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35% of healthcare establishments increased pay because of COVID-19
About 35 percent of healthcare and social assistance establishments increased wages and salaries, paid wage premiums or provided bonuses because of the COVID-19 pandemic, according to a Feb. 18 Bureau of Labor Statistics report.
Becker's Hospital Review, Thursday, February 24, 2022

Maternal deaths continued to rise nationwide in 2020, especially among Black and older mothers
Maternal mortality increased within the U.S. during the first year of the pandemic, particularly for non-Hispanic Black women and women aged 25 years and older, according to new data from the National Center for Health Statistics.
FierceHealthcare, Thursday, February 24, 2022

Judge strikes down part of Biden surprise billing rules in win for doctors
A federal judge in Texas on Wednesday struck down part of the Biden administration’s regulations protecting patients from getting stuck with “surprise” medical bills when they see the doctor, in a win for doctors who sued to block part of the rules.
The Hill, Wednesday, February 23, 2022

CMS ends ACO track in rural payment model
CMS said Feb. 22 it is ending the ACO Transformation Track in the Community Health Access and Rural Transformation Model.
Becker's Hospital Review, Wednesday, February 23, 2022

Expenses push major health systems to operating margins under 1%
Some of the nation’s largest nonprofit health systems, including St. Louis-based Ascension and Chicago-based CommonSpirit Health, are feeling the financial pinch from the COVID-19 pandemic.
Becker's Hospital Review, Wednesday, February 23, 2022

23% of healthcare workers likely to leave healthcare soon, poll finds
While healthcare workers still overwhelmingly report being satisfied with their jobs, they also report experiencing ongoing strain amid the COVID-19 pandemic, with almost 1 in 4 saying they are likely to leave the field in the near future, according to a USA Today/Ipsos Poll/Ipsos Poll released Feb. 22.
Becker's Hospital Review, Tuesday, February 22, 2022

HHS cyber arm warns of EHR vulnerabilities
The Health Sector Cybersecurity Coordination Center published a threat brief this past week cautioning about the potential cybersecurity risks of electronic health records.
Healthcare IT News, Tuesday, February 22, 2022

Ground ambulance costs continue to soar, study finds
The cost of being transported by ground ambulance has increased steadily over the past five years, according to a new report from nonprofit Fair Health, threatening patients with few protections from balance billing in disputes between insurers and ambulance providers.
Healthcare Dive, Tuesday, February 22, 2022

Health spending grew 3.4% in 2021, Altarum report finds
Including federal government support, national health spending grew by 3.4% in 2021, according to new data released by Altarum.
Healthcare Finance, Monday, February 21, 2022

Gender pay gap over early career is 10% for academic physicians, study finds
Disparities in starting salaries for female and male academic physicians contribute to their earning potential throughout their career, according to a study published Feb. 18 in JAMA Network Open.
Becker's Hospital Review, Monday, February 21, 2022

AHIP study claims hospitals charge double for specialty drugs compared to pharmacies
Hospitals on average charge double the price for the same drugs compared to those offered by specialty pharmacies, according to a new insurer-funded study released as federal regulators ponder a probe into the pharmacy benefit management (PBM) industry.
FierceHealthcare, Thursday, February 17, 2022
During this current winter wave, many countries outside the U.S. continue to use blunt COVID mitigation measures that they relied on early in the pandemic. These measures, such as transitioning kids to at-home learning and closing businesses, resulted in significant social and economic costs. Yet more people died globally in 2021 than in 2020 as the virus slashed its way through older and unvaccinated individuals, raising the death toll at an alarming rate.

Nearly 800,000 Americans have died so far during the pandemic, with more than half of those deaths occurring during 2021 (New York Times, 2022). Comparatively, the Spanish influenza of 1918 infected an estimated one-third of the world’s population, resulting in at least 50 million deaths worldwide (Choudhury, 2021). The Institute for Health Metrics and Evaluation (IHME) provides COVID-19 projections bi-weekly. Based upon their current projection, by April 1, 2022, the U.S. will reach 970,243 reported COVID-19 deaths (Institute for Health Metrics and Evaluation, 2022).

There can be no doubt that the coronavirus pandemic is ongoing, serious, and unpredictable. But based on current data and past patterns, we can forecast what Spring 2022 might bring and how to best respond.

2022: Beyond winter, into spring

The number of deaths worldwide from COVID-19 is horrific, especially when you consider that around seven in 10 U.S. adults (72%) report that they personally know someone who has been hospitalized or died from COVID-19 (Tyson, Funk, Kenney, & Johnson, 2021). Though devastating, the “silver lining” is that in terms of pandemics, what is happening now is not unusual. As Charumilind, et al., explains: “Epidemics end in one of two ways—either we close off all chains of transmission and drive cases to zero, as with all Ebola epidemics to date, or the disease becomes an ongoing part of the infectious-disease landscape, or endemic, as tuberculosis is today” (2021).

Societal impact

Now, on what is hopefully the verge of moving from a pandemic to an endemic, is the time for governments and countries to create a vision for what the new normal will look like and build consensus around it.

In the last two years, the COVID-19 pandemic has had a profound impact on lives and livelihoods, but response and action beyond vaccination and testing is different from nation to nation. Some countries close their borders, while some remain open. Some introduce a fourth vaccination shot, and others a “circuit breaker.” Some have closed shops and businesses, and some have not introduced anything different at all.

If you examine the past data of the various COVID-19 management tactics, a common thread among strategies that have had the most success appears to be the presence of a philosophy that the COVID response is “a shared responsibility” and “everyone’s business.” While pandemic management differs widely from country to country, greater success in lessening its impacts can be achieved with a unified response (Organisation for Economic Co-operation and Development, 2020; World Health Organization, 2021).

