

Group Medical Underwriting and the Effects of Climate Change

The Impact of Change

Larry Cass
November 17, 2016

Group Medical Underwriting

- Definition:
 - **Group Medical underwriting** is a **health insurance** term referring to the use of:
 - Group demographics,
 - Specific group medical claims history
 - Use of large data pools to help in the predictive modeling for potential future large claims
 - Medical and pharmaceutical trend
 - To help in the prediction and control of future increases of medical costs

Some Overall Claim Statistics

- Inpatient
 - 31%
- Outpatient
 - 19%
- Professional Services
 - 31%
- Pharmacy
 - 15%
 - But growing quickly

Overall Annual Trends

- Medical
 - 5.0% – 7.0%
- Pharmaceutical
 - 15% - 20%
 - Percent of overall medical dollar is now over 20% and growing quickly

Overall Claim Statistics

- High Cost Claims
 - 5% of a group's population will result in an estimated 50 – 60% of total annual claims
- Specialty Drug Costs in the US
 - 2012 - \$87.1 Billion
 - 2016 - \$192.2 Billion
 - Increase of 121% from 2012
 - 2020 (estimated) - \$401.7 Billion
 - Increase of 109% from 2016

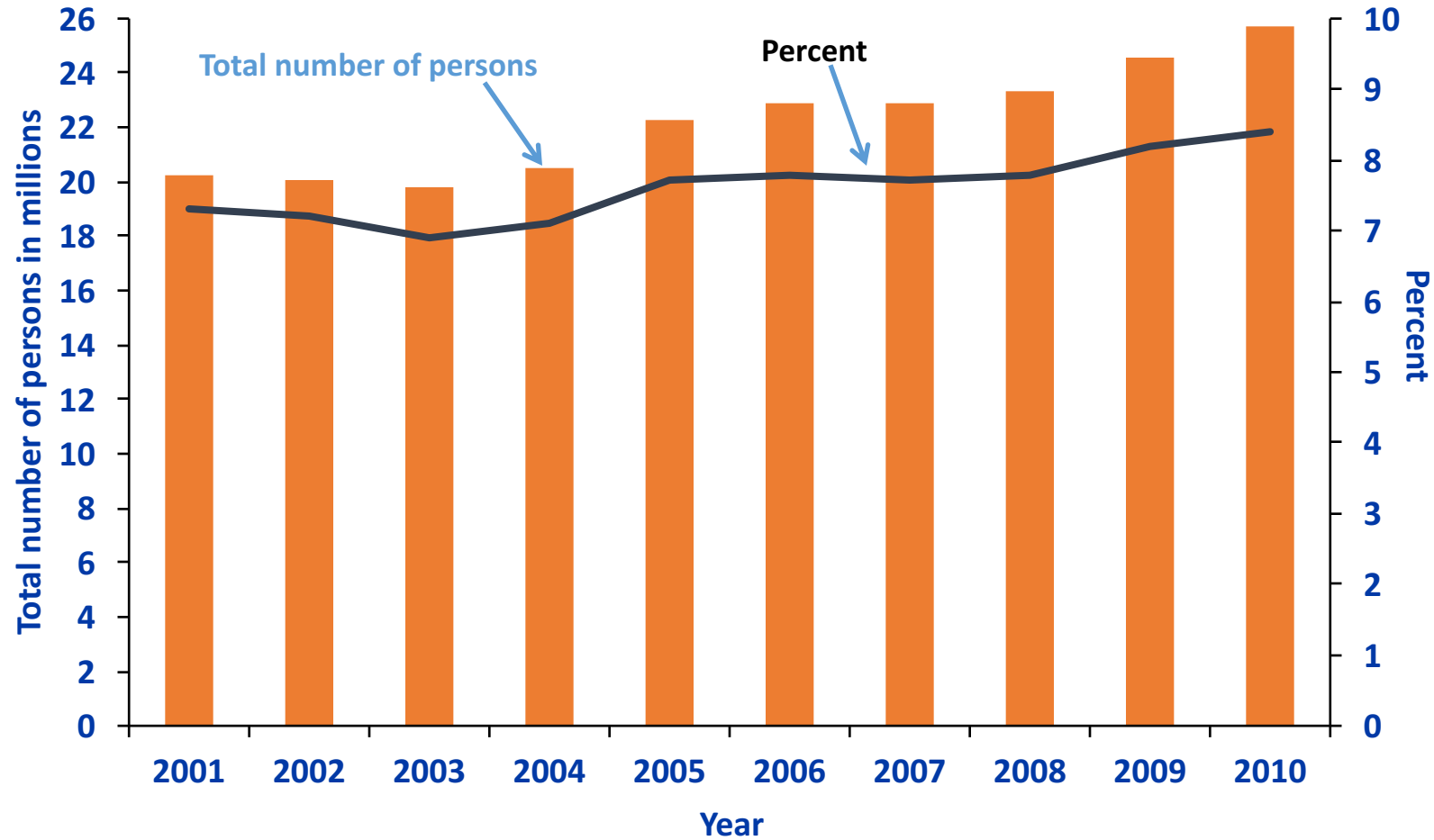
Risk Management Techniques

- Control Fix Costs
- Analyze and Utilize Tools to help Manage Variable Costs
 - Data Analytics
 - Population Health Management
 - Cost Transparency
 - Pharmacy management

According to the CDC ...

- The most common environmental health hazards are:
 - Air and water pollution;
 - Asthma,
 - Cancer, and
 - Lead poisoning

Current Asthma Prevalence: United States, 2001-2010



One in 12 people (about 26 million, or 8% of the U.S. population) had asthma in 2010, compared with 1 in 14 (about 20 million, or 7%) in 2001.

According to the World Health Organization

- Estimates that poor environmental quality may be responsible for one fourth of all preventable illness in the world.
- Every day we encounter chemicals, physical agents, and other substances in the air, water, and soil around us, as well as in the food we eat.
- Environmental hazards have subtle effects on human health.
 - They rarely cause immediate illness the way epidemic disease germs do.
 - Their effect on the human body can go unnoticed, and years or decades may pass before symptoms appear.
 - A single exposure or a single chemical may not trigger an illness, but an accumulation of exposures over time can take its toll. Effects are complicated. Many hazards may influence the appearance of one disease, while a single hazard may influ

Climate Change and Medical Underwriting

- These changes in our climate and environment are subtle
 - There is not just a “Single Issue” that we need to monitor
 - The trend in pharmaceutical treatments for these conditions will be one of the first lines of defense and will continue to add to the increased trend in pharmaceutical claims
- Governmental agencies continually to develop useful tracking statistics to aid in the monitoring of these claims and illnesses
- Use of large data pools and development of more specific mining tools will continually aid in the development of a more accurate and meaningful trend analysis and possible impactful behavior and treatment programs