



"Turbulent times are when we should pay much more attention to emotional wellness, spiritual wellness, intellectual wellness, as well as occupational wellness." Commenting on the current trend for restructuring, firing and freezes in hiring, Tsui said, "For a lot of staff on the one hand they have a higher workload, but on the other they have higher anxiety. What will happen to me in the future. What will happen to this company?" She added that this is well indicated by increased calls to support hotlines, increased suicide and crime, the conclusion being that we should be dealing with these emotions better.

People have a misunderstanding, said Tsui; wellness is equated to fitness or massage or meditation in the minds of many. "That is a very narrow perspective." Wellness counts both for individual employees as well as for the overall company, she said. It also comprises aspects of physical, intellectual, emotional and even spiritual features. Tsui dubs this 'total wellness'. Component features might be broken down further still, for example emotional aspects are confidence, positive feelings and emotional resilience, while intellectual aspects include thinking and love of learning. Tsui defines spiritual wellness not as a religious thing, but instead a kind of moral awareness, a basic principle to distinguish good and bad. "There is a strong sense of injustice in the world currently," she remarked.

Karoshi

Tsui claims to have seen many people of a young age in businesses and among students, aged mid-20's to mid-40's, dying without getting sick. She said that this has changed her whole notion of stress. Part of the increased number is the higher levels of young people committing suicide, and part of it is sudden death syndrome, what the Japanese call karoshi, or death from exhaustion. Research shows that sudden death can be related to fatigue, perhaps caused by an extended period of long working hours, and stress, or because of a hostile living environment. She noted that both fatigue and stress are amplified in Hong Kong with the culture of long working hours, persistent building works,

the noise and stressful conditions on the street.

Tsui added that fatigue is not just physical but is mental too. Secondly she explains that under her definition of stress, stress is actually a feeling of fear, uncertainty and a lack of control. In the working world staff are not given the power to control what they are doing, she said. Staff develop cynicism because they see the top decision maker asking them to do things they do not believe in, or that are not ethical. Things are not transparent and there is a lot of inequality, she added.

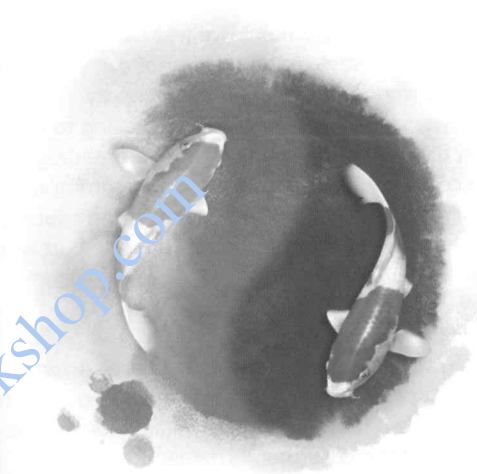
Occupational wellness and fortitude

Occupational wellness is how comfortable people feel when contributing, how committed they are and if they want to dedicate themselves to do more. Tsui offers an equation for the business perspective along the lines of 'engagement + resilience = organisational fortitude.' Here resilience is defined as the ability to bounce back from adversity. "In the last few years there's been a lot of discussion about how companies can survive. A lot of talk focuses on fortitude, which refers to mental strength—to suffer pain and to face danger with courage."

The purpose of engagement is not only to get employees to do things, but also to have them involved in generating ideas, about plans and strategies, company direction, effective implementation, and how to do things in a moral way. Tsui said that research shows that people do not want to work for money, they want to have meaning in their work. Financial return is necessary, but it is not sufficient to get people totally committed, meaning companies need to look deeper at an employee's needs, said Tsui.

Tsui said, in many organisations "the boss' attitude is 'I think you do', but this only engages the body of the employee, this doesn't engage the employee's brain or heart, so doesn't make them feel they have worth." She added that in many ways multinationals treat their entire staff in Hong Kong and other local subsidiaries as just 'doers' and don't actually involve them in determining company direction.

In Hong Kong and other Asian cities wellness is often part of HRM, so it is usually the same



person in charge that's also in charge of benefits. "They make you feel very frustrated," Tsui said. "Why do you treat wellness as a cost, wellness is an investment, and it can generate strategic return." But, she pointed out, "Nobody talks about it, they talk about reducing medical costs, instead realising that reducing these things stops the company from advancing." Tsui said that an engaged workforce has been shown in numerous surveys to generate substantially more returns, as employees are willing to take extra steps to achieve a business end.