Masking

Masks are an important intervention for mitigating the transmission of COVID, and are an essential piece of the puzzle for moving from a pandemic to endemic status (Brooks, Butler, & Redfield, 2020; Van Dyke, M., Rogers, T., Pevzner, E., Satterwhite, C., Shah, H., et al., 2020). A 2020 study of counties in the state of Kansas concluded that there is a “significant amount of clinical evidence that countywide mask mandates appear to have contributed to the mitigation of COVID-19 transmission in mandated counties” (Van Dyke, M., Rogers, T., Pevzner, E., Satterwhite, C., Shah, H., et al., 2020). Other studies have found that face masks “decrease the daily growth rate of reported COVID-19 cases by more than 40%” (Peeples, 2021).

However, masks remain a symbol of a divided society (Powdthavee, Riyanto, Wong, Yeo, & Chan, 2021). People in the same community but with “different moral concerns react differently to the recommended
guidelines” (Chan, 2021). With such differing reactions to the same set of mask-related data, an important part of the work of governments and public health agencies is to implement rational mandates on appropriate face mask utilization based upon a defined “trigger system” that reacts to outbreaks on a community-by-community basis (Feng, Shen, Xia, Song, Fan, & Cowling, 2020).

**Vaccination**

With unprecedented global resources focused on developing a COVID-19 vaccine, a safe, effective vaccine was created in record time. A year on from the initial release of the vaccine, the scientific and medical communities are looking toward “more potent immunity, easier transport, and mutation-proofing” (Cox, 2021). A potential game-changer would be the development of a pill or a nasal spray which would make administration much easier and cheaper, especially in places where distribution is challenging, or for people with an aversion to needles (Steenhuysen, 2021).

**Testing**

In past public health crises, such as HIV outbreaks, widespread tobacco usage, or childhood obesity, public health agencies engaged in campaigns to increase access to testing. Historically, testing has improved health outcomes in the spread of sexually transmitted diseases, teenage pregnancies, tobacco cessation programs, health disparities in cancer, and childhood obesity, to name just a few. Building on lessons learned from access to testing—or the lack thereof—during the COVID-19 pandemic, there are significant opportunities to expand access to testing, whether in the hospital, clinic work, school, or at home.

Access to testing is a must when trying to isolate a fresh wave or outbreak of COVID (Pletcher, Olgin, Peyser, et al., 2021). A lack of access to testing results in people spreading the virus without knowing they are positive and also further overburdens a healthcare system that is already overwhelmed (Raphael, 2021; Grimm, 2021; Centers for Disease Control and Prevention, 2021).

In the U.S., the government subsidized the more-expensive PCR lab tests for uninsured people and has required insurers to cover them with no co-pay since the start of the pandemic. However, it didn’t put a similar system in place for at-home rapid tests (Schuetze, & Eddy, 2021). In contrast, many countries have already made the takeaway tests free. For example, parents in many European countries were provided with home kits to test their children prior to going to school (Bonislawski, 2021; King, Schmidt, & Perehinetts, 2021). Additionally, British citizens can order packs of rapid tests from a government website to be sent to their homes at no charge (Gov.UK, 2022).

In the U.S., it is virtually impossible to purchase at-home testing kits in a pharmacy or online, even after the federal government promised to provide home kits to households (DePillis, & Umansky, 2021). If one is lucky enough to locate a kit, many shops and big chain stores significantly raised their prices for rapid test kits, making at-home testing a financial impossibility for many citizens.

**Data**

Data has become “indispensable as clinicians and policymakers suit up for the fight against the pandemic” (Amazon Web Services, 2021). It will be an essential tool for forecasting the impacts of the Omicron variant in the coming months, as well as helping to determine management strategies for a future endemic (Baillie, Berger, & Brockmeier, 2020; American Medical Association, 2020; Open Data Watch, 2021). The development of “a robust system to gather and analyze data” and then “use the data to act” is necessary (Nzyoka, & Dwivedi, 2020). Data can help providers isolate people and give appropriate treatment. It can also help government and public health agencies identify vulnerable or elderly populations and send customized, targeted messaging to these groups more rapidly (Nzyoka, & Dwivedi, 2020).

**Conclusion**

Experts say that COVID will likely lose its pandemic status sometime in 2022 and shift to an endemic (Stieg, 2021). We will once again settle into a “new normal.” Bill Gates, president of the Gates Foundation, which has been overwhelmingly successful in their mission of creating a world free of malaria through partnership,
collaboration and unity, recently commented on his blog that he hoped that soon the “only time you will really have to think about the virus is when you get your joint COVID and flu vaccine every fall” (Gates, 2021).

COVID-19 has had a significant impact in accelerating transformation of practices within healthcare and private industry, from pharmaceuticals to digital capabilities to private and healthcare businesses. This transition from a pandemic to endemic requires continued agility and a robust public health program that uses data to forecast what the coming months might hold, and to address when to wear a mask, expand access to timely testing, vaccination boosters, and public health education that promotes unity, avoids politics, and fosters individual and community compliance.

Read more from Dr. Seleem Choudhury at seleemchoudhury.com

Resources
American Medical Association (2020). The role of data collection in the COVID-19 pandemic. AMA.
Centers for Disease Control and Prevention (2021). Reduced Access to Care. CDC.
Stieg, C. (2021). The Covid pandemic could end next year, experts say — here’s what that looks like, and how the U.S. could get there. CNBC.
Platform mutual aid for healthcare coverage in China

by Rong Yi, Milliman, February 10, 2022

Since 2012, China has achieved near-universal health coverage through a set of sweeping national health reforms. The basic social health insurance mostly covers inpatient services. Outpatient and prescription drug coverage are not yet standardized within China, and the levels of benefits vary significantly by geography. Along with rapid economic growth, urbanization, and an aging population, a growing demand has emerged for healthcare services and for better healthcare coverage. As a result, commercial health insurance has also been growing rapidly.

