance for organized players • Growing focus towards ill effects of obesity • Increasing adolescent obesity in India
Alternate therapy	AYUSH products	AYUSH treatments	7%	• Government push in this segment • Research (in conjunction with Council for Scientific and Industrial Research – CSIR) and subsequent policy driven marketing of herbal products like anti-diabetic formulations are likely to a play a key role
Rejuvenation	Massager & personal equipments	Spa, Sauna, Massage centers	20%	• Increasing stress levels especially in tier 1 cities will contribute to the proliferation of rejuvenation centres • Domestic and International Tourism has been another key contributor in this segment and will continue to play a significant role especially in the Southern centres • Increasing focus on mental health

Wellness addressable market



The estimated addressable wellness market relevant for health insurers is about INR 55,000 Cr and excludes beauty care products and services along with health oriented food and beverages.

3.2 Key market drivers and trends

A multitude of factors such as, young population, rising disposable incomes are contributing to rapid growth of wellness industry in India. Government focus towards wellness, inclusion of wellness as a segment in health insurance and increasing awareness about lifestyle diseases are set to drive this growth story into an exponential trajectory. Key contributory factors have been elaborated below.

Rising Lifestyle diseases, obesity, diabetes

As highlighted in chapter 1, India is the diabetes capital of the world. In addition, other lifestyle diseases like hypertension and obesity are on a steep rise too. In fact diseases driven by changing environment like Asthma, allergic sinusitis etc. are increasing as well. Alternative therapies, fitness and nutritional supplements have found huge cognizance amongst the at-risk population and those living with such lifestyle diseases.

Rising awareness of healthy lifestyle among Indians

While lifestyle diseases are witnessing a worrying growth trend, Indians are also increasingly becoming aware of the importance of a healthy lifestyle. In fact workplace wellness has gained traction not only in the private sector but also the government sector.

Rapid urbanization

Census 2011 estimated the urban Indian population at 31.16% growing at CAGR of 1.2%[21]. With current government pushing for smart cities and focus shifting to tier 2 and below cities

[21] Source: Census 2011 - Provisional Population Totals - India

this trend is here to stay and only increase in the future. Increasing urbanization supported by the huge influx of new products and service providers across all segments - are re-defining the way wellness was perceived by the Indian customers.

Rising Disposable income

Disposable income in India grew by 8%[22] from 2014 to 2015 and touched an all-time high. This growing purchasing power and rising influence of the social media has lead to increasing demand of wellness products and services. This has resulted in growth in almost all sub-segments with larger section of customers seeking almost all wellness services and products.

Push from health insurance industry

Yoga has found a place in the wellness and preventive packages of most private health insurers. Discounts and premium relaxation based on fitness and wellness have also made their way into Indian insurance packages. Increasing health insurance penetration (~19% CAGR for the industry from 2016-20 and ~24% CAGR for the retail segment in the same period) can hence drive the Indian consumer towards wellness in a big way.

3.3 Government initiatives to promote the wellness industry

Government of India has taken cognizance of the fact that wellbeing and wellness of the citizens of the country can bring down that health care expenditure. The initiatives ranging from "Make in India" to "International Yoga Day" have indicated the same.

1. To broad base and provide focussed attention to development of Education and Research in Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy, the Ministry of AYUSH was formed in 2014[23]
2. International Day of Yoga observed world over on June 21 as proposed by Government of India.[24]
3. The Ministry of AYUSH recognized the huge demand for Yoga experts at national and international level and identified Quality Council of India to develop a Voluntary Scheme for Evaluation and Certification of Yoga Professionals. The focus of the Scheme for Voluntary Certification of Yoga Professional, as it is being called, is to certify the competence of Yoga Professionals who provide Yoga lessons/classes.[25]
4. Sanitation: Swacch Bharat Abhiyaan[26] is one of the key areas for preventive healthcare is cleanliness. Maintenance of the hygiene and cleanliness helps reduce the incidence of infections acquired in hospitals and health care centres.
5. mHealth initiatives: GOI has initiated multiple mhealth initiatives targeting health and wellness. Some prominent ones being mCessation program and mDiabetes program. Both will be utilizing mobile technology and social media to spread awareness to help quit tobacco and manage diabetes respectively. In addition multiple mobile apps (Swasthya Bharat App) and national level portals (National Health Portal) with general health and diseases information have been launched in the past one year.[27]

[22] http://www.tradingeconomics.com/india/disposable-personal-income
[23] http://ayush.gov.in/
[24] http://www.un.org/en/events/yogaday/
[25] http://yogacertification.qci.org.in/
[26] https://swachhbharat.mygov.in/
[27] http://www.nhp.gov.in/miscellaneous/m-health

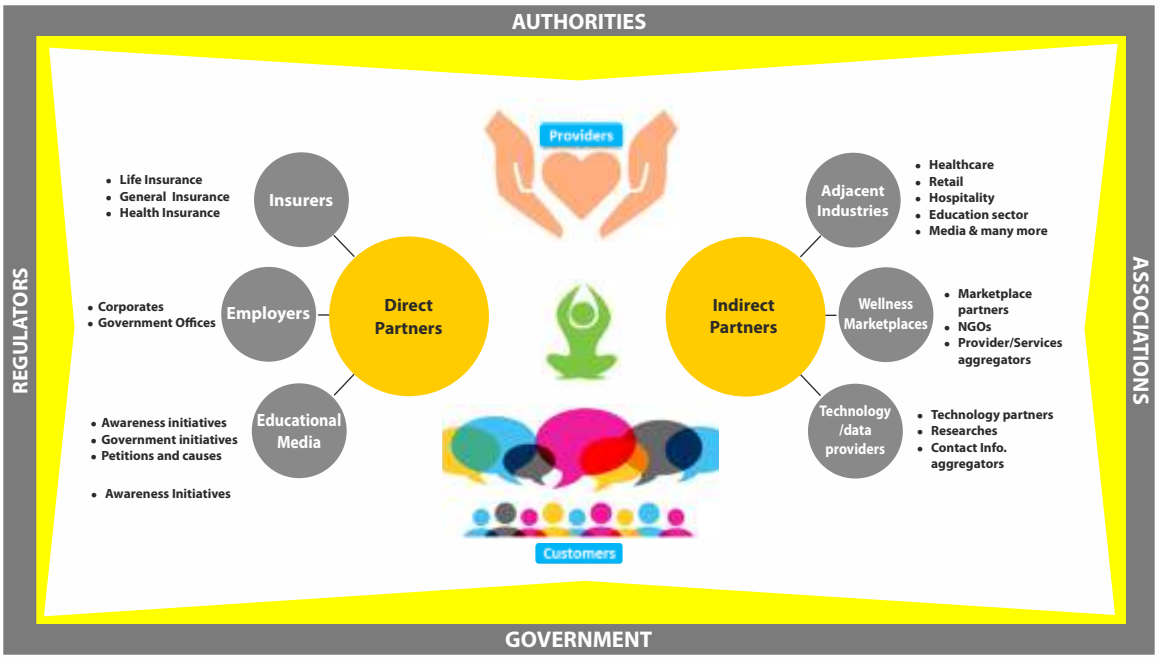
Chapter

4

The Wellness Ecosystem

4.1 The Wellness value chain and key stakeholders

Wellness, as we have discussed, has 8 dimensions to it which further gets distributed into several products and services. The different elements of the wellness ecosystem start from us, and extend into a universe of providers, regulators and facilitators. The figure below highlights major participants:



Authorities include government, regulators and associations including trade bodies. Authorities play a multi-tasking role of creating and enabling the industry, protecting end users' interests, facilitating healthy practices and regulating the players.

Direct partners include insurers, employers and educational media. They play a role of creating awareness, encouraging wellness behavior and facilitating the execution of healthy behavior.

Indirect partners include adjacent industries such as healthcare, media, retail, hospitality, gaming and education. They play a key role of providing varied options around products and services to end users and creating an experience which could result into habits. They also capitalize on the growth of the wellness sector to generate additional revenue streams leveraging their existing competencies.

Providers include all players involved in providing products and services across segments of wellness sector defined earlier.

4.1.1 Customers

Customers are the end consumers of the wellness services/products. The wellness customer has undergone steep transition. The wellness customer today demands service around three major elements – ease, experience and excellence

- **Ease** - Majority of wellness customer lies in the age group of 15 – 60 years and expects easy access and service provision (online booking, online payments, packaged services etc).
- **Experience** - Wellness as stated before evolved to include emotional and spiritual wellness. Experience hence becomes an extremely importance need from customer standpoint. Rejuvenation and wellness centres specially have the onus to provide not only wellness service but deliver on the wellness experience for their customers
- **Excellence** - The wellness customer expects excellence in services and products bought. Hence moving into the future quality and service excellence are extremely important aspects of customer needs in this industry.

