



# Wellness-based managed healthcare

For effective and affordable health insurance

**November 2024**





# Foreword



**Joydeep Roy**  
Partner and Global  
Health Insurance Leader

Our understanding of healthcare is fundamentally shifting. From a focus on treating illnesses, we are moving to a holistic view that encompasses overall health, including prevention, lifestyle, treatment as well as emotional and mental health. More importance is being given to a healthy lifestyle, including a healthy diet, sleep, physical activity and avoiding prolonged high levels of stress. Wellness-based managed care is a model of healthcare which aims to maintain the wellbeing of individuals as opposed to treating illnesses when they arise. Also, health insurers play an important role by ensuring that wellness-focused initiatives are both effective and affordable, making it easier for individuals to adopt and maintain healthy lifestyles.

Important aspects of wellness-based managed healthcare include check-ups with your (digital) general practitioner, vaccinations and lifestyle changes. By emphasising prevention, the burden of diseases can be mitigated and overall wellbeing increases. Health insurers can enhance the effectiveness and affordability of these preventive measures by covering regular check-ups, vaccinations and lifestyle programmes, thereby reducing long-term healthcare costs and improving health outcomes for their members.

Health insurers ensure that innovative technologies are integrated into the healthcare system, making high-quality care accessible to a broader population and enhancing both health outcomes and financial well-being for their members. Technological developments are helping facilitate the transition to wellness-based managed healthcare by allowing individuals to take charge of their healthcare and healthcare providers to deliver more efficient and effective care. Through trust and alignment, health insurers and healthcare providers can create a patient-first experience aimed at improving overall health and accessibility of care while containing costs.



# Trends in healthcare

## New model of health

While in the past health was often defined as the absence of disease, it now includes factors besides physical wellbeing. Health is becoming a multifaceted concept including mental, emotional, social and spiritual factors. This shift has come as our understanding of human wellbeing expands.

The shift to a focus on holistic wellbeing has implications for healthcare providers, policymakers and health insurers. There is a need to reevaluate health insurance business models to align with this broader perspective. The concept of wellness-based managed healthcare meets this need. It recognises that preventing illness is as important as – if not more important than – treating it. It opens the door for a balance of mental, social and physical wellbeing. Finally, it understands that the health of an individual is linked to the health of a community and the environment. Health insurers can play a pivotal role in this shift by offering coverage for a wide range of wellness services and promoting community health initiatives.

Medical interventions remain crucial; however, a growing body of evidence indicates that many determinants of wellbeing originate outside clinical settings. These societal issues are invaluable for reshaping the health outcomes of individuals and our communities. Health insurers can support this by investing in social determinants of health initiatives, such as community health programmes and partnerships with local organisations. This paper explores the evolving concept of health and the opportunities a wellness-based approach provides for health insurers. It is crucial for stakeholders to lead this change, raising awareness about holistic wellbeing and making our societies healthier.

Implementing wellness-based managed healthcare will help reduce healthcare costs and lead to healthier individuals. With ageing populations and, as a result, more individuals with multimorbidity health conditions, it will be critical to address the growing demand for healthcare and rising healthcare costs. A focus on wellness-based care allows health insurers to differentiate themselves from the competition and gain market share. Furthermore, health insurers with a wellness-based approach can expect higher client satisfaction and loyalty due to their commitment to improving overall health outcomes and providing comprehensive, accessible care.

In this paper, we present four models of wellness-based managed healthcare:



**The engagement model** focuses on proactively engaging patients in their healthcare decisions and treatment plans.



**The clinical layer model** emphasises integrating clinical care with value-based healthcare.



**The disease management and reversal model** focuses on addressing chronic conditions and improving the overall health outcomes of patients with long-term health issues.



**The cure and care integration model** aims to bridge the gap between curative and preventive care in its holistic approach to healthcare delivery.