Traditional life insurers have been dominating the commercial health insurance market in China. In recent years, large IT companies or their investment arms have been making headways into the healthcare space. Leveraging digital technology and direct access to individual consumers, they are actively involved in both the “2B” (business-to-business) and “2C” (business-to-consumers) fronts. They aggregate consumer data to support health insurance underwriting and sales, or act as sales channels to insurers. On the 2C front, they provide personal health and lifestyle management asaddon services to their existing users, technical solutions for patient engagement, appointment booking for office visits, mobile payment for healthcare expenses, health insurance billing, and more. These IT giants have also started to partner up with insurers to offer health insurance products. As the “new kid on the block”, the companies bring in not only capital and technology but also unique vision and strategy on how to grow health insurance business. It is against this context and backdrop that platform mutual aid was spawned and took hold in China. Platform mutual aid programs are risk-pooling and mutual aid mechanisms built on large digital platforms. In this paper, we will discuss what they are, what they are not, and how they work.

What works in China's market may not work in other parts of the world. In fact, as we complete this article at the end of 2021, the industry has seen permanent closures of mutual aid programs started by the most prominent platform companies, such as Meituan Mutual Aid, Waterdrop Mutual Aid, and Qingsong Mutual Aid in the course of 2021. The leader of platform mutual aid in terms of membership, Xianghubao, is a product developed by Ant Financial, a subsidiary of Alibaba that has gone through dramatic changes since its inception in 2018. Xianghubao grew to enroll more than 100 million members in its first year, plateaued in the second year, and has started to decline in membership since the start of 2021 due to concerns over the cancellation of Ant Financial’s initial public offering (IPO). On December 28, 2021, Ant announced that Xianghubao will officially close in a month.

While rapid change is characteristic of any new form of business, especially in China, the impact of platform mutual aid programs has been felt in almost all corners of China’s burgeoning health insurance market. New market rules and regulations were rolled out to regulate the platform mutual aid programs.

We do not wish to speculate on the future direction of platform mutual aid business as a whole. As independent observers, we think that the platform mutual aid model is worth studying as a business phenomenon for its concept, design, execution, and technology. It may inspire further innovations in insurtech, which hopefully would grow more robust in the future. Platform mutual aid has also challenged China’s health insurance industry and pushed it to innovate and stay competitive in parallel for its own viability.

What is platform mutual aid?

Platform mutual aid programs were born in the era of digital economy in China. They make use of platform technology to create risk pools for participating individual members to cover defined sets of medical conditions against each other. Many programs started with making fixed reimbursement payments similar to those of critical illness insurance, and later changed to making reimbursements of medical expenses. Participants typically are users of internet-based social network platforms or e-commerce platforms, with a set “desirable” personal attributes such as good credit history, long purchase history, stable income, etc. Unlike conventional commercial health insurance, participants do not go through an explicit medical underwriting process, but instead are invited to participate or automatically opted in by the platform, based on their user profile. The platform sets up the rules as to the kind of disease conditions and medical expenses eligible for reimbursement payments, analogous to a conventional health insurance policy’s product design.

Take Xianghubao as an example. Members obtain eligibility automatically if they have been a user of Alibaba’s e-commerce platform and have a good credit standing. There is no up-front membership fee. One of the most critical success factors in mutual aid is membership. After all, mutual aid and insurance programs are both risk-pooling and risk-sharing mechanisms that become more stable and cheaper to operate as total enrollment increases. In this case, Ant Financial is able to leverage consumer data collected from its affiliated businesses to prescreen participants and then leverage its large user base for program launch, both of which have low overhead and low operating costs.

To receive a payment from the program when losses occur, Xianghubao has a multistep verification process to ensure the authenticity and accuracy of the claim. After verification, each claim will also go through a public exposure period, during which the claim will be under the community’s review and approval to further reduce fraud and abuse. For cases in which(continued on next page)
the community cannot reach a consensus to approve, a jury system with representatives from the user community would make the final decision. If a claim is denied after all of these due processes, Xianghubao still has an additional channel, called “Xianghubang” (“bang” means help in Chinese), which collects charity donations on behalf of the claimant, independently of the Xianghubao channel.

**FIGURE 1: PLATFORM MUTUAL AID BUSINESS MODEL**

Mutual risk-sharing mechanisms are by no means new. They have existed since long before formal insurance was established, and are still quite popular in today’s world, especially in developing countries, agrarian societies, and rural areas where income fluctuations are large and formal credit and insurance markets are less robust. [4]

Traditional informal mutual risk mechanisms rely on social networks—family, relatives, friends, coworkers, neighbors in the same village, etc.—to establish the risk pool. It is conceivable that personal relationships cannot go very far, because interpersonal trust and credibility become weaker as relationships become less direct.

Platform-based mutual risk programs make use of digital technology and can reach very large numbers of participants. The participants in the same mutual program are not required to know each other, but they share a common belief, which is that the platform will take care of the credentialing of the participants, make sure that claims can be paid, and take necessary measures to combat fraud, waste, and abuse. Not every platform can do all of these easily. Only organizations with strong market positions as a digital platform, long tenure, great technology, and the ability to operate in full transparency are able to attract enough participants to form a risk pool of meaningful size.

Any mutual risk-sharing arrangement will encounter issues such as asymmetric information, adverse selection, and moral hazard, and platform mutual aid programs are no exception. Fundamental actuarial and insurance business principles still apply.