4.1.2 Providers

Health care and ancillary service providers offer products and services which directly impact the consumers' wellness; hence their role is critical in the ecosystem. Various providers could be classified basis segments discussed above viz. fitness centers, nutritional care, rejuvenation centers and alternate therapy.

Providers, however, face a number of challenges in the Indian market which need to be addressed by authorities:

- Lack of accreditation and other recognized authorities to develop credibility of wellness services
- Substandard facilities and poor infrastructure especially in the unorganized sector due to low costs
- Difficulty in implementing a control mechanism by government for both organized and unorganized players

4.1.3 Direct Partners

At this stage of evolution of wellness, direct partners include insurers, employers and educational media. They play a major role of introducing the customer to the concept of wellness:

- Awareness: Making the customer aware of the importance of preventive care and wellbeing

- Motivate: Encourage customers to adopt healthy lifestyles
- Facilitate: Assist in designing wellness programs including infrastructure requirements and platform for implementation

Insurers

Insurers play a vital role in wellness sector as they are connected to customers directly through health insurance plan and are able to influence their behaviour. The role for insurers includes:

- Increasing consciousness among policyholders on wellness and its benefits
- Boosting healthy behaviour among policyholders through appropriate tools
- Maintaining sustained focus on wellness initiatives and facilitate the execution of healthy behaviour through incentives and other rewards

We will discuss the role of insurers in detail in the next chapter.

Employers

Another direct partner in the ecosystem is employer who can directly influence employees to take up wellness initiatives. Rise of chronic diseases directly impacts costs of health insurance for employers, and affect productivity of employees. As a result, a number of big and small employers have started basic wellness programs for their employees.

These programs include employee assistance program (counselling), medical information management, conducting workshops, and organizing onsite programs among others. These programs could be carried out by professional companies, insurers or internal team of employees.

Educational Media

Lastly, Educational Media is one of those direct partners who have the ability to drive the entire ecosystem to a common platform. The educational media can help channelize the communication of each and every entity of the ecosystem such that it reaches the right places. For example, a customer's needs are to be communicated to the providers and a provider's offerings and their importance to the customer. Even the concerned regulatory bodies need to be made aware not only about the customer's issues and needs, but also about the provider network's abilities and capabilities to address the same.

4.1.4 Indirect Partners

Indirect partners leverage on the business need of the various stakeholders in the ecosystem to offer personalized value to various involved entities. The prime focus factor for indirect partners is to lead innovation in field of technology and infrastructure.

Adjacent Industries

Wellness industry works in conjunction with several industries which potentially impacts cost of wellness products

Industry	Potential areas
Health Care	Preventive healthcare is a potential segment in which wellness start-ups and multiple providers with the agenda to offer a healthy life and also to bring down the healthcare costs for the customers
Retail / Ecommerce	E-commerce can support wellness industry in satisfying the need for ease of its customers. Also online sales can contribute significantly to its growth
Hospitality	A symbiotic relationship between hospitality and wellness benefits both sectors. Most customers for hospitality industry demand wellness services and vice versa (in the rejuvenation segment)
Educational Institutions	Educating about wellness from the start itself in the Schools. Rising adolescent obesity could be one of the focus areas
Media & others	Awareness programs and marketing initiatives

Wellness Marketplaces

Wellness marketplaces brings together the platform and the fragmented base of service providers or various wellness aggregators that offer customised and innovative solutions to both, the providers (B2B) and directly to customers (B2C) as well. This market is greatly untapped and holds immense potential for expansion and innovation.

Practo[28] is a healthcare company founded in 2009, currently world's second largest health-tech start-up helps patients find and book appointments with doctors, and some doctors use Practo Ray a Saas software to manage their practice. Practo is present in 15 countries, 50 Indian cities with 200,000 registered doctors, 8000 diagnostic centers, 10,000 hospitals and 4,000 Wellness and Fitness centers. It operates in Mobile web, iOS and Android operating system.

Medibuddy∞[29], another example in the Healthcare industry is a unique curated cashless network for outpatient services. They offer the customer a platform to compare and "shop" for discounted health checks (44 cities), consultation with doctors (14 cities), prescription medicines (11 cities) and home health care (12 cities) from their network of top hospitals and diagnostic centres. Wellness services on MediBuddy∞ very soon would be available in a cashless format.

Whereas, we have Gympik, which is making fitness and wellness accessible to people from every nook and corner of the country. Their mission is to touch lives of people by connecting them to most convenient ways of leading fit and healthy lives. Their website listed more than 12,000 fitness and wellness centers and 9000 personal trainers from all over India.

[28] https://en.wikipedia.org/wiki/Practo_Health

[29] https://infiniti.medibuddy.in/aboutus

Technology/data providers

Technology has played a disruptive role in transforming how businesses was run and perceived till about a decade ago. Wellness industry too is witnessing a change driven by technology start-ups. The growing market and improving investor sentiment have bought in many new innovative players in this domain. Some select examples are presented below

- **ClassVerse** : An online fitness platform which gives access to all of ClassVerse's studios spread across Mumbai and NCR for a monthly charge of INR 999. Its service spread includes gym, dance, swimming, kick-boxing etc.
- **Qriyo** : Provides personalized online fitness courses for holistic physical and mental development. Its service offerings range from cookery, dance, yoga and guitar lessons
- **CrankOut** : It a personal fitness scanner and help find the nearest gym, book a healthy meal or a fitness trainer
- **BYG - Book Your Game**: A transactional marketplace which help search and book fitness sessions and memberships. Currently operational in Bangalore, Mumbai, Pune, NCR and Bhubaneswar, its most innovative feature is its 'workout now' option which enables a workout anywhere and anytime
- **Gympik** - A discovery platform with coverage in all major metro cities (i.e. Bangalore, Mumbai, Pune, NCR, Hyderabad, Chennai and Kolkata), it enables book for a trial session at any of the fitness centers in nearby locality
- **Gymtrekker** - Started off its operations in Mumbai, currently Gymtrekker is operational in 8 cities - Mumbai, Pune, Nasik, Bangalore, Hyderabad, Goa, Aurangabad and Ahmedabad. Gymtrekker helps book memberships as well as free trials in nearby fitness centers

[30] *Source: EY Analysis*

There is a huge surge in online fitness and workout apps too like HealthifyMe, BodySpace, Calorie Counter, Nike+ Running, Fiturtle, and RunKeeper.

Electronic health records

Practo has become a one-stop shop for customers to find in depth information on doctors and diagnostic laboratories, as well as spas and fitness centers, providing the full spectrum of care. Offering health information in form of answers from verified doctors, it also aims to empower the consumer through detailed articles on women's health, skin care, health and immunity. Through Practo Tab for physician practices it has created over 10 million electronic patient records, simplifying the transfer of patient data between the customer and the provider, as well as between different medical departments.

[31] *Source: EY Analysis*

Wearable Technology

Wearable technology is a category of technology devices that can be worn by a consumer for tracking information related to health and fitness. The wearable market in India has shown a

[30] http://www.iamwire.com/2015/09/clarrverse-fitraq-fitnesspapa-gymer-gympik/122104;
https://www.qriyo.com/
http://www.crankoutapp.com/
https://www.byg.co.in/
https://www.gympik.com/
http://economictimes.indiatimes.com/small-biz/startups/gymtrekker-to-use-angel-funding-to-bulk-up-operations/articleshow/49334636.cms

[31] https://doctors.practo.com/getting-electronic-patient-records/

robust growth of 41.9 percent in Q2 2016 over the first quarter of 2016 (as per International Data Corporation[32]). Key wearable devices vendors include GOQii, Xiaomi, Fitbit, Gramin and Huawei

4.2 Current regulatory environment and health insurance

IRDAI regulates Insurers who act as the facilitator/providers of wellness in aspects such as wellness offering, incentives and promotion of 3rd party products. As per current regulations General and Health insurers (As per the Health regulations released by IRDAI on 29th July'16) to offers wellness as a part of their products subject to the following regulations:

1. **The incentives offered as a part of wellness should be included in the product structure at the time of development and filing of the product with the authority**: General Insurers and Health Insurers may devise mechanisms or incentives to reward policyholders for early entry, continued renewals (wherever applicable), favourable claims experience, preventive and wellness habits and disclose upfront such mechanism or incentives in the prospectus and the policy document, by complying with the norms specified under Product Filing Procedure Guidelines. Provided that what is proposed to be covered as part of wellness habits and preventive habits be clearly defined in each and every product. No further discount shall be offered on any third party service or merchandise. However, discounts in premium or discounts and/or benefits on diagnostic or pharmaceuticals or consultation services of providers in the network are permitted.

