

BRIEFING NOTE

MR HEALTHTECH SOPHISTICATED MONITORING AND ANALYSIS OF RISK TOOL COMBINING THE STRENGTHS OF A HEALTH CORE SYSTEM VENDOR AND A LEADING REINSURER

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WHY IT MATTERS

Business Needs and Goals

Health insurance is a business with tight underwriting margins. Insurance executives need to have detailed and timely information about their business performance to make optimal decisions. Indeed, they need to be able to monitor key technical ratios to anticipate potential outcomes and perform corrective actions in time.

Their objective is to have visibility of the main performance indicators impacting their daily business including among others loss ratio, administration ratio, medical network performance and so on.

Celent has recently been briefed on a solution marketed by MR HealthTech that helps health insurers achieve these objectives. MR HealthTech is a technology vendor focusing on health insurance. The company is part of Munich Re and markets a health policy administration system called MedNeXt+. Generating positive margin in health insurance is a challenge. Therefore, constantly monitoring technical ratios and other metrics in this business is a “must” not only to identify rooms for improvements but also to anticipate negative outcomes.

- Health insurers need specific data and metrics to make optimal business decisions along their value chain.
- MR HealthTech combines a strong technical expertise in health acquired through the implementation of their policy administration system with the deep actuarial knowledge of Munich Re.
- The need for better understanding of relevant data and metrics is a key objective for health insurers as explained in our report titled *Technology Trends in Health Insurance: Imagining the Future of Health Ecosystems*, September 2019.

Context

On September 30, 2019 MR HealthTech briefed Celent on its data visualization tool called Sophisticated Monitoring and Analysis of Risk Tool (SMAART). Celent spoke to MR HealthTech' Gerry Raftopoulos – CEO, Vicky Velitsou - Director of Marketing & Communications, and Maria Parisi – Technical Architecture Manager.

Company and Solution Overview

According to the company profile on Celent's [VendorMatch](#), “MR HealthTech Ltd, a division of Munich Re, has been operating since 1995 and its solutions are currently supporting 26 organizations in 20 countries in Europe, the Middle East, Africa, Asia and Latin America. Its client base includes insurance companies, third-party administrators (TPAs) and reinsurance.

Through its innovative health insurance administration system, which supports and automates the health insurance business from end-to-end, MR HealthTech addresses the pain points of the insurance industry. Its software solutions decrease the complexity of creating and managing health insurance products, enhance the customer experience throughout the claims process and provide the tools for successful portfolio management.”

