

Inclusive, Sustainable, Prosperous and Resilient Health Systems in Asia and the Pacific INSPIRE Health Forum

7-11 July 2025 • A Hybrid Event



The Strategic Role of Private Health Insurance (PHI) for Health System Goals and to Advance Universal Health Coverage

9 AM -10:15 PM Manila time
Day 2, July 8, 2025
Auditorium D, ADB Headquarters

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

1ST INSPIRE
HEALTH FORUM

Country Experiences in the Development of PHI: Thailand

**Prof. Siripen SUPAKANKUNTI and
Assoc. Prof. Chantal HERBERHOLZ**

**Centre of Excellence for Health Economics,
Faculty of Economics
Chulalongkorn University
Bangkok 10330
Thailand**

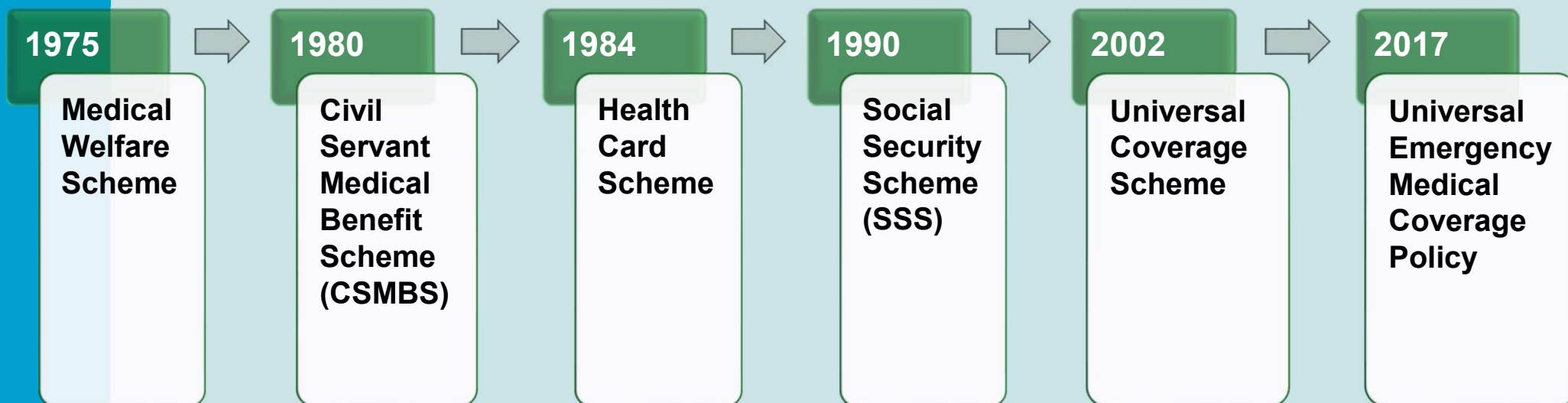
At a Glance: Thai Health System

- Thailand's health system is predominantly public with a focus on preventive care
 - Hierarchical public service delivery system developed since the 1970s
- Ministry of Public Health
 - Central agency
 - Major service provider: 67.2% of total hospital beds in 2021
- **Universal health coverage** since 2002
 - National Health Security Act B.E. 2545 (2002) and the Universal Coverage Scheme (UCS)
 - Multiple governance mechanisms
- National Health Security Office
 - UCS administration
 - Major purchaser
- Private healthcare complements public services, especially in urban areas where private clinics play an important role in providing primary care
 - Bangkok: 69 Bangkok Metropolitan Authority primary care centers compared to 6,296 private clinics (Marshall et al., 2023)

Tangcharoensathien, V. (Ed.). (2024). *Thailand health system review*. World Health Organization, Regional Office for the Western Pacific.