2. **Promotion of 3rd party products/services who are non-network providers is not allowed**: While wellness and preventive elements as part of product design is encouraged, no policy of insurance shall promote or offer the products and services of third parties who are not Network Providers. Insurers shall neither offer any discounts to the policyholders, in any form, on the products of the third parties either as part of policy contract or otherwise.

3. **Promotion of wellness as a concept is allowed and only via health specific services offered by Network providers**: Insurers may endeavour promoting wellness amongst policyholders of health insurance by offering the following health specific services offered by Network Providers,

   1. Outpatient consultations or treatments or
   2. Pharmaceuticals or
   3. Health check-ups including discounts on all the above at specific Network Providers.

4. **Insurers may also endeavour to put in place procedures for offering discounts on premiums on renewals, based on the fitness and wellness criteria stipulated** and disclosed, provided further costs towards the above services are factored into the pricing of the underlying Health Insurance

Overall, within the current regulatory framework carrying provisions for "Wellness and Preventive Aspects" and introduction of "Pilot Products" encourage health insurers to develop new and innovative products with formalized wellness and preventive services focusing on reducing the long term cost burden associated with diseases such as Cardiovascular, Cancer, Chronic Respiratory, and Diabetes.

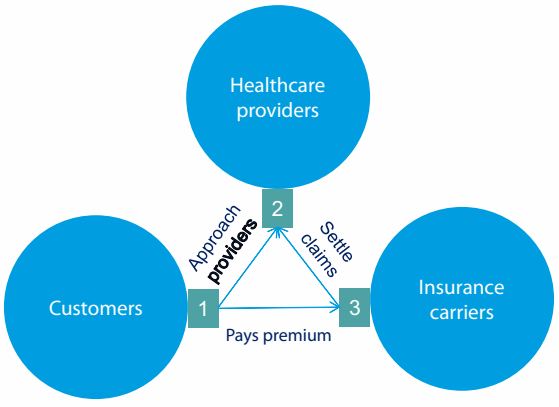
[32] https://www.idc.com/getdoc.jsp?containerId=prUS41718216

Chapter

5

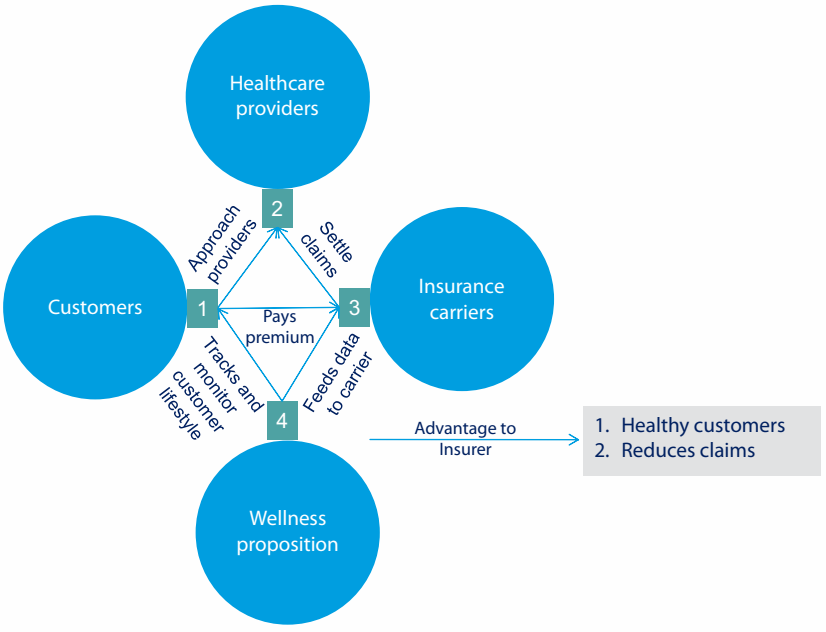
Role of Health Insurance

Traditional health insurance model, typically has three key stake holders namely customers, healthcare providers and insurance carriers.



Insurers can play a vital role in wellness sector as they are connected to customers directly through health insurance plan and are able to influence their behavior. As highlighted earlier, the role of insurers in such a preventive healthcare model includes spreading awareness, encouraging healthy behavior and facilitating execution of healthy behavior through healthy incentives and other rewards.

Hence in preventive healthcare model, a health insurer influences behavior to alter customer lifestyle, enabling a healthy lifestyle and reducing claims for insurer.



Reaching out to patients at appropriate moments is a task that the traditional healthcare systems have traditionally struggled with. Doctors frequently complain about the fact that they see a patient only when he comes to them. At home, the patient is beyond their influence. Insurers have traditionally been intermediaries in the healthcare payment system. Health and wellness products address the inefficiency of the insurance system, which mitigate the financial impact of sickness and mortality, but fail to address the poor lifestyle choices underlying these risks. However, now they are taking a more active role as influencers of customer behavior by assisting customers achieve their health goals through less costly means and reducing reliance on tertiary care and managing chronic conditions. Insurers can play a unique role as they operate at the intersection of all the important healthcare stakeholders including hospitals, pharmaceuticals, doctors, customers etc. At the core of wellness products is the ability to influence behavior and improve people's health and lowering healthcare costs.

Insurers have rich data of its customers which can be leveraged to develop a deep understanding of their medical and experience needs. They can actively engage with its customers and help them make smart decisions about their health. Engagement primarily includes incentives, 'nudges', and rewards to address poor lifestyle choices. Hence, insurers can reduce costs by changing customer behavior by effectively engaging with them. Behaviorally-oriented wellness programs have been proven successful and cost effective in managing chronic diseases e.g. the best way to manage diabetes is to educate patient's basic diabetes management skills, including weight control, regular physical activity and self-monitoring of blood glucose levels.

Health insurance products integrated with wellness give rise to better health and value to customers, superior actuarial dynamics for insurers and a healthier society. A common wellness plan will include of these basic offerings: an initial health risk assessment (HRA), health tracking/ analysis tool and incentives.

Health Information

Wellness programs often require participants to take a biometric screening or submit a Health Risk Assessment. Providing health information to individuals is important to improve wellness because many people believe they are healthier than they actually are. Raising awarness about health conditions can lead to overall improved health if unhealthy behaviours are adjusted as a result.

Technology

Wellness programs utilizes technology to develop more personalized approaches to health promotion, wellness and disease prevention. Technology is playing an ever-increasing role in wellness programs e.g. activity trackers encourage fitness by quantifying steps and movement. These devices are widely available, and along with mobile apps to monitor fitness, sleep patterns and nutition, bring individualized data to people. Lifestyle related conditions can be managed with consistent use of these new technology.

Incentives

Incentivizing participants is a major component of any wellness program. This acts as an engagement strategy increasing program effectiveness and improving utilization. Plans currently prevalent vary widely and primarily include rewards, discounts, points applicable to shopping options such as movie tickets, hotel stays, electronic products etc.

Ease of access

Accessibility and its ease is vital to the development of the wellness industry. The ease holds the potential to drive the usage exponentially which in turn reflects in the well-being of the country. There are two aspects to the incentives offered - how easily they are made available and how well they are embedded at the design level.

i. Cashless services would be an answer to the former aspect, although it would be more challenging to offer cashless services in a fragmented and unregulated environment. However, it is not impossible as the awareness about mobile wallets and other payment avenues is increasing amongst customers – Today, in this demonetization and cash crunch situation, even road-side vendors have moved to accepting Paytm cash.

ii. Integrating 'wellness incentives' into product design – Employers have now moved from awareness to incentivizing to encourage well-being of their employees, they are increasingly offering wellness incentives in the form of financial rewards or prizes to employees who work towards getting healthier. Insurers, on the other side are experimenting with different models in the hope to improve employees' health, lower claim costs and also to get better returns on their wellness investments. Incentives in itself are not a standalone solution, it's really important to renovate the incentive designs and keep people on their toes. The pros and cons of popular kinds of wellness incentive programs being used today include:

Type of the Incentive	Example	Pros	Cons
Educational /Awareness	Rewards for completing activities that include an assessment of their personal health and risk factors. These can range from filling out a questionnaire about family medical history, diet and fitness routine, to taking a biometric screening for cholesterol, blood pressure and other factors.	Simple activities are a good way to introduce employees to healthy behavior and their own risk factors (expert opinion). Companies can also use the data to figure out what their policyholders health needs are.	Awareness about health risks doesn't necessarily lead one to embrace preventive care or action
Action-Based	Earn rewards / avoid penalties, by taking an action to improve health after undergoing a risk assessment, such as joining a weight-management program or getting a preventive screening	Motivates one to take steps to change one's unhealthy behavior	Doesn't inspire healthy behavior beyond the completion of required programs.

