MERCER MARSH BENEFITS™

GBM Country Webinars

Malaysia

21 July 2020

welcome to brighter

Today's Speaker
Brian Chong

Brian is the Head of Broking at Mercer Marsh Benefits, Marsh Insurance Brokers (Malaysia) Sdn Bhd, based in Kuala Lumpur. He oversees broking operations and the additional responsibility of new business development for employee health and benefits business.

Prior to joining Marsh Malaysia, Brian's career commenced in the financial industry as an Executive in PhileoAllied Bank After a stint of 3 ½ years whereby he last role was the Officer In Charged of the PalVirtual Kiosk, Brian made a career move into the insurance industry joining American International Assurance (AIA) as a Marketing Executive in the Corporate Solutions Department (CSD) handling the development of Group Insurance through a portfolio of AIA's tied agency force.

After a successful period of sales growth, Brian was promoted to lead the Agency Group Insurance channel overseeing the entire agency development for Malaysia in employee benefits. In year 2011, Brian was again promoted to Head of Sales and was responsible for the overall development of not only the agency channel but also the broking and direct channels for CSD

Brian graduated from University Technology of Sydney with a Bachelor Degree in Business Administration majoring in both Finance and Marketing.

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Malaysia Overview
Demographics

Population
32.39 million inhabitants
with annual growth rate of 0.4%

Gross Domestic Product (GDP):
MYR 1.447 trillions (2018)

Life Expectancy
- 75 years old
- Men: 72.7 years old
- Women: 77.6 years old

Unemployment Rate
3.3% of active population
(Sept 2019)

Minimum Monthly Wage
MYR 1,100

Inflation Rate 1.0%
(2018)

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Exchange Rate (approx): USD 1 = MYR 4.17

Malaysia Overview
Healthcare Landscape

National demographics & economic factors

AGING POPULATION

- No of Malaysian aged 60 years and above project to reach 3.5m by 2020 and 6.3m in 2040, which is about 20% of the total population.
- Life expectancy – female 77 and male 73
- 69% of total population are in the workforce*

* Department of Statistics Malaysia

Individuals & societies

LIFESTYLE LEADING TO CHRONIC DISEASES

- 6 in 10 face non-communicable disease (NCD)
- 1 in 5 diabetes
- 1 in 3 hypertension
- 1 in 5 is smoker
- 1 in 2 physical inactive*

* Ministry of Health Report

Regulatory / Health system

CHANGING REGULATORY FRAMEWORK

- Removal GST for consumer on June 1 2018
- Introduction of SST on Sept 1 2018
- Insurance scheme to B40 – premiums funded by Govt.
- Health spending per capita increased 2.5 times in 17 years from RM642 in 1997 to RM1,626 in 2014
- Proposed increase in GP fees in 2020 from between MYR10 to MYR35 to MYR30 to MYR125

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Malaysia Overview
Healthcare Landscape

	Overview
1	The **number of admissions to government hospitals increased** YoY from 2013 to 2016 but decreased 8.4% in 2017.
2	In 2018, the number of admissions have increased by 14.2% which could possibly be attributed to the escalating number of **non-communicable diseases (NCDs)**
3	Government clinics visits have increased steadily with at least 4% YoY as the **charges for outpatient visits at government clinics remain to be RM1 per visit**.[4]
4	**Private outpatient visits have increased** by 4% in 2018 despite a decrease YoY from 2015 to 2017.
5	According to the 2017 National Health and Morbidity Survey, **mental illnesses are expected to be the second biggest health problem** in Malaysia by 2020
6	Malaysia's medical and health insurance market reportedly has the second highest average gross medical inflation in Asia

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Malaysia Overview
Top Causes Of Hospitalisation

- **Respiratory diseases remain to be the top principal cause of hospitalization in Malaysia**
  The annual South East Asia haze continues to increase in intensity which had lead to increase in cases of bronchial asthma as well as chronic obstructive pulmonary (COPD) diseases leading to an increase in hospital admissions. The current e-cigarette and vaping trend has also lead to an rise in respiratory symptoms such as cough and shortness of breathing causing frequent visitations especially with regards to outpatient attendances.[1,2]

- **Digestive system diagnosis has increased in both private and government hospitals**
  This is to be expected due the similar cause of an increase in peptic ulcer diseases in Malaysia, the incidence of which is approximately 72 per 100,000 in Malaysia, contributed to poor diet.[2]