Tsui said her point is particularly relevant in service sectors. If an employee believes in the firm they will interact with customers with intimacy. "How can banks regain the trust of customers who made losses? They have to continue to pay attention to them, reduce the pain they're suffering and monitor, and show care and concern, which is in itself a service."

Tsui underlined one example, referencing the recent Sanlu milk powder scare in mainland China. The former chairperson, Tian Wenhua, made a big

mistake in that she never apologised, Tsui said, whereas the replacement did immediately when they took over. The next step for the replacement Chair was sending staff to different provinces to see what the company can do, which Tsui described as an 'excellent gesture'. Tsui added, "Because they cannot produce, a less imaginative company would retrench their staff. Instead of doing that he mobilised his workforce—sending them out to the rural areas where the powder caused problems, saying: whatever we can do, we will do." This is the kind of additional gesture Tsui feels companies need to work towards.

Creating a resilient workforce

To create a resilient workforce Tsui said a company needs three things:

- A culture of paying attention to wellness in the organisation
- Honouring business ethics and business integrity
- A management support system that ensures things like that happen.



responsibility to provide for their people in the event of an emergency."

The percentage of firms that already use disease planning is difficult to establish, according to Allen. He described the take up among the global Fortune 100 multinational companies as 'very high', while he described the take up by established Asia-based SMEs as less, but currently 'not bad'. He added that the take up is poorer among companies that "Don't know what they don't know."

How might a plan work?

Allen declined to give a general example of a preparedness plan, saying that it must be company specific, with the only commonality being that firms should have one. "Pandemic plans really derive from your business model, different for different kinds of industry. What you do really depends how your business would be impacted by H5N1, in other words do you need to continue to operate, can you stop operating, do you have people in harm's way and can you move them out of harm's way?"



In addition, features of a plan include triggers for activation, management teams to handle the crisis, and responses depending on whether an outbreak is limited, local or global.

Giving a specific example of how a pandemic plan might work Allen described how a multinational automotive company might handle it: a firm with multiple factories in countries where H5N1 is

common; where there's an H5N1 outbreak near a factory which affects staff; where there are several hundred employees in the environment,

“It's not just about H5N1 or the topic de jour, but it's about business continuity and understanding that the risk is continuous.”

some expatriate, some local. "For the automotive industry, perhaps the smartest and best way to do it is to identify key personnel beforehand; have a plan to protect, manage and stay in contact with these personnel. Also, have a plan beforehand to educate your workforce how best to avoid becoming infected. The company would then close down operations and wait for the outbreak to pass. This is completely different from a financial company in the same city—people need to go to the ATM every day, people need to bank every day, so they must maintain operations in spite of that." Examples of ways to reduce exposure include personal protective equipment, anti-viral medicines to strategies for avoiding transmission of the disease. "There are a lot of things you can do, and a lot of it depends on how much risk you're willing to take on as a company, how you operate on a day to day basis, and how those operations could be impacted," said Allen.

"Simple things can make a huge difference...What we learned from the 1911 Spanish Flu epidemic is that cities that took even small measures saw a huge improvement in decreased mortality and decreased spread of the disease.

So even good handwashing techniques, avoiding congregating in large groups and keeping personal distance space, and having masks appropriate to the disease—in the case of swine and avian flu, N95 masks—can have a huge impact," said Allen.



Pandemic preparedness and HR

"I think so many times when you talk to HR managers you have some common features—first, a lack of awareness of the risks, but secondly a sense that it's a monumental undertaking getting a plan—but it really isn't. The third thing, particularly with Asian companies, is that they feel it's a cost that they may be able to get by without actually doing," said Allen. "People are not aware that somewhere between 22-60% of business travellers have some kind of medical event connected or medical problem related to the trip on an annual basis, depending who you quote," said Allen. "The number one health risk is for business travellers, and for companies that do business in high-risk environments this number [of cases] can be quite high.

There's also a risk of the traveller picking up a contagious disease and bringing it back and infecting the rest of the workplace." It was noted that in some cases business travellers are actually less likely than tourists to take precautions, because for a tourist they prepare for a new experience, while high-frequency business travellers over time forget the risks.