Type of the Incentive	Example	Pros	Cons
All-Encompassing	Offer incentives for an array of tasks; the more complex and beneficial the task, the bigger the reward.	Policyholders like the freedom to choose their health activities, from bike rides to self-defense classes, rather than having to talk to a nurse or participate in an official program to get the reward, say experts. "A wellness program that lays out a tempting trail to follow will have more success keeping people involved".	Too many options could be overwhelming, and insurers might waste money on programs that won't effectively address the customers' biggest health problems.
Progress-Based	Rewards for taking steps to hit optimal benchmarks for cholesterol, blood pressure and weight. Steps can include enrolling in a weight-management program and reducing body mass index.	Policyholders are financially motivated to improve their health, instead of getting penalized for not being perfect.	Rewarding policyholders for simply signing up in to a wellness program might not actually mean they are getting healthier unless the results are tracked
Outcome-Based	Tie incentives and penalties to health metrics, with customers paying higher amounts until they hit set targets e.g. ideal cholesterol, blood pressure and body mass index levels.	Effective and an objective incentive approach to improve one's health Participants in a recent Mayo Clinic study lost nine pounds on average when they received $20 per month for meeting weight-loss goals (or paid $20 when they didn't); participants who didn't receive incentives lost only two pounds on average.	Critics believe the model could be discriminatory and decrease access to health care. Legally, in the case of an employer, they must offer workers who don't hit targets an alternative way to earn the incentive, such as a doctor's note or program participation, so employees might never reach the goal.
Targeted	Personalized wellness programs and basis data analysis (for example, employees' health-risk, claims and other data) by the insurer, employer, analytics company, or any other stakeholder who has access to the data	Personalizing wellness programs boosts participation among those who will benefit the most (experts opinion)	Personalized interventions could be intrusive and compromise upon privacy.

With the growth in the Healthcare spend, enabling access would not be an issue anyway. However, the question is how should we push the policymaker to ensure this gets regulated and standardized, which will help decrease the fragmentation of the market. Digital will be a key asset to enable access over the next 5 years.

5.1 Health Insurance and Wellness Programs

Wellness programs across the world can be broadly classified into two categories:

1. Participatory - Participatory wellness programs either do not provide a reward or do not include any condition for obtaining a reward. These wellness programs provide a reward

for participation and do not base any part of reward on outcomes e.g. part reimbursement of cost of fitness centre or diagnostic testing programs

2. Health Contingent - Health-contingent wellness programs require an individual to satisfy a standard related to health factor to obtain a reward. It can be of two types:
   a. Activity-only wellness programs: These require an individual to perform or complete an activity related to a health factor in order to obtain a reward but do not require an individual to attain or maintain a specific health outcome. e.g. walking, diet or exercise programs
   b. Outcome based wellness programs: These require an individual to attain a specific health outcome in order to obtain a reward. e.g. provide a reward to members identified as within a healthy range, while requiring members who are identified as outside the healthy range to take additional steps to obtain the same reward

5.2 Global best practices

Preventive and wellness programs offered by Health Insurance companies are collection of programs and services which help members to stay fit. Programs and services primarily include health assessment, health education and support services and rewards and incentives.

Some selected international examples are listed below:

#	Program	Health Assessment	Health Education	Support Services	Rewards and Incentives
1	Discovery Vitality[33]	Health assessment, biometrics and preventive screening to determine vitality age	Vitality schools program, library of online material and videos on health	Smoking cessation programs, sports events	Subsidized visit to wellness professionals, discounts on healthy purchases
2	United Healthcare[34]	Online health assessment	Coaching, podcast, seminars, healthy lifestyle videos	Mental health, substance abuse service	Fitness reimbursement, discount on wellness products
3	Bupa[35]	Health assessment & checks, heart age calculator	Online, dietary advice, videos	Cardio vascular disease management, recovery support at hospital/ home	Earn wellness points by taking healthy life style choices
4	Kaiser Permanente[36]	Health assessment questionnaire	Live programs, online classes, wellness coaching	Condition and behavioral management	Fitness club discounts, discounts in alternative care
5	Blue Cross & Blue Shield[37]	Health checkups and preventive screening	Newsletter, online information	Online physician and pharmacy database	Discount on alternative medicine, earn redeemable points by joining fitness programs
6	Humana Vitality[38]	Health assessment to measure vitality age	Tips and tools on healthy living	Learning centre to provide information on health reforms	Earn vitality points by adopting healthy lifestyle, discounts on movies, hotel

[33] https://www.discovery.co.za/portal/individual/vitality

[34] https://www.uhc.com/united-for-reform/health-reform-provisions/wellness-programs

[35] http://www.bupawellness.com.au/index.php

[36] https://healthy.kaiserpermanente.org/health/care/consumer/health-wellness

[37] https://www.bcbs.com/individuals-and-families

[38] https://www.humana.com/vitality/

Case Study: Discovery Vitality Loyalty Program

Rather than addressing curative, supply side constraints, Discovery Vitality Program addresses the demand side of health care consumption. Vitality shaped a new category of health insurance products – integrated with wellness- which gave rise to better health and value for customers, superior actuarial dynamics for insurer and a healthier society. Today, Vitality is a world-leading wellness program with more than6.8 million members globally. Evidence for the efficacy of the program– in terms of improved clinical outcomes, reduced health care costs, increased productivity at work, and improved mortality rates.

The program leverages incentives and behavioral economics to improve health.

Understand your health

Members are encouraged to know their health by participating in online health assessments and biometric and preventive screening activities. This facilitates complete assessment of their health risk using a tool called Vitality Age.

Vitality Age – Based on a clinically and actuarial derived algorithm that uses information gathered online to determine a risk-adjusted age

- Allows members to appreciate the impact of their lifestyle choices and understand their risk, both individually and in combination, affect their health
  - Using this information, members are able to compare their chronological age with their risk adjusted age
  - This is intended to motivate them to improve health related behaviors and engage in wellness activities

Engage your health

Program offers access to a variety of wellness solutions

- Access incentives are used to lower barriers and increase engagement
  - Subsidized visit to wellness professionals and groups such as dietitians, biokinetics and weight loss clubs
  - Other incentives include subsidized gym membership, organized sports events, smoking cessation programs
  - Discounts on purchases of healthy foods and exercise devices

Enjoy rewards

A status based program is based on behavioural economics.

- Incentives in a status-based health promotion program encourage individuals to climb up the status ladder, but discourage a loss of status in keeping with the principle of loss aversion

The reward structure is based on points members earn by participating in wellness activities.

- Points allow members to climb statuses which, in turn, allow them to claim greater discounts on a range of goods and services like:
  - Online and in-store purchases
  - Local and international flights
  - Car hire and hotel bookings

Certain rewards are available as fixed discount to all members, regardless of status

Detailed understanding of specific wellness incentives from the global offerings

#	Program	Health Assessment	Health Education	Support Services	Rewards and Incentives
1	United Healthcare Wellness Program	- Online personal health assessment - Online personal health records	- Online health coach programs - Health and wellness podcast series - Online seminars/ healthy lifestyle videos	- Mental health and substance abuse services - Support through all stages of pregnancy - Care management for hospital stays	- Fitness reimbursement program - 10 to 50% discounts on wellness products and services like weight loss, smoking cessation, fitness clubs, vitamins and supplements

