

Thriving in a changing world

Opportunities and challenges for private health insurance (PHI) companies

Keynote speech – Polish insurance congress, Sopot

May 8, 2018 | Sopot

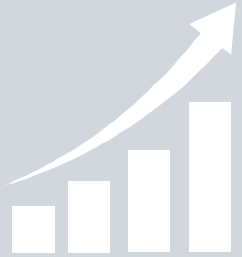
Dr. med. Tobias Schneider

Associate Partner, McKinsey & Company, Cologne



- Dr. med. Tobias Schneider is an associate partner in McKinsey's Cologne office. He holds a medical degree in epigenetics from Ludwig Maximilians University Munich
- He joined McKinsey in 2012 and has focused his work in the health insurance industry on topics such as strategy, improvement of operations, cost containment, organization, and data and analytics
- Tobias has studied medicine at the Technical University of Munich, as well as at Harvard Medical School Boston and Johns-Hopkins Medical School Baltimore, US
- Prior to joining McKinsey, Tobias did research in the context of his MD with focus on mass spectrometric and chromatographic protein analysis, embryology, epigenetics and pluripotency as well as stem-cell research
- Tobias has also worked as a physician in Switzerland

What changes can we see in the short term?



Health insurance will have a **>20% higher** growth globally, compared with life or P&C insurance



There will be great opportunities for PHI, as **~70-90%** of patients see more potential in Polish healthcare



Healthcare risk will be shifted significantly **from public to private** in the Polish healthcare system



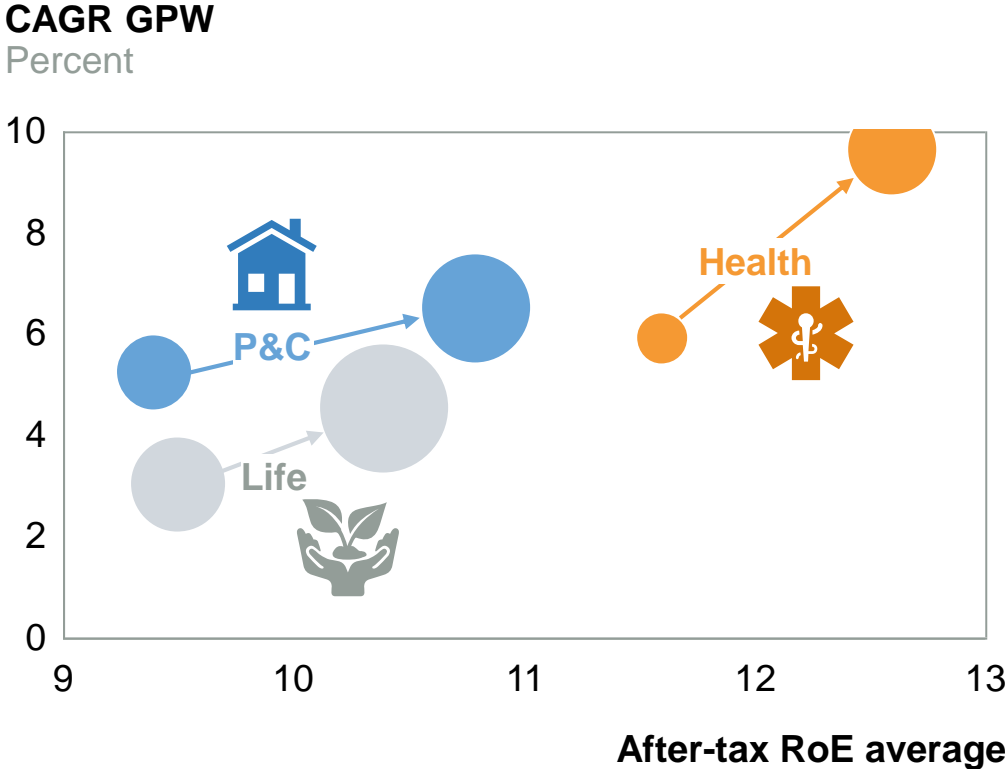
Demand will rise for **integrated models** in healthcare, adapted to **patient journeys**