- **Diseases of the circulatory system related admissions are also increasing in both private and government**
  This is likely due to an increasing rate of overweight/obesity, poor diet, and low physical activity by Malaysians Nationwide. The prevalence of overweight and obesity had increased by 80.7% and 302% respectively in just under two decades which makes Malaysia having the highest obesity rate in South-East Asia, which is the number of individuals with BMI higher than 30.0 against the population of the country. The percentage of Malaysians aged 18 and above who have high blood cholesterol has increased from 32.6% in 2011 to 47.7 in 2018.[1,3]

- **Musculoskeletal system/ connective tissue admission is not in the top 10 diagnoses in government hospital admission**
  This diagnosis only appears in the top 10 diagnoses at private hospitals, possibly due to group insurance usually cover accidental conditions and also because of the presence of long waiting times for elective orthopaedic procedures at government hospitals. Nevertheless, orthopaedic admissions remained stable from 2015-2018.

Sources *:*
1. National Health & Morbidity Survey 2015.
2. https://www.webmd.com/lung-cancer/vaping-lung-cancer
2. http://www.msgh.org.my/resources/acutnonv.htm
3. MOH Publication Health Facts (2016,2017, 2018)
4. https://www.thestar.com.my/news/nation/2019/11/22/pest-control-decreases-dengue-by-40-within-kl

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Top Trends Shaping Employer Sponsored Medical Plans in Malaysia
What Has Been Employer's Experience?

High ongoing medical trend rate, ageing population, workforce diversity

Managing Insurer/ TPA Service level – claims, billings, medical cards, clinics, etc.

Increasing employer experience thru technology

Increasing claims for non-communicable diseases and lifestyle choices

Review benefit/ medical design to increase engagement

2019 Medical and General Inflation & 2020 Projection

The information was predominantly collected prior to the COVID-19 outbreak. Medical trend rates are likely to change due to the evolving situation.

	2019 medical trend rate experience[1]	2018 estimated inflation[†]	2020 projected medical trend rate[1]	2020 forecasted inflation[†]
Global[‡]	10.0%	3.7%	10.0%	3.6%
Asia (Average)	10.4%	2.5%	10.3%	2.6%
Malaysia	**13.6%**	**1.0%**	**13.5%**	**2.3%**

Source: Mercer Marsh Benefits Medical Trends Around the World 2019-2020 Survey Report

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Our Insurance Partners

EB Players in the Market.

AIA – THE REAL LIFE COMPANY

MYR1.1 BILLION – IGP/ZURICH

Great Eastern

MYR320 MILLION - GENERALI

HLA – where insurance is a celebration of life

MCIS INSURANCE

TOKIO MARINE INSURANCE GROUP

AmMetLife

MYR230 MILLION - MAXIS

AXA AFFIN – redefining / standards

Berjaya Sompo Insurance Berhad

Allianz

MYR210 MILLION - INSUROPE

eTiQa Insurance

MYR220 MILLION

THIRD PARTY ADMINISTRATORS (TPA)

MiCARE

ASIA ASSISTANCE

MediExpress

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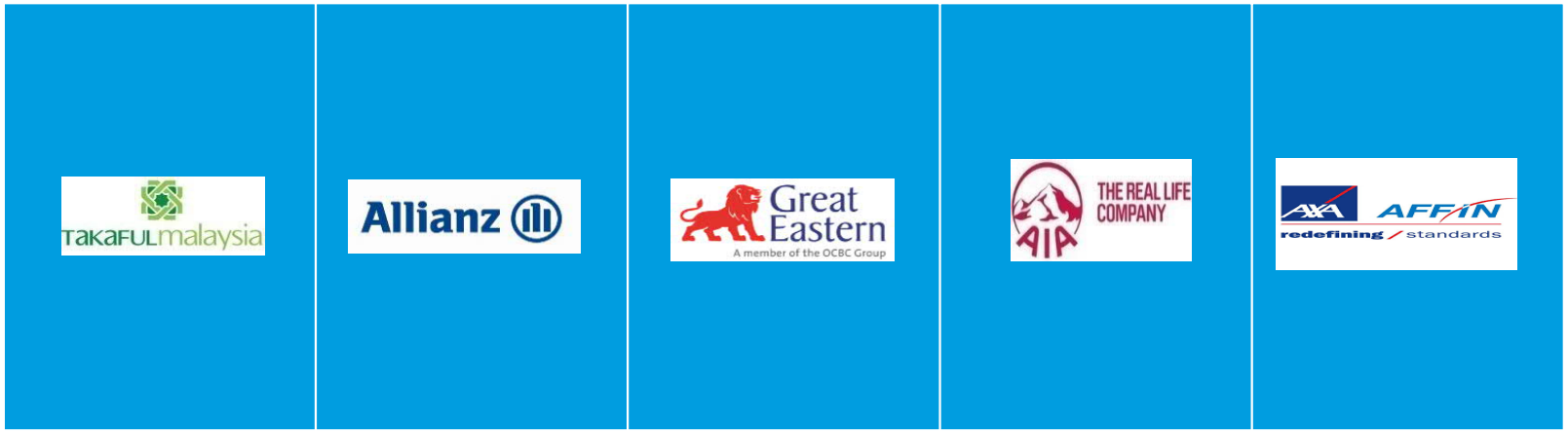
PMCare

