

# Global cover that counts



In regions like the US and Europe, where the health insurance market is mature, health cover has become the most important employee benefit, second only to remuneration. It is a powerful tool for attracting and retaining top talent, and this trend is spreading fast to the world's developing economies.

In Latin America, China, South-East Asia and the Middle East, health insurance is rapidly becoming the golden ticket among employee benefits, not only for expatriates, but also for the employees of rapidly expanding domestic companies. Healthcare costs in mature markets are high, and in developing economies they are rising fast, so companies are realising that health benefits are essential in order to look after their most important assets – their employees.

For CEOs, the paybacks on health insurance programmes are employees that are more engaged with the company, increased productivity, lower rates of absenteeism and fewer incidents of presenteeism, where an employee is at work but is less productive because of a health issue. This has a demonstrable effect on the bottom line, which shows the sound commercial sense of providing health benefits.

It is not only the cost of health insurance to cover medical expenses that can be justified in this way, but also investment in well-being programmes to educate employees in how to be more engaged in looking after their own health. Building on its more than 150 years' experience in the US, Aetna International now provides insurance cover and well-being programmes around the world.

What makes Aetna unique is its understanding of the needs of employers and employees when it comes to accessing healthcare globally. No matter where the assignment, Aetna can provide expatriates – and employees of domestic businesses in key emerging markets – with bespoke health insurance and well-being solutions to help CEOs keep their workforce healthy, productive and fully engaged with corporate strategy.

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# Europe: controlling the cost of customised health cover



With health cover one of the most important employee benefits and therefore key to retaining

top talent, the challenge is to provide broad, flexible health insurance at competitive prices, says Deborah Williams.

**F**inding, hiring and keeping the best people has always been a challenge for any company and the quality of health insurance is a very attractive option to many employees. In the current economic climate, however, health cover needs to come at the right price, because companies are particular about controlling their costs.

As well as economic pressures, companies must find health cover at a time when there is consolidation among insurers and intermediaries, and when their own corporate strategy may be looking at a more diverse range of needs because of international expansion. What CEOs require is flexible and affordable health plans.

"CEOs need more plan flexibility, they want a one-stop shop for global health cover and they want to implement medical management in a way that contains costs," says Debra Williams, Aetna's managing director for Europe. "Healthcare cover is part of a total competitive package for attracting and retaining talent. Some vertical health benefits may play a key role in remaining competitive, but health cover that promotes good employee morale, engagement and loyalty is just as important."

Within Europe, economic pressures have placed additional strain on health systems and demand for some private medical insurance has increased in

certain market segments. So, it is more important than ever to get value from any spend on healthcare cover. When judging value, however, it is important to remember the positive effect health insurance has on the productivity of employees, which in turn directly affects the bottom line.

"CEOs need to challenge their staff to become more involved in their healthcare," says Williams. "People have to ask more questions about outcomes and costs for treatment, and employees need to start understanding their 'numbers' or biometrics to work towards a healthy lifestyle."

**“CEOs need to challenge their staff to become more involved in their healthcare.”**

## Beyond insurance

As Williams suggests, improving employees' health and productivity is not just about providing insurance cover: it also means educating and engaging with the workforce about healthcare issues. Health and well-being programmes, which Aetna can design, are an important part of any business strategy.

"This is clearly the right approach in the medium to long term," says

Williams. "These programmes help to raise awareness of a healthy lifestyle and encourage employee engagement and participation. We have incorporated an Aetna International Health Check with a health risk assessment called Wellness Checkpoint into our new International Healthcare Plan. The plan offers a range of optional benefits that can be used to tailor the assessment to a company's needs, along with available preventive care options that motivate staff to have routine checks."

In Europe, there is likely to be a move by insurers to meet the changing demand of CEOs who need to balance the many factors of healthcare cover, whether it be cost, range of cover or options for educating and encouraging employees to look after their own health.

Aetna already offers flexible plans, which can cover a minimum of three employees, and be tailored to meet both the specific health needs of employees and the budget of their employer.

