

An in-depth analysis of private health insurance in Romania vs. Europe

Introduction

Private health insurance helps individuals and families get access to quicker and better medical services and treatment conditions. For organizations, providing a good health insurance plan means a competitive advantage in attracting new talent and retaining a productive workforce, with happier and healthier employees. The insurance market has evolved over the years and carriers have developed products and packages that are tailored to every business's size, industry and employees' age group, and health needs, and cover international mobility. The purpose of this white paper is to explore the national and international insurance market, with benefits and risks, differences and similarities in coverage and offer, all in the context of current health trends and economic developments.

1. Overall health statistics

Romania and Europe are facing one major challenge: the aging population. Romania is also confronting with the big issue of the growing number of young migrants. Private healthcare insurance could be the solution to cope with this process and provide decent healthcare to Romanians in the coming decades.

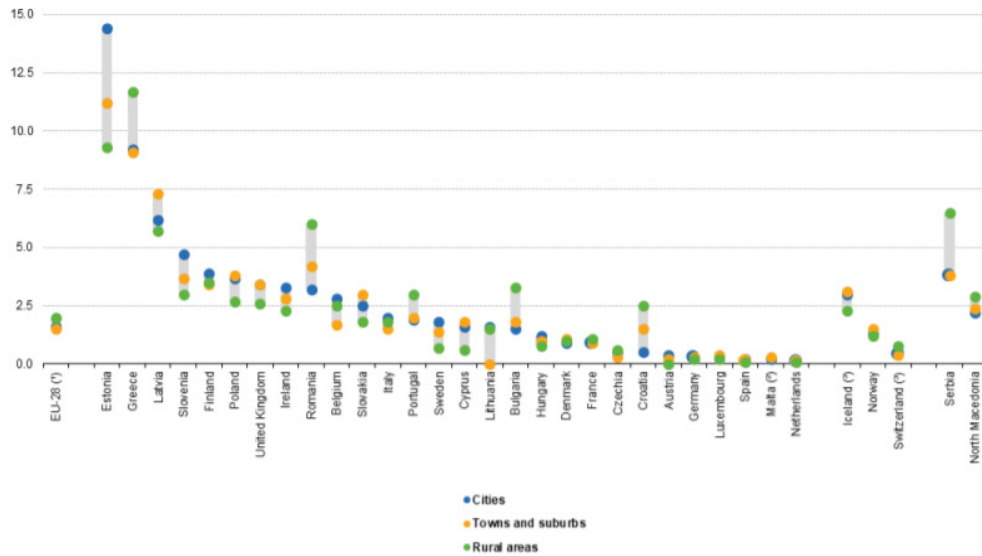
Health remains an important priority for Europeans, who expect protection against illness and receive appropriate healthcare services.

A major challenge for the EU's health sector is the aging of the population, which will likely increase the demand for healthcare at a rapid pace and result in staff shortages for certain medical specializations or in specific geographic regions, at the same time.

Experts even warn that Romania will need to find additional funding in the future to finance rising healthcare costs due to its rapidly aging population. According to an ING report, Belgian and Romanian elderly care and support projected until 2030 are the highest in Europe. Furthermore, **the younger workforce in Romania is in a growing migrating process, deepening the lack of funds to provide proper healthcare to the older population.**

Another [study](#) shows that the overall proportion of the adult population with unmet needs for medical examination in 2017 was less than 0.5 % in Germany, Luxembourg, Malta, Austria, Spain, and the Netherlands. By contrast, the share of adults with unmet needs for medical examination stood within the range of 3.0-5.0 % in Poland, the United Kingdom, Slovenia, Finland, and Romania, rising to 6.2 % in Latvia and 10.0 % in Greece, while peaking at 11.8 % in Estonia.