**Evolution of platform mutual aids in China**

China’s platform mutual aid programs started about 10 years ago. In the initial years, a few dozen mutual aid programs mushroomed almost overnight. Many of the early mutual aid programs were perceived by the general public to be in a gray zone between formal insurance and charity. [5] Due to the limited number of participants, many mutual aid programs closed down quickly. One of the earliest programs that is still in existence today is Kang-Ai. [6] It was inspired by the founder’s personal experience with cancer. [7] Now it has expanded to include separate risk pools for at least 50 catastrophic conditions, such as breast cancer, pediatric blood cancer, rare diseases, chronic conditions with complications, accidental deaths, sudden deaths for entrepreneurs under the age of 50, and more. It even provides risk pools for members’ elderly parents.

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Platform mutual aid for healthcare coverage in China...continued

Since 2016, as more large internet companies entered the competitive landscape and further crowded out smaller mutual aid programs, business models started to mature. For instance, the insurtech company Waterdrop[9] rolled out its mutual aid program, Waterdrop Mutual Aid, in May 2016. Waterdrop also recommended plans from insurance companies to mutual aid members. It was reported that close to 40% of users who had participated in Waterdrop's mutual aid also subsequently thought about buying insurance products [9]. After all, Waterdrop’s business objective was to grow its insurance business. Mutual aid was viewed as a way of customer acquisition and retention. It also educated the users on risks and protection through educational content provided to its members. Companies such as Ant Financial (of Alibaba), Suning (mostly known as the network for household electronics and appliances), 360 (a technology company), Meituan (similar to Groupon in the United States), Didi (ride hail platform), and Baidu (internet search company, similar to Google in the United States) also established their own mutual aid programs.

Membership growth in platform mutual aid was spectacular between 2016 and 2020. In 2019, platform mutual aid programs in China enrolled about 150 million members. By the end of May 2020, about 330 million people were participating in platform mutual aid. Xianghubao, by Ant Financial/Alibaba, the largest platform mutual aid program in China, started in December 2018, had a membership of 23 million in January 2019, and reached 100 million members in December 2019.

FIGURE 2: DEVELOPMENT OF PLATFORM MUTUAL AID

What typically happens with innovations, especially the disruptive kind, is that market rules and regulations take time to catch up to suit the new competitive landscape and social values. Additionally, from a forward-looking standpoint, heavy-handed regulation may run the risk of stifling innovation. Mutual aid shares characteristics with both insurance and charity but is neither. In practical terms, deciding which government oversight entity or entities should have the jurisdiction, what provisions are needed in the regulations, and how to execute them all still need to be sorted out in China.

In July 2017, the Ministry of Civil Affairs issued regulation on fundraising by charities using the internet platforms [13]. It stipulates that platform mutual aids are not charity fundraising activities. In August 2020, the China Banking and Insurance Regulatory Commission published an article in an industry journal [14] and identified a number of critical issues and market risks to be addressed in platform mutual aid from a regulatory standpoint. It then followed by issuing a set of rules [15] in December 2020, forbidding unlicensed entities to carry out insurance business through the internet. There is not yet a formal set of market rules specific to platform mutual aids as far as we are aware.

During the COVID-19 pandemic, coupled with the aforementioned regulatory controls, China’s platform mutual aid programs have started to see membership declines since mid-2020. Meituan Mutual Aid shut down its program in January 2021. Waterdrop Mutual Aid and Qingsong Mutual Aid both announced plans to shut down their programs in March, after nearly five years in operation. Ant Financial’s cancelled IPO negatively impacted Xianghubao’s membership, which dropped down to 92.7 million in April 2021 from its peak at 105.8 million in November 2020.

Member characteristics

While the platform mutual aid industry goes through rapid changes, who are the members, and how have they been (continued on next page)
Platform mutual aid for healthcare coverage in China...continued

Impacted by mutual aid?

In May 2021, Ant Group Research Institute published a white paper on the platform mutual aid industry.[17] It is the first of its kind for China. Through a large questionnaire-based survey, Ant collected data on about 59,000 representative individuals and analyzed the socioeconomic characteristics of the study population sample. The report finds that members participating in platform mutual aid predominantly have middle-to-low incomes, reside in less developed regions, and because they have not purchased any commercial health insurance they are concerned about the cost associated with catastrophic diseases.[18] Additionally, almost 13% of the sample did not enroll in the national basic social health insurance program, whereas, at the national level, only around 5% of the population is not enrolled in a typical year m. Almost half of the members participated in mutual aid as a family.

In terms of member perception or user experience, more than 92% of the survey respondents (through a multiple-choice question) say that it helps to "relieve the burden of medical expenses for serious illnesses."[19] Hope that mutual aid could provide long-term healthcare costs was also indicated by 40% of the respondents. In addition, a big majority expressed interest in seeing the mutual aid programs cover more disease conditions, supply adequate financial protection, and provide prompter payouts.[20]

In fact, other public sources reported in mid-2021 that Waterdrop Mutual Aid had helped more than 21,000 families during the more than five years of operation, and Xianghubao helped more than 100,000 individual members since its inception. We do not have more updated data on program payouts, especially on how many additional individuals and families have received payment since then. On the other hand, there have been reports[21] on the increase in management fees and greater inclination to deny payment requests, which seem to have resulted from reductions in membership, lack of market oversight, and changes in the general public’s sentiment about platform mutual aid as a credible and reliable source of coverage. These factors play together and propel each other, which seems to be leading the entire industry down a rapidly deteriorating path.

Technology innovations to address old problems

Membership and risks are the two most critical factors that a platform mutual aid program needs to address. To pare it down, each factor also has multiple layers of challenges underneath.

- A successful program needs a large member base to be financially viable—the law of large numbers in Insurance 101. Internet companies, social media platforms, e-commerce giants, and the like are naturally well positioned in reaching large numbers of members. After all, their users often interact with the digital platform constantly.