"The market will certainly demand more flexibility in plan options and will expect greater value from insurers and intermediaries," says Williams.

"It will require more information on utilisation patterns and on the insurer's ability to manage costs, and there will be more regional differentiation to meet diverse employee needs." ■

# US: a mature market with changing priorities

Expatriates heading abroad from the US need health benefits that cover the specific health risks of their destination. Toby Dobbs believes that only a global health programme can provide the necessary flexibility.



**T**he US is a highly developed market for healthcare cover and medical treatment, and has a sophisticated approach to the design of insurance packages and wellness programmes because of their importance in encouraging talented people to choose a job. For US employees on outbound assignments, comprehensive cover is essential, while inbound expatriates need insurance to meet the high cost of US healthcare.

"The US is consistently one of the top three expatriate destinations in the world and its healthcare landscape can be very complex, so it is vital to have a network plan," says Toby Dobbs, managing director of North America for Aetna International. "For outbound expatriates, there are always unique challenges. Foreign systems for accessing healthcare have varying levels of complexity, so it is critical to understand the local compliance regulations in each of the host destinations, as well as have the means and resources to help access quality healthcare."

Aetna provides customised healthcare plans for many US multinationals sending expatriates abroad, but also helps international headquartered employers, the diplomats of foreign governments and international NGOs, with cover for their workforce in the US. This raises very different issues to address, but Aetna's service model treats the US as just another international destination with its own unique requirements.

"For outbound workers, a global healthcare programme is essential for attracting talent and maintaining productivity – it is essential for any US multinational company," says Dobbs. "When they are paying up to four times as much to send an

employee abroad as it would cost them to hire a local employee, then it is critical that the assignment is successful. You need to hire the right people and then look after them.

"With our solutions we try to make it easy to access healthcare, wherever you are. Global healthcare programmes take away the headache. We have to understand the destinations expatriates are going to, what the norms of healthcare are and also the cultural factors involved; for example, if someone is on assignment in Asia, we have to ensure that acupuncture is covered as a standard element of medical treatment."

## Towards a global model

US multinationals are increasingly recognising the appeal of global health programmes, having learnt from experience the pitfalls of sending expatriates abroad without global cover.

"The US healthcare market is very mature, but even some large US companies don't have global healthcare programmes," says Dobbs. "They sometimes keep people on US programmes, which means less coverage in an overseas destination and the service team is in the US, so they are on differing time zones. You need a member-service model that 'follows the sun' and provides support to help access the best local resources in your destination market."

Dobbs cites the example of a US expatriate in Thailand, covered by a US health plan, who pays medical expenses on a corporate credit card. Issues such as currency conversion and the timelines for effective reimbursement mean that there is a strong possibility that an outstanding balance may remain on the card,

which could – in a worst-case scenario – lead to that employee's job coming under threat as HR policy may require the balance to be cleared within a certain timeframe.

"An international plan avoids this kind of situation," he says. "It is important to bring companies towards global healthcare schemes and we can provide tailor-made solutions for all our clients. We look at all the regulatory requirements in the US and abroad, and design customised solutions that are very specific to the needs of employers and their international assignees."

For CEOs concerned about the cost of global programmes, Dobbs can offer some encouragement.

"The cost of an international plan is usually less than that of a US policy," he explains. "Expats are usually healthier and healthcare abroad generally costs considerably less than in the US, so it is a compelling proposition." ■

# China: meeting the need for employee health benefits



China's rapid economic development makes it an attractive destination for multinationals and a hotbed for the growth of large domestic corporations. Its healthcare expenditure has been growing at a rate of 18% for the past 15 years, doubling that of its fastest-growing GDP, according to Hocking Cheng.

**T**he healthcare insurance market in China is nascent, but it is growing rapidly as China becomes a more important economic power in which foreign companies are more active and where domestic companies are becoming increasingly prominent on the global stage.

"Providing comprehensive healthcare benefits is a relatively new practice for many companies in Greater China," says Hocking Cheng, Aetna's managing director for the Greater China region. "They have started to realise that it can be a powerful and unique way to attract and retain employees – especially senior people. Having healthy top talent is crucial, and this is a market where the prevalence of chronic diseases is growing due to the many environmental factors to combat.