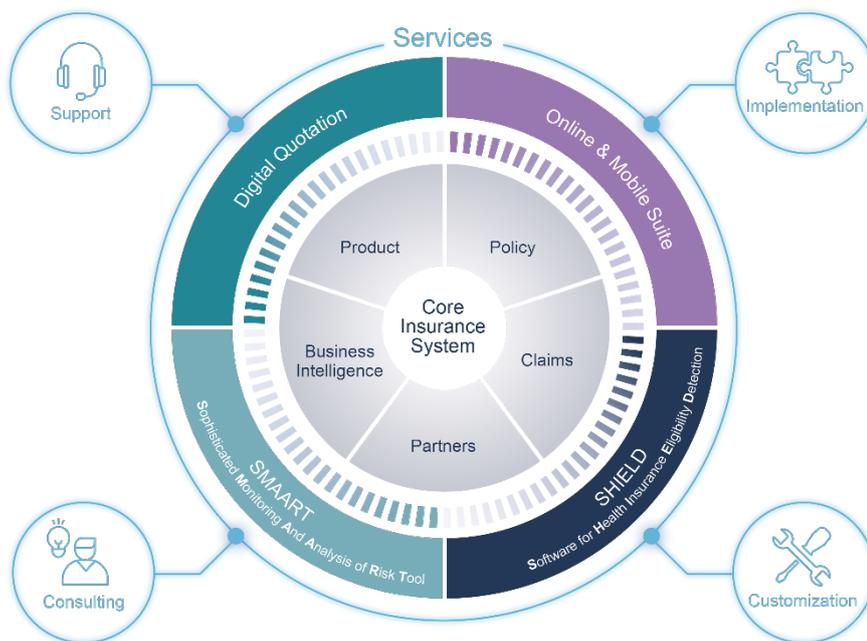
KEY BRIEFING TAKEAWAYS

MR HealthTech Health Insurance Products Portfolio

MR HealthTech product portfolio includes components to run proper front and back office processes in health insurance. The full end-to-end core insurance system is called MedNeXt+.

SMAART that stands for Sophisticated Monitoring And Analysis of Risk Tool sits on top of the data model and has been developed in collaboration with Munich Re mathematicians and actuarial experts.

Figure 1: MR HealthTech Product Portfolio

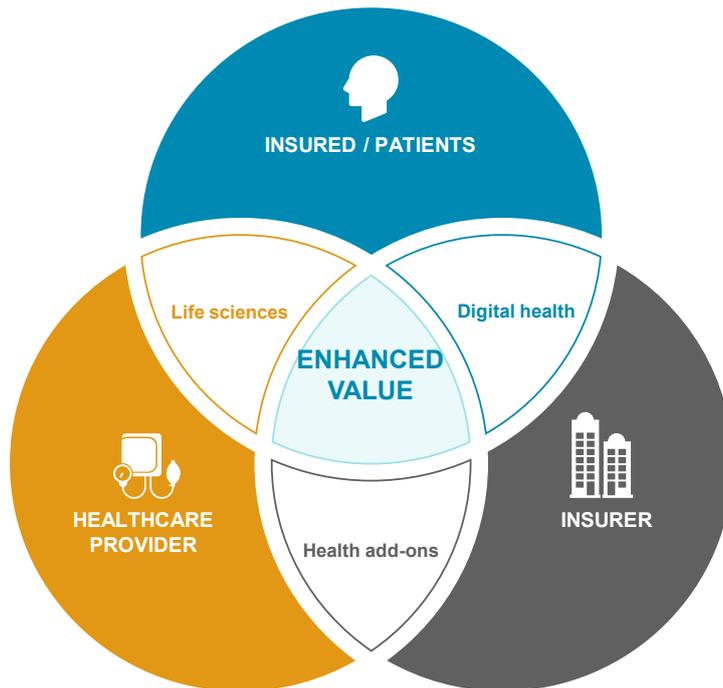


Source: MR HealthTech

Monitoring Key Technical Ratios with SMAART

Health insurers are increasingly building their own health ecosystem via integration with various partners including medical providers. The resulting value chain fragmentation of their traditional value chain force them to monitor the performance of their initiatives and business operations.