Our Insurance Partners

EB Players Offering Voluntary Medical Top Up Programs



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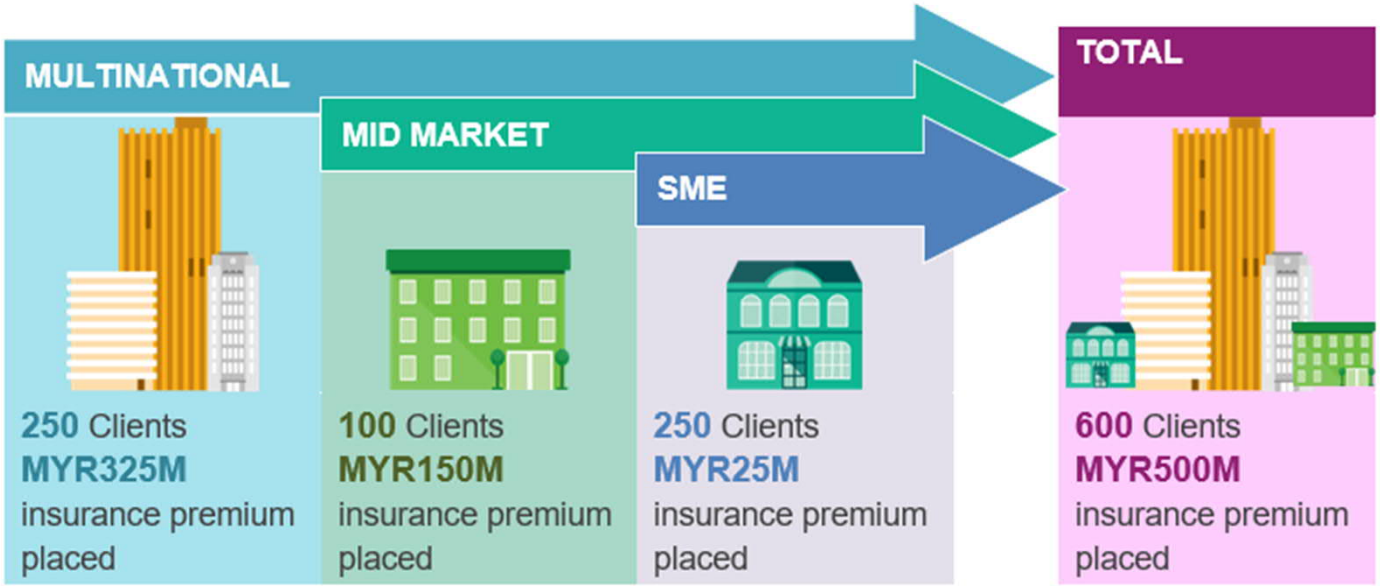
Mercer Marsh Benefits
MMB's Capabilities in Malaysia

In MMB Malaysia, there are more than **50** benefits professionals servicing more than **600** organizations of all sizes. As one of the largest EB brokers in Malaysia, our access to capital and financial strength are major advantages over our competitors. Our business strategy has consistently included organic growth and the acquisition of firms that are leaders in key human resource areas.



