

# UNDERWRITING AND RISK MANAGEMENT TOOLS OF HEALTH INSURANCE FOR THE POOR

-A REFLECTION ON CGAP  
STUDIES

**MICROINSURANCE  
CONFERENCE**

**MAKING INSURANCE  
WORK FOR THE  
POOR**

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## TOPICS COVERED

- **TERMINOLOGY**
- **WHY HEALTH INSURANCE**
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- **UNDERWRITING CYCLE**
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- **UNDERWRITING CONTROL EXAMPLES- CGAP CASE STUDIES**
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# TERMINOLOGY

- ***HEALTH PLAN***

A HEALTH INSURER ACCEPTS THE RESPONSIBILITY FOR PAYING FOR HEALTHCARE SERVICES OF COVERED INDIVIDUALS

- ***PREMIUMS***

THE MONEY THAT IS CHARGED FOR THIS SERVICE

- ***UNDERWRITING***

WHAT THE ABOVE PRACTICE IS CALLED

- ***UNDERWRITING GAIN***

THIS IS SAID TO OCCUR WHEN A HEALTH INSURER COLLECTS MORE PREMIUMS THAN IT PAYS IN EXPENSE FOR THESE TREATMENTS (CLAIM COSTS) AND THE EXPENSE TO RUN ITS BUSINESS (ADMINISTRATIVE EXPENSE)

- ***UNDERWRITING LOSS***

THIS OCCURS IF THE TOTAL EXPENSES EXCEED THE PREMIUM COLLECTED

## ■ ***SURPLUS***

TO PROTECT THE INTERESTS OF THE BENEFICIARIES OF HEALTH PLANS, INSURANCE REGULATORS REQUIRE THAT HEALTH PLANS HAVE ADDITIONAL FUNDS PUT ASIDE OVER AND ABOVE THE AMOUNT THAT THEY EXPECT TO PAY OUT FOR HEALTH CARE SERVICES IN A GIVEN PERIOD.

THESE FUNDS SERVE TO MEET A COMPANY'S RISK BASE CAPITAL(RBC) REQUIREMENTS.

## ■ ***RETURN ON INVESTED ASSETS***

THIS IS AN ADDITIONAL SOURCE OF REVENUE FOR HEALTH PLANS DERIVED FROM THE INVESTMENT OF THE FUNDS

# **PUBLIC AND PRIVATE INSURANCE**

## ■ ***PUBLIC(SOCIAL) INSURANCE***

- OBLIGATORY, INCLUSIVE, RULES SET BY GOVERNMENT
- RISK IS SUBCONTRACTED TO INSURERS AND FUNDED BY PREMIUMS (AS OPPOSED TO CARRIED BY GOVERNMENT AND FUNDED BY TAXATION)

## ■ ***PRIVATE(COMMERCIAL) INSURANCE***

- VOLUNTARY, SELECTIVE, REGULATED BY GOVERNMENT
- INSURERS ARE FREE TO DESIGN AND MARKET PRODUCTS ACCORDING TO DEMAND AND THEIR ABILITY TO ASSESS THE RISK

# INDIVIDUAL AND GROUP INSURANCE

- **INDIVIDUAL INSURANCE:**
  - PURCHASED BY INDIVIDUALS TO COVER THEMSELVES AND OTHER FAMILY MEMBERS
  - EACH RISK IS INDIVIDUALLY UNDERWRITTEN
  
- **GROUP INSURANCE**
  - PURCHASED BY AN ORGANISATION FOR ITS MEMBERS (USUALLY AN EMPLOYER FOR ITS EMPLOYEES)
  
  - FOR MOST MEMBERS, COVERAGE IS AUTOMATIC AND THERE IS NO MEDICAL UNDERWRITING

# WHY HEALTH INSURANCE

## AFTER 10 YEARS OF GRAMEEN BORROWING

- 58% LIFTED THEMSELVES OUT OF POVERTY VERSUS 18% NON-BORROWERS
- OUT OF 42% WHO FAILED, 60% EXPERIENCED VARIOUS ILLNESSES WITHIN FAMILY DRAINING RESOURCES