Before introducing these four models, we describe six crucial themes in healthcare today: **(1)** prevention; **(2)** genomics; **(3)** precision medicine; **(4)** technology; **(5)** trust, alignment and collaboration; and finally, **(6)** data governance, risk and regulation.

## Prevention

The anthropologist Margaret Mead<sup>1</sup> is believed to have said that a healed femur fracture was one of the earliest signs of civilisation. Her statement highlights the historic significance of treating physical ailments. In early civilisations these injuries were life-altering, if not deadly. Today, new challenges have emerged as people's lifespans have increased.

Longevity is putting an incredible strain on the sustainability of our systems and resources. If not managed appropriately, it could turn into a major challenge for future generations. We must innovate and disrupt in order to empower patients to access the knowledge and tools needed to stay healthy. This will allow for the limited human resources in the healthcare ecosystem to be optimally used. We need to apply multidisciplinary solutions that go beyond the regulatory, societal and organisational frameworks of today.



1. <https://reputationtoday.in/helping-someone-else-through-difficulty-is-where-civilisation-starts/#:~:text=Mead%20said%20that%20the%20first,are%20meat%20for%20prowling%20beasts>.

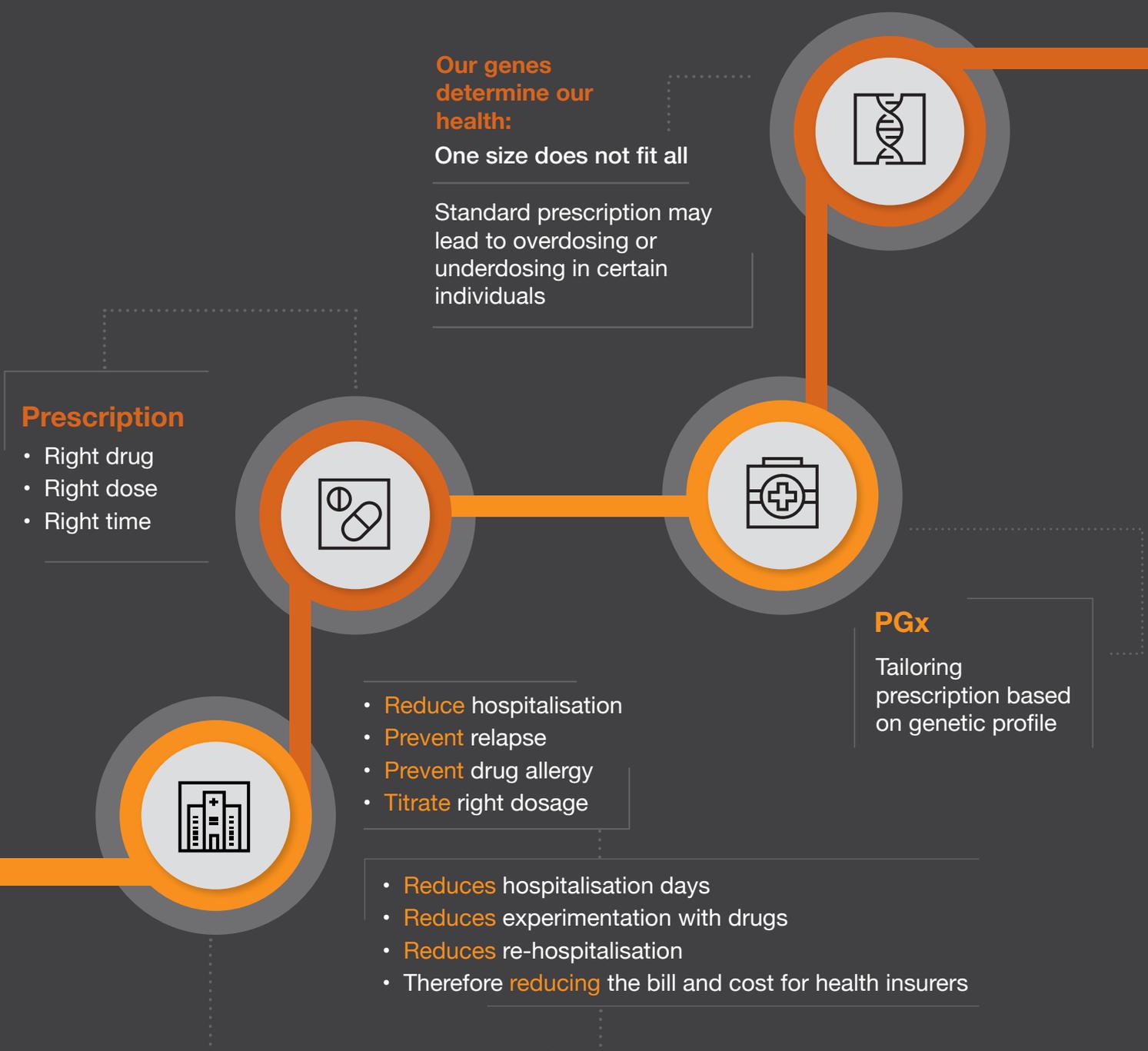
## Genomics

Genomics can play a role in the evolution of prevention-focused healthcare. With genomics, certain genetic markers are identified which signal heightened risk for certain diseases, allowing for earlier and more targeted prevention interventions. Incorporating genomics in

health insurance models may reduce long-term costs for expensive treatments. For insurers, this means developing policies which cover genomic testing and subsequent preventive care. This is a fundamental shift from disease treatment to disease prevention.

**How we envisage the transformative health insurance and claims value chain utilising pharmacogenomics analysis to reduce hospitalisation days and medication experimentation, thereby lowering costs for health insurers**

## Real-time pharmacogenomics (PGx)



Source: PwC analysis