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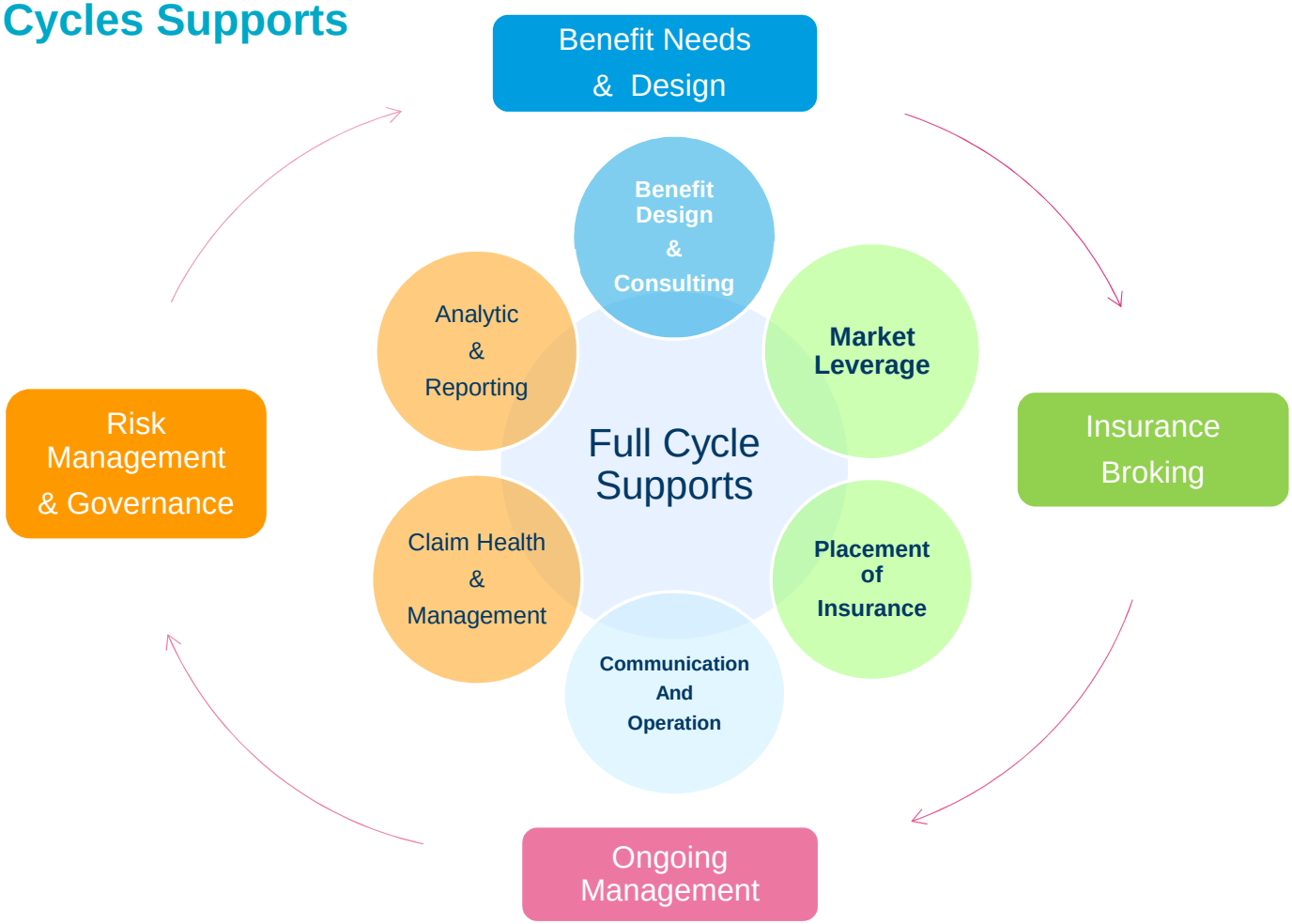
Core Service Proposition
Full Cycles Supports



Mercer Marsh Benefits
Greater Certainty Around What Drives Cost, is Valued, and Sustainable

Data Driven Analysis and Negotiations

- Challenge underwriting and actuarial assumptions.
- Provide truth in numbers

Smarter Benefits Design

- Use benefits as a tool for employee engagement.
- Greater alignment with/and support of your company's goals.

Stable Long Term Relationship

- Create a sustainable partnership.
- Provide long-term outcomes.
- Improve your benefits rating to obtain better cost savings for you.