SOURCE: 1992 GRAMEEN BANK STUDY

BY

DR DAVID GIBBONS AND HELEN TODD

# THE RIGHT TO UNDERWRITE

## EXPERT RISK ASSESSMENT

BENEFITS TO  
INSURANCE

KEEP WITHIN  
MORTALITY  
ASSUMPTIONS

SPREAD  
THE RISK

SHARED RISK

ACCURATE AND  
SUSTAINABLE  
PRICING

BENEFITS TO  
POLICYHOLDER

EQUITY BETWEEN  
POLICYHOLDERS

COMPETITIVE  
PREMIUM RATES

ACCESS TO  
INSURANCE

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# REMOVING THE RIGHT TO UNDERWRITE

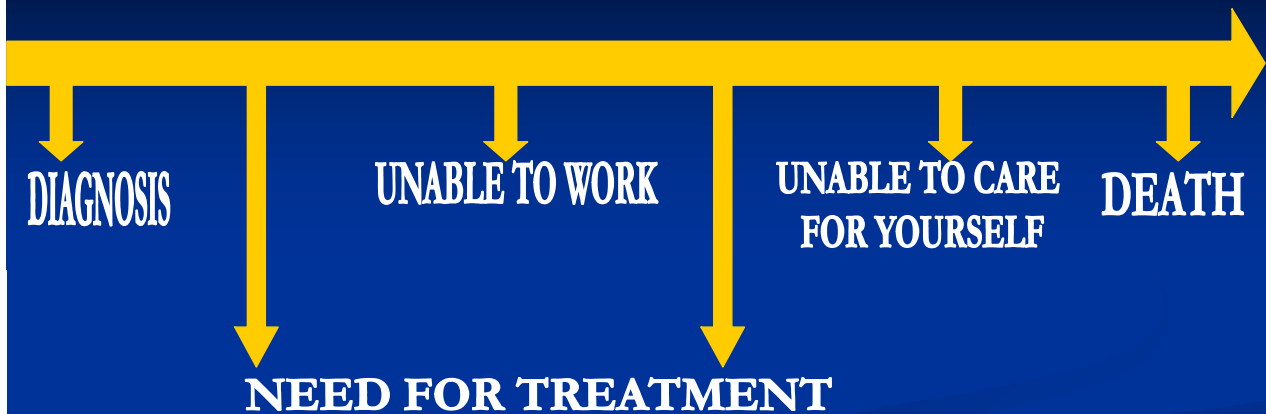
“IF NO UNDERWRITING WERE ALLOWED AND EACH PERSON IN THE UNITED STATES SIMULTANEOUSLY APPLIED FOR THE SAME AMOUNT OF COVERAGE: THE PREMIUM NEEDED FOR EACH PERSON WOULD BE 90% HIGHER THAN THE CURRENT PREMIUMS FOR STANDARD APPLICANTS”

SOURCE: SWISS RE

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# THE NATURE OF INSURED RISK



- EACH SITUATION HAS A DIFFERENT RISK DYNAMIC
- MEDICAL EVENTS IMPACT DIFFERENTLY ON EACH RISK
- THE AGE OF THE APPLICANT AND THE DURATION OF THE POLICY WILL INFLUENCE THAT DYNAMIC
- THE DEFINITION OF RISK IS DIFFERENT FROM THAT USED IN CLINICAL PRACTICE (e.g. RISK OF RECURRENCE/POTENTIAL FOR CURE)

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# THE UNDERWRITING CYCLE

- THE HEALTH INSURANCE INDUSTRY EXHIBITS A REPEATING PATTERN OF SEVERAL YEARS OF GAINS FOLLOWED BY SEVERAL YEARS OF LOSSES
- INTERPLAY OF TWO FEATURES- UNCERTAINTY IN PREDICTING HEALTHCARE COSTS AND THE COMPETITIVE ENVIRONMENT
- HEALTH PLANS MUST MAINTAIN ADEQUATE SURPLUS LEVELS
- A CLAIM RESERVE THAT IS FOR CLAIMS INCURRED BUT NOT YET PAID
- GAINS AND LOSSES ON INVESTMENTS CAN AFFECT PREMIUM LEVELS