## Precision medicine

With precision medicine, healthcare is tailored to the individual patient based on their genetic makeup. This transformative approach improves patient outcomes by ensuring the treatments are suited to the unique genetic profile of the individual. In doing so, it also reduces the risks of side effects associated with one-size-fits-all therapy.

The image below shows an example of a study of certain drugs through chemosensitivity analysis of genetic samples. Based on the analysis, effectiveness of the drugs is determined for a particular patient.

### Chemosensitivity analysis

#### USFDA approved

	Drugs	Result
✓	Drug A	70% CD
✓	Drug B	60% CD
✓	Drug C	43% CD; TOP2A (+8.20 FC)
X	Drug D	38% CD
X	Drug E	<25% CD
X	Drug F	<25% CD

	Drugs	Result
✓	Drug G	59% CD; TOP2A (+8.20 FC)
✓	Drug H	49% CD
✓	Drug I	49% CD
✓	Drug J	48% CD
✓	Drug K	47% CD
✓	Drug L	47% CD
✓	Drug M	44% CD
✓	Drug N	43% CD
✓	Drug O	42% CD
✓	Drug P	41% CD
✓	Drug Q	40% CD
✓	Drug R	38% CD; TOP2A (+8.20 FC)
✓	Drug S	36% CD
✓	Drug T	35% CD
✓	Drug U	32% CD
✓	Drug V	31% CD
✓	Drug W	31% CD
✓	Drug X	30% CD
✓	Drug Y	28% CD
✓	Drug Z	27% CD

	Drugs	Result
X	Drug AA	<25% CD
X	Drug BB	<25% CD
X	Drug CC	<25% CD
X	Drug DD	<25% CD
X	Drug EE	<25% CD
X	Drug FF	<25% CD

- Drugs with benefits
- Off-label drugs with benefits
- X Drugs without clinical benefits/with potential resistance

Source: PwC analysis





## Technology

The use of technology in healthcare is similarly shifting from treating medical ailments to providing a platform for enhancing one's overall wellbeing, including physical, mental and societal factors. This transformation applies to all stakeholders in the ecosystem – from patients, care providers and policymakers to even insurers. Although healthcare facilities are essential for specialised care, wearables, telemedicine and online platforms enable many aspects of healthcare to be addressed outside traditional settings. To make our healthcare sector more robust, it is important to harness the power of technology to empower patients.