Mercer Marsh Benefits Delivers:

- A better understanding of your employee profile and **what benefits employees value**.
- **Greater certainty of current costs and cost drivers**, and forecasting around future cost drivers and savings.
- **Strategic structure** and an approach to benefits management that creates **long-term sustainability**.
- **Measureable ROI on benefit programs and value** like no other partner.

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Annual Survey Reports
Keeping Our client Updated

Mercer Marsh Benefits is dedicated to provide our clients with updates on Benefits related issues.

To examine the impact of societal ageing on cost of elderly healthcare in Asia Pacific and the key risks for stakeholders in the health ecosystem

Scope: 14 major markets in APAC were included in the study, representing a quarter of global GDP and half of the World's elderly population

The problem is sizeable: Based on current trends, we estimate that elderly healthcare in the Asia Pacific region could increase five-fold to US$2.5 trillion annually by 2030.

Mercer Marsh Benefits (MMB)'s second annual Medical Trends Around the World survey

Survey / study conducted across 170+ insurers across 49 countries, including almost 90 network affiliates of multinational pools

Medical trend rates continue to outpace local inflation and are on average 2-3 times the general inflation rate. Driven by high healthcare spending in emerging markets and Western Europe.

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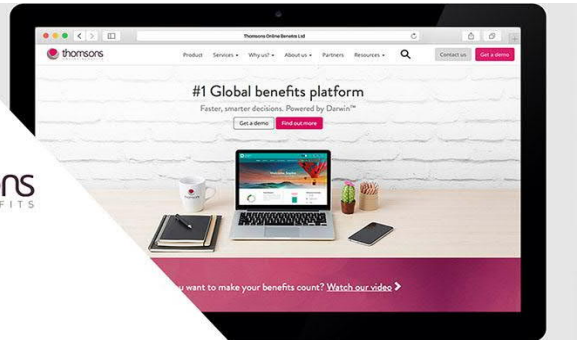
Core Service Proposition

Full Cycle Support – Flexible Benefits



thomsons ONLINE BENEFITS

SIMPLE & EFFICIENT system

MINIMAL INVOLVEMENT by client in daily operations

24-HR DIRECT ACCESS to self-service flex account, benefits selection and claims information

HR HOTLINE during office hours & dedicated email account for employees

MARSH/MERCER TEAM support of experienced administrators

16 LOCAL CLIENT implementations to-date, encompassing telecommunications, shared services, manufacturing, pharmaceutical clients

Mercer Marsh Benefits

Value Added Services (Health & Wellness Consulting)

High ongoing medical cost trend rate is now the norm, increased benefits utilization, due to rising claims for chronic diseases, aging population, lifestyle-related illnesses, stress and other mental health issues, has become a top global concern, impacting and shaping employer-sponsored medical plans across the globe.

We can work with to design or tailor a health program that helps contain employee-benefits-related costs, motivates and engages employees through health and wellness benefits. Effective health prevention and employee well-being communications help foster increased employee engagement and program adoption.

Holistic Care Management Model

Client Seminars
Keeping Client Informed & Connected

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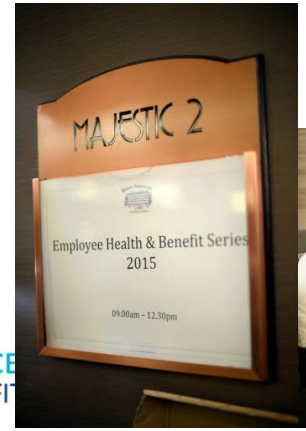
EMPLOYEE HEALTH AND BENEFITS:

E H&B SEMINAR
Data Analytics
Health & Wellness

Networking session

- Seminars in KL, Penang and JB
- Covering latest trends and issues from Big Data Analytics to Changing regulations that have impact on your benefits and employee engagement
- Excellent platform for networking and learning



Press Interview

Panel Speakers

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Mental Health
Employee Assistance Program (EAP) by The Mind

i. Crisis hotline 24/7

- Employees can contact The Mind via social media, messaging and WhatsApp.
- Psychological First Aid (PFA) will be administered in times of crisis to ensure employee safety prior to referral for professional care.