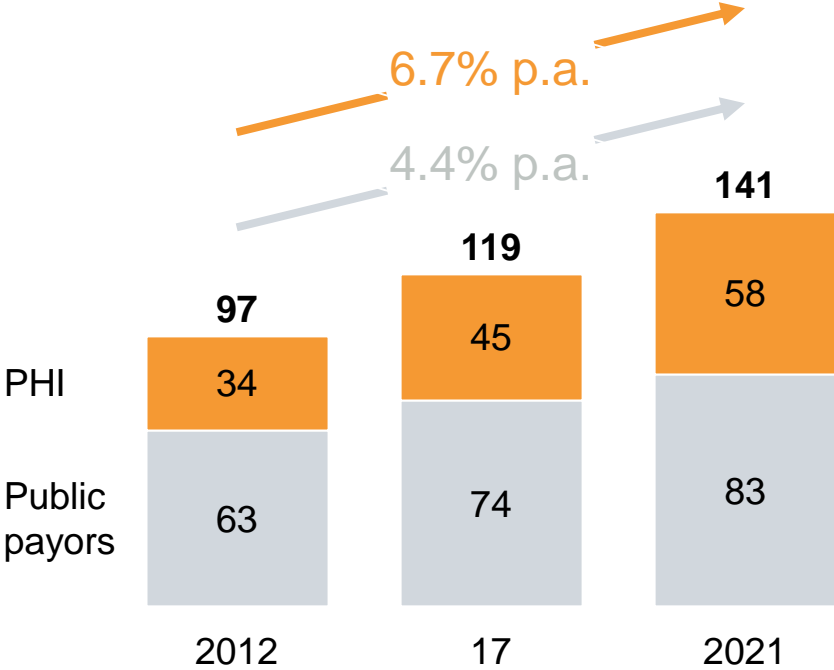
Due to the current healthcare challenges, **new niches** and **business models** will emerge for PHI

Globally, health insurance outperforms life and P&C – in Poland, PHI outgrows the public payors

Growth and profitability of different insurance lines of business globally, 2015 - 25