The application of technology is crystallising around a few core principles:



**Empowering the patient:** Equipped with the right digital tools, patients are more in charge of their own health. The technology-driven democratisation of information allows patients to make more informed decisions.



**Virtual capacity:** Virtual tools in the form of tele-consults, digital health records and AI-driven diagnostics expand the reach of healthcare and simultaneously help reduce costs. Tele-consults and telemonitoring can also enhance the patient's experience by allowing chronic patients to undergo routine checks from the comfort of their home.



**Driving behavioural changes:** Wearables and digital health platforms have evolved into essential tools for behavioural change. By continuously monitoring and providing real-time feedback, these devices enhance adherence to health regimes and promote positive health behaviours. Their influence stretches beyond just the individual, often fostering community-wide health movements.



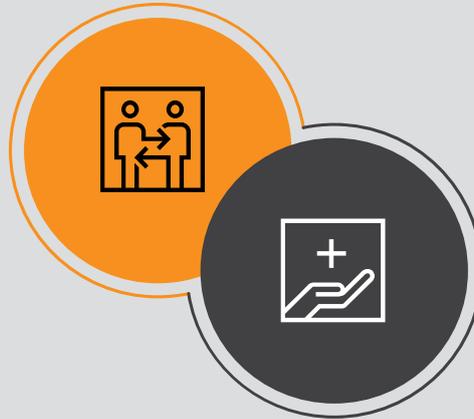
**Balancing tech with a human touch:** In this digital age, the need for human connection remains unaltered. When making pivotal health decisions, many patients still prefer the assurance of a human voice. This balancing of technology with the human element, of enhancing capabilities with cost containment and, above all, placing the patient at the centre are the key challenges for the future of healthcare. Another important aspect is reaching those who do not use the most recent technologies – for example, the elderly.

## Trust, alignment and collaboration

As healthcare transforms, trust, alignment and collaboration between health insurers, healthcare providers and patients is crucial for an efficient healthcare system.

### Redefining consumer interactions

Client interactions with health insurers are changing. Where in the past communication was limited to claims issues, today, health insurers proactively engage clients and encourage healthy behaviour through apps targeting wellbeing and prevention.



### Alignment

Alignment between insurers and providers over the shared goal of delivering high-quality patient care is critical. Besides delivering high-quality care, improving accessibility and containing costs are also important areas that both parties should prioritise.

The relationship between health insurers and healthcare providers should be built on trust. Health insurers are more than just gatekeepers linking healthcare providers and patients. With collaborative efforts, insurers and healthcare providers are able to drive innovation, reduce administrative costs, and improve efficient contracting – for example, through value-based healthcare contracts.

## Data governance, risk and regulation

Data governance in healthcare is vital to ensure patient data is handled responsibly and securely, in compliance with regulations. To manage data risks, health insurers and healthcare providers must have policies and procedures in place ensure the security, accuracy and accessibility of patient data. A secure working environment, data encryption, data protection agreements, and audits are examples of measures which protect the security and accessibility of the data. Data validation and verification are to be used to ensure the accuracy of the data.

Health insurers and healthcare providers are subject to regulations governing the handling of patient data. An example of such regulations is the General Data Protection Regulation (GDPR) in the European Union.



# Four models of wellness-based managed healthcare

## 1. Engagement model

In wellness-based managed healthcare, the engagement model encourages a proactive approach to promote overall health and wellbeing. Shared decision making is a key component of the engagement model; healthcare providers, insurers and individuals work together to make decisions which promote wellbeing. There should be alignment between the individual's preferences, values and insurance coverage. Health insurers play an active role by offering evidence-based wellness programmes, transparent incentives, and accessible resources which encourage individuals to engage in prevention, health screenings, and healthy behaviours. Trust is vital for the client to buy into the plan and be proactive in participating in their own healthcare journey.