ii. Therapy and Counseling

- Covers - (i) individual, couples or family therapy (up to 1 hour per session); (ii) support groups: smoking cessation, weight loss, working parents support (up to 4 support groups established a year); and (iii) psychological assessments.
- Each employee is allocated up to 5 sessions, with participation in 1 support group session counted as 1 utilized session. Up to 4 support group sessions a year, with up to 10 employees accepted per support group session.
- All sessions to be held in private at The Mind's office. Therapy using The Mind's mobile application is available on a case-to-case basis.

iii. Talks and Workshops

- Up to 16 hours for the year, covering, but not limited to any of these topics: work-life balance, stress management, mental wellness, family relationships, effective communication.

office at Bukit Ja

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On-Site Wellness Program
Physiotherapy

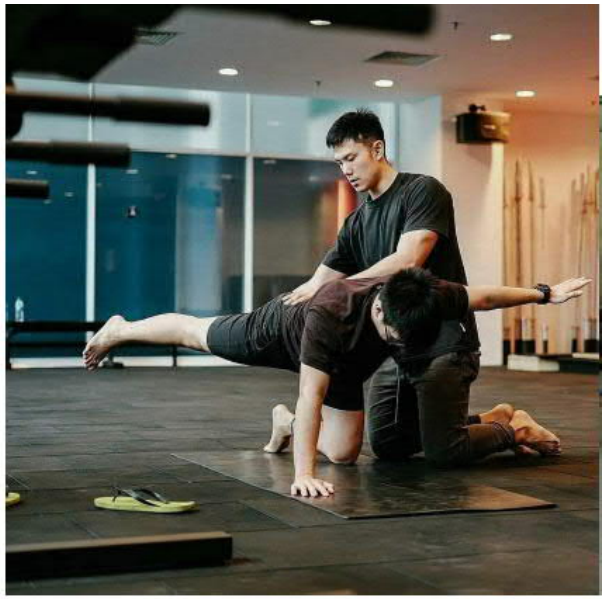
Program Outline:

1. Understanding company's nature of work, environment, risk and hazards at work.

2. Health talk

3. 15 minutes one-on-one consultation with the therapist
    a. Treatments such as muscle release, manual therapy, stretching and exercise therapy to be given
    b. Advice and follow up session for individual employee

3. Monthly onsite visit to follow-up for comprehensive 1 to 1 treatment session, such as muscle release, manual therapy, dry needling, ultrasound, electrical stimulation, specific exercise or advice.



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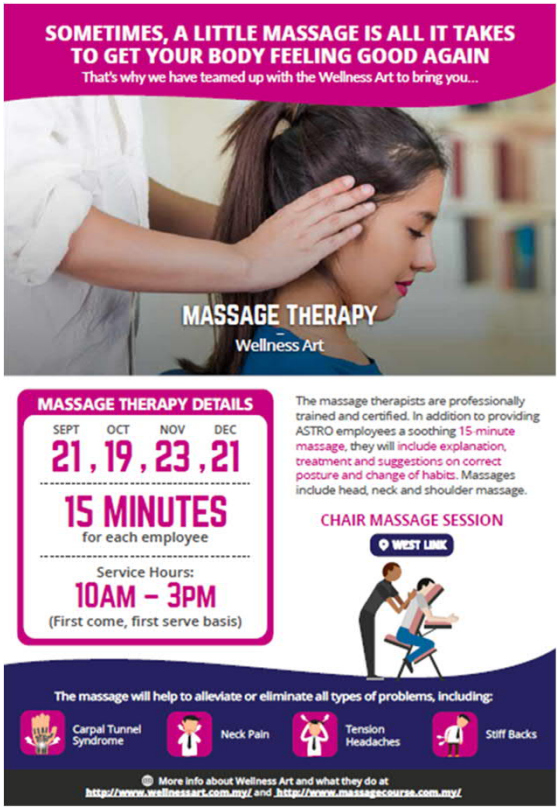
On-Site Wellness Program
Fitness Education Booth / Wellness Massage Session



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General Market Data
Common Risk And Medical Benefits

Risk Benefit	General Market Practice
Group Term Life (GTL)	• *Prevalence:* 94% • *Dependants:* Not prevalent to cover dependants. • *Coverage:* Death (all causes), Total Permanent Disability, Terminal Illness • *Financing:* Typically insured, no employee co-pay. • *Quantum:* 36 x monthly salary (median)

