



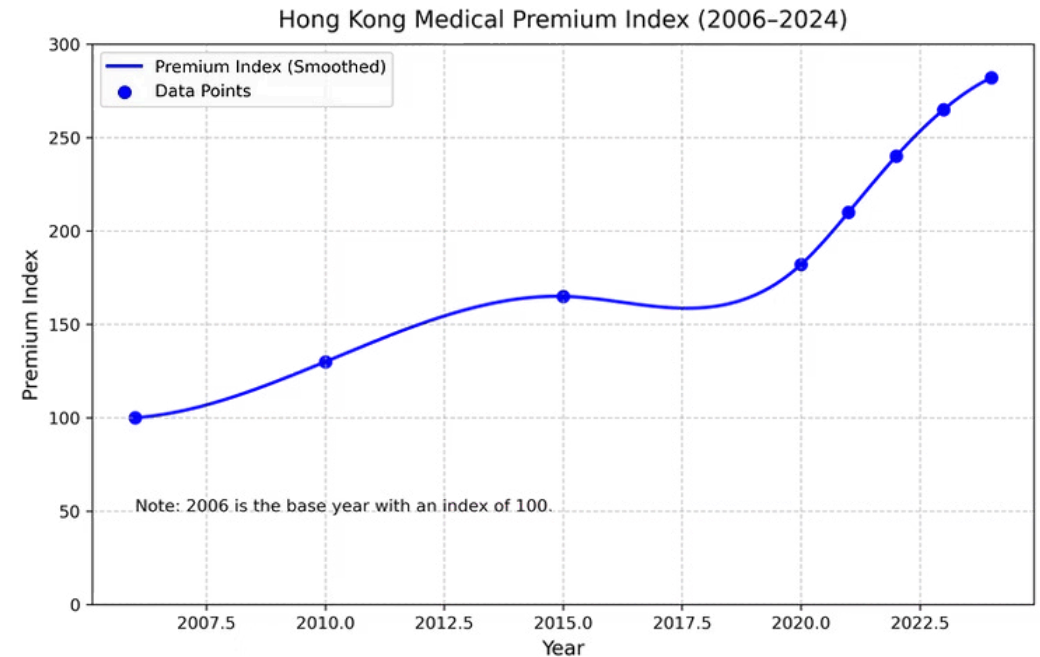
# Navigating Hong Kong's Group Medical Insurance Landscape: Trends and Strategies for 2025

Hong Kong's private healthcare system ranks among the world's most expensive, creating significant challenges for corporate group medical insurance. With medical inflation projected at 9.8% in 2025 and premiums having soared 55% over three years (2021-2024), employers face escalating costs while trying to meet evolving employee needs.

# The Growing Challenge: Claims Ratio and Premium Trends

The claims ratio—paid claims to premium income—is a key indicator of insurers' financial performance. For Hong Kong's Accident & Health business, including group medical insurance, the **claims ratio rose from 58.9% in 2021 to 64.1% in 2023**, driven by increased medical service demand, latent post-pandemic claims, and high-cost treatments.

While 2024's first half saw a dip to 58.5% due to improved claims management, the projected 2025 ratio of 62% reflects ongoing pressure from medical inflation and demand for mental health and alternative therapies.



Premiums have surged significantly, with a 55% cumulative increase from 2021 to 2024. The premium index rose from 182 to 282, fueled by a 102% surge in outpatient demand and 45% increase in inpatient demand.

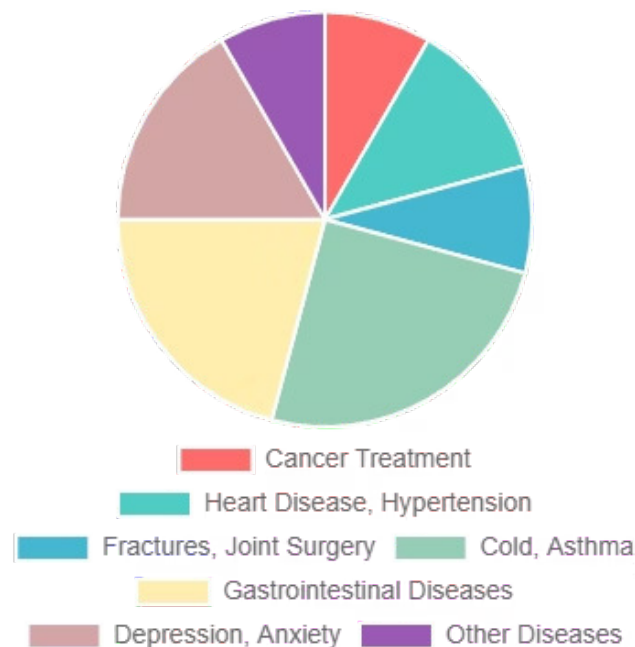
# Claims Ratio and Premium Trends (2021-2025)