Healthcare market value by payor PLN billions

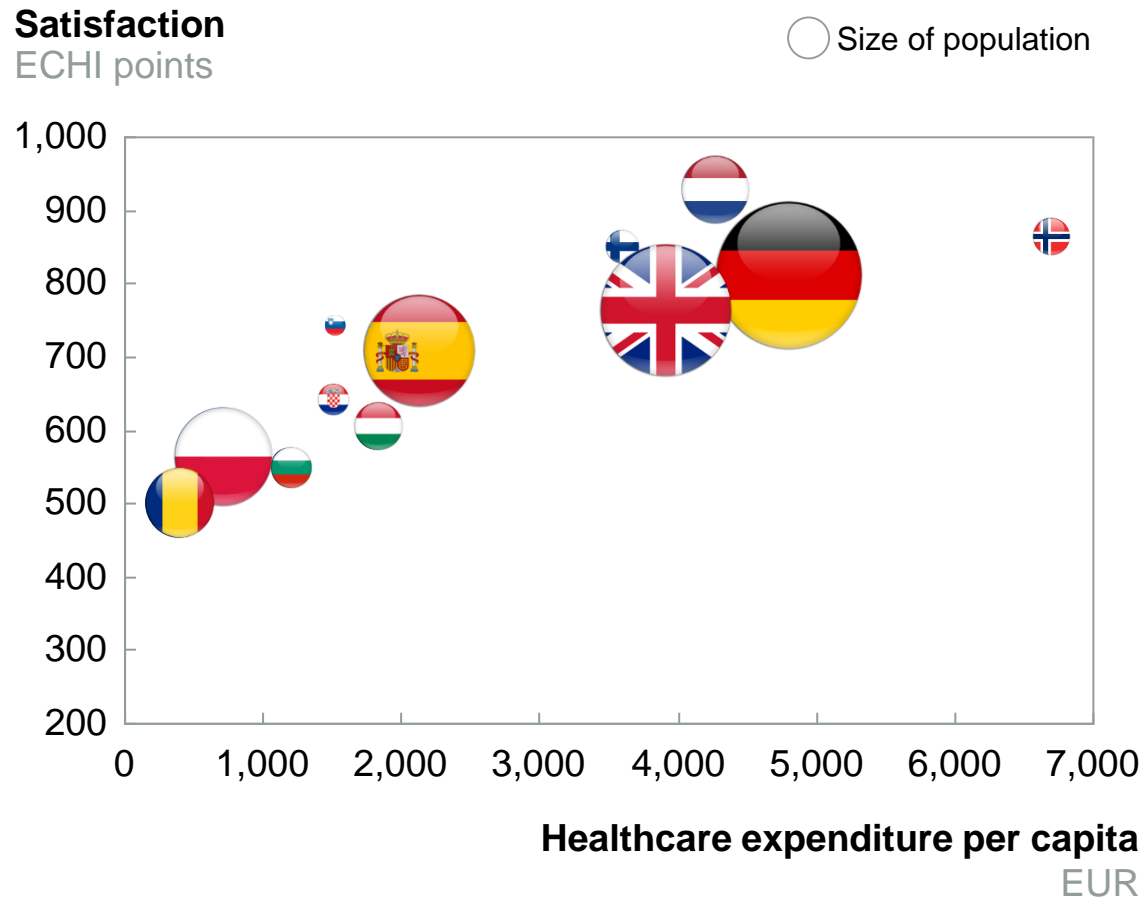


Still the majority of **private health expenditure** is out-of-pocket

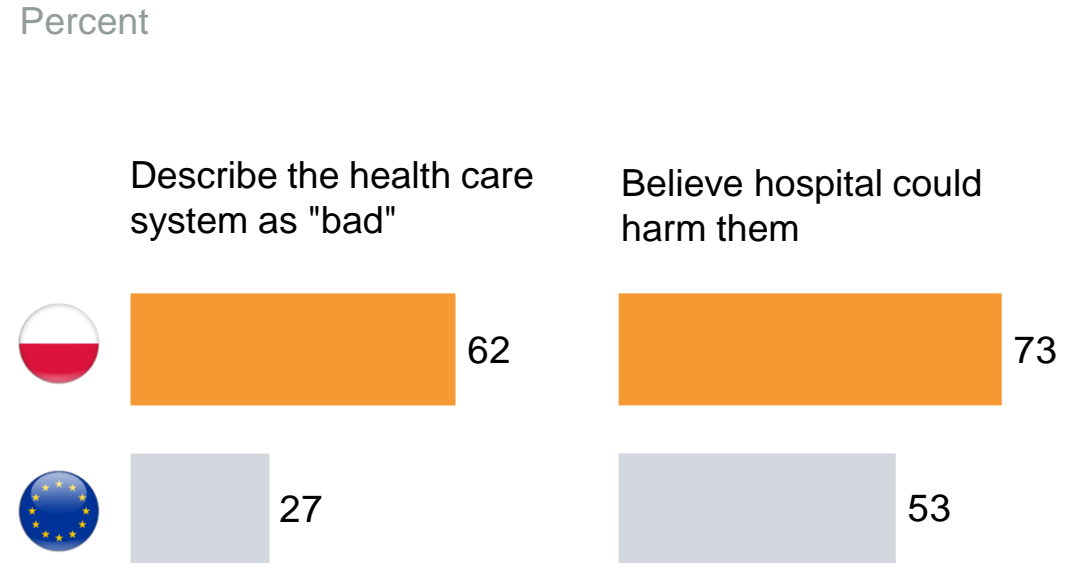
SOURCE: PMR, CBOS survey; McKinsey Global Insurance Pools (GIP), June 2016

The Polish healthcare is currently experiencing challenges, which drives the rise of PHI