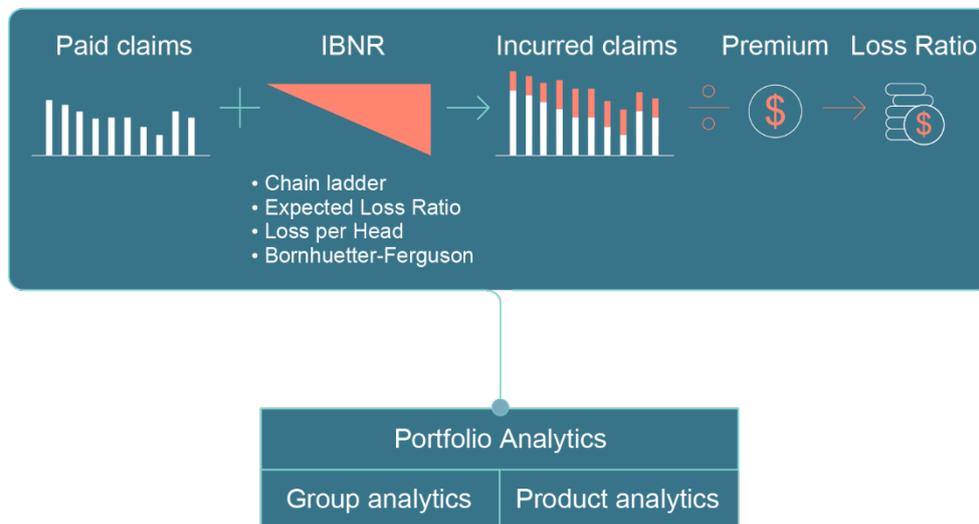
Figure 2: Health Ecosystem Participants



Source: Celent

SMAART helps health insurer track key performance indicators at various levels but more precisely it provides deep insights on the evolution of their technical ratios:

Figure 3: SMAART Technical Ratios Monitoring



Source: MR HealthTech

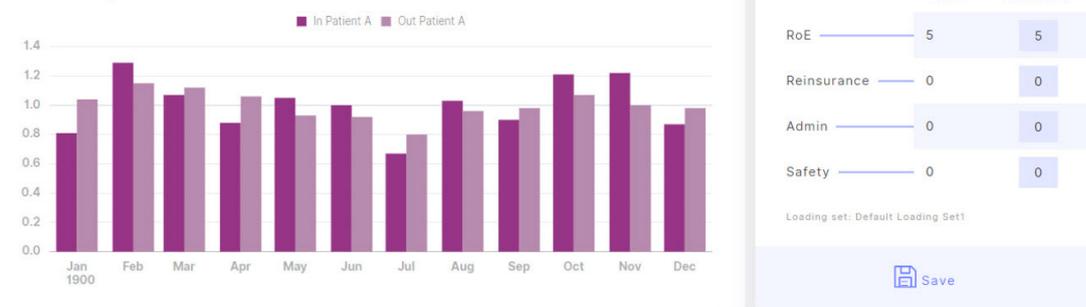
With today's data and technology, it is possible to obtain granular information on various dimensions and SMAART allows deep analysis of specific business operations including group policy renewals and network analysis for instance.

Figure 4: SMAART Network Statistics

Network Statistics

NETWORK	ERP	EARNED PREMIUM	PAID CLAIMS	INCURRED CLAIMS	BURNING COST	LOSS RATIO
NETWORK-107	103	12,132	3,356	16,848	163.3	138.9 %
NETWORK-108	40	4,926	115	4,326	109.1	87.8 %
NETWORK-110	429	22,257	1,583	17,049	39.7	76.6 %
NETWORK-111	25	2,511	283	1,852	74.9	73.8 %
NETWORK-113	30	1,715	115	1,081	36.5	63.0 %
NETWORK-25	1,102	248,712	53,657	223,347	202.7	89.8 %
NETWORK-26	979	152,269	39,003	153,283	156.6	100.7 %

Seasonality



Source: MR HealthTech

Opportunity and Focus Areas

- MR HealthTech SMAART is a standalone solution than can also be an important complementary solution to its policy administration system MedNeXt+ because it adds value to health insurers willing to better leverage relevant data.
- SMAART is a cloud system allowing for dynamic visualization of key actuarial factors in relation to reserving developed in collaboration with Munich Re insurance actuaries.
- With its simulation features it is well placed to help health insurance companies to anticipate outcomes and make the next best decision. Therefore, SMAART is a first step towards predictive decisioning.
- Having access to analysis that helps understand how each participants of the health ecosystem (medical providers and insured / patients) perform together allows insurers adjust their business decision in a timely manner.
- SMAART is still a young solution but with the combined efforts of both technology experts of MR HealthTech and health-focused actuaries and mathematicians of Munich Re, the product should be enriched with additional features and technologies including machine learning for instance.
- The challenge for MR HealthTech is now to position SMAART along its current core system product and diversify its offering through dedicated advisory services focusing on health insurance through the support of Munich Re actuarial experts.

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