

**FICCI- Vidal Healthcare knowledge paper ‘Leapfrogging  
beyond Hospitalization’  
&  
FICCI-Deloitte report on ‘Ensuring care for the golden years -  
Way forward for India’**

**NEW DELHI, 6 December, 2014:** The Chairman of IRDA Mr. T S Vijayan today released two knowledge papers, ‘Leapfrogging beyond Hospitalization’ and ‘Ensuring care for the golden years - Way forward for India’ at the 7th edition of FICCI’s Health Insurance Conference.

These two papers were developed through series of industry consultations and in partnership with FICCI’s knowledge partners – Vidal Healthcare Services Private Limited and Deloitte.

The FICCI- Vidal Healthcare Services Private Limited knowledge paper ‘Leapfrogging beyond Hospitalization’ highlights the need to move from inpatient indemnity policy to outpatient health financing structures. The time is ripe for creating financing mechanisms for the lion's share of health spend in India - i.e. primary care. Aggregation of provider capacity for primary care is now possible; and social insurance schemes can provide the platform to scale these across the country, by 'layering' these atop existing schemes.

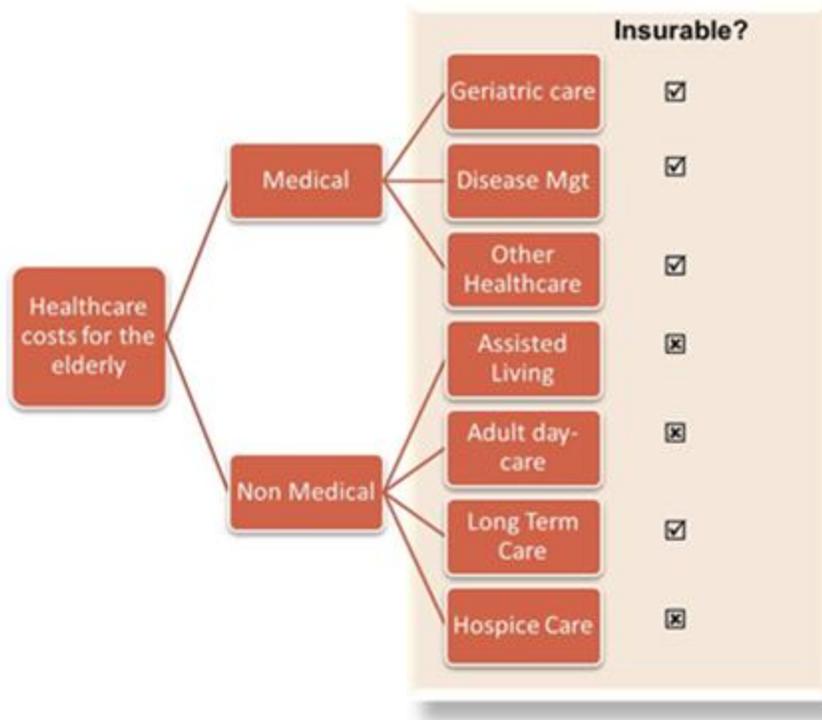
For insurers, embedding alternate financing structures such as fee for service or capitation based pay structures to cover outpatient spend, would create a new segment of 'comprehensive' covers. These products finance a greater proportion of overall health spend of consumers -so have higher relevance to consumers. The premium generated for the same distribution effort is significantly higher - increasing top line, and market share for the insurer. In addition, these financing structures make insurers relevant to the diagnostics and physician communities and not just hospitals, as is the current scenario. They provide the basis of increased customer connect greater data and analytics visibility through electronic health records and the ability to build a strong brand franchise, differentiated on service.

**How Chronic Care Insurance works for various target customer segments**

	<b>Healthy (not diagnosed as chronic)</b>	<b>Diagnosed Chronic</b>
<b>Previously Insured</b>	"Layers" over any health insurance plan, and covers cost of care for future chronic ailments, which are otherwise excluded.	Access to cover for chronic care, subject to compliance with care management.
<b>Previously Uninsured</b>	Sold as a package of "base plan" and "chronic care plan". The latter provides access to cover for chronic care costs, in future, when diseased.	Sold as a package of "base plan" and "chronic care disease mgt. plan". Provides access to cover for chronic care costs, subject to compliance with care management.

The FICCI-Deloitte report on 'Ensuring care for the golden years - Way forward for India' points out gaps in India's preparedness and suggests potential solutions. The global elderly population is growing at a significant rate, constituting a large proportion of the total population in developed countries. The situation is slightly different in India, with the country continuing to have a large working age population and the elderly population yet to pose a huge burden. However, the number of older persons is growing consistently, and expected to contribute a large portion of India's population over the next few years.

The report states that while the total healthcare expenditure has been pegged to grow at a CAGR of 17.6% till 2020, elderly healthcare expenditure is estimated to grow at a CAGR of 21.9% over the same period, implying that expenditure on the elderly will increasingly take up a larger portion of the total healthcare expenditure pie. The report looks at elderly care mechanisms currently in place in the country, and put forth a potential roadmap for public and private entities to improve elderly care provision.



The above graphic highlights the lack of provider capacity.

**Dr. A Didar Singh, Secretary General, FICCI, concluded** that It's a paradox, that while we talk about demographic dividend owing to a young population, we are staring at a significant portion of it being above 60 years by the year 2050, translating into ~300 million elderly people. This calls for a serious focus on healthcare financing mechanism for the elderly.

**Weblinks:**

1) FICCI-Vidal Helthcare Knowledge Paper:

[http://ficci.com/spdocument/20508/FICCI\\_Leapfrogging.pdf](http://ficci.com/spdocument/20508/FICCI_Leapfrogging.pdf)

2) Please use the Web Link given below to see FICCI-Delloitte Report:

<http://www2.deloitte.com/content/dam/Deloitte/in/Documents/life-sciences-health-care/in-lshc-ficci-elderly-care-noexp.pdf>

**FICCI MEDIA DIVISION**