#	Program	Health Assessment	Health Education	Support Services	Rewards and Incentives
2	Bupa Wellness Program	- Health Assessments - Health Checks - Heart Age Calculator: Online assessment of heart age and provide guidance on disease risk management - Type 2 diabetes risk score: based on lifestyle details - Calorie & BMI calculators	- Life skills: online interactive health related learning courses - Food Switch & Advice: Scan barcodes with a Smartphone for easy-to-interpret nutritional information - Five Little Things: Video on how to reduce risk of dementia	- The Coach Program: on phone for cardiovascular disease management, following hospitalization for cardiac or stroke related illness - Hong Kong Ambassadors: Programme dedicated to enabling recovery, either at hospital or at home	- Bupa Boost: Concentrated on earning wellness points through better sleep, physical activity, what you eat and what you drink
3	Kaiser Permanente	- Total health assessment questionnaire	- Live healthy programs on fitness, nutrition, weight management, alternative care - Online classes and programs - Wellness coaching - Customized health plan	- Modules for support program on various conditions and behavioral management	- Fitness club discounts - Discounted rates on complementary and alternative care - 10,000 Steps® for improved physical activity: Discount on the program membership and pedometer
4	WellPoint[39]	- Member health index measured and tracked to assess effectiveness of various programs and services	- My Health Note: A tool that provides health information in plain language	- Journey forward program: To support cancer survivors - Disease management program: Personalized interventions to support members in following their doctor's care plan	
5	Blue Cross & Blue Shield	- Health checkups and preventive screening: blood pressure, cholesterol etc.	- Member newsletter, Lifetimes, for engaging health and wellness resources - Information about various disease and conditions, prevention and treatment modalities available to members on their website	- Provider Finder: To help members in choosing their physician through online database of provider network - Online information about nearby health facilities and pharmacy stores for members - Information about prescription drugs including generics	- Discounts for Complementary and Alternative Medicine - Bonus points for joining and regular visits under fitness programs, which can be redeemed for apparel, books, electronics, health and personal care items, music and sporting goods
6	Humana Vitality	- General Health Assessment to measure Vitality Age - Assessment of lifestyle and habits	– Healthy Living program: Tools, tips and information on healthy living, including diet and nutrition, fitness and exercise, mental health, financial health, medications and prescriptions, family and relationships	- Learning centre to provide information about Health care reform, Insurance, General well-being, Glossary of Health care	- One can earn vitality points by adopting healthy lifestyle, staying active and achieving recommended goals. These vitality points can then be converted into rewards - Discounts on Movie tickets, hotel stays, digital cameras

[39] https://wellpointhealth.ca/

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5.3 Key challenges and constraints

Health Insurers face several operating challenges in implementing a wellness programs. Some of the key challenges are mentioned below:

Areas	Key Questions
Network	• What kind of wellness providers can be included in the network • What is the win-win value proposition for partners and insurers
Adoption	• How to drive adoption of the program amongst customers • How to create value in the program in order to keep loyal and repeat customers
Monitoring	• What can be different mechanisms or techniques to monitor the usage by customers • How to ensure detection and prevention of frauds
Engagement	• How to constantly engage with customers, using different platforms or tools • How to customize engagement basis customer demographics
Reward options	• How to reward loyal customers with better options • How the reward options better than other programs in the market

The increased use of robotics and analytics based engines to do auto-claim adjudication will help reduce the administrative cost. Over a period of time, insurers should realize the value of high administrative costs over small ticket size claims and should take a risk level call.

Chapter 6

Looking Ahead

6.1 Commercially viable products which can be covered under wellness and preventive healthcare

Internationally wellness is a necessary component to most insurance products. Innovative products offering a large span of services is a common place in countries like UK, Singapore and South Africa. In India, wellness has been included as part of the some of the products being offered by private insurers as a differentiator. However, it's still has a long way to go before it seals its positions as a permanent feature.

In the last chapter, we have reviewed a few products across mature markets of US, UK, and South Africa (e.g. UHC, Bupa and Discovery). As highlighted, each covers the following key elements:

1. Health screening
2. Risk assessment
3. Wellness education and resources
4. Rewards and discounts
5. Support services

While implementation format of each may vary, most commercially successful products do cover majority of these aspects.

Wellness Products in India

Wellness is fast becoming an important differentiator for commercial health insurance products in India. Though not as mature as in Western markets, but the push received from IRDAI (pilot program provision etc.) has led to introduction of wellness products in the Indian Health Insurance Market.

Reliance General Insurance

Reliance general insurance offers a large wellness offering for its individual and corporate customers. The product covers all four aspects from health screening and resources like international markets[40]

[40] https://www.reliancegeneral.co.in/Insurance/Health-Insurance/Wellness.aspx

Health screening and risk assessments	a. Customised interventional wellness programs for initial health care assessment
Wellness education	a. Health - O Pedia with detailed health information b. Online Health counsellors
Wellness resources	a. Interactive tools for health assessment like Online calculators and health games

Cigna TTK

Cigna TTK Health Insurance, a joint venture between U.S. based global health service leader, Cigna Corporation (NYSE:CI), and Indian conglomerate TTK Group, launched its wellness offering – ProActiv Living in early January 2016. This offering provides solutions to encourage people to live healthy. ProActiv Living is a specialised program with both online and offline health and wellness benefits like health check-up, health coach, online wellness programs and wellbeing discounts.[41]

Health screening and risk assessment	a. Online assessment of health risk to indicate behaviour driven health risks
Wellness education	a. Preventive health tips b. Health information across a spectrum of conditions (especially for tobacco cessation, nutrition, exercise, sleeping disorders and stress reduction)
Wellness resources	a. Interactive tools for nutrition and health habits b. Tools for tobacco cessation
Rewards	a. Rewards points earned via maintaining a healthy lifestyle (walking, Zumba exercise etc.) translate into lower premiums

Most other insurers are currently mostly providing annual health check under their wellness segment and hence Indian market still has a long way to go before wellness products are incorporated as a commercially viable offering.

Road ahead for Indian Wellness products

In a broader sense, the realm of wellness benefits can be of two types:

i. Those which have a direct measurable impact on the wellness/well-being of an individual which the regulator can allow and in turn may take the form of premium discounts etc.

ii. The second type of benefits could include discount on products, services, etc., of third party alliances, which the insurers can include in their offerings which have a direct/perceived relationship for the wellness/well-being of an individual but cannot be directly measured. The insurers should be allowed to include such services/products, etc., but this cannot reflect in discounting of the insurance premiums.

[41] https://www.cignattkinsurance.in/health-and-wellness-overview

Key elements of a commercially viable product may include:

1. **Risk assessment** - To educate customers on the current health status and impact of their lifestyle

2. **Wellness resources and education*** - This can be achieved via multiple means

   i. Offering products and services which are health related with the objective of helping the member in maintaining a healthier lifestyle. Some examples are health check-ups, monitoring devices, dietary products, fitness products, etc.

   ii. Create awareness - Insurers may provide health education via reading material or events to create awareness and promote healthy activities. Some examples of such events are health camps, seminars/ workshops by health experts.

3. **Rewards and discounts*** - Hugely popular elements of wellness offerings across all mature markets. Rewards and discounts are hugely beneficial for the insurer

   i. Customer in lieu of rewards and discounts end up availing wellness services which maintain their health status

   ii. Insurer, while needs to invest some amount annually, is protected from huge health claims due to an unhealthy customer base

   There could be various means to provide viable discounts and rewards

   i. Discounts on healthcare products and services: Some examples of such products and services are fitness and yoga centres, diagnostic centres, medicines, doctor's fee like physiotherapist etc.

   ii. Offering sample products or services -

      - Trial pack of consumables like oats, canola oil etc.
      - Trial membership of 1 month in a fitness centres
      - Trial one month membership on fitness tracking applications

   iii. Specialised opinions : Appointment with specialised doctors at a discounted rate for opinion on diagnosis and further prognosis of the illness

   iv. Discounts on premiums: the outcome of any the activities can be rewarded by discounts in premiums, better product offering, increase in sum insured, bonus of addition of member without any extra premiums etc. by the insurer

4. **Disease management program**: Specially designed program for hypertensive, diabetic etc. which can include health check-ups, doctors counselling, nutritionist program etc.