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# THE UNDERWRITING CYCLE

- **STRONG WEALTH EFFECT ON HEALTH CARE SPENDING**
- **BACKLASH BY PRESSURING PLANS TO RELAX RESTRICTIONS AND EXPANDING BENEFIT OFFERINGS**
- **THE ECONOMY ALSO AFFECTS THE NUMBER OF UNINSURED, PROVIDER BAD DEBT RATIOS, AND THE BALANCE BETWEEN EMPLOYER/EMPLOYEE COST – SHARING**
- **A STRONG INTERPLAY BETWEEN GOVERNMENT POLICY AND THE PRIVATE INSURANCE MARKET**

# THE UNDERWRITING CYCLE

- **LEGISLATIVE OR REGULATORY ACTIONS CAN LEAD TO INCREASES IN CLAIMS COST AND ADMINISTRATIVE EXPENSE TRENDS DUE TO IMPLEMENTATION OF MANDATED BENEFITS OR THE TIGHTENING OR LOOSENING OF OTHER CONTROLS AND REQUIREMENTS**
- **GOVERNMENT PROGRAMS CAN HAVE SIGNIFICANT IMPACT ON NON-GOVERNMENT HEALTH INSURANCE TRENDS, COST-SHIFTING.**
- **PREMIUM GROWTH PROMPTS RAPID GROWTH OF MANAGED CARE AS EMPLOYERS STRUGGLE TO CONTAIN BENEFIT COSTS AND POLICY-MAKERS THREATEN HEALTH CARE REFORM.**

## **CONSEQUENCES OF DISTURBING THE UNDERWRITING BALANCE**

- **HIGHER PREMIUM RATES FOR ALL**
- **MORE CAUTIOUS APPROACH TO HIGHER RISK LIVES**
- **PRODUCTS WITHDRAWN OR CURTAILED**  
- **CRITICAL ILLNESS AT HIGH RISK**
- **FEWER PEOPLE ABLE TO AFFORD INSURANCE – A “FINANCIAL UNDERCLASS”**
- **MORE PEOPLE DEPENDANT ON PERSONAL SAVINGS OR GOVERNMENT SUPPORT**

## **COMMERCIAL REALITIES FOR INSURERS AND CONSUMERS**

- **THE COMPETITIVE NATURE OF THE MARKET EXERTS CONTINUOUS PRESSURE ON COSTS**
- **TIME(AND COST) PRESSURES LIMIT THE AMOUNT OF INFORMATION THAT CAN BE REQUESTED FROM THE APPLICANT OR OBTAINED FROM OTHER SOURCES**
- **APPLICANTS ARE GROUPED INTO SIMILAR RISK CATEGORIES AND CHARGED ACCORDING TO THE RISK THAT THEY BRING TO THE FUND**

## COMMERCIAL REALITIES FOR INSURERS AND CONSUMERS

- TREATING UNDISCLOSED RISKS AS IF THEY WERE NOT THERE HAS IMPLICATIONS FOR ALL POLICYHOLDERS
- LOW RISK CONSUMERS EXERT PRESSURE FOR THE BEST DEAL
- INSURERS WISH TO GROW THE MARKET NOT REDUCE IT

## WHAT ARE THE KEY COMPONENTS OF UNDERWRITING AND RISK MANAGEMENT IN HEALTH INSURANCE

### PRODUCTS

- IDENTIFY TYPE OF PRODUCT AFTER STUDYING DEMAND AND SUPPLY
- IS IT FOR GROUPS OR INDIVIDUALS?
- PERIOD- SHORT, SEASONAL OR ANNUAL
- ELIGIBILITY REQUIREMENTS
- RENEWAL REQUIREMENTS
- VOLUNTARY OR COMPULSORY
- BENEFITS OR COVERAGE
- KEY EXCLUSIONS
- PRICING- PREMIUMS OR OTHER FEES
- CO-PAYMENTS AND DEDUCTIBLES

## **WHAT ARE THE KEY COMPONENTS OF UNDERWRITING AND RISK MANAGEMENT IN HEALTH INSURANCE**

### **DISTRIBUTION CHANNELS**

- **CHALLENGES**

### **BENEFITS**

- **ARE THE BENEFITS GEARED TO TARGET MARKET TO SERVE SPECIFIC NEEDS?**

### **PREMIUMS**

- **RISK PREMIUM**
- **OPERATIONS COST**
- **COMMISSIONS**
- **REINSURANCE**
- **SURPLUS OR RESERVE AND MEDICAL INFLATION**