An example of an engagement model is Canada's Patient-Centered Medical Home (PCMH)<sup>2</sup>. While originating in the United States, PCMHs have been adapted in various forms across Canadian provinces under different names, such as Family Health Teams in Ontario or Primary Care Networks in Alberta.

In the PCMH model, primary care is the foundation of the healthcare system. Patients have a continuous relationship with a personal physician who leads a team that collectively takes responsibility for ongoing patient care. In certain PCMHs, a team-based approach is taken where doctors, nurses and other healthcare professionals work together to provide care. The different care providers engage patients in their own care plans and provide services such as chronic disease management, mental health support and healthy lifestyle activities.

The PCMH model in Canada reflects a broader shift towards patient engagement and integrated care, which is seen as essential for improving holistic health outcomes and patient satisfaction, as well as for reducing healthcare costs.

In India, new insurers are offering the engagement model via tie-ups with HealthTech companies. The main goal of these partnerships is to reduce the number of reimbursement claims and encourage clients to use healthcare providers within the insurance company's network. This benefits both the insurers and the clients. Clients are provided with discounts on medicines, free second opinions, telemedicine support and other benefits. This allows them to take control of their health while saving money on expenses not covered by insurance.



2. <https://patientsmedicalhome.ca/vision/>

## 2. Clinical layer model

The clinical layer model integrates clinical care with value-based healthcare. The model recognises that clinical care is essential for acute and chronic medical conditions. Insurers work closely with healthcare providers to offer comprehensive coverage, including access to a network of physicians, specialists and hospitals. Insurers collaborate with healthcare providers to identify individuals who may benefit from clinical interventions and preventive measures, such as preventive screenings.

Value-based healthcare is part of the clinical layer model. Through value-based healthcare, the insurer and provider share savings by meeting quality metrics and spending targets. For instance, a health insurer can pay a hospital one fee to deliver certain care for a year. In such an agreement, several key performance indicators (KPI's) are in place to ensure quality care, but the hospital is otherwise encouraged to reduce costs. This is a different approach than the typical price times quantity contract.

In the Netherlands, Maasstad Hospital<sup>3</sup> has value-based care contracts with a few of the health insurers it works with. The hospital receives a fixed compensation for certain care, irrespective of the number of treatments it provides. To make sure quality is upheld, the hospital has to meet certain KPIs. Additionally, performance-based bonuses have been agreed upon for meeting certain objectives, such as the usage of digital consultation.

In the United States, an example of the clinical layer model in practice is Accountable Care Organizations (ACOs)<sup>4</sup>. Publicly funded through Medicare, ACOs are groups of doctors, hospitals and other healthcare providers who come together to give coordinated care to their Medicare patients. Coordinated care ensures patients, including the chronically ill, get the right care at the right time.

KPIs are used to control for the quality of care provided by the ACOs. These KPIs measure various aspects of care, including patient outcomes, care coordination and patient satisfaction. Other factors such as sustainability and accessibility of care can also be included. If an ACO meets the quality standards and also spends wisely, it shares in the savings it achieves for the Medicare programme.

3. <https://www.maasstadziekenhuis.nl/nieuws/2023/maasstad-ziekenhuis-breidt-waardegevoelven-zorgcontract-uit/>

4. <https://www.cms.gov/priorities/innovation/innovation-models/aco>



### 3. Disease management and reversal model

The disease management and reversal model targets efficient treatment and prevention of chronic conditions. Specialised care networks deliver comprehensive and individual care using the latest cutting-edge technologies. Patients receive individual care plans, including lifestyle modifications. Additionally, disease-specific education, self-management tools and support networks empower patients to be more independent.

With an ageing population and the number of people with chronic diseases increasing globally, there is ample opportunity for the disease management model approach. Due to high level of coordination patient care involves, it is easier to collect data and share information and resources.

Health insurers offer their patients access to the specialised health networks by covering it in their insurance plans. Health insurers can further support innovation, improvement of care and value with a multiyear contract with disease management networks.