Other diseases

According to Allen the most common human diseases have vaccinations for them, so he

encourages companies to have vaccination programmes for the common diseases.

He explained: "it's devastating for an oil rig to have an outbreak of measles or chicken pox because they haven't vaccinated their employees. Corporations can have huge absentee rates from normal human influenza so vaccination programmes for human influenza are important and save companies a great deal of money...all of these diseases are part of a higher occupational health plan for any organisation."

Further information

There are several ways to pick up information not filtered by the media. The WHO, and the Centres for Disease Control and Prevention both in the US and Europe all run constant public update website programmes that keep people up to date with the current situation. He added that most health authorities for the world's developed cities will have website information about flu viruses for their own populations. 'Sophisticated countries' will also have country-run websites to update firms. Furthermore, medical advisory companies such as International SOS offer their own updates, such as a country by country grading.



After criticising some private insurance schemes for insufficient coverage, the Government is fighting back with a proposal to introduce its own voluntary medical insurance scheme. The government is hoping that over half a million individuals in Hong Kong will take up voluntary insurance coverage—allowing access to a more comprehensive range of healthcare options for patients who can afford private insurance.

The global debate on healthcare reform continues and the Hong Kong Government has recently entered the arena with the proposal to introduce a voluntary medical insurance scheme.

The government has expressed concern over excessive profits that are made via certain medical insurance schemes which offer policyholders insufficient coverage to allow private sector care and leave them with no option but to stay at public hospitals—which are far cheaper for insurers to cover. The government is hoping that over half a million individuals in Hong Kong will take up voluntary insurance coverage—allowing access to a more comprehensive range of healthcare options for patients who can afford private insurance.

Local insurance market overview

Hong Kong is one of the healthiest places in the world: early health education, professional health services, and a well-developed healthcare system have all combined to afford Hongkongers the second highest life expectancies, and the fourth lowest infant mortality rate in the world.

With the population of Hong Kong standing at a shade over seven million, just under half of residents currently have some form of medical insurance. Around one million have individual health insurance

policies with just over two million being covered by corporate health insurance schemes. The remainder of the population, access the government-funded public healthcare system.

Recently, the insurance sector has come under criticism for lack of competition between different providers in the market. The government has indicated that insurance companies providing health insurance schemes must provide reasonable levels of coverage.

If the private sector does not live up to government expectations, then the government may set up its own insurance company to compete with the private insurers in the marketplace. The government proposes to set up its own voluntary medical insurance scheme to help set a benchmark within the industry and introduce competition to help keep coverage provided by existing players at reasonable levels.

There are no plans at this stage to turn this government scheme into an across-the-board public insurance scheme. Rather, the idea of the government scheme is to help ensure meaningful competition in the market and help avoid price-fixing among insurers. The scheme forms part of the government healthcare reforms and will be opened for public consultation later this year.



Scheme objectives

The proposed voluntary medical insurance scheme would be set up to try and move people away from the public system towards competitively-priced private medical schemes. If implemented, the scheme should bring two main benefits. Firstly, it will help level the playing field within the health insurance market by creating a set of industry standards for private medical services and medical insurance. Secondly, it will help reduce the huge financial burden that exists on the SAR's over-burdened public healthcare system in the midst of an ageing population.

Scheme overview

The government plans to inject around HK\$50 billion in start-up funds into the proposed scheme—which it stipulates is to be used to help include as many people as possible. In doing so, the government then aims to spread the insurance risks throughout the population of Hong Kong.

If passed by the legislature, the scheme would only affect health insurance policies administered in Hong Kong. International health insurance plans that are administered outside the SAR would remain unaffected by any reforms.

The Hong Kong Federation of Insurers, representing local insurers, has agreed, in principle, to applying

a 'basic level' of cover to the scheme. This coverage would mean all insurance premiums would become age-specific, as opposed to experience-rated; and existing exclusions on the coverage of mental illnesses and congenital defects would be removed. The proposed 'basic' insurance would only cover policyholders for in-patient healthcare in Hong Kong. For optional additional fees, policyholders would also be able to extend policy coverage to include additional benefits such as emergency medical evacuation and global portability, if required.

Spanner in