

India's new HIV/AIDS coverage paradigm

India's IRDA has recommended draft guidelines to provide health insurance coverage for individuals infected with HIV/AIDS. **Dr Dhiraj Goud** from **RGA Services India Pte Ltd** describes how these guidelines are likely to affect the Indian market.



In September 2012, India's Health Ministry established a 15-member working group to give technical support and draft guidelines to provide health insurance coverage to those afflicted with Human Immunodeficiency Virus (HIV) or who have Acquired Immune Deficiency Syndrome (AIDS).

Earlier in the year, the Insurance Regulatory and Development Authority (IRDA) had issued exposure draft guidelines to develop eligibility criteria and underwriting guidelines for this group, which until now were rarely covered by Indian life and non-life companies (both of which provide health insurance).

Cover HIV/AIDS in critical illness policies

The exposure draft has suggested that HIV/AIDS could be included as a covered impairment in critical illness policies for individuals and for group schemes. The companies have to put in place underwriting guidelines for Persons Living with HIV/AIDS (PLHAs) and the PLHAs would have to be underwritten in accordance with the guidelines.

In addition, HIV-negative applicants who become HIV-positive after a policy's inception cannot be denied any health-related claim due to new HIV/AIDS status nor can their coverage be dropped. However, insurers can determine and charge suitable additional loadings upon policy renewal.

Insurance companies' considerations

For insurance companies in India, implementing these guidelines will require them to strike the right balance in terms of types of covers to offer to this group and how to offer them.

Many coverage aspects, such as the initial diagnosis, the stage of HIV, whether the CD4 cell count indicates AIDS has emerged, types and severity of AIDS-specific opportunistic infections and adherence to treatment plans, all need to be taken into account. Preserving the privacy of those diagnosed is also a concern as a positive HIV/AIDS diagnosis continues to carry a stigma in India.

Insurance companies must also determine if HIV/AIDS should be a covered condition in general health schemes or if it would be more cost-effective to create and offer standalone products of the type that exist in South Africa, which has the highest HIV/AIDS prevalence in the world.

More general scheme designs would cater to larger segments of the infected population but schemes that are too broad could be both operationally difficult for insurers to manage and insufficient to meet this population's real needs.



PLHA population issues

Over the past decade, HIV/AIDS prevalence in India has improved greatly and medical advances have shifted the disease's profile from a deadly scourge to a chronic but treatable condition. Average life expectancies today, for HIV-infected individuals as well as for many who live with AIDS, have lengthened from weeks or months to years or even decades, making them much stronger candidates for insurance coverage than they might have been in the disease's earliest days.

At this point, less than one-third of 1% of India's approximately 1.25 billion individuals are PLHA. In addition, over the past decade, according to the 2008-2009 Annual Sentinel Surveillance for HIV Infection, reported HIV/AIDS mortalities and the annual new HIV infection rate have both dropped by more than 50%.

However it is also believed that the current prevalence rate might be higher than reported. The stigma HIV still bears in India means many infected individuals may be undiagnosed and many die without the cause of death being officially ascribed to HIV/AIDS.

At present, India is home to an estimated PLHA population of 2.39 million – the third largest number in the world. Most are concentrated in the northeastern and southern states, and among high-risk groups such as female sex workers, transgender persons, men who have sex with men, and injecting drug users, all of whom experience a rate of infection about 20 times higher than that of the general population.

Health care workers who serve these populations are another high-risk group for HIV/AIDS and are another group whose healthcare needs insurers must be able to cover properly.

Coverage: A look

Throughout the more than 25 years since HIV and AIDS first appeared in India, the infected population's health and medical needs have primarily been served by the government and by non-governmental organisations focused on AIDS healthcare.

Currently, only one health insurance coverage – specialty pre- and post-hospitalisation outpatient coverage for HIV-infected individuals (but not those considered to have AIDS) – is available in India. As standard health insurance products in India exclude coverage for all hospitalisations in the presence of HIV or AIDS, this coverage has been essential for those who qualify.

Implementing the IRDA draft guidelines will require India's standard health insurance structures to accommodate HIV/AIDS risk. Exclusions for HIV/AIDS will have to be removed or severely modified and insurers will need to understand the disease's diagnostic sign points and treatment modalities as well as the very prominent role of treatment compliance and need for patient privacy.

Insurers will need to rethink policy design, pricing and underwriting to determine how coverage can be pro-

vided so that it is both affordable and profitable. Determinations will have to be made if existing structures can incorporate the additional critical risk of covering the PLHA population as well as those vulnerable to the virus (such as health care workers) or if entirely new products and product structures for both standalone policies and riders will need to be created.

Determining what is to be covered

Other issues include whether all primary health care services should be covered, including expenses for opportunistic infections or only expenses for anti-retroviral treatment (ART) and diagnostic tests and whether enough individuals will qualify to make the products viable.

Right now, and for the past decade, ART is available free of charge at several hospital through India's National AIDS Control Programme (NACP) to HIV-infected individuals who do not yet have AIDS.

ART must currently continue through an infected individual's lifetime and insurers must factor in its cost.

Although prices for ART have dropped significantly since the therapy's introduction, lifetime cost will still be a factor, as it

is still expensive and given longer PLHA life spans and the risk that HIV could become resistant to the current ART cocktail – the risk of high claims experience and insurer costs is real.

Finally, issues related to privacy and confidentiality will continue to be important, given the stigma still associated with HIV/AIDS in India. Indeed, despite the government's free-of-charge treatment, some infected individuals still prefer to access treatment through non-governmental organisations (NGOs) or through other institutional or workplace health care facilities.

Challenge for insurers but reinsurers can offer expertise

The main challenge for India's insurers will be determining how to offer coverage to the PLHA population that both meets its needs and is cost-effective for providers.

Although the South African model – covering PLHAs by screening all insurance applicants and then providing a separate class of policy for those who test positive for HIV/AIDS – already exists for HIV-positive individuals in India, given the government's requirement to provide stigma-free healthcare and support services, insurance companies might not find this a viable across-the-board strategy.

Product development efforts for HIV/AIDS coverage can benefit by bringing in a partner, such as a global reinsurer experienced with this disease in markets around the world that can provide knowledgeable input to the structure, pricing and underwriting of effective insurance coverage for India's PLHA cohort. ■

Dr Dhiraj Goud is Associate Director, Underwriting at RGA Services India Pte Ltd.

RGA is the 2012 winner for Life Reinsurer of the Year at the 16th Asia Insurance Industry Awards.