Satisfaction with the health care system



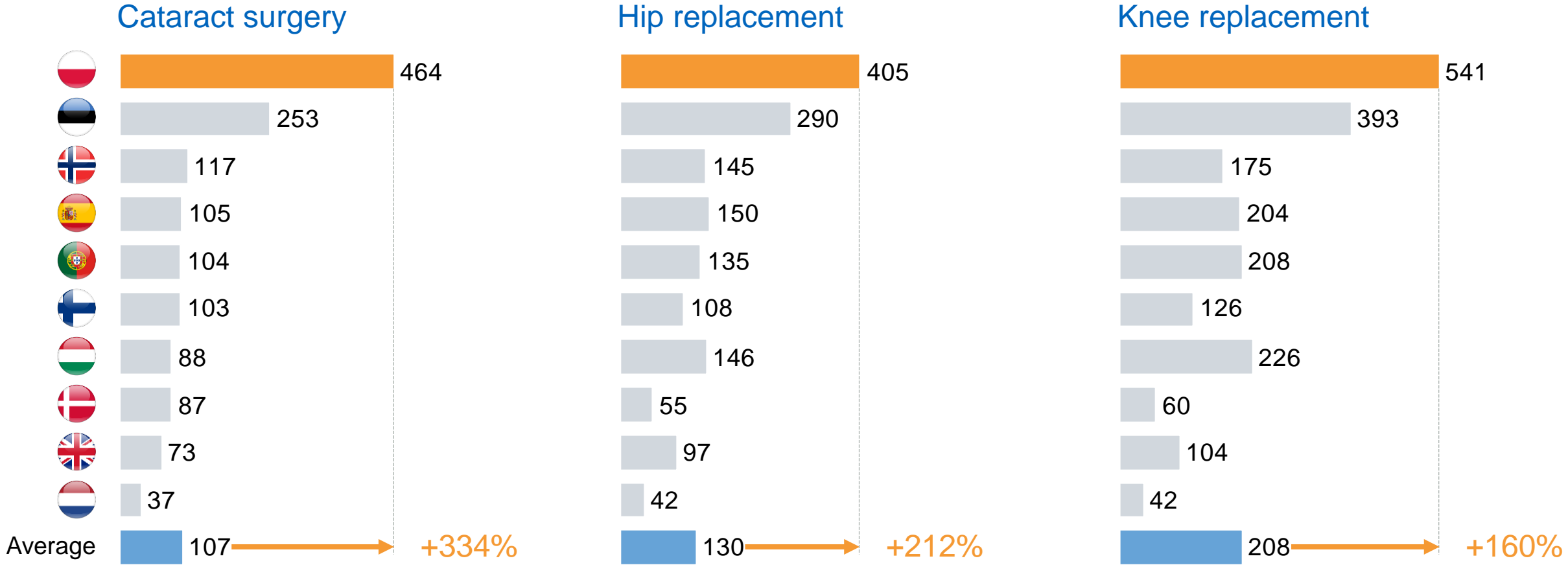
Patient dissatisfaction with public systems



" CBOS indicates that invariably from 2001 satisfied with health care remain in the minority – Pap.pl "

Extremely long waiting times contribute to a low degree of satisfaction with the public healthcare system

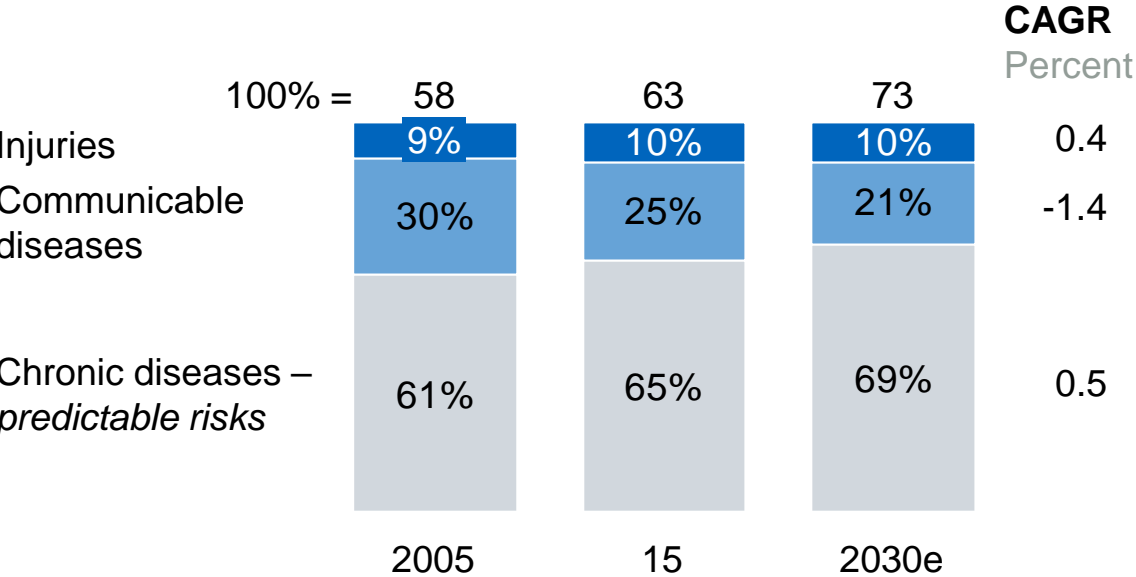
Average waiting time from specialist assessment to treatment, days