"Stress management, for example, is something that few companies paid attention to before, but which is very important for the HR departments of large multinationals as the pressure on senior people to deliver results is growing. It is all about productivity. In China there is also a lifestyle change, with people having more sedentary jobs in offices, so there are risks from a lack of exercise and a lack of healthy food."

From a health insurance perspective, there is much diversity within the greater China region in terms of the sophistication of medical care. Regulatory regimes are also in a state of flux, which adds more momentum to the push for customised health plans.

**"For CEOs, any decision about healthcare benefits needs to consider the value they bring."**

Changes are happening that affect how health plans are structured. In Hong Kong, for example, proposed healthcare reforms would make employers more accountable for employees' health. In China, where the main driver for health cover is predominantly the recognition that it is a powerful way to attract talented people to a company, there are state health programmes to consider and insurers must also respond to the rapid changes in the corporate landscape.

"The range of benefits designed for this region is sporadic," says Cheng. "Some companies have extensive plans for a small proportion of their employees, or benefits for all employees but with poor

cover. This is an important issue for CEOs, who want to spend appropriately and get a good return on their investment. That is where Aetna tries to bring value by balancing smart spending with the right benefits. We help companies to make more informed decisions."

## Localised expertise

For CEOs, any decision about healthcare benefits needs to consider the value they bring. This means understanding the impact of health benefits on productivity. This link is becoming easier to demonstrate in specific terms as more detailed data is gathered on absenteeism, insurance claims and presenteeism.

"The challenge is that there is no standard in the region yet, but we are exploring and implementing a measurement scheme," says Cheng. "We need to show a clear ROI and this takes time, but we have had initial success. Employers want their employees to live healthier lives so that they can work more efficiently. This means their money is not wasted and instead supplements government health programmes.

"In the future, you will see a lot more creative solutions to meet the market's need. This will include flexible benefits for employees. We will see more bespoke design of healthcare plans, which may include cover for their dependents, as it is a strong message for employers to send out that they care for their employees' families, too. Aetna focuses on solutions that fit a company's business strategy and its corporate culture. With the economy developing so fast in China we have a tremendous opportunity to create innovative employee benefits solutions for this market." ■



# Middle East: a holistic approach to health, wellness and productivity



The rising cost of medical care in the Middle East makes health insurance a must, but any plan has to accommodate the regulations and accessibility issues of each country, says Stuart Leatherby.



**A**ccess to healthcare can be difficult and expensive in the Middle East, and costs are likely to keep rising as more sophisticated medical technologies are deployed and the incidence of chronic disease grows. Also, many countries are looking at shared accountability for health among employers, employees and governments as part of healthcare reforms. Health insurance and wellness programmes are, therefore, increasingly important to both employees and employers.

Local and international companies sending expatriates to the Middle East are expanding employee benefits schemes, particularly in the Gulf Cooperation Council (GCC) countries of Bahrain, Saudi Arabia, UAE, Kuwait, Oman and Qatar. Attractive benefits packages are a differentiator in finding and retaining top talent, as out-of-pocket expenses for the under-insured can be a huge financial burden.

"Within the GCC there are many issues we keep in mind regarding benefits solutions and services, including the fact that healthcare systems are still developing, and that there is a trend towards mandatory healthcare, as is the case for expatriates in Abu Dhabi and Saudi Arabia," says Stuart Leatherby, Aetna's managing director for the Middle East and Africa. "The region has an emerging economy with a generally younger population, yet healthcare

spending consumes an ever-larger share of household income. High rates of out-of-pocket spending point to unmet needs.

"The region also has the highest rates of obesity outside the US, the highest incidence of diabetes, and there are ongoing issues with diagnosing and continuing medication regimes for chronic illnesses."

Legislation defining mandatory minimum levels of cover is spreading. This raises the bar on employees' expectations regarding healthcare benefit packages. Therefore, the onus is on employers to get greater value for the money spent on healthcare insurance and education for the workforce.