   Specific recommendations for Wellness Program Incentives:

   i. "Health Cash" for employees and spouses not participating in company health insurance plan but participating with sustained engagement in company wellness

program or completing HRA, biometric screening, personal health report with action plan & optional health coaching

ii. % premium discount for sustained year long participation in the wellness program

iii. Bi-weekly gift card to encourage engagement

iv. Contributions into a health reimbursement account for e.g. Flexi Benefits Card (Flexi Domi Benefits basis which you could buy e.g. GYM membership, etc.) through which a broad set of verifiable activities and measurable outcomes could be incentivized

v. Incentive points could be provided for those who report regular health check results (progress or outcome based)

vi. A year-end wellness bonus

vii. Incentive to quit tobacco and/or remain tobacco free

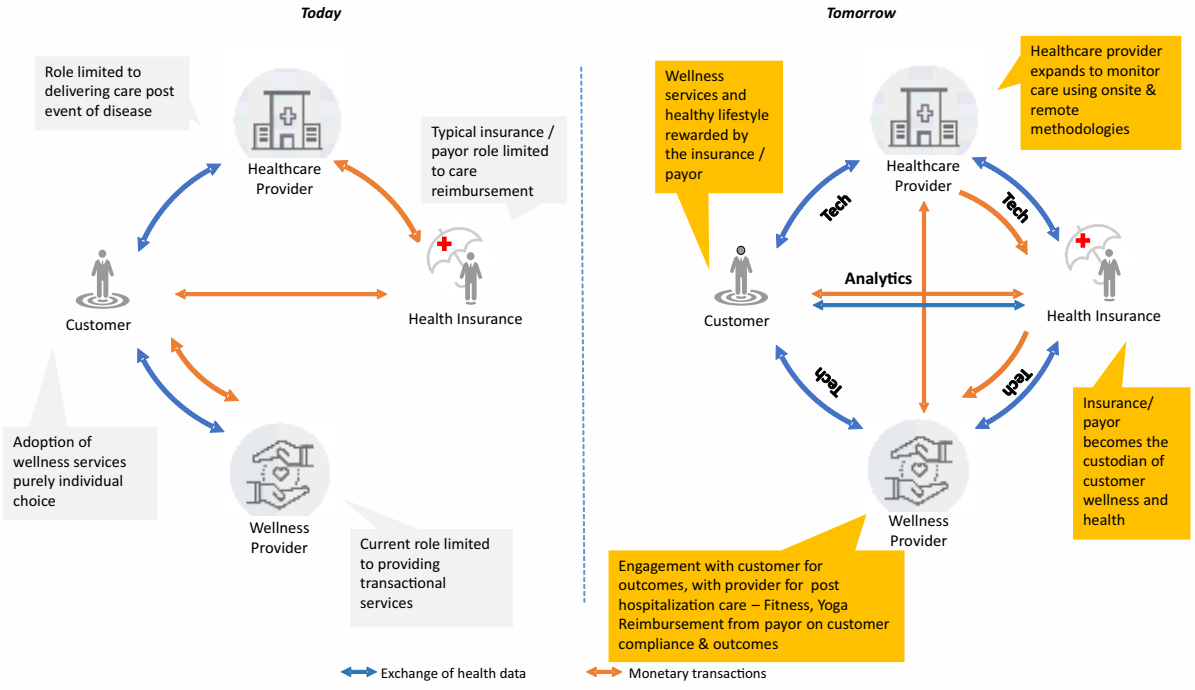
*Note: discounts in third party services are not allowed as per current regulations and offering such services may be considered in future by IRDAI

6.2. Inclusive strategy across the demand and supply value chain

As discussed earlier, wellness services is an evolving concept in India, there is limited alignment of the key stakeholders.

This has lead to stakeholders playing out a diminished and constrained role as depicted in the exhibit below:

From a disconnected wellness ecosystem to a cohesive alignment for promoting wellness



For the ecosystem to promote wellness, each of the stakeholders will be required to align with the common goal of providing, improving and facilitating adoption of wellness services and thereby improving the overall health of the community and individual.

Stake-holder	Current role	Future role
Healthcare providers	Most traditional healthcare providers have focused on delivering 'sick care' after the onset of disease. This has resulted in the care delivery being episodic and restricted to acute exacerbations of the condition within confines of the hospital. This is going to be challenged as the disease burden shifts from communicable to Non-communicable and life style diseases	Across the spectrum of healthcare providers, focus on preventive care will need to take equal precedence as sick care. Primary care delivery with longitudinal patient health tracking will serve a long way in delivering effective chronic care as well as maintaining health and wellbeing of healthy and at risk population.
Wellness providers	Relatively a nascent market with majority of providers' un-organized and delivering care without any regulatory boundary conditions. Transactional service delivery with pay-for-service model, leaving no real control over outcomes	Wellness providers will need to realign with payer systems to evolve from a transactional role to an outcome or compliance linked reimbursement. E.g. for smokers, wellness coaches are reimbursed for the customer complying with the mandatory number of counselling sessions (physical or virtual) and participation in self-help group interactions
Insurance providers	Insurance players typically have very limited understanding and awareness of the customer's overall health and wellbeing. Relationship is limited to reimbursing in-patient care services. No real control or predictive capabilities about trajectory of claims pay-out for a cohort or means for identification of healthy vs. at-risk vs. suffering customer base in absence of any longitudinal data.	From a mere role of reimbursing of sick care, the insurance provider will have to evolve into a custodian of customer's health trajectory and align with providers and customer to incentivize adoption of wellness services and healthy lifestyle choices. Creating the trust with the customer, that the insurer is genuinely interested in maintaining the health of the customer and in return the customer will enjoy benefits for being healthy along with the insurance provider.
Customers	Adoption of wellness services left to the customer's awareness and intent. No real time tangible monetary benefits for the customer in short term; this restricts adoption even for insurance covered population as the reimbursement of these services are completely out-of-pocket (OOP).	Customers will need to be aware and participative in maintaining their health. Even as the rest of the stakeholders re-align, the most important stakeholder for achieving the outcomes is the customer. A participative and engaged customer role will be of paramount importance.

For creating a true co-aligned ecosystem, there will also need to develop new skills and capabilities within current stakeholders and a new breed of stake holders. Some of them have been listed below:

i. **Technology providers**: Technology has been a true disruptor in providing healthcare and wellness services. The spectrum of technology interventions span from infrastructure

providers like data storage / cloud services at one end and the new age mhealth and wearable technology providers making remote health monitoring possible at the other end. This will spur a slew of service providers and manufacturers who can provide products and services that can economically be feasible for adoption in the Indian construct.

ii. Data Analytics: Interconnecting and longitudinal tracking of customer health will generate humongous amount of community level data. For using this data for predictive interventions and providing meaningful back end actuarial permutations, a sophisticated and dedicated big data analytical capability will be required. Current insurance providers in India, lack these home grown capabilities.

6.2.1. Channels of distribution

Health insurers have traditionally focused on the following core distribution channels of:

i. Agents

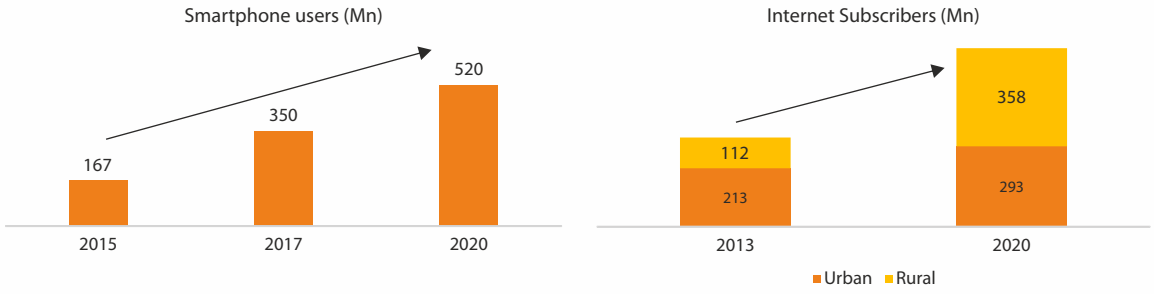
ii. Bancassurance

iii. Brokers

iv. Corporate agents

Most of the insurance providers have invested heavily in building these networks and driving productivity within these channels. The next wave of disruption will be driven through asset like digital channels. While integrating platforms for procurement of health insurance have mushroomed in the near past, the real change at the customer level has started. Consumers are increasingly seeking information about self-management of health and wellness. A 2015 survey conducted in Mumbai, Delhi and Bangalore by Via Media Health[42] showed that half of regular internet users seek health-related information. The most commonly searched information was regarding exercise and fitness, followed by details about preventive measures and hospitals.

A significant proportion of Indian population already uses the internet, and the numbers are likely to double (from 2013 to 2020)[43]. At the same time, the number of smartphone users is likely to triple from 2015 to 2020, which will further bring into its fold many more informed and aware consumers



Source: EY Report "Future of Digital Content Consumption in India" January 2016, the Indian Telecom Services Performance Indicators, July–September, 2015

[42] http://www.prmoment.in/1806/survey-shows-that-49-of-indians-use-the-internet-for-health-information.aspx

[43] EY Report "Future of Digital Content Consumption in India" Jan 2016

Further an EY study[44] highlights that the propensity of Indian customers in adopting healthcare services via digital interface was very encouraging and similar to a customer response in a developed market like Australia. The report elucidates that 76% of Indian customers were likely to access medical records online.

These trends suggest that the customer is increasingly getting primed for conducting healthcare transactions and accessing service delivery over the digital platform. This spells well for developing digital distribution networks for insurance product sales as well as disseminating wellness services through cost efficient and asset light delivery modules.