## **WHAT ARE THE KEY COMPONENTS OF UNDERWRITING AND RISK MANAGEMENT IN HEALTH INSURANCE**

### **PREMIUM COLLECTION PROCESS**

- **OPTIONS OF PAYMENT**
- **ENROLLMENT OPTIONS**

### **POLICIES AND PROCEDURES TO CONTROL MORAL HAZARD**

- **ADVERSE SELECTION**
- **FRAUD**
- **COST ESCALATION**
- **OVER USAGE**
- **COVARIANT RISKS**

## **SOME OF THE CONTROL MECHANISMS FOR MORAL HAZARDS?**

- PRESELECTED PROVIDERS
- CLAIMS LIMITS
- CO-PAYMENTS
- COVERAGE RESTRICTIONS
- LOSS REVIEW
- EXCLUSIONS
- WAITING PERIODS
- PROOF OF EVENT
- CLIENT IDENTIFICATION
- PRE-APPROVAL OF TREATMENT
- EXPENSE VERIFICATION
- CLINICAL TREATMENT PROTOCOL
- DEDUCTIBLES
- INITIAL EXAMS

## **CONTROL OF ESCALATION COSTS?**

- PERIODIC EVALUATION
- PRESET PRICING AGREEMENT WITH PROVIDERS
- PRESET DRUG LIST
- ROLE OF PREVENTIVE HEALTH

### **FRAUD AND ABUSE CONTROLS**

- COPAYMENTS
- COMPUTERISED I.D SYSTEMS
- COVERAGE LIMITS

## **CONTROL OF CO-VARIANT RISKS**

- REINSURANCE
- WIDER GEOGRAPHIC COVERAGE
- EXCLUSIONS OF SPECIFIC COVARIANT RISKS FROM POLICY
- USE OF PRE-EXISTING GROUPS

## **CONTROL OF ADVERSE SELECTION**

- EXISTING GROUPS ONLY
- WHOLE FAMILY MEMBERSHIP
- MINIMUM REQUIRED MEMBERSHIP WITHIN GROUP
- DEFINED RISK POOLS
- WAITING PERIODS
- TYING INSURANCE TO OTHER PRODUCTS

## **EXAMPLES OF UNDERWRITING CONTROLS AND CHALLENGES IN A FEW COUNTRIES**

**SOURCE : CGAP CASE STUDIES ON GOOD  
AND BAD PRACTICES**

## **CONTROLS AND UNDERWRITING MEASURES USED IN BRAC, GK AND SSS SCHEMES IN BANGLADESH**

- **INDIVIDUAL PRODUCT**
- **ANNUAL/ ONE PREGNANCY**
- **VOLUNTARY – COMPULSORY FOR SSS**
- **NONE/ LIMITED TO STUDENTS**
- **NO SPECIFIED EXCLUSIONS BUT LIMITED COVERAGES**
- **NO CO-PAYMENT FOR THE POOR**
- **LIMITED CO-PAYMENT FOR OTHERS**
- **NO REJECTIONS**
- **OFFERS LIFE INSURANCE/LIVESTOCK EQUIPMENT**
- **FRAUD CONTROL THROUGH MEMBERSHIP CARDS**

- **NO CONTROL OF ADVERSE SELECTION**
- **TO CONTROL OVERUSAGE FEE LIMITS SET FOR REFERRALS**
- **NO WAITING PERIOD**
- **WHOLE FAMILY ENROLMENT**
- **PRE-APPROVAL OF TREATMENT**
- **SELLING MICROINSURANCE IS SECONDARY- ALTHOUGH IT EARNS COMMISSION**
- **RELIANCE ON VOLUNTEERS WITHOUT TRAINING**
- **MANUAL SYSTEMS – NO TIMELY MONITORING**

## **CONTROLS AND UNDERWRITING MEASURES IN YESHASVINI SCHEME IN KARNATAKA, INDIA**

- **SELF-FUNDED SCHEME**
- **INDIVIDUAL**
- **ONE YEAR**
- **MEMBER OF CO-OPERATIVE**
- **VOLUNTARY**
- **PRE-DEFINED SURGERIES IN COMMON WARD/OPD FREE BUT BUY DRUGS**
- **ONLY LISTED HOSPITALS**
- **INPATIENT TREATMENT/HOSPITALISATION WITHOUT SURGERY**
- **DIAGNOSTIC TESTS/INVESTIGATIONS AT DISCOUNTED RATES**
- **I.D CARDS**
- **PROOF OF PAYMENT**
- **FIXED RATE OF SURGERY**
- **PRE-AUTHORISATION FROM TPA**