The continuous shift towards more predictable risks requires a higher degree of complete health management

Causes of non-natural deaths driven by aging population and advancements in treatment

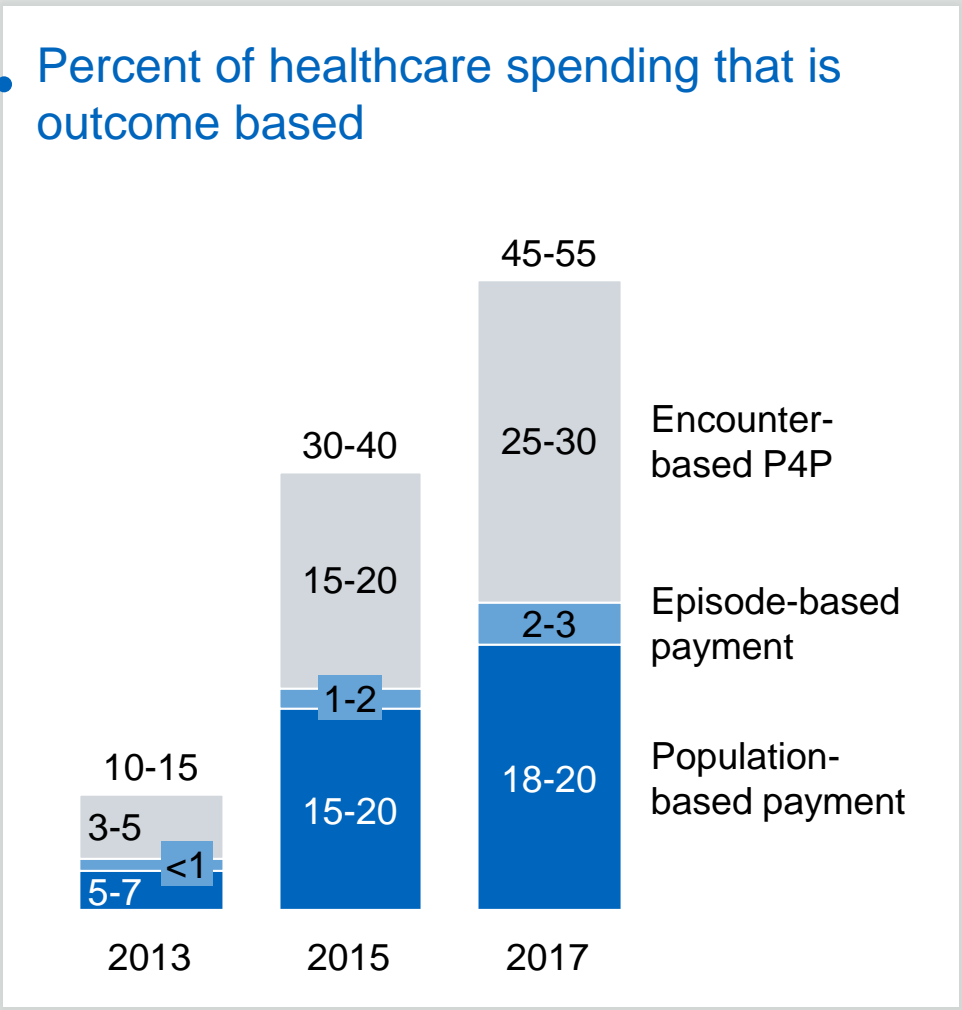
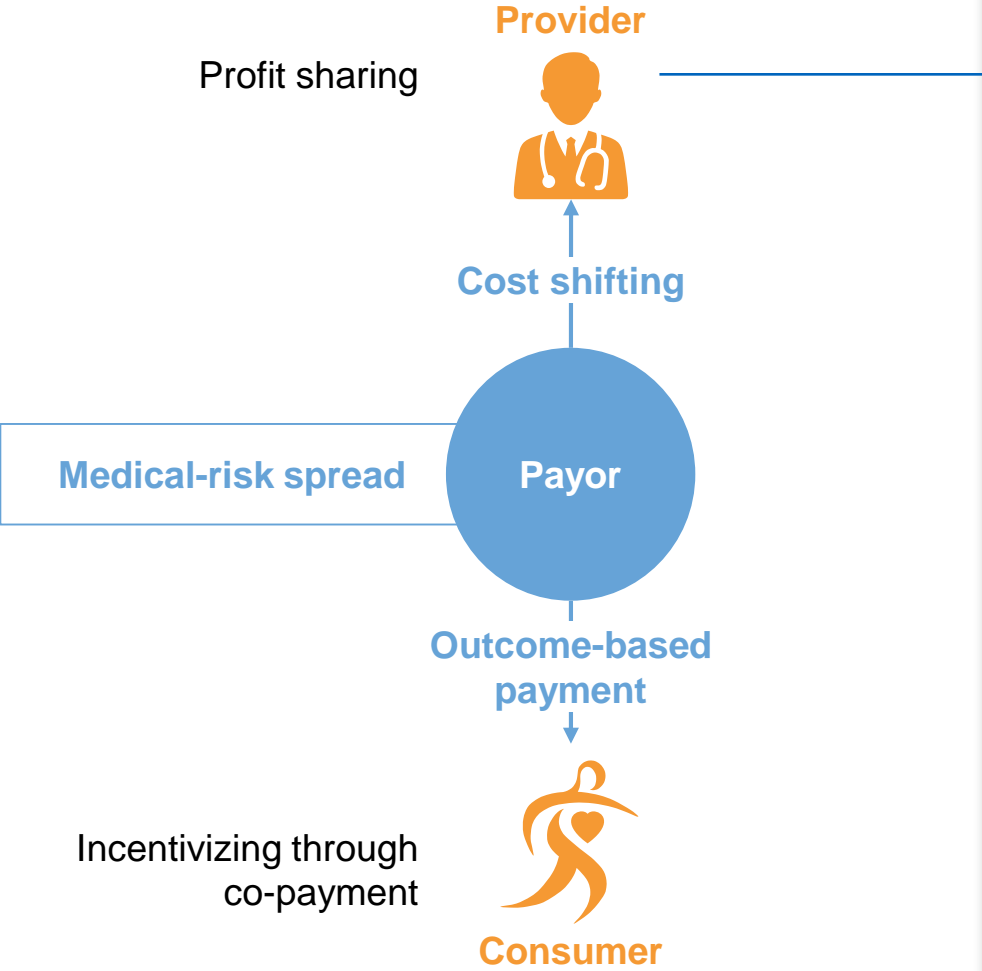
Worldwide, millions