<https://apo.who.int/publications/i/item/9789290620457>; Marshall A.I., Witthayapipopsakul W., Chotchoungchatchai S., Wangbanjongkun W. & Tangcharoensathien V. (2023) Contracting the private health sector in Thailand's Universal Health Coverage. *PLOS Global Public Health* 3(4): e0000799. <https://doi.org/10.1371/journal.pgph.0000799>

At a Glance: Universal Health Coverage



- Gradual expansion of population coverage
 - Fragmentation in pooling
- Step-by-step approach to reforming UCS and Thai Universal Health Coverage
 - Examples: Expansion of UCS benefit package, UCS 30-baht Treatment Anywhere

Tangcharoensathien, V. (Ed.). (2024). *Thailand health system review*. World Health Organization, Regional Office for the Western Pacific.
<https://apo.who.int/publications/i/item/9789290620457>; Population coverage: National Statistical Office. (2023). *The 2023 Health and Welfare Survey*.
https://www.nso.go.th/nsoweb/storage/survey_detail/2023/20230929131046_99194.pdf

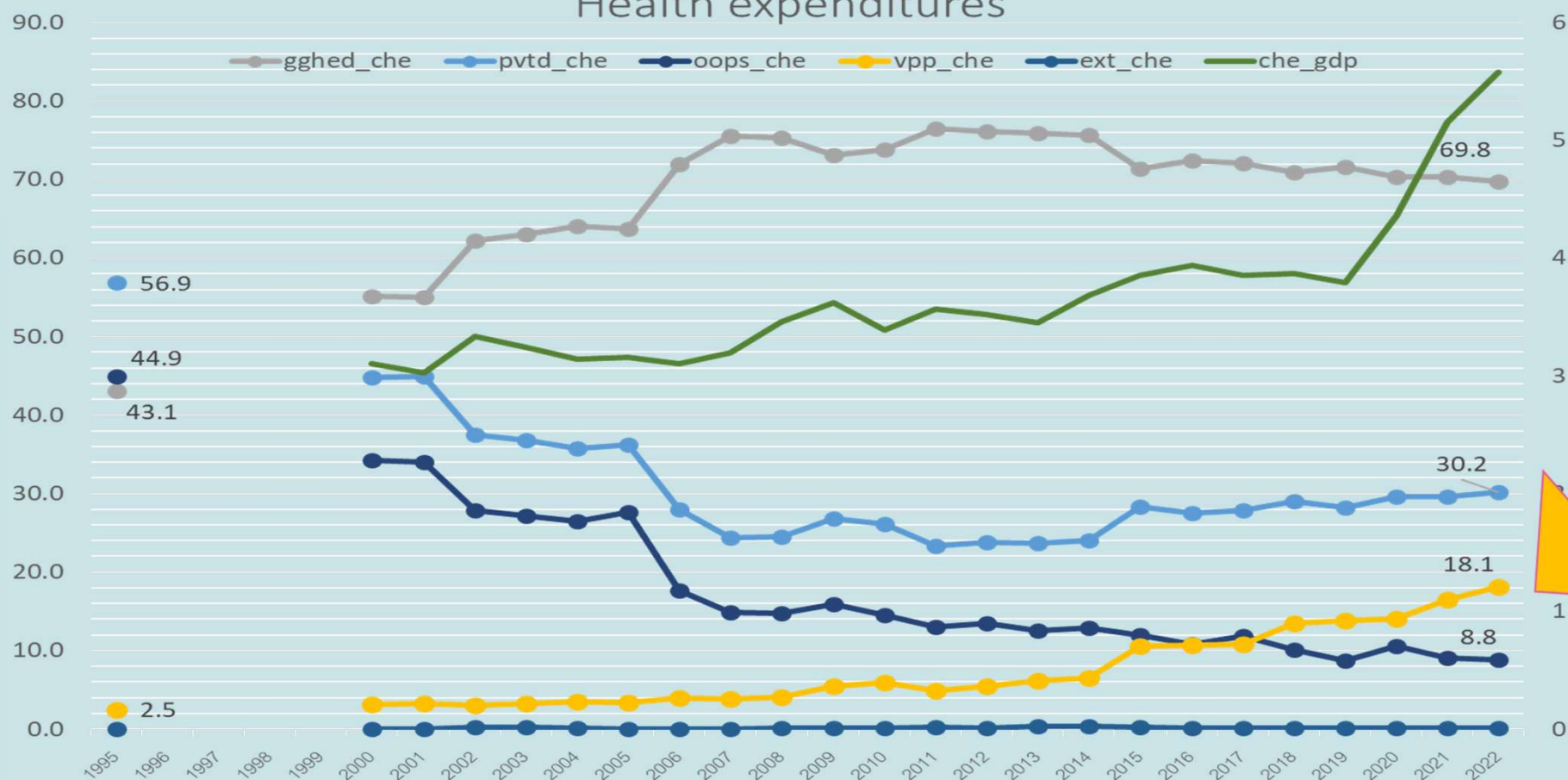
At a Glance: Public Health Insurance Schemes