- There needs to be a screening process for the kinds of members a platform wants to enroll in a risk mutual, analogous to insurance underwriting. Traditional underwriting process in insurance can be quite costly. In the ecosystem of a platform economy, desirable member characteristics that are correlated with lower risks can be more easily identified and filtered on. In fact, most if not all e-commerce platforms and technology companies have accumulated customer data, some of which include lifestyle and other health-related information. Such information can be used to develop risk profiles at the member level for screening.

Once members sign up, retaining their membership is yet another layer of challenge. Platform mutual aid programs compete fiercely against each other and also with traditional commercial health insurance that covers the same or similar medical conditions but with guaranteed payouts. As a result, they are compelled to lower management fees while maintaining the credibility that they will have sufficient funds to operate, to combat fraud, and to make payments. It is conceivable that without adequate investment and continuous cash flow to support the business operations, a program could easily fail before it reaches stability. This is apparent not only to the mutual aid programs themselves, but also to the participating members. Members who are risk-averse may prefer to participate in programs backed by a big widely known name, because large platforms are less likely to fail and they can also endure losses in the initial year by cross-subsidization. For instance, Xianghubao has not become profitable since its inception in late 2018. As a business unit its only source of revenue is an 8% management fee, and 40% of the management fee is spent on claims investigation and verification onsite.[22]

Program transparency is critical in a mutual aid program that does not rely on members knowing each other directly. A transparent process in handling claims may increase the credibility of the program and reduces unnecessary disputes among participants, which may subsequently improve program efficiency. Blockchain technology, for what it is, may be a perfect solution to the transparency and credibility issue. For instance, Xianghubao uses blockchain to document each claims settlement and makes it available for the community of participants to review and monitor. In fact, blockchain technology has been used in China’s insurance industry in documentation, health statement authentication, creating excess claims, and authenticating linked insurance products from different lines of business.[23]
Similar to traditional insurance, platform mutual aid programs need to control risks and mitigate losses. Losses are directly associated with the provision of healthcare, which varies by many factors such as practice location (e.g., urban vs. rural), setting (inpatient or ambulatory), provider specialty, training and preference, financial reasons that motivate providers and patients in different ways, etc. Even if a claim has been determined as valid, the mutual aid program still needs to determine, on behalf of the community and for the benefit of the community, what portion of the claimed losses is compensable and what portion is not. A guiding principle is that the program does not pay overuse or inappropriate care. Again, as a leader in digitization, Xianghubao applies digitized disease-specific guidelines and knowledge maps for treatment protocols as needed.

FIGURE 3: DIGITAL TECHNOLOGY IN PLATFORM MUTUAL AID

Factors to consider in future growth

We are independent observers and do not wish to opine on the future directions of any specific company or of the entire platform mutual aid industry. However, we think that there are a few considerations to take into account with respect to the future growth of platform mutual aid and, along the same lines, how it interacts with other players in China’s healthcare coverage ecosystem. In Figure 4, we identified market and regulatory forces in the healthcare ecosystem that could either contribute to the growth of platform mutual aid or compress its growth potential. It is worth pointing out that the most important dynamic in China’s healthcare is the policy direction of the national basic social health insurance. Because China’s basic social health insurance covers the basic healthcare needs of 95% of the population, its expansion or contraction will likely have significant impact on commercial health insurance, platform mutual aid, and all other stakeholders in the healthcare ecosystem.

The closure of Xianghubao, the largest player in platform mutual aid, certainly has deep implications for platform mutual aid programs and the insurance industry, which may take some time to play out. There are a few highly valuable innovations that the insurance industry can benefit from, such as the use of blockchain technology for authenticating claims, the data-driven approach to claims adjudication, the combination of clinical guidelines and artificial intelligence (AI) to identify potential waste, and the individualized and targeted member outreach and education.

Platform mutual aid also have the ability to form risk pools at speeds unheard of in traditional insurance, because it reaches members directly through an existing platform and completely bypasses the underwriting process. Insurance companies will not give up medical underwriting unless it is required, but some have contemplated simplifying underwriting to speed up the enrollment process. To do so, they collaborate with platform companies and use them as targeted marketing and sales channels.

Platform mutual aid programs are able to form risk pools for very specific risks, such as Kang-Ai’s risk pool for sudden deaths among entrepreneurs under the age of 50. For additional background, while there is insufficient empirical data on sudden deaths among entrepreneurs under the age of 50, such deaths usually make headlines in the news and cause a lot of public attention. It is as if where there is public sentiment about a perceived risk, there would be a risk-sharing arrangement that a platform can build. While this level of flexibility and nimbleness is unparalleled in commercial insurance, it certainly has challenged the way insurance companies think about product designs. Is the under-50 entrepreneur sudden death risk different from the population average? How should the risk be appropriately priced? Does it make business sense to design such a product?
FIGURE 4: RELATIONSHIP BETWEEN COMMERCIAL INSURANCE AND BASIC SOCIAL HEALTH INSURANCE

As the end of 2021 draws near, the COVID-19 pandemic is still making waves throughout the world. During this difficult time, people are ever more reliant on platforms to communicate and to do business with each other. At the same time, big platform companies are also facing increased government oversight and public scrutiny. These factors will impact the future of platform mutual aid programs.

Limitations and Caveats

In conducting the background research of platform mutual aid in the past year, we referenced numerous news articles and industry reports. We were only able to do cross-validation of the statistics cited by these sources but are unable to independently verify the statistics ourselves.

The authors are employees at Milliman and do not have any interest in any of the businesses mentioned in this article.

The observations are entirely those of the authors and do not represent those of Milliman.

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[4] Informal mutual risk sharing has been well studied by economists since the late 1980s. One of the most prominent economists, Angus Deaton, awardee of the 2015 Sveriges Riksbank Nobel Prize in Economic Sciences, practically initiated a whole field within economics on how individuals and households use informal mutual risk-sharing arrangements to cope with income fluctuations in the absence of formal mechanisms.