Shift to predictable risk has impact on ...

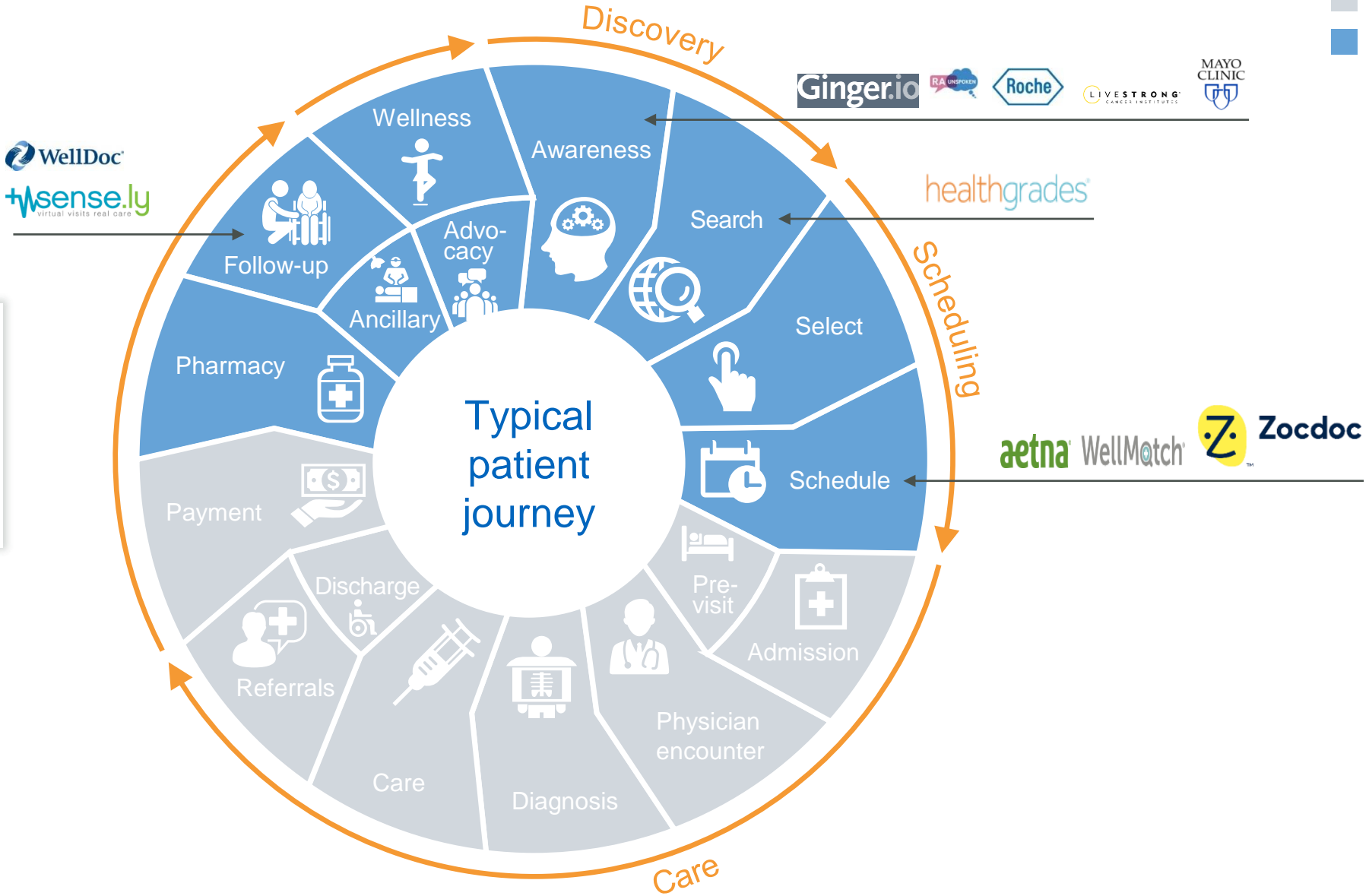
-  Risk-Management
-  Capabilities
-  Products

Risk sharing along the value chain is important in order to cope with increasing risk, ensure system efficiency, and improve patient outcomes



Classical business models are evolving

- Classic
- Innovative



A number of med-tech companies and start-ups are closing the gap for a fully integrated patient health journey

Various companies, providers and nonprofits in the health industry aim for an efficient health system using efficient, digital business models

Competitive advantages per each industry group

INTERNATIONAL EXAMPLES



Three opportunities arise from this rapidly changing environment



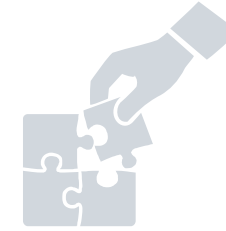
Upgrading relationship with consumers through better products

- In a complex and volatile world, customers are seeking **qualitative, convenient and transparent solutions**
- Opportunities to win these customers by offering **integrated services** along the entire customer journey



Generating value for the whole system and improving outcomes

- In a world of uncertainty, **risk management is key to success**
- Opportunities to **leverage risk prediction and reallocation of risk** along the value chain to generate value and improve outcomes for patients



Tapping into new value pools by reinventing business models

- A rapidly changing world demands for **non-traditional and agile business models**
- Opportunities to win in this environment by **smart partnering** inside and outside the healthcare space and **redefinition/broadening of value propositions**

Technology and digital reshaping unlocks opportunities in all three areas