Market reports have already predicted that insurance sale through digital channels will reach INR 4,00,000 Crs by 2020[45].

The customer access digital info across multiple channels/platforms and devices. While most major insurance firms have started investing in developing digital assets across websites, social media, mobiles apps etc., seamless customer experience across channels will be the key.

Following elements need to be included in a customer centric distribution strategy:

1) A well-defined customer experience across channel as a priority

2) Develop personalized offerings, rather than push generic content

3) Device agnostic user experience for the customer

4) Encourage participative engagement for consumers – enable them to make a choice (e.g. A leading health insurance company in India has started an online customer review portal for rating their hospital experience)

6.2.2. Strategy to expand coverage of wellness and preventive healthcare products and services

As described earlier, the co-alignment of the stakeholders within the ecosystem is of paramount importance to incentivize the uptake of wellness services and adoption of healthy lifestyles. One of the core elements of this co-alignment is the synergistic relationship between insurance payors and health care providers.

The current relationship of episodic services re-imbursement between the provider and insurance players can often lead them to take adversarial postures, impacting the quality of the customer experience. For expansion of the coverage of wellness, this relationship needs to be based on mutually beneficial business interests.

For long term health maintenance and delivery of wellness services to customers, service providers need to ensure longitudinal engagement with the customer. This engagement would include multiple services ranging from diagnostic tests, doctor consultations, dietary advice, counselling and behavioral coaching. All these services come under the primary care services ambit.

Within the current spectrum of health care providers, none of them are positioned to deliver the entire gamut of services. Traditionally primary care services market has been highly

[44] Re-engineering Indian health care- Empowered patient (customer), enhanced outcomes and efficient business, September 2016

[45] "Digital@Insurance-20X By 2020; report by BCG and Google India

fragmented and single doctor entrepreneurial setups. Under such circumstances, whom should insurance providers align with? And what are key benefits and challenges in aligning with specific wellness providers is described in the table below.

Type of wellness provider	Current service profile	Key advantage	Challenge	Timeline to engage
National tertiary care chains (Max, Fortis, Apollo etc.)	Cover the entire gamut of services from primary care to tertiary care services	These are professionally run corporate chains with awareness and high adoption of technology in daily operations. They have the widest network presence in the country	The business model and current assets configuration is structured on delivering high end tertiary care May not be interested in delivering primary care	First phase – even as tertiary care providers may not be the most suitable partner, their network scale and comfort to work with technology are unmatched
Mid-sized regional hospital chains (Kailash, Metro group)	Cover most services from primary to tertiary care	Most of these providers are regional leaders with significant local brand recall	Primary care not their key business interest	First stage – especially useful in case of testing regional pilots
Stand-alone hospitals (Breach Candy etc.)	Focused mainly on secondary and tertiary care services	Technologically advanced players	Lack of scale and reach.	Last mile/ avoid
Diagnostic chains (Dr.Lal's Path Labs, Metropolis)	Focused mainly on diagnostic services with limited consultation services	Wide network and reach. One of the first movers in developing customer centric operating models	Customers don't view diagnostic chains as care providers or seek advice / care instructions from these providers	First stage – these partnerships could be pivotal in developing health monitoring services
Specialty focus primary care chains (Nationwide)	Services limited to primary consultations and diagnostics	The most ideal partner, with a primary care focused business model that is inherently incentivized to maintain health of the customer and continually engage with the customer. Typically located in vicinity to the customer	This is a relatively new concept with most players still in early stage of their evolution and limited reach within a few metros	First phase – these are ideal match for delivering wellness providers
Stand-alone primary care providers or GP network	Services limited to primary consultation and prescriptions	Bulk of primary care services in the country are currently being delivered through this set up	Highly un-organized and fragmented market Engaging with multiple doctors with very low technology adoption will be operationally challenging	Last mile / avoid e / avoid

Source – EY Analysis

6.3 Innovative ways of financing wellness and preventive healthcare products and services

The insurance company's objective for encouraging adoption of wellness services is twin fold

1. Reduce the life time pay out for claimants through adoption of healthy lifestyle choices
2. Retain stickiness of healthy customer base, by providing wellness benefits as a differentiator

For financing of wellness services to work, it is important to set the boundary conditions of this paradigm from the perspective of each stake holder

1. **Customer** – the customer is able to access a bouquet of wellness services either which would be inaccessible as a retail customer or services bundle is available at a lower cost through the insurance plan rather than off-the shelf
2. **Wellness & health service provider** – the wellness and health service provider will extend their services if the pricing fulfils their performance goals. Their interests would be to offer discounts over the rack rate to insurers in return of bulk purchase or access to large customer base
3. **Insurance provider** – the insurance provider is investing into facilitating wellness services, with the focus that it will deliver returns in the long run through reduction in claims pay out and improve the overall risk profile of its co-hort.

There may not be any one model of financing that will suit insurance providers across the spectrum. Regulatory bodies can encourage this experimentation through granting certain time bound concessions for insurance providers keen on propagating wellness services.

6.3.1 Sustainable wellness and healthcare financing options

Even as ready to use models may have to be evolved, a few commercial arrangement ideas that can be used are

1. **Payment by insurer to the partner on per enrolment basis. This could work well for any membership based model**

   Advantages – this strategy can be experimented with wellness providers like fitness centers and counsellors or coaches. In addition to enrolment, the insurance provider should focus on compliance to the prescribed rhythm as the outcome metric to decide if the customer participation is up to the mark (e.g. customer benefit extended only if the customer attends at least 4 days per week at the fitness center)

2. **Tie-ups with providers of products and services to provide discounts wherein insurer funds the discount amount fully or partially**

   Advantages – very useful for encouraging customers adopt healthy lifestyle. This can be extended to purchase of healthy food options and devices that can help in monitoring health indicators of the customer. (E.g. customer gets discount only on purchase of salads and other healthy food options, discounts on purchase of wearable technology devices)

3. **Tie-ups with providers of products and services to provide discounts, wherein an assured minimum business guarantee is agreed upon, which, in case not met would result in a financial pay out by insurer to the provider**

   Advantages – this form of engagement should be adopted with diagnostic services providers and primary care partners; where in the provider is incentivized to reach out to maximum customer base in order to meet minimum volumes agreed for reimbursements

4. **Hiring services of companies which can administer health risk questionnaire, set up awareness camps.**

   Advantages – third party market research firms exist even today. Use of these services to ascertain the health risk of the customer base could unlock unseen risk profiling of the captive customer base.

5. **Hiring services of an aggregator who acts as an intermediary for negotiating these discounts between the providers and insurer.**

   Advantages-with the current regulatory constraints, a third party aggregator could be a solution. A separate entity branding and motto of delivering wellness could see more traction amongst customers, against that of a branding of an insurance company. But the validity of the reimbursement of the third party by health insurance provider will need to be explored.

6.4 Envisaged role of IRDAI (or GOI in the larger context) as catalyst in promoting wellness and preventive healthcare for all

Mature health insurance markets are regulated by multiple government agencies and laws. Wellness programs have seen entry into regulation in major markets like USA as well. India has embarked on that journey with IRDAI laying out guidelines for wellness products this year in July. But there is still a long path ahead wellness program can achieve their full potential in the Indian market.

Regulators in USA have assumed the position of protecting consumer rights via the roadmap set out for wellness. Its key notifications are listed below:

1. Protects consumers from burdensome time commitment, intrusive procedures, and significant costs on medical tests
2. Ensures voluntary participation by making health benefits independent of participation in wellness programs
3. Protects access to genetic information of members unless shared voluntarily
4. Ensures information confidentiality for customer
5. Ensures all rules are applicable universally to all wellness program offered by insurer

Indian regulator has just embarked towards wellness program in health insurance with recent regulation which paved way for such products from Indian Health insurer. Key notifications (elaborated in chapter 4) aim at promoting wellness as a concept in the Indian market

1. The incentives offered as a part of wellness need to be included in the product structure at the time of filing itself
2. Promotion of wellness as a concept is allowed and only via health specific services offered by Network providers for a set of services only
    a. Outpatient consultations or treatments
    b. Health check-ups including discounts
    c. Pharmaceuticals
3. Promotes the concept of discounts by stipulating that insurers can look at putting in place procedures for offering discount on premiums on renewals based on the fitness and wellness criteria

    Another key regulation which would allow insurers a window to try new product combination is a pilot program provision which encourages innovation in the design of products. This allows insurers to try new products for a tenure of one year and not exceeding five years.