People with unmet needs for medical examination, 2017
(% share of population aged ≥16 years, by degree of urbanisation)



Note: ranked on cities. Unmet needs for medical examination due to it being too expensive, too far to travel, or because of waiting lists.
 (*) Rural areas: estimate.
 (*) Rural areas: not available.
 (*) 2016.
 Source: Eurostat (online data code: hith_silc_21)

eurostat

Source: ec.europa.eu/Eurostat

Many experts point out that private pensions and private healthcare insurance could be an option to cover a large part of the funding needed in Romania within the coming decades to cope with the aging population and provide Romanians with proper healthcare services.

As well as being a value in itself, health is a precondition for economic prosperity. Efficient and smart spending on health can promote economic growth through more sustainable health systems, health promotion programs, investments and increasing health insurance trends to break the cycle of poor health conditions.

2. The insurance market in Romania vs Europe

There is an overall upward trend in the European insurance market, more visible in Romania, but which is still among the last countries in Europe when comparing the insurance density to the average gross annual salary.

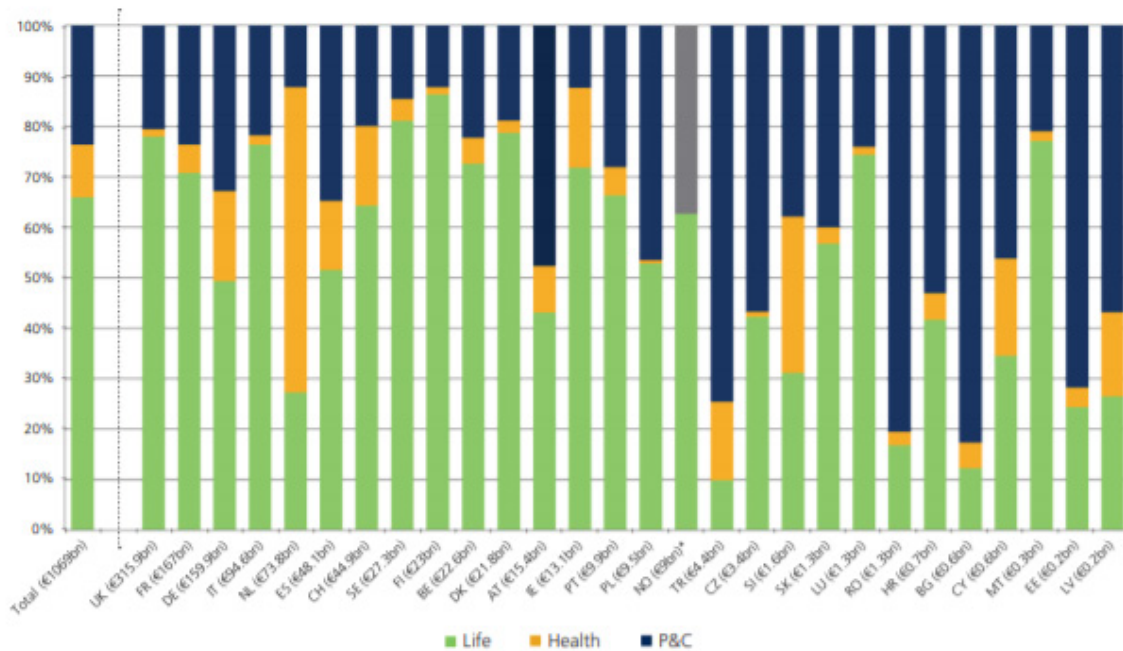
The insurance market has been favored through 2017 and 2018 in Romania and other EU states, by the general economic growth, higher incomes and lower unemployment rates, despite the tensions from BREXIT and the USA-China commercial war. At the same time, insurance contributes as well to economic growth and provides a long-term investment in the economy by providing financial stability.

In 2018, an average of 2.170 EUR per capita was spent on [insurance in Europe](#), a 5.9% increase compared to 2.049 EUR in 2017. In Romania, the average insurance spending per capita was 109 EUR, increasing with 4.5% from 104 EUR, in 2017.