Risk Benefit	General Market Practice
Group Personal Accident (GPA)	• *Prevalence:* 90% • *Dependants:* Not prevalent to cover dependants. • *Coverage:* Death (accidental), Total & Partial Permanent Disability (accidental) • *Financing:* Typically insured, no employee co-pay. • *Quantum:* 36 x monthly salary (median)

Medical Ben.	General Market Practice
Inpatient	• *Prevalence:* 99% • *Dependants:* 85% provide to dependants (spouse, children). • *Coverage:* Typically (above 70%) provides hospital room & board (R&B), intensive care unit, in-hospital attending doctor's visit, hospital miscellaneous services, surgery, anaesthetist fees, operating theatre, pre and post hospitalization benefit and emergency accident outpatient. Around 53% of companies also covers outpatient kidney dialysis and outpatient cancer treatment. • *Financing:* Typically insured, no employee co-pay. • *Quantum:* Most tend to provide this benefit subject to an overall limit. Median: *Job Band* / *R&B Daily Limit* / *Overall Limit* Top Mgmt. MYR 250 MYR 50,000 Management MYR 240 MYR 50,000 Professional MYR 200 MYR 40,000 Staff MYR 170 MYR 30,000 Direct Labour MYR 120 MYR 25,000

Medical Ben.	General Market Practice
Outpatient	• *Prevalence:* 99% • *Dependants:* 86% provide to dependants (spouse, children). • *Coverage:* Clinical (GP), Specialist (SP). Usually both panel & non-panel visits are covered. • *Financing:* Typically self-funded, no employee co-pay. • *Quantum:* More common to provide this benefit subject to an annual limit per family. Median: *Job Band* / *Annual Limit Per Family* Top Mgmt. MYR 3,000 Management MYR 2,550 Professional MYR 2,500 Staff MYR 2,000 Direct Labour MYR 2,000

Note: R&B=Room & Board

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Covid 19 Updates

Are my employees well protected

As at June 30:
Total cases: 8,639
Total deaths: 121
Total recovered: 8,354

- Most insurers are now waiving communicable disease under their exclusion and covering the Covid 19 test if the test leads to an admission. For Covid 19 admissions - the case will be referred designated government hospitals and expenses covered by the government.

- For suspected cases that are tested at the Government Hospital, the cost will be covered by the Government. However the public can be also get tested at designated hospitals and clinics (self-paid).

- For employees covered under medical health insurance, the COVID test will be covered by the insurance plan (in full) if the test is positive.

- Private testing is available even for patients with no symptoms. Companies, at their own expense, can send employees for testing. RT-PCR nasal and throat swab test are available at both private hospitals and designated government hospitals.

- Goverment announced on March 27: The Life Insurance Association of Malaysia (LIAM) will reimburse up to RM300 to the *eligible members required Covid 19 test, including testing at the private facilities

- Death due to Covid 19 is covered by most policies as most corporate risk policies have no exclusion for death benefits. A few insurers have also committed to additional sum insured, ranging from RM6k to RM10k for death due to Covid 19

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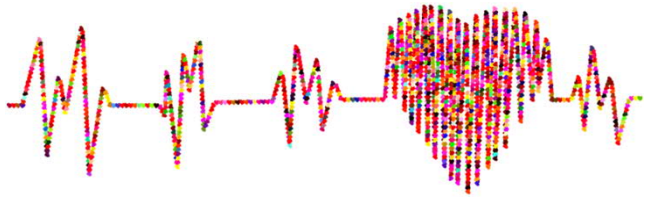
Covid 19 Updates

Increasing Interest in Telemedicine



The Telemedicine Act 1997 is a Malaysian law that was enacted to provide for the regulation and control of the practice of telemedicine and for matters connected therewith.

Tele-consulting is not popular in Malaysia previously - it is available but not widely adopted/ encouraged, reason largely due behavior as most employees feels more comfortable visiting doctors while there are companies skeptical about the services level and question on the abuse e.g. utilization and medical leave.

Nonetheless, in conjunction with Covid 19 and MCO, Ministry of Health has collaborated with Doctor On Call, to set up a platform to disseminate pandemic information in Malaysia, including complimentary advises for Covid 19 related symptoms and list of designated public hospitals in each state that are equipped to screen for COVID-19:
http://covid-19.moh.gov.my/

In view of the increasing interest post MCO, some insurers have started pioneering telemedicine services with some organization.

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Covid 19 Updates
Increasing Interest in Telemedicine

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