- **RANDOM INTERVIEW OF PATIENTS**
- **INSUFFICIENT EX-POST VERIFICATION OF SURGERY LEADS TO PROVIDER FRAUD**
- **PHOTO I.D VERIFICATION DONE BY HOSPITAL STAFF LEADS TO COLLUSION PHOTO OF PATIENT TO BE TAKEN AT HOSPITAL BEFORE SURGERY**
- **COST ESCALATION CONTROLLED THROUGH FIXED BENEFITS**
- **HIGH COST/LOW PROBABILITY**

## CGAP CASE STUDIES – LESSONS LEARNT

- AS SOCIAL AGENDA TAKES PRECEDENCE OVER FINANCIAL SUSTAINABILITY, ALL THREE PROGRAMS ( BRAC, GRAMEEN KALYAN; SOCIETY FOR SOCIAL SERVICES) IN BANGLADESH ARE NOT FINANCIALLY VIABLE INSPITE OF ENHANCED CONTROL THROUGH I.D SYSTEMS, CEILING LIMITS, RECOVERY TIME LIMIT, DOOR TO DOOR VISITATION AND CO-PAYMENT LEADING TO HIGH ADMINISTRATION COSTS RANGING FROM 400% TO 2,500%.
- GRAMEEN KALYAN HAS OPERATING LOSS BUT NET SURPLUS AFTER INVESTMENT INCOME DUE TO A 42 MILLION DOLLAR INVESTMENT FUND WHICH WAS RETURNED TO THE PARENT AFTER 6 YEARS

- THE ABOVE MODEL MITIGATES THE NEED FOR SUBSIDISING OPERATIONAL LOSSES EACH YEAR
- WITHOUT PROPER SYSTEMS TO KEEP TRACK OF RESULTS AND PERFORMANCE, LACK OF ACTUARIAL SUPPORT AND INSURANCE EXPERTISE, CROSS- SUBSIDISATION BY CHARGING HIGHER PREMIUMS FOR THE NON-POOR, UNDERWRITING IS MINIMAL WITH NO REJECTION OVERLOOKING ADVERSE SELECTION.
- BM IN *ELSALVADOR* HAS AN ACTIVE STRATEGY TO REDUCE ADVERSE SELECTION BECAUSE THEY DO NOT COVER RETIRED TEACHERS AND THUS AVOID HIGHER AVERAGE EXPENDITURE OF OLD AGE.

- **BM IS THE ONLY SCHEME THAT CONTROLS COST ESCALATION BY NEGOTIATING BULK DISCOUNT PACKAGES AND SPECIAL FEES FOR A SERIES OF SERVICES.**
- **SBS IN *BOLIVIA* HAS REDUCED CLIENT ABUSE BY INCREASING THE NUMBER OF COVERED BENEFITS**
- **BM HAS IMPLEMENTED A SERIES OF PROCEDURES E.G CONTRACTING FAMILY DOCTORS FOR PRIMARY CARE, PROVIDER SPECIFIC CEILINGS**
- **SI SCHEME IN *PARAGUAY* HAS WAITING PERIODS FOR ELECTIVE TREATMENTS**

**KARUNA TRUST IN *INDIA* DEMONSTRATES HOW AN ESTABLISHED NGO CAN PROVIDE HEALTH INSURANCE AND MAKE USE OF PUBLIC INFRASTRUCTURE AT THE SAME TIME**

- **THE SCHEME PICKS UP WHERE PUBLIC FACILITIES DROP OFF E.G DRUG COST OR DIAGNOSTIC SERVICE**
- **INCLUDES COMPENSATION OF WAGE LOSS**
- **PRE-SUPPOSES A 150% LOSS RATIO**
- **SUPPLY OF GENERIC DRUGS THROUGH DESIGNATED HEALTH FACILITIES DIRECTLY TO CONTROL HIGH COST OF BRANDED DRUGS**
- **A MODEL WHERE RISK MANAGEMENT IS BARELY APPLIED.**
- **PROVIDER FRAUD NEEDS CONTROL**