[5] Quite a few media outlets had commented on the need to differentiate between mutual aid and charity, including the most widely read ones, such as http://www.xinhuanet.com/comments/2021-05/06/c_1127411101.htm, and http://www.xinhuanet.com/comments/2021-05/06/c_1127411101.htm.


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Platform mutual aid for healthcare coverage in China...continued

[7] The story of how Kang-Ai was founded can be found on its website at https://www.kags.cn/#:text=%E5%9B%A0%E6%AF%8D%E4%BA%B2%E7%99%8C%E7%97%87%E5%8E%BB%E4%B8%96%E3%80%81%E7%88%B6%E4%BA%B2.%E6%97%A5%E8%87%BB%E5%AE%8C%E5%96%84%E7%A8%B3%E5%81%A6%E5%8F%91%E5%B1%95%E4%8B%AD%E3%80%
82.


[10] Ibid.


[12] Ibid.


[17] See https://antcloud-cnzh02-athomeweb-01.oss-cn-hzfinance.aliyuncs.com/attachment/2020-06-13/3f900e1a-d421-49ba-a635-7b9792a9179f.pdf. The report commented that this could be a result of selection bias, meaning that individuals who did not participate in China's national basic social health insurance are more inclined to join a mutual aid arrangement to get some healthcare coverage. On the other hand, the report also recognized that there might be a problem with underreporting in the data collection process.

[18] Ibid.

[19] Ibid.

[20] Ibid.


What’s Next for Medicare Advantage: Part I - Frontline: Lessons Learned

by Lindsay Resnick, February 17, 2022

As its 20th anniversary quickly approaches, Medicare Advantage has surpassed 28 million members. 46% of eligible Medicare beneficiaries now choose an MA plan. The average Medicare beneficiary has access to over 40 plan options, many providing extra annual benefits valued at $2,000 compared to fee-for-service Medicare.

The top 25 Medicare Advantage insurers have almost 90% national market share. In a jam-packed marketplace dominated by mega-national plans and aggressive third-party aggregators. The battle for new members has never been tougher. And, while more than 3.5 million Americans turn 65 every year, they’re working longer, shifting retirement plans, reevaluating health and financial priorities, and unlike Medicare eligibles of yesteryear, this New-to-Medicare crowd has different motivations when it comes to their personal shopping and purchasing preferences.

Following are a few observations and insights from the 2021-22 Annual Enrollment Period.

National MA Plans

These industry giants leveraged outsized marketing and media spends to dominate consumer top-of-mind during AEP. From a constant TV presence to flooding mailboxes with direct mail to in-store sales kiosks at national retailers, these competitors crushed regional and local plans when it comes to advertising, both brand and direct response. Mega-national plans also proved to be adept at quick action on product enhancements and agent/broker engagement tactics that resulted solid lead generation and sales. The 6 largest MA plans claim stake to about 75% market share. In an analysis of large publicly traded MA plan growth, one Wall Street analyst is clear where it’s coming from: ‘private MCOs which are fragmented and subscale’. The largest MA plan, with almost 8 million members, captured roughly one out of every three people who joined Medicare Advantage this past year.

Track them and evaluate their product offerings, market messaging and selling tactics. Learn from your biggest competitors.

TMOs, EMOs and More

These third-party marketing organizations or ‘aggregators’ are disrupting the lead funnel with big investments in direct-to-consumer marketing schemes. With more than a dozen of these well-funded, commission-driven brokers, selling MA plans from multiple carriers, they’re eating into ‘lead share’ across the country. They’ve also gotten CMS’s attention after mounting complaints from consumers who reported being confused and misled. In 2020, CMS received 15, 497 complaints related to marketing, this past year there were 39,617 complaints, many tied to TMO activities. CMS 2023 proposed rule seeks to tighten marketing oversight and scrutiny. The biggest concern by carriers on business produced through aggregators is poor retention (i.e., rapid disenrollments, high ‘dropout’ rates).

Embrace direct response marketing tactics that work – data-driven targeting, compelling offers and creative, action-oriented messaging, and test, test, test!

Pre-AEP

Before AEP starts, ‘market warming’ with mail and DRTV continues to payoff. In fact, many say that if a plan misses pre-AEP market outreach, they’ve missed most of the available leads for the period. For some plans these early leads represent over half of all AEP volume. The big caution: it only works if your sales funnel and call center are prepared to handle these volumes and, most importantly, a ‘lead nurturing’ plan and process in place to optimize the value of these leads (e.g., responder non-converters do convert at higher rates). The other piece of the pre-AEP puzzle is brand building. Your plan’s brand is its relationship with the market, its reputation, and its promise to customers. Brand building throughout the year backs up and bolsters every piece of lead generation marketing put into the market during AEP. Strong brands increase market share in highly competitive markets.

Be in front of your prospects during the year, particularly leading up to the start of AEP. Capitalizing on local presence and its associated value proposition to prospective members can be a powerful counter to national competitors.

The Workhorse

Direct mail is still proving to be Medicare Advantage’s direct response pillar. While recently plans have seen a year-over-year decline in response and lead rates, from a cost per lead standpoint it’s hard to beat mail: low cost, high conversion! That said, paid digital media is catching up, particularly on a cost per member basis. The big unknown is how much mail is driving people to the Web but not tracked and reported. One addition to the direct mail mix being used more frequently (as well as in other channels) are QR codes to gather leads faster (let’s be honest, who hasn’t interacted with a QR code restaurant menu over the past year?).

Direct mail isn’t dead! It remains a fundamental part of an integrated omnichannel MA marketing strategy…make it standout and optimize its lead generation ROI.

