



Media Release

Gain Miles and PolyU CPCE Jointly Release

the First Group Medical Insurance Indices of Hong Kong at 2017 Health Forum

[Hong Kong – 11 Jul 2017] – Gain Miles Assurance Consultants Limited (Gain Miles) in collaboration with the College of Professional and Continuing Education (CPCE) of The Hong Kong Polytechnic University (PolyU) today releases the first Group Medical Insurance Indices of Hong Kong (Gain Miles - CPCE Group Medical Insurance Indices) at 2017 Health Forum, together with the release of the results of the 2017 Employee Insurance Benefits (EIB) Research.

2017 Employee Insurance Benefits (EIB) Research

The 8th edition of the bi-annual Employee Insurance Benefits (EIB) Research is released today. The data is collected from a total of 609 participating companies involving 49,680 employees. The results show that total benefit costs per employee has gone up further by 17.1% from \$28,290 in 2015 to \$33,118 in 2017, equivalent to 10.9% of employee's relevant income, out of which Pension, Group Medical and Check-up have the highest rate of increase.

Launch of Group Medical Insurance Indices

The indices released today are compiled from the data collected from the Employee Insurance Benefits (EIB) Research, with the 1st study dated back to 2005. The indices, therefore, only reflect the changes in premium, medical expenses and utilization within the group medical insurance context in Hong Kong.

This first-of-its kind Group Medical Insurance Indices for Hong Kong, comprise of three sets of indices, namely the Group Medical Insurance Premium Index (GMIPI), Group Medical Expenses Index (GMEI) and Group Medical Utilization Index (GMUI). These indices provide useful reference to various stakeholders including employers, health care providers and insurers on the medical cost and service utilization trends. 2007 is chosen as the base year.

Group Medical Insurance Premium Index Set (GMIPI) measures the changes over time in the premium paid by employers for medical insurance. It consists of three indices - Group Hospital Insurance Premium Index, Group Out-Patient Insurance Premium Index, and the Overall Group

Medical Insurance Premium Index.

Group Medical Expenses Index Set (GMEI) measures the changes over time in terms of expenses incurred per claim. It consists of three indices - Group Hospital Expense Index, Group Out-Patient Expense Index, and the Overall Group Medical Expense Index. The Overall Group Medical Expense Index is a weighted composite index reflecting the changes in both Hospital and Out-Patient expenses. This Index adopts the Laspeyres Method, in which the frequency of claim for the base year (2007) is chosen as the weight for each element in the composite.

Group Medical Utilization Index Set (GMUI) measures the changes over time in terms of medical service utilization based on the claim frequency. It consists of two indices – Hospital Utilization Index and the Out-Patient Utilization Index.

The various indices from 2007 to 2017 are presented in the table below.

		2007	2009	2011	2013	2015	2017
GMIPI	Hospitalization	100	148	217	231	232	258
	Out-Patient	100	110	140	149	156	184
	Overall	100	125	172	182	187	214
GMEI	Hospitalization	100	129	105	173	150	164
	Out-Patient	100	147	146	202	177	171
	Overall	100	139	129	190	165	168
GMUI	Hospitalization	100	113	200	200	200	213
	Out-Patient	100	108	118	114	112	129

Observations

Overall Group Medical Insurance Premium has been increasing at a rather high rate. It has increased 2.14 times over a ten-year period. The increase for hospital premium is even higher – 2.58 times. The increase in medical fees and charges, as reflected by the Group Medical Expenses Indices, has also been high. Overall, it has increased by 1.68 times. The increase for Out-Patient expenses is higher – 1.71 times. The increase in utilization, a rough proxy for health status, has also been high. The rate for hospital utilization increased by 2.13 times over the ten-year period, and the increase for Out-Patient utilization is 1.29 times. This rather high rate of increase in utilization sheds light on the reasons behind the high rate of premium increase, especially for hospitalization, even though the rate of increase for medical expenses is relatively lower.

Implications

The proliferation of expensive medical technology and population aging are likely to continue to drive medical spending and medical insurance premium upward. “We have observed a rate of change of GMIPI of 15% from 187 in 2015 to 214 this year which is a big challenge for employers. Cost containment measures, such as the greater use of prevention and early detection services, should be considered seriously. We hope with the launch of the Group Medical Insurance Indices, we could

provide more information to employers and insurance companies in making relevant decisions” said Gloria Siu, Chief Executive, Gain Miles Group.

Peter Yuen, Professor and Dean of the College of Professional & Continuing Education of The Hong Kong Polytechnic University, supplemented “We are delighted to work with Gain Miles on the EIB Research over the past 12 years and to develop the indices from the data sets. It’s quite alarming to observe the rate of increase in insurance premium, fees and charges and utilization. All stakeholders needs to take a close look at their current arrangement with the view to find ways to provide finance care in a more cost-effective manner.”

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About CPCE

The College of Professional and Continuing Education (CPCE) was founded in 2002 by The Hong Kong Polytechnic University (PolyU). CPCE oversees the operations of self-financed education units including Hong Kong Community College (HKCC) and School of Professional Education and Executive Development (SPEED).

About Gain Miles

Gain Miles is a leader in the Health and Wealth industry, providing comprehensive range of consultancy services including Pension, Employee Benefits, Corporate Risk Management and Individual Financial Planning.

Gain Miles believes that people is always the most valuable asset and the key for every business to progress and sustain. With our in-depth knowledge of the industry, strong teams of consultants and over 36 years of experience, we are set to tailor make the best solutions for clients that balance their considerations and needs of their employees.



(From left) Prof. Peter Yuen, Dean of CPCE, Dr Gloria Siu, Chief Executive of Gain Miles Group, and Dr Ben Fong, Senior Lecturer of SPEED, at 2017 Health Forum.