In contrast with the European insurance market, which is dominated by the life insurance segment, amounting to 58% out of the total, [in Romania](#), they represent only 21% of gross premiums subscribed, the market is dominated by general insurance, mostly on the motor segment.

European insurers paid out 1.069 bn EUR in claims and benefits to insureds in 2018, a 3.1% increase from 2017. **In Romania, the total of claims and benefits paid by insurers amounted to 1.3 bn EUR, a 20% increase from 2017, with a 21% increase for general insurance and an 18% increase for life insurance.** On the other hand, comparing the insurance density to the average gross annual salary, the share for Romania is about 1.3%, while neighboring countries such as Hungary and Poland have values of about 2.6-3.1%.

Claims and benefits paid by country — 2018



*For Norway: no breakdown of health and P&C claims

Source: insuranceeurope.eu

These differences express the different degree of maturity of the markets and show a significant potential for the insurance market development in Romania, that can be benefited from the increasing consumer confidence and level of financial education.

3. Health insurance

3.1. Statistics about health insurance in Romania and Europe

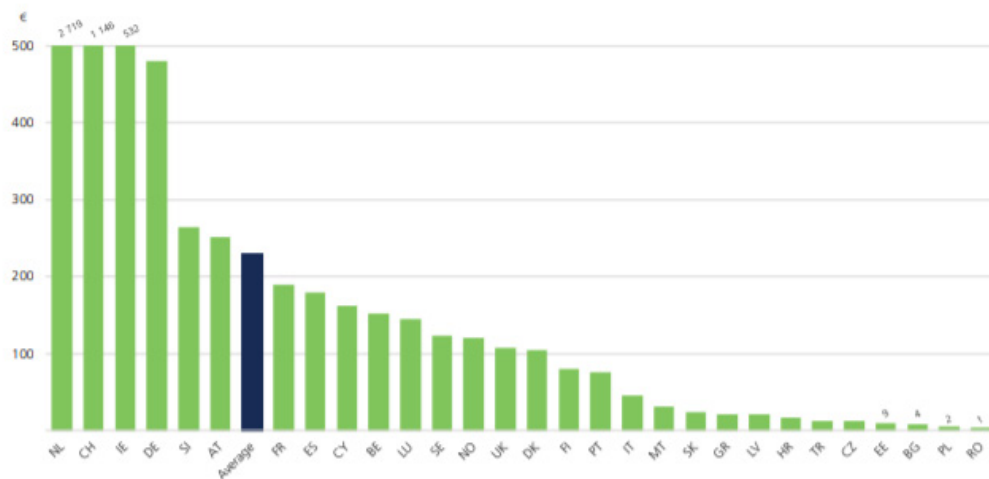
An average of 232 EUR per capita was spent on health insurance, in Europe, 2018. In Romania, the value was 60% higher than the previous year, but amounting to only 3.6 EUR per capita.

National health systems have developed in Europe according to each country's historical circumstances, economic developments, and political positions. Many critics have characterized the

national health system in Romania as dominated by corruption, with old hospitals, insufficient staff, and poor treatment conditions. In this light, the need for private medical services is increasing and it is sustained by the higher salaries and the western European influence. **Private health insurance is meant to complement the public national health systems, offering access to private services and treatment conditions, of higher quality, in exchange for a monthly or annual paid premium.**

[In Europe](#), an average of 232 EUR per capita was spent on health insurance in 2018, compared to 222 EUR in 2017. The density varied from 1 EUR per capita in Hungary to over 2.700 EUR in the Netherlands. The vast differences observed between countries to a large extent reflect differences in national health and social security systems and the role of private insurers.

Health premiums per capita by country — 2018 (€)



Source: [insurance Europe.eu](http://insurance.Europe.eu)

For Romania, health insurance has accumulated at the end of 2018 gross premiums of 70,1 mil EUR, meaning 3.6 EUR per capita, with 60% more than the previous year, but among the last European countries.

Health insurance claims paid grew 4.0% in 2018 to reach 111 bn EUR in Europe, with the average claim paid per capita amounting to 193 EUR, compared to 186 EUR in 2017.