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Star Ratings
About 70% of MA plans have 4 or more Stars...does it really matter to the consumer? Research shows that consumers don’t really understand CMS’ rating system. While it may not be integral to consumer decision making, a 4-Star rating is clearly competitive table- stakes in today’s MA marketplace. Putting together a competitive plan at 3.5 stars that has to go head-to-head against a 5-star plan isn’t a winning situation. And while conventional wisdom has been that these ratings don’t move the needle, a 5-Star rating does matter, particularly when it comes to bonus payments and the advantage of year- round acquisition emphasizing the 5-Star rating. If you got it, flaunt it!

CMS is changing Star rating guidance so pay attention to be sure your plan doesn't slip and continues its journey to 5 Stars

Old School
Business Reply Card (BRC) performance is holding its own, generating a high percentage of leads when compared to digital and phone...especially pre-AEP (although in some markets slow postal processing impacted results). Again, diligent nurturing of these leads is a critical success factor. In terms of in-person vs. virtual seminars, some markets have seen pandemic-seen seniors willing to get out of their house to attend seminars again (FSIs remain primary promotion tactic). Elsewhere, after 2 years of Facetime and Zooming, prospects are more comfortable with a virtual event showing that 'senior tech' barriers may be weakening. But for many plans, low utilization of both in- person or virtual has meant no seminars at all. Continued investment in seminars is fading fast.

Old school or new, developing, engaging, and reinforcing your prospect relationships throughout the sales funnel makes lead nurturing a best practice for every successful MA plan.

Digitalization
Plans continue to increase digital customer acquisition budgets, but results are mixed. In many markets, search and social have performed well. Social had much stronger performance than previous years against efficient lead generation, proving the pandemic increased senior use of social media. Well-funded paid search that pulls though other channels can also be a strong lead generator. Aggregators also spent big in paid search. However, while it makes sense to follow the digital marketing trend, it’s not always as efficient, and conversions are lower compared to direct mail. Without question, digital should be part of any multichannel approach, but overall, the market isn’t there yet in terms of pushing the bulk of the acquisition marketing budget into this channel.

Balance is everything when it comes to the acquisition digital experience. It's still more heavily weighted toward shopping vs. purchasing and budgeting needs to follow the market, not get ahead of it.

Supply Chain
Covid is disrupting and reshaping supply chains across industries, and Medicare Advantage marketing is no exception. From paper inventory and staffing shortages to print production capacity to delays of USPS first- class mail, even private freight, MA plans struggled with logistics throughout AEP. Timely in-home mail was probably most affected, and it affected everyone. It’s beyond Murphy’s Law! Supply chain issues will continue to create a volatile, unpredictable environment so plan for it and set realistic expectations to minimize late-stage anxiety and panic when the unforeseeable happens.

Plans must build supply chain unknowns into their go-to-market schedules going forward: start earlier than ever and give longer lead times for internal processes and budget approvals. Put another way: expect the unexpected!

Product Differentiators
What topped the list this past year: Part B premium givebacks and OTC allowances. And $0 premium or low dollar PPOs have emerged as the new normal, making these products a must have, since they’re available in every market. For consumers, MOOP “maximum out- of-pocket” is more important than ever, along with the overall monthly spending (which makes Part B givebacks a disruptor). But beware, one plan’s giveback was so popular they had to discontinue the offering given customer service challenges and low profitability. Benefits such as meals, transportation, dental, vision, and in- home support can also be found everywhere, creating a plan benefit ‘sea of sameness’. Figuring out how to turn these supplemental add-ons into effective marketing tools is tricky, but they can work to a Medicare plan’s advantage (no pun intended).

Not having a competitive MA product offering is a market killer – wasted lead generation dollars. Use in-depth market insights to understand how your products stand up in the competitive landscape; look back, look forward, and make informed product decisions.

Coming in the next post: Part II - Next Up: Time To Get Real
We depend on it. Indeed, our daily lives are unimaginable without it. The trouble is, it’s become unreliable. Lives have been lost because it wasn’t performing when it needed to be. It’s built around large facilities that are often decades old. Parts of it don’t communicate/coordinate well with others. Its workforce is aging and burnt out. There is no person or agency charged with ensuring its resiliency. It badly needs to be rethought for the 21st century.

Oh, you thought I was talking about our nation’s power grid? I was talking about our healthcare system.

The parallels are striking, and concerning. The power outages in Texas last year caught everyone’s attention. People went for days or even weeks without power. Oh, that’s Texas, people elsewhere might say, so the failures were not really surprising. Maybe, but it’s not just Texas.

Large, sustained outages have occurred with increasing frequency in the U.S. over the past two decades, according to a Wall Street Journal review of federal data. In 2000, there were fewer than two dozen major disruptions, the data shows. In 2020, the number surpassed 180.

That’s where microgrids come in.

According to Microgrid Knowledge, a microgrid is a self-sufficient energy system that serves a discrete geographic footprint, such as a college campus, factory, hospital complex, business center, military installation or neighborhood. Microgrids can operate independently from the grid using power generated on-site; they can also be used for backup power. Microgrids are designed to operate consistently in both “blue sky” and emergency situations supported by a range of energy resources, such as renewable energy, energy storage, combined heat and power or generators.

Healthcare needs to literally join in. If there’s a hospital, nursing home, pharmacy, dialysis center, or other health care facility that hasn’t already become part of a microgrid, it’s time. Those 1960’s-era backup generators are not going to cut it.

Healthcare needs to figuratively join the microgrid movement. Think of hospitals as the traditional power plants, the loci of the healthcare system. Everything revolves around them, especially as they’ve bought physician practices, developed more outpatient facilities, and consolidated. They control how healthcare is practiced and at what cost in their community/region. They power the system.

That’s worked for us, in our dysfunctional U.S. healthcare way, but the cracks are showing. We’re effectively seeing healthcare’s versions of brownouts, or even blackouts. If there is one thing our healthcare system is not, it is resilient.