| | CSMBS | SSS | UCS |
|-------------------------|---|---|---|
| Administration | Comptroller-General's Department, MoF | Social Security Office | National Health Security Office |
| Revenue source | general taxes (annual budget allocation) | tripartite contributions (employees, employers, government) | general taxes (annual budget allocation) |
| Benefit package | comprehensive (use of medicines not included in the NLEM possible) | comprehensive | comprehensive (health promotion and disease prevention services for the Thai population) |
| Provider payment | <ul style="list-style-type: none"> – capitation (OP) – DRG (IP) | <ul style="list-style-type: none"> – capitation (OP, IP) – DRG with global budget (IP if high cost, i.e. if adjusted risk weight > 2) – point system and fee schedule (specific services/conditions) 1/ | <ul style="list-style-type: none"> – capitation (OP, PP) – DRG with global budget (IP) – point system and fee schedule (specific services/conditions) 1/ |
| Provider choice | free choice of public provider | registered public or private providers; no. of facilities contracted (MCU): 163 public and 79 private 1/ | registered public or private providers; gatekeeping; no. of facilities contracted (PCU, MCU, RU): 11,757 public and 580 private 1/ |

MCU: main contracting unit, PCU: primary care unit, RU: referral unit. Adapted from Herberholz, Saichol & Damrongplisit (2025). 1/ Marshall et al. (2023)