- THE MUTUAL ASSISTANCE FUND UNDER TYM IN **VIETNAM** IS A CASE WHERE UNDERWRITING ACTIONS ARE REQUIRED AS THE CLAIMS GROWTH IS CONSISTENTLY HIGHER THAN PREMIUM GROWTH DUE TO INCREASED COVERAGE AGAINST A CONSTANT PREMIUM.
- FRAUD IS CONTROLLED DUE TO WEEKLY MEETINGS AND CLOSENESS OF THE COMMUNITY
- COMPULSORY COVERAGE WITH MEMBERSHIP AFFILIATION CUTS DOWN ADVERSE SELECTION
- ANTI-SELECTION IS CONTROLLED THROUGH MEMBERSHIP AFFILIATION AND A 4 WEEK WAITING PERIOD ALTHOUGH THERE IS NO AGE RESTRICTION AND NO FILTERING FOR SPOUSES AND CHILDREN
- AT THE TIME OF THE STUDY THE HEALTH CLAIMS CRITERIA WERE NOT SPECIFIC ALTHOUGH THE COVERAGE IS AGAINST SERIOUS SURGERY AND ILLNESS ONLY FOR A LIMITED AMOUNT AS A MEMBER OF THE TYM FUND.

- NO SEPARATE RESERVE POLICY WHICH COULD CAUSE POTENTIAL SHORTAGE OF FUNDS ESPECIALLY WITHOUT REINSURANCE COVER
- IN CETSAM, **ZAMBIA**, THE OPPRTUNITY INTERNATIONAL EXPERIENCE SUGGESTS THAT MICROINSURANCE BE OFFERED ON A COMPULSORY RATHER THAN A VOLUNTARY BASIS. THE LIVINGSTONE BRANCH OFFERS THE NTULA PRODUCT ON A VOLUNTARY BASIS AND THE LOSS RATIO 400% WORSE THAN FOR THE REST OF THE ORGANISATION WHERE NTULA IS COMPULSORY.
- IN **GUINEA**, THROUGH A MUTUAL MODEL, CONTROL THROUGH CO-PAYMENT AND PARTIAL COVER OF TRANSPORT COST, THE RECOURSE TO TREATMENT IS LIMITED TO EMERGENCY CASES ONLY.
- FOR OUTPATIENT THERE IS A FLAT RATE CO-PAYMENT

## CONCLUSION

- HEALTH INSURANCE IN THE COMMERCIAL WORLD IS COMPLEX
- HEALTH INSURANCE FOR THE POOR IS EVEN MORE COMPLEX
- REINSURANCE MAYNOT BE IN THE BEST INTEREST OF POOR PEOPLE AS REINSURANCE GENERALLY REQUIRES RIGID CONTROLS
- WHILE UNDERWRITING PROFIT IS A MUST GOAL FOR COMMERCIAL HEALTH INSURERS, FOR-THE-POOR HEALTH INSURERS SHOULD LOOK FOR THE PROFITS MOSTLY FROM INVESTMENT INCOME.

- WITH THE POOR AS THE AFFORDABILITY IS NIL TO MINIMAL, PRACTICALLY ALL SICKNESSES ARE TO BE COVERED ALBEIT FOR REDUCED LIMITS.
- HOWEVER, IN ORDER TO KEEP PRICING DOWN, IT NEEDS TO BE COMPULSORY AND PIGGYBACK ON PREEXISTING GROUPS.
- UNLESS BACKED BY THE SOCIAL SYSTEM ( GOVERNMENT ) OR DONOR SUPPORT , IT IS DIFFICULT WELL NIGH IMPOSSIBLE TO DELIVER FULL HEALTHCARE AT AN AFFORDABLE COST AS THE ADMINISTRATION COST IS EXTREMELY HIGH.
- ONE OF THE ALTERNATIVES THAT MAY BE EXPLORED IS A GRANT OF A SUBSTANTIAL AMOUNT THAT WOULD BE USED AS AN INVESTMENT VEHICLE TO GENERATE REVENUE TO LOOK AFTER ADMINISTRATION EXPENSE . THE GRANT FUND WILL BE KEPT AS A RESERVE FUND.