[In Romania](#), health insurance claims paid grew from 21.9 mil EUR to 34.5 mil EUR, a 57% increase, with the average claim paid per capita amounting to 1.8 EUR, compared to 1.1 EUR in 2017.

To better understand the differences between the average amount spent on health between countries, the [median equivalised net income](#) should be taken into account, which in 2017, has varied considerably across EU member states, ranging from PPS 5 239 (*purchasing power standards*) in Romania to PPS 28 820 in Luxembourg and the EU-28 average being PPS 16 748. Between 2016 and 2017, the highest increases in real disposable incomes were recorded in Romania (13.1%) and Bulgaria (14.1%) which explains the upward trend in health and other types of insurances.

4. National vs international insurers

4.1. Structure

a. National Insurers

Most private health insurers have packages divided on ambulatory and hospitalization services. Some of them offer dental and birth packages separately or are included in the first two main categories. Furthermore, some insurers offer special packages for cancer treatment or for serious illnesses.

Each package is then divided according to their included features and maximum value, in basic or more premium options, and offers the choice to add extra coverage, such as preventive packages, customized screenings, monitorization or medical recovery.

There are standard packages, with fixed services and conditions, **but most insurers offer configurable packages,** where companies or individuals can choose a set of services according to their health needs. This option offers more flexibility and allows maximizing the benefits for the paid value.

b. International insurers

For most international insurers, packages are tailored to the business needs, according to industry, employee demographics and group size. The plans are usually divided according to business size, from small businesses with 1 up to 20 employees to enterprises that have globally mobile employee needs.

Insurers offer different levels of plans, each level adding more coverage, for example, routine and check-ups. **They offer the option to include travel insurance and extended outpatient treatment, maternity or dental care.**

Some international insurers offer a cash plan option, designed to cover employees for a selected range of healthcare expenses, goods or services, alongside providing money back towards the costs of specialist therapies and consultations with practitioners that are recognized by the insurer.

Same as national insurers, users have the option to configure a customizable package, according to their individual needs.

4.2. Options and services included

a. National Insurers

Depending on the insurer, there are options that are viewed as standard or as an extra service added to the package. As stated before, dental and birth can be considered as a separate package or as an option to ambulatory or hospitalization plans.

Ambulatory packages can include:

- Consultations;
- Medical investigations;
- Treatment;
- Medical recovery;
- At-home treatment;

- Preventive services;
- Dental;
- Ambulance transportation;
- Vaccinations;
- Second medical opinion.

Hospitalization packages can include:

- Accommodation in a private hospital;
- Consultations and investigations during hospitalization;
- Surgery;
- Birth;
- Implanted medical devices.

Liability for surgery begins after 3 or 4 months after contract conclusion and between 6 and 9 months for birth. Serious illnesses are covered only if they are first diagnosed during the insured time.

b. International Insurers

The standard options included are the same as the ones offered by the national packages. Apart from those, **some international insurers offer:**

- Out-patient complementary medicine treatment;
- Mental health consultations and treatment;
- Emergency evacuation and repatriation;
- Parental accommodation.

Furthermore, international insurers have more extensive mental health and wellness cover, some of them offering occupational health services, an assistance program that offers confidential counseling regarding work-related aspects.

c. Exclusions

For both national and international insurers, there are some affections and treatments that are excluded:

- Ageing, menopause, and puberty;
- AIDS/HIV;
- Allergies or allergic disorders;
- Birth control, conception, sexual problems and gender reassignment;
- Chronic conditions;
- Cosmetic or reconstructive treatment;
- Treatment as a result of extreme sports practice;
- Medical experimentation.

National insurers and some of the international ones also exclude complementary/alternative treatment.

4.3. Medical network access

Every health insurer offers access to a certain medical network, a partner private network. The difference between national and international insurers is that **international coverage facilitates access to clinics and hospitals outside the resident's country.**

For medical units outside the partner network, users usually have a discount, including for the public national network. In this situation, the user has to pay first the service and then contact the insurance company to receive the deduction of the payment.