A healthcare microgrid would more effectively keep people out of hospitals. It would rely less on physicians, especially specialists. It would be community-based. It would be available 24/7, and be able to flex capacity as needed. It would be “smart,” and incorporate as many 21st century technologies as possible, such as home monitoring. Unlike actual microgrids (but more like most power grids) and unlike current medical practice, it would freely cross city/state/region lines.

Telemedicine is an example of what should be included in microgrids. Some hospitals are bold enough to impose facility fees for telehealth visits. Those are all signs that telehealth is not part of a microgrid; it’s being coopted by the power plants – er, hospitals.

Similarly, are we really taking advantage of nurse practitioners or physician assistants can do? Why do we even think of nurse practitioners as “nurses” or PAs just as assisting physicians? Do we give pharmacists as much authority as their training would allow for?

And, of course, when are we going to get AI that can be our first line of medical advice, and perhaps more?

These are microgrid questions. They’re not questions we should only be considering during times of extreme crisis, like the current pandemic; they are questions we should be answering for the next crisis.

The analogy is not perfect. I don’t know exactly what a healthcare microgrid would look like. But, just as I know traditional power grids are not going to be enough for our energy needs, our traditional healthcare system is not going to be enough for our healthcare needs. We need something more resilient and more localized. We need healthcare microgrids.

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According to a recent CDC study. Among 422,966 reported SARS-CoV-2 infections in LAC residents aged ≥18 years during November 7, 2021–January 8, 2022:

- 33.6% were in unvaccinated persons
- 13.3% were in fully vaccinated persons with a booster
- 53.2% were in fully vaccinated persons without a booster
- Unvaccinated persons were most likely to be hospitalized, representing 2.8% of COVID infections
- Unvaccinated persons were most likely to be admitted to an ICU, representing 0.5% of COVID infections
- Unvaccinated persons were most likely to require intubation for mechanical ventilation, representing 0.2% of COVID infections

Source: CDC, Morbidity and Mortality Weekly Report, February 1, 2022
Selected healthsprocket lists from the healthsprocket.com

Fact Based List:

**Sprocket: Consumer Level of Concern About Access to Medical Care for Non-COVID Emergencies**

1. Consumer Level of Concern About Access to Medical Care for Non-COVID Emergencies
2. Somewhat concerned: 43%
3. Somewhat unconcerned: 15%
4. Very unconcerned: 6%
5. 49% of care givers of an adult are "very concerned"
6. 32% of those who care for children are "very concerned"

Notes: From a report entitled, "Two Years In: Consumer Sentiment on COVID Care, Policy & More," based on 1,077 responses to a general population survey conducted in January of 2022.  
Source: eHealth, January 2022

**Snapshot: Per Capita Rx Spending in U.S. Compared to 9 Peer Countries**

According to an analysis by the Peterson-KFF Health System Tracker, a comparison of per capita spending on prescription drugs between the U.S. and nine comparable countries shows that the U.S. has higher out-of-pocket costs and higher insurer payments than any peer country, despite the proportion of prescription costs covered by public and private insurance in the U.S. (85%) being nearly equal to that of peer nations (84%). Per capita insurance spending was $963 in the U.S., but $466 on average for the nine peer countries. Per capita out-of-pocket prescription drugs cost $164 in the U.S., compared to an average of $88 for the nine peer countries. The analysis used 2019 data, except for 2018 data used for Australia and Japan.

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Featured Video
Future Care Web Summit 2022

What are the key healthcare business issues and trends for 2022, and how can you best position for them? View the Twentieth Annual Future Care Web Summit webinar, which addresses these topics and more. Noted national healthcare expert speaker Mark Lutes, the Chair of Epstein Becker Green, will address these three pivotal regulatory and policy questions: Where are primary care incentivization and delivery models going? Will digital health innovations find payment success? What will CMS and payor response be to genetic and other breakthrough therapies?

National thought leader Paul Keckley takes us on a journey through key selected trends impacting such topics as healthcare private equity, inflation and pricing, the value-based agenda and more Paul Keckley is an intense observer of that change, diving deep into the trends, tipping points, intended and unintended consequences to bring clients and opinion leaders the unvarnished truth. Chris Sukenik, Principal, BDC Advisors will highlight key market dynamics that will reshape the healthcare landscape in 2022 and beyond for payers and providers. Chris is a proven consulting leader and trusted advisor to senior healthcare executives with a focus on provider and payer healthcare markets.

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"While costs, consumerism, and accessibility remain at the top [of priorities], it’s clear that addressing social determinants on a personalized, holistic and population-wide basis using value-creating, digital technologies are key focus areas. The leadership, talent, and working environment needed to address healthcare’s priorities have become a priority in and of itself."

Ferris W. Taylor, Executive Director, HCEG

"Approximately 1 in 3 physicians, APPs, and nurses surveyed intend to reduce work hours. One in 5 physicians and 2 in 5 nurses intend to leave their practice altogether. Reducing burnout and improving a sense of feeling valued may allow health care organizations to better maintain their workforces postpandemic."

Christine A. Sinsky, MD, VP, Professional Satisfaction, American Medical Association

"One of the noteworthy positive takeaways for older Americans was their increased adoption and use of technology. Forced into isolation by lockdowns and quarantines, smartphones and laptops became seniors’ point of access to friends and family. The healthcare sector saw this in the remarkable surge in the adoption of telehealth and virtual care."

Lindsay R. Resnick, MHA, Executive Vice President, Wunderman Thompson Health

"Roughly 45% of Americans reported having a chronic health problem, which costs the United States over $3.7 trillion in direct and indirect healthcare spending each year...[There is] the potential to lower healthcare costs through early detection and treatment of depression—especially among people with comorbid chronic illnesses."

Murray Zucker, M.D., Chief Medical Officer, Happify Health