- **PREVENTION AND WELLNESS PROGRAMS SHOULD BE CONSIDERED PART OF UNDERWRITING AND PRICING.**
- **FUNDAMENTAL ISSUE TO BE ADDRESSED IS THE OBJECTIVE OF A SCHEME .. IS IT UNIVERSAL HEALTH CARE OR IS IT TO TAKE CARE OF CATASTROPHIC NEED ( FROM A POOR PERSON'S PERSPECTIVE ? ) .. E.G MAJOR ILLNESS .. PROLONGED , NEEDING MAJOR SURGERY, MATERNITY , CHILDREN MORTALITY ETC.**
- **ADVERSE SELECTION IS A NON ISSUE IN A FOR POOR ENVIRONMENT IF IT IS COMPULSORY AND THE GROUP IS LARGE ENOUGH.**
- **WITHIN WALKING DISTANCE ( OR CYCLING DISTANCE) SOURCE OUT A SINGLE SERVICE PROVIDER WITH WHOM A CONTRACT IS DRAFTED TO ENSURE NOT ONLY QUALITY BUT A PRICE GUARANTEE. ADDITIONALLY , A CLOSE RANDOM BUT FREQUENT MONITORING TO ENSURE MITIGATION OF ABUSE, MISUSE AND OVERUSE.**

- **THE BIGGEST DANGER OF GETTING INTO A COVERAGE/LIMITS/PRICING MODEL .. NINE OUT OF TEN TIMES IT IS A LEAP OF FAITH AS THERE IS NO CREDIBLE DATA AND NO ACTUARIAL VALIDATION**
- **THE MODEL BECOMES WORKABLE EVEN IF ONE WORKS WITH A ONE PERCENT ROE WITH A HIGH POPULATION BASE**
- **COPAYMENT GOES AGAINST THE GRAIN OF A UNIVERSAL ACCESSIBLE PLAN .. AS PEOPLE SIMPLY DO NOT HAVE FUNDS TO PAY EVERY TIME THEY VISIT THE CLINIC .. IF THEY DO AND THEY CAN .. IT IS VALID TO INTRODUCE IT JUST IN ORDER TO KEEP THE OVERALL INSURANCE PREMIUM DOWN**

- **ANOTHER METHODOLOGY TO CONSIDER WOULD BE A CAPITATION METHOD .. WHERE A SERVICE PROVIDER IS GIVEN A STANDARD AMOUNT OF MONEY PER LIFE INSURED ... WHETHER IT IS USED OR NOT . THAT MEANS THE SERVICE PROVIDER TAKES THE RISK OF MANAGING THE PATIENT WITH THE ALLOTTED FUNDS. THIS REQUIRES THE EXPERTISE OF CASH FLOW MANAGEMENT OF THE SERVICE PROVIDER.**
- **IN ORDER TO REDUCE ADMIN COST , ONE MAY CONSIDER ISSUANCE OF COUPONS ( PRENUMBERED ) WHICH CAN BE USED TO ACCESS SERVICE. BY THIS METHOD THE PATIENT OR FAMILY CAN MONITOR AND BUDGET .. FOR A CERTAIN PREMIUM HE IS ALLOTTED A CERTAIN NUMBER OF COUPONS .DOWNSIDE .. SOMEONE MANUFACTURING FORGED COUPONS.**

- **IN ORDER TO ACCESS HEALTH CARE SERVICES UNDER AN INSURANCE SCHEME, PROOF OF VACCINATION AND IMMUNISATION BECOMES A MUST.**
- **THE STANDARD PRACTICE OF WAITING PERIOD IS UNLIKELY TO WORK IN THE PROVISION OF HEALTH SERVICES TO THE POOR.**
- **REINSURANCE BECOMES A NECESSITY IF THERE IS A PROBABILITY OF AN EPIDEMIC .. OTHERWISE WITH LOW LIMITS , ONE CAN EFFECTIVELY WORK WITHOUT ONE. IF AT ALL A REINSURANCE IS REQUIRED, ONE SHOULD IDEALLY OPT FOR AN EXCESS OF LOSS COVER , IF AVAILABLE ( DIFFICULT).**