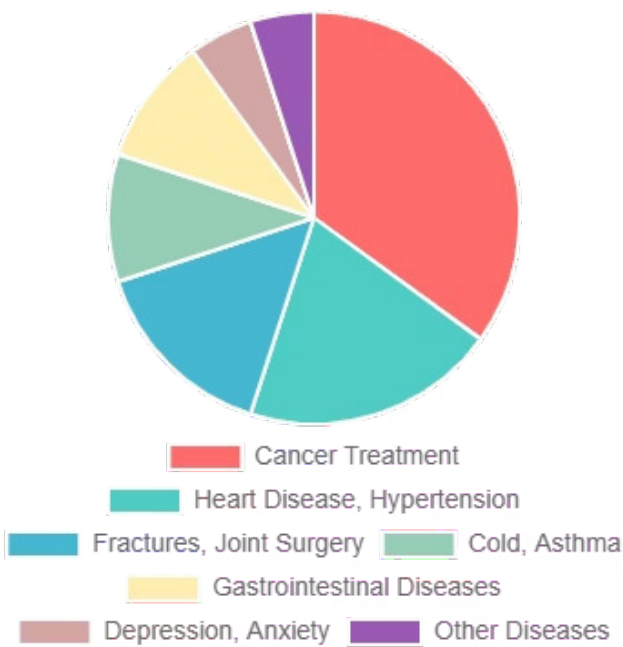
\*2024 data shows first half claims ratio of 58.5% with Premium Index of 282

# Shifting Claims and Utilization Patterns

Outpatient Claims Distribution by Disease Type (2023)



Inpatient Claims Distribution by Disease Type (2023)



From 2021 to 2024, hospitalization claims dominated at 62-70% of total claims, driven by high-cost treatments like cancer (35%) and cardiovascular care (20%). Outpatient claims make up 26-42%, led by respiratory conditions (30%) and mental health services (20%).

- Mental health claims are projected to reach 10% of total claims in 2024, reflecting heightened post-pandemic demand.
- Outpatient visits surged by 102% and inpatient admissions by 45% from 2021 to 2024. In 2023, policies saw an average of 3.5 outpatient claims per employee annually, up from 2.1 in 2021, while inpatient claims averaged 0.3 per employee.

## Inpatient vs. Outpatient: Cost and Disease Breakdown

### Inpatient Claims

High-value claims with a 2023 claims ratio of 70.5%, projected to reach 72% in 2025

- Cancer surgeries (35%)
- Cardiovascular treatments (20%)
- Orthopedic surgeries (15%)

A single cancer surgery in Hong Kong's private hospitals can cost hundreds of thousands of HKD

### Outpatient Claims

High-frequency, lower-cost claims with a 2023 claims ratio of 55.2%, projected to reach 56.5% in 2025

- Respiratory conditions (30%)
- Mental health support (20%)
- Alternative therapies (15% projected for 2025)

Particularly popular among younger employees



# Premium Trends and Cost Pressures

Premiums for group medical insurance have risen sharply due to increased utilization and medical inflation:

- In 2023, A&H business premiums grew by 12.2%, but underwriting profits declined due to high claims ratios
- In 2024, premiums grew by 12.5%, with underwriting profits rebounding by 95.4% due to reserve releases
- For a typical mid-sized company (100 employees), annual group medical premiums rose from approximately HKD 1.2 million in 2021 to HKD 1.8 million in 2024

Looking to 2025, premiums are expected to rise further, driven by medical inflation and demand for broader coverage, including mental health and preventive care. Employers face the challenge of balancing comprehensive benefits with cost control.



# Strategies for Employers



## Tailored Plan Design

Customize plans to cover high-cost inpatient care and growing outpatient needs, such as mental health and preventive services.



## Leverage Technology

Implement telemedicine and digital claims platforms to reduce outpatient costs and improve access.



## Promote Wellness

Invest in mental health programs and preventive care to lower long-term claims.



## Data-Driven Optimization

Analyze claims and utilization data to refine plan structures, negotiate with insurers, and benchmark against industry standards.

Navigating Hong Kong's complex group medical insurance market requires expertise and innovation to balance comprehensive benefits with cost control.

# Partner with EverBright for Smarter Group Medical Solutions

EverBright Actuarial Consulting Limited, with actuarial consulting and licensed brokerage services, offers:

- Data-driven insurance plans that optimize costs
- Tailored group medical, life, and bespoke policies
- Access to telemedicine, mental health support, and discounted outpatient networks
- Solutions that attract and retain top talent

Since 2014, we've empowered businesses to create competitive, sustainable benefits packages. Contact us at [info@ebactuary.com](mailto:info@ebactuary.com) to discover how EverBright can transform your group medical insurance strategy.

## Deep Expertise

Our actuaries are recognized as subject-matter experts with extensive experience in life insurance and annuities.

## Client-Centric Focus

We collaborate closely with clients to understand their goals, crafting customized solutions that deliver measurable value.

## Innovative Solutions

By blending advanced analytics, technology, and actuarial science, we help clients stay ahead in a competitive landscape.