"Providing programmes and incentives to improve their bottom line and create a healthier workforce can be a competitive advantage," says Leatherby. "Driving employee engagement and accountability through health and wellness programmes can reduce costs."

## Cost or value?

CEOs with employees in the Middle East face challenges such as maintaining productivity and reducing absenteeism and presenteeism. According to the *Harvard Business Review*, only 20% of companies' healthcare costs are direct, while 80% comes through lost productivity.

"Offering schemes that include health and wellness components coupled with

features that provide peace of mind, such as evacuation services and high touch member services to help coordinate appropriate care, can improve productivity," says Leatherby. "Simplified and flexible plans like Aetna's International Healthcare Plan include access to wellness resources and services, which helps to achieve optimum health and productivity.

"Providing the right international healthcare scheme can help ensure successful expatriate assignments. The key considerations are maintaining stable premium pricing at a time of high medical inflationary trends. It is about access to quality care at affordable prices. This is where Aetna's active network and care management will help. Offering the right mix of medical benefits, and health and wellness programmes is a key component of a successful business strategy."

Alongside insurance cover, schemes that incorporate health and wellness resources and education can make a real difference in managing costs.

"Aetna's goal is to support companies in empowering employees to take charge of their own health and well-being – whether they are healthy, at risk of disease or injury, managing a chronic condition or experiencing a major health event," explains Leatherby. "We believe improved health leads to improved productivity, which can in turn improve an employer's bottom line." ■

# South-East Asia: the growing importance of local knowledge



With a unique set of health risks and different standards of healthcare across the region, companies with workers in South-East Asia require healthcare benefits that are highly adaptable to local markets, writes Derek Goldberg.

medical excellence, so people often travel there from countries such as Indonesia. Our medical evacuation benefits also take on increased importance in this region due to the inconsistent availability of high-quality medical care in the locations where employees may work and live.

"With the flattening of the global economy, businesses span the water more and there are fewer that operate in just one country. So, the use of global healthcare plans is growing. This is accelerated by the rapid development of the middle class across this region due to fast economic growth.

"The challenge is to get the right plan for your objectives, weighing the benefits against the costs relative to your budget. You may want to tier your solutions so that they are more robust for those people who, for example, travel more or are based in remote locations. The goal is to spend wisely and get a good return, and it is our job to ensure that we give value for money from our policies."

## Customised solutions

Whether it is insurance or wellness programmes, the customisation of healthcare solutions is especially important in a region where local standards of healthcare vary widely.

"Health and wellness programmes are included as part of our insurance policies or they can be delivered on a stand-alone basis," says Goldberg. "These programmes can be designed to ensure they are relevant for specific employee populations. With our insurance cover and our wellness programmes, we often put together a customised package

of solutions to ensure that all aspects of the programme work in synergy towards achieving the employer's healthcare objectives."

There are very divergent economies, legislative frameworks, cultures and market conditions in this region, so Aetna must learn about each country one by one.

"The key is to get good local knowledge on board to help us adapt our global healthcare expertise to the local markets," explains Goldberg. "There are many health risks in this region, which has more mosquito-borne tropical diseases than other parts of the world. So, part of our task is to educate people about covering their skin and using insect repellent, along with hygiene and the importance of clean drinking water. Also, changes in lifestyle have led to rising figures for body mass index and, in turn, more obesity, which you might not have expected in this region. As wealth increases, so does the incidence of diabetes and heart disease.

"We are expecting demand for healthcare cover and wellness and healthcare management programmes to grow rapidly. Interest was initially driven mainly by US corporates pushing information to their Asian subsidiaries, but the interest has now moved beyond that first wave. The momentum is there now and all sorts of companies, local and multinational, are starting to access our programmes. CEOs recognise that people are their most important assets and that they need to invest in their health and well-being. Like a shipping company that needs to perform routine maintenance to keep its ships afloat, every company needs to take proactive steps to make sure its employees are healthy and productive." ■

**S**outh-East Asia is home to countries that vary so much in their economic conditions and level of medical sophistication that it is a real challenge to ensure that employees working in the region have health insurance that meets their needs. This is one reason why employees value the right health benefits package so highly.