Some of the international insurers even have their own network of healthcare professionals, doctors, nurses, and medical consultants, that can give medical care or help choose the best solution.

The medical network is an important element of differentiation when choosing a health insurance policy. Users should look into the number of partner clinics, the quality of services and conditions and if the coverage is offering ease of access.

4.4. Ease of access and digital tools

All health insurers offer access to a dedicated call-center where users can make bookings or find information. Apart from that, most insurers have mobile or/and desktop apps that can benefit both businesses and employees as final users, for unlimited access to information, wherever they are.

International insurers have a more developed digital component, with comprehensive coverage, designed for international mobility.

Some of the features offered by international insurers are:

- Virtual doctor service – it allows employees to speak to an experienced doctor by video call or phone, from anywhere in the world;
- Access to information about the destination country, regarding vaccinations, disease outbreaks, and security updates;
- Health information helpline – the possibility to speak directly to a nurse or counselor, pharmacist, in case of symptoms;
- Symptom checker through an app.

4.5. Price ranges

a. National Insurers

The price for a business health insurance plan varies according to the business size, as in the number of insured employees and their dependents. For some insurers, if the number of dependents doesn't exceed 50% of the total number of employees, the price offer goes higher with 25%.

There is a distinction of cost between staff members and management. For a company with 500 employees, the monthly cost per person varies between 28 EUR and 42 EUR for staff members and between 34 EUR and 123 EUR for management. Prices are lower for small companies, for example, for a total number of 15 employees, the monthly cost per person varies between 14 EUR and 23

EUR for staff members and between 20 EUR and 42 EUR for management.

Some insurers segment their price offer according to age, as health risks become higher after a certain age and medical care expenses grow accordingly. The price starts lower for the 18-24 age group and gradually grows until the oldest age group, and as for dependents, the higher cost is allocated for the 0-3 age category.

Prices are higher for individuals, varying between 113 EUR per month up until 379 EUR, for premium coverage. **A medical subscription can be a cheaper option for individuals, but it means limiting them to a single medical clinic, whereas private health insurance offers an extensive network of clinics and other facilities.**

b. International Insurers

An international insurer gives access to clinics and hospitals outside the resident's country and other features and resources that are not available for national plans, so costs grow accordingly. Considering one specific international insurer, the annual cost for 13 people, employees, and their dependents is 39,691.20 EUR. In this case, the offer was made through a broker, so the price ended up being 20% less, starting with 101.6 EUR for a 5-year-old child and going up to 475.36 for a 61-years-old adult. In addition to the insurance price, there is also a 350 EUR deductible (the amount of money a person has to pay in an insurance claim before the insurance coverage takes effect).

For individuals, prices usually start at 200 EUR per month and can go up to about 600 EUR for older age groups.

Conclusions

Private health insurance can be one of the key factors to drive change in the outdated and unreliable medical system in Romania. **Giving access to proper treatment conditions and good medical care contributes to the overall health, improving productivity, and thus supporting the economic development of the country.** Exploring through national and international health insurance options, an individual or a company's representative can find the best option, according to their specific health needs. There are several important factors to account for, such as age, industry, level of risk and international mobility. For example, a company that has employees that often travel or implies work reallocations, an international option would be best. For a company that has a more youthful workforce, the digital component is an important aspect to account for. If the company's activity has a high level of risk and it is prone to accidents, employees should be covered with a more extensive health insurance plan, which includes hospitalization, and emergency transport.

A private health insurance plan is an investment for your own or your employees' wellbeing and should be chosen carefully. Even though insurance companies can offer you support, a broker is a better-equipped specialist that can help you analyze your company's needs and then sort out through the array of health insurance options.

If you need support in choosing the right health insurance option, contact us at corporatesales@ottobroker.ro or +4 0726 141 494.

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