On one hand IRDAI has taken huge strides towards establishing wellness within the industry. On the other, there is still a larger role it would need to play in future to ensure it can catalyse the growth of wellness offering. IRDAI could look at ease step through a product lifecycle and make provisions to ensure wellness products are easily established in the market and reach the target audience.

1. Pre-approval and approval cycle - The product cycle is fairly regulated in India. For wellness products to be bought on shelf quickly, regulations may need a relook
    a. Classifying approval cycle into simple and complex with clear definition for each could be one such step

b. Lifecycle for products classified as simple would be faster and riddled with lesser reviews while complex products could be subjected to a round of questions

2. Product iteration – Every insurance product is cast in the same stone during approval cycle. Changes to a product need significant detailing and reasoning. Wellness products have also been tied to a similar methodology, where all provisions have to be laid out at the time of product approval

   a. Allowing customized products at the time of product sell can support acceptance of wellness offering greatly. A simple 'make your own sandwich' approach where the whole buffet of services could be taken up for approval and chosen for a sell as per the customer needs

3. Regulator can look at options to promote wellness beyond the existing selected set of services. The areas which can further improve the penetration and uptake of wellness are: Electronic health trackers/ wearable technology, preventive health care management like Yoga and mental wellness and healthy food stores

4. Promoting wellness could also be expanded by redefining the "network providers" to include not just the traditional set of hospitals or TPAs but expanding it to wellness providers. This is an important step as the major revenue models of hospital revolve around inpatient hospitalization and depending on only such providers for individual well-being might result in conflict of interest with the existing set of network providers. However, if this comes into light it is necessary that internal due diligence be made mandatory by insurers in short run until we have an institution which will regulate accredit such standalone wellness providers & standardize the processes

5. On the insurer financials front, relaxing criteria on financial solvency ratio for companies providing wellness products to customers could serve as an encouragement to engage in such initiatives

6. The regulator can take the following initiatives to build a enabling ecosystem for wellness products

   a. Customer education – IRDAI can play an instrumental role in educating the consumers about importance of wellness and lifestyle. An awareness campaign (print, tele media, social media and digital) can help in reaching the far flung customer

   b. Another initiative which has a strong potential to galvanize the wellness offering is a 'best practices consortium'. IRDAI mandates submission of huge volumes data from each insurer. Collating this data and culling out of industry best practices could benefit all players towards devising better strategies of product design, commercial outlays for products, product financing strategies etc.

7. Product roll back – While IRDAI has moved towards ensuring easy roll back through its recent pilot program provision. A more comprehensive outlook which eases product withdrawal is needed
8. Standardization of AYUSH treatment protocols for diseases that can be covered by insurance sector, along with their average cost of treatment
9. Government of India could take steps to encourage customers to include coverage of OPD expenses through health insurance
    a. Discount on premium for OPD coverage to compensate for tax paid
    b. Recommend tax exemption for OPD medical bills

6.5 Quality assurance process for wellness and preventive healthcare products and services

Quality assurance is one of cornerstones for almost every product and service industry. Wellness industry is no different with consumers now beginning to differentiate between products and service providers based on the quality maintained. While a few strides have been covered recently there are multiple challenges that need to be covered before a robust quality assurance process can be set up.

Ground covered till now is highlighted below:

1. National Accreditation Board for Hospitals (NABH) Accreditation standards for wellness centers
    a. NABH recently formulated standards with ten chapters incorporating 84 standards and 396 objective elements. They cover customer rights and education, infection control practices, trained and experienced staff, infrastructure, environment safety, processes and controls among many others, statutory & regulatory compliances. The accreditation process has been laid out with accredited entities being displayed publicly
2. Incentivizing accreditation
    a. Ministry of tourism recognized the relevance Indian wellness industry to Indian tourism. It provides accredited centers with 'Mark of Excellence', supports in tourism ministry driven marketing events and providers financial support
3. FSSAI regulations – Nutraceuticals
    a. This year FSSAI revamped it regulations for nutraceuticals with aim to bring in stricter norms in manufacturing and testing of health supplements launched after 2011. This norms are likely to bring in more transparency and improve quality of various nutritional care products within the Indian Market

4. Availability of skilled workforce

    a. Till very recently only AYUSH segment of wellness had availability of adequately skilled manpower via AYUSH trained medical practitioners. Now, beauty and wellness have been bought under the ambit of National Skill Development Corporation and Skill India Program. This program will skill and certify workforce for this sector and incentivize providers hiring such manpower.

    While initial steps have been taken towards quality assurance in Wellness there are significant challenges that this industry is grappling with.

1. No uniform regulation

    a. NABH has outlined guidelines for wellness centers however segments like fitness are still unregulated. In addition there is minimal means for prosecution

2. Highly unorganized sector

    a. This sector is highly unorganized despite a number of organized brands having emerged in the recent times across wellness, beauty, fitness and rejuvenation. Implementation or standardization of quality assurance process is a huge challenge with too many dissociated players

3. Large unskilled manpower

    a. Wellness is a people intensive industry. Large number of resources who are employed here are either be unskilled or semi-skilled at best. Human resources form a key segment of quality assurance and will be huge challenge to circumvent.

Quality Assurance Process

Quality Assurance is a huge process that needs industry level commitment for effective implementation. Key elements to be covered in quality assurance include:

Access and Planning of Services

Only customers that match the organizations resources are provided services using a defined process. Service provided is in line with the need stated by the customer and adequate information is shared with the customer.

Management of Consumables and Equipment

The organization has a safe and organized consumable management process. The process includes policies and procedures that guide the availability, safe storage, condemnation (in case of expiry or spoilage), and consumption of consumables. Process for purchase, preventive and breakdown maintenance and condemnation of equipment should be well defined.

Customer Rights and Education

The organization defines the customer's rights and responsibilities. The staff is aware of these rights and is trained to protect them. Customers are informed of their rights and educated about their responsibilities. Customer are adequately informed about the process followed in the providing the services. A customer support and grievance redressal mechanism should be established.

Infection Control

There should be a provision of an effective infection prevention and control programme in the organization. The organization measures and takes action to prevent or reduce the risk of services or procedure associated infection in customers and employees. The organization provides proper facilities and adequate resources to support the Infection Control Programme.

Continual Quality Improvement

The quality and safety programme should be documented and involve all areas of the organization and all staff members. The collected data should be collated, analyzed and used for further improvements. The improvements should be sustained.

Responsibilities of Management

The responsibilities of the management are defined. The organisation complies with all applicable regulations. The organisation is led by a suitably qualified and experienced individual. The responsibilities of the leaders at all levels are defined.

Facility Management and Safety

There should be a provision of a safe and secure environment for customers and staff. The organization shall take steps to ensure this, including proactive risk mitigations. The organization provides for safe water, electricity, and air conditioning where ever required. The organization plans for emergencies, is a no-smoking area and manages hazardous materials in a safe manner.

Human Resource Management

The most important resource of an organization is the human resource. Adequate processes are defined for recruitment, induction, training & development, motivation, employee safety, grievance redressal and employee exit.

Information Management System

An effective Information management system is established on the information needs of the organization. The system (automated or manual) is able to capture, transmit, store, analyses, utilize and retrieve information as and when required for improving individual and overall organizational performance.



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FICCI, Federation House, Tansen Marg, New Delhi-110001 Phone - 011 23738760 – 70; 011-23487445; 011-23487438

www.ficci.in ; www.ficcihic.com

FICCI core team

Ms Shobha Mishra Ghosh
Senior Director
T: +91 +91 11 23487468
E: Shobha.mishra@ficci.com

Mr Syed Quasim Ali
Assistant Director
T: +91 11 23487220
E: Quasim.ali@ficci.com

Mr Kapil Chadha
Project Assistant
T: +91 11 23487438
E: Kapil.chadha@ficci.com

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EY core team

Mr. Irvinder S Lail
Director - Financial Services Advisory
T: +91-124-6714000
E: Irvinder.Lail@in.ey.com

Mr. Amit Motwani
Manager - Performance Improvement
T: +91-22-62920719
E: Amit.Motwani@in.ey.com

Ms. Astha Gupta
Senior Consultant - Performance Improvement
E: Astha2.Gupta@in.ey.com

Ms. Vindhya Alahari
Senior Consultant - Performance Improvement
E: Vindhya.Alahari@in.ey.com

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Notes



Federation of Indian Chambers of Commerce and Industry
Federation House, Tansen Marg, New Delhi - 110 001
T : +91-11-2373 8760 (11 Lines) | F : +91-11-2332 0714, 2372 1504
E: ficci@ficci.com, W: www.ficci.in

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