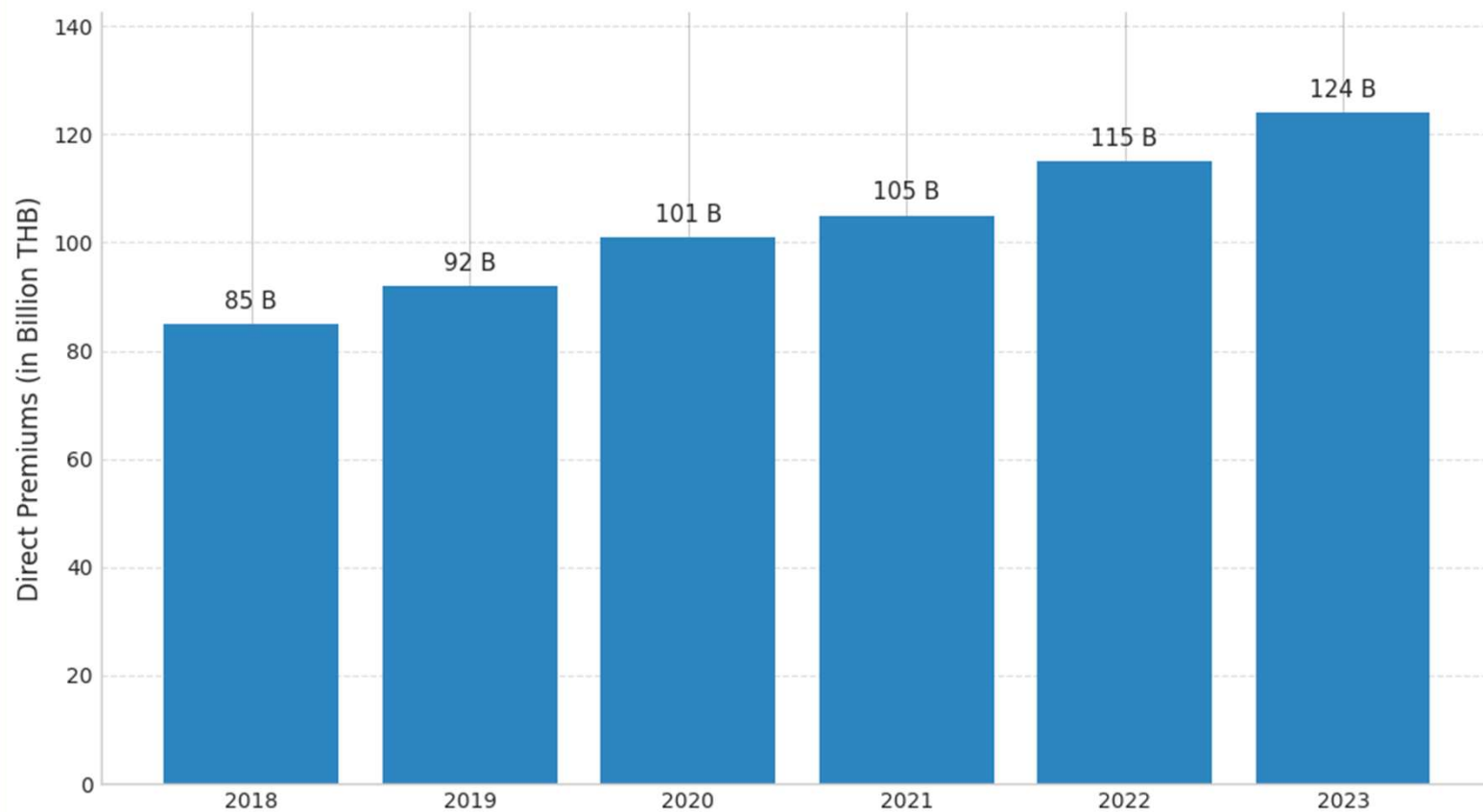
At a glance: Health Expenditure

1ST INSPIRE
HEALTH FORUM



2000-2022: World Health Organization. (2024, December 9). *WHO Global Health Expenditure Database (GHED)*. <https://apps.who.int/nha/database>; 1995: Tangcharoensathien, V. (Ed.). (2024). *Thailand health system review*. World Health Organization, Regional Office for the Western Pacific. <https://apo.who.int/publications/i/item/9789290620457>

Growth of Private Health Insurance Market in Thailand (Illustrative)



Private Health Insurance: Overview^{1ST}INSPIRE HEALTH FORUM

- Private **commercial** insurance entered the Thai market almost 100 years ago
 - Private health insurance take-up has been rather slow
 - Personal income tax deductions apply
 - Private health insurance is regulated by the Office of Insurance Commission since 2007 (Department of Insurance, Ministry of Commerce until 2007)
 - Independent commission
 - Licensing and supervision
 - Consumer protection (e.g. complaint handling and arbitration system)
 - Legislative changes

Supakankunti, S, (2005) Roles of Private Insurance in Health Care Access in Thailand.

Tangcharoensathien, V. (Ed.). (2024). *Thailand health system review*. World Health Organization, Regional Office for the Western Pacific.
<https://apo.who.int/publications/i/item/9789290620457>

Private Health Insurance: Overview

- Private health insurance today is mainly **supplementary**
 - Reason: Comprehensive benefit packages of public health insurance schemes
 - Drivers of private health insurance take-up: Perceptions about the quality and timeliness of publicly financed health services (Sagan & Thomson, 2016)
 - Private health insurance primarily offers a wider choice of private hospitals, especially upper tier private hospitals
 - Better amenities given limitations of public health services
 - Bed occupancy rates (2021)
 - MoPH hospitals: 87%
 - Private hospitals: 61%

Private Health Insurance: OOP

- Recent empirical evidence (2019 and 2021 Health and Welfare Survey waves)
 - About 4.9% of the sample reported having individual private health insurance
 - About 44.4% of the sample did not use the benefits provided by the public health insurance for the last **outpatient** treatment
 - Individuals with dual cover were more likely to visit non-designated providers
 - Individuals with dual cover incurred somewhat higher out-of-pocket expenditures for outpatient services

Source: Herberholz, C., Saichol, P., & Damrongplasit, K. (2025). Health insurance type, healthcare utilization and out-of-pocket expenditure in the face of COVID-19: Evidence from Thai national survey data. *PLOS ONE*, 20(4), e0321468. <https://doi.org/10.1371/journal.pone.0321468>

Private Health Insurance: Market Structure

As of December 2018, there were 82 authorized insurers:

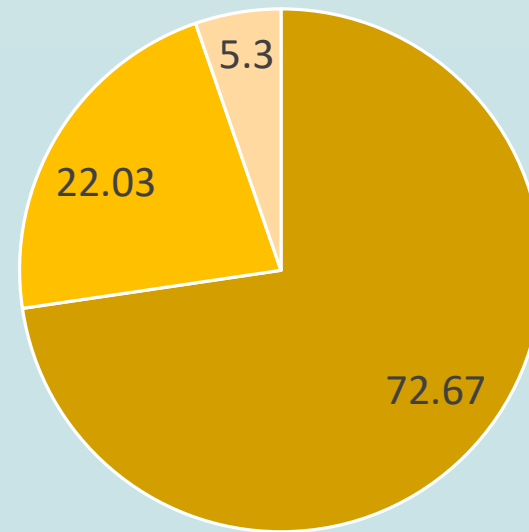
- 58 non-life insurers
- 22 life and pension insurers
- 2 locally established reinsurance companies
- 34 insurance companies have some international participation
- A few large companies dominate the market
- Limited competition can impact pricing, product innovation, and customer choice