One example of a disease management initiative is the ‘Steno Diabetes Center’ model<sup>5</sup> in Denmark. These centres offer a multidisciplinary team approach that includes endocrinologists, diabetes nurses, dietitians, podiatrists and ophthalmologists – all working together to provide holistic care. Each patient receives a personalised treatment plan that addresses both medical and lifestyle factors, with a strong focus on patient education and self-management. The centres are also involved in research and development to improve diabetes care and treatment. Finally, prevention is a core component. These programmes are aimed at identifying at-risk individuals and providing early intervention to prevent the onset of diabetes

Overall, the disease management model aims to optimise patient care, improve health outcomes, and reduce healthcare costs by providing comprehensive and coordinated care for individuals with specific chronic diseases.



### 4. Cure and care integration model

The cure and care model describes a full wellness integrated care approach. Ideally, the care spans the lifespan of the clients to measure, maintain and improve the quality of life physically, financially and mentally. For the insurer, this is an all-encompassing engagement beyond the risk cover. The insurer encapsulates a full client mindset, earning loyalty and satisfaction from its clients.

In this model, a single healthcare provider group or a well-organised network of providers offering a wide range of care can take advantage of its scale by sharing information about its patient and resources.

Full wellness integrated care offered by insurers is the end goal. While this goal has yet to be realised, steps are being undertaken to broaden the scope of care beyond treating physical ailments. Mental healthcare has been covered in insurance programmes for some time, while prevention programmes and emotional and financial wellness are garnering more attention.

In the Netherlands, all mental healthcare costs are covered by the basic health insurance. Certain health insurers also offer apps which support prevention, such as an AI dermatologist or skin scanner. Supplementary health insurance packages offer holistic health care, such as mindfulness, alternative medicines and anti-conception medicines. Furthermore, research is being done on how to increase incentives for prevention and remove the negative incentives associated with pay-for-treatment in the competitively regulated Dutch health insurance market.

In India, some life insurers are developing health products which motivate and incentivise patients to improve health indicators via an active fitness journey and habit adoption. The cure and care model has also recently been introduced by certain health insurers.

5. <https://steno.dk/>

## Conclusion

This paper delves into the evolving concept of managed care, the imperatives for holistic care and the opportunities it presents for health insurers. It emphasises the opportunities a tech-centric approach provides for a more sustainable health (insurance) sector. Finally, the paper presents four models which represent different approaches health insurers can adopt to engage with patients and improve the quality and effectiveness of care provided. With an ageing population and stress on healthcare resources, it is crucial we innovate technologically as well as organisationally to maintain high-quality care and accessibility. In doing so, we should remember that the health of the individual is inextricably linked to the health of the community and society.

## Authors

### Joydeep Roy (IN)

Partner

Global Health Insurance Leader

joydeep.k.roy@pwc.com

### Gitika Karagwal (IN)

Senior Associate

gitika.karagwal@pwc.com

### Andre Kopperud Gill (NO)

Partner

andre.gill@pwc.com

### Peder Heggdal (NO)

Director

peder.heggdal@pwc.com

### Reyn Wagenaar (NL)

Senior Associate

reyn.wagenaar@pwc.com





# About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 151 countries with over 360,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

© 2024 PwC. All rights reserved.



## pwc.in

Data Classification: DCO (Public)

In this document, PwC refers to PricewaterhouseCoopers Private Limited (a limited liability company in India having Corporate Identity Number or CIN : U74140WB1983PTC036093), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.

This document does not constitute professional advice. The information in this document has been obtained or derived from sources believed by PricewaterhouseCoopers Private Limited (PwCPL) to be reliable but PwCPL does not represent that this information is accurate or complete. Any opinions or estimates contained in this document represent the judgment of PwCPL at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. PwCPL neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2024 PricewaterhouseCoopers Private Limited. All rights reserved.

PS November 2024 - M&C 41839