"After compensation, healthcare coverage is the first thing that candidates ask about when they decide to take a job, so it is very important at the recruiting stage, and it remains important for retention and productivity once a person is hired," says Derek Goldberg, Aetna's managing director for Southeast Asia. "Some markets are less developed in terms of healthcare, so employees may want to travel to another country for treatment. Local healthcare plans may not cover that, so we provide portable coverage. Singapore and Bangkok, for example, are centres of

# Latin America: a different way of doing business



As well as understanding the issues around regulations and access to healthcare, global health insurance providers must understand the culture of the markets in which they operate, says Krishnan Sridharan. In Latin America, providing insurance benefits is much more about personal relationships.

**I**n Latin America and the Caribbean, economic growth is accelerating, and the region is home to a growing number of foreign companies and large home-grown multinationals. Healthcare cover is essential, but a sound policy rests on understanding how to do business in the region.

"The economies here are booming, so there is a shift in the way companies are purchasing healthcare," says Krishnan Sridharan, Aetna's managing director for the Latin America and Caribbean Region (LAC). "Local companies are expanding internationally through acquisitions, joint ventures and partnerships, so they are sending more people overseas. That is a dramatic change. They are looking at more ways to expand access to healthcare at a time when the cost of healthcare is rising. There is more pressure on employers to reduce the costs that are passed on to employees. The region is used to having cheaper healthcare than the US, so when they look at international cover they are price-sensitive. They want to ensure they balance the cost with the right level of cover."

As in other regions, health insurance is a competitive tool for both local companies and foreign companies with expatriate workers.

"The driver is to differentiate a company from its competitors in the battle for talent as it expands regionally or globally," explains Sridharan. "Employees are astute about the benefits offered and they clearly look at the healthcare package. At the same time, companies are concerned about the overall wellness of their staff, and the

impact of absenteeism and presenteeism. The challenge for CEOs is to address these issues at a time of rising costs and provide the right balance of benefits."

## Inbound and outbound

Foreign companies attracted by the region's growth opportunities are sending more expatriates and need an insurance provider that understands the market.

"The region is unique from a health insurance perspective," says Sridharan. "There is a particular way of interacting with brokers. The basis for buying healthcare is brand awareness, trust and face-to-face interaction. The right people need to see you and know you are here."

Aetna's brand reputation and its contacts in the local market enable it to offer cover specific to the demands of the individual countries within the Latin American region.

"If a company is sending an employee on an assignment in LAC, or a local company is sending someone overseas, then the benefits must cover them wherever they are," explains Sridharan. "They need to talk to the right advisors on healthcare issues. Aetna can develop benefits packages to suit a particular population in light of different trends and pain points. It has focused solutions for each region."

"In LAC, the big issue is the rising prevalence of chronic diseases, which have contributed to the rising cost of care. We are working to reverse this trend by driving employee engagement and accountability. Technology plays a big role in the region where some countries have more

sophisticated technology than others. The increasing rise in online and mobile tools aids consumers in making more informed and timely healthcare decisions. Advances in regional technology also allow companies to manage insurance benefits online. In less sophisticated countries there needs to be more hand-holding."

The current challenge is to gather data to show the positive impact on productivity of a healthier, happier workforce. Sridharan recognises that CEOs and CFOs want hard numbers on how wellness programmes and healthcare insurance provide value in dollar terms, so this research is a priority.

"When a company sends employees overseas, the lack of an appropriate healthcare package is a major cause of project failure, so there needs to be more engagement from CEOs with healthcare issues in the long term," he says. "We need to get data for each individual country regarding the risks so that we can provide benefits, wellness programmes, case management and insurance cover that is appropriate."

"We are constantly developing programmes and ways to show the benefits and cost savings. We don't believe that one size fits all. Everything is tailored to a company's population, its benefit requirements and its price sensitivity." ■





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