International Monetary Fund. (2019). *Thailand: Financial system stability assessment*. International Monetary Fund. <https://www.imf.org/en/Publications/CR/Issues/2019/10/07/Thailand-Financial-System-Stability-Assessment-48723>

Private Health Insurance: Premiums written in life and non-life sectors

- Personal accident and sickness policies (PAS) may be written by either life or non-life insurers
- Life PAS accounted for about 1% of premiums written by life insurers
- Non-life PAS for about 18% of premiums written by non-life insurers

Premiums Written in 2017



■ Life ■ Non-Life ■ Personal Accident and Healthcare

Growth of the Private Health Insurance Market^{1ST} **INSPIRE** HEALTH FORUM

- **Market Value:** The private health insurance market in Thailand is substantial and continues to grow, with direct premiums totaling over THB 100 billion (approximately \$3.2 billion) annually.
- **Number of policies:** There are approximately 24-25 million active private health insurance policies. (Note: This figure includes both group and individual, and one person may hold more than one policy.)

Type of insurance policy: Individual (High-income individuals)

Group (Formal sector companies)

- **Growth Rate:** The market has an average annual growth rate of 5-7%, which is higher than the overall growth rate of the life insurance sector, reflecting increasing demand.
- **Policyholder Penetration:** Approximately 10-15% of the Thai population holds private health insurance as a supplement to their existing public coverage.

Private Health Insurance: Challenges

- **Main issues**

- Limited use of insurance in general (United Nations Development Programme, 2025)
 - Lower insurance penetration than global average
 - ⇒ **Increase awareness and consumer confidence to reduce reliance on the (overstretched) public system**
- High premium rates, renewal refusals, coverage restrictions esp. for older persons (Baker McKenzie, 2024)
 - Affordability and market practices are key issues
 - ⇒ **Explore micro-insurance products for lower-income groups**
 - ⇒ **Leverage technological advancements**
 - ⇒ **Further strengthen regulatory oversight, pricing, and marketing practices**
 - Ageing population: Percentage of older persons stood at about 20% in 2024 (National Statistical Office of Thailand, 2024)

Private Health Insurance: Challenges

1ST **INSPIRE**
HEALTH FORUM

- Aging Society: This demographic shift is leading to a substantial increase in the demand for healthcare and long-term care services. This will place considerable pressure on the public budget while creating opportunities for private insurers to develop products specifically designed to meet the needs of the elderly.
- Non-Communicable Diseases (NCDs): Chronic conditions such as diabetes, hypertension, and heart disease require continuous and often costly management. This is another factor that motivates individuals to seek additional financial protection through private insurance.

Private Health Insurance: Challenges

- Rising medical costs and claims
 - High average rate of medical inflation: 14.2% projected for 2025 (WTW, 2024)
 - Access to private healthcare can contribute to the overall rise in healthcare costs
 - Co-payment clause for certain cases was introduced in private health insurance contracts in 2020

Conclusion

Thailand

- Complementary
 - Comprehensive benefit package offered by public health insurance schemes
 - No co-payments
 - Financial sustainability concerns, but
 - Modifications are politically not viable
 - Long-term care is largely home- and community-based
 - Market for private long-term care insurance is not well-developed
- **Supplementary**
 - **Greater choice of private providers**
 - **Bypassing of waiting lists**
 - **Reliance on private health insurance can exacerbate health inequalities, though.**

Conclusion

- **Balancing act**

- Future Projections: By 2031-2033, the proportion of the elderly is projected to increase to 28%, which will transition Thailand into a "Super-Aged Society." This will place immense pressure on healthcare spending and long-term care needs.
- Finding the right balance between supporting the UCS and encouraging the responsible growth of private health insurance.

Health Insurance During COVID-19^{1ST} INSPIRE HEALTH FORUM

During the COVID-19 pandemic, many insurance companies provided coverage for medical treatment related to the disease under the terms of existing health insurance policies. The popular forms of coverage included:

- **Lump-Sum Health Insurance:** Covered medical expenses up to a specified overall limit.
- **Itemized Health Insurance:** Specified coverage limits for individual items, such as room, board, and doctor's fees.
- **Daily Income Compensation:** Provided compensation for loss of income during hospitalization.
- **Lump-Sum Payout Insurance (known as "Jeo Jai Job" - Found, Paid, Over):** Provided a one-time payment upon being diagnosed with COVID-19.
- Initially, insurance claims for COVID-19 patients covered treatment in hospitals, field hospitals, "hospitals," and even Home Isolation or Community Isolation, which were considered equivalent to inpatient department (IPD) treatment.

The Future of Thai Private Health Insurance

1ST INSPIRE
HEALTH FORUM

| Factor / Trend | Future Impact | Direction |
|-------------------------------|---|------------------|
| Aged Society | Massively increases demand for insurance. | ⬆️ High Growth |
| Medical Costs | Turns insurance from a luxury into a necessity. | ⬆️ High Growth |
| Technology (InsurTech) | Changes all methods of sales, service, and claims. | 🔄 Transformative |
| Preventive Care | Shifts role from "payer" to "health partner." | 🔄 Transformative |
| Competition | Benefits customers, but may reduce company profits. | ⚠️ Challenging |
| Regulation | Increases stability but may reduce flexibility. | ⚠️ Challenging |

Summary Table: The Evolution and Challenges of Thai Private Health Insurance

| Period | Market Characteristics | Key Challenges / Problems |
|--|--|---|
| Pre-COVID-19 Era (~Before 2020) | <ul style="list-style-type: none"> - Steady Growth: The market expanded consistently in line with economic growth and public awareness. - Traditional Products: Primarily focused on medical expense plans and hospital income compensation. - Competition Among Incumbents: High competition within the group of large insurance companies. - Agent-Dominated Channels: The majority of sales still relied on life insurance agents. | <ul style="list-style-type: none"> - Limited Access: Health insurance was often viewed as a product for the middle and high-income classes. - Policy Complexity: Terms and various exclusions made policies difficult for consumers to understand. - Medical Inflation: Continuously rising medical costs in private hospitals led to higher premiums. |
| COVID-19 Era (2020 - 2022) | <ul style="list-style-type: none"> - "COVID-19 Lump-Sum Payout" Boom: Simple, low-premium products became immensely popular. - Explosive Growth: Health insurance premiums and the number of policies increased rapidly. - Accelerated Digitalization: The industry was forced to shift more towards online channels for sales and services. - Soaring Demand for Health Insurance: People became aware of health risks like never before. | <ul style="list-style-type: none"> - "Lump-Sum Payout" Claims Crisis: The pandemic's severity was worse than anticipated, leading to high claim volumes that caused liquidity shortages for insurers. - Insurers' Closure: Several non-life insurance companies went bankrupt, creating a burden for the General Insurance Fund. - Loss of Trust: Consumers were dissatisfied with unpaid claims and began to lose faith in the insurance system. - Confusion Over Claim Criteria: Changes in claim criteria for Home Isolation led to numerous disputes. |
| Post-COVID to Present (2023 - Onward) | <ul style="list-style-type: none"> - Recovery and Sustainability: The industry is focused on building long-term financial stability and sustainability. - Focus on Health and Wellness: A shift from just "treatment" to "prevention," with more healthcare and wellness programs. - InsurTech and Personalization: Using technology and data analytics to create products tailored to individual needs. - Stricter Regulations: The Office of Insurance Commission (OIC) is closely supervising product design and risk management. | <ul style="list-style-type: none"> - Restoring Trust: A significant challenge is to regain public confidence. - Technological Competition: Companies that cannot adapt to new technologies will be at a disadvantage. - Cost Control: Finding a balance between affordable premiums and adequate coverage amidst still-rising medical costs. - New Product Development Under Stricter Rules: Innovation may be slower under the tighter regulatory framework. |

The Impact of COVID-19 on the Thai Insurance System

- Summary: The massive surge in COVID-19 claims led to liquidity problems for several non-life insurers and necessitated intervention from the Office of Insurance Commission (OIC) to manage the crisis and protect consumers.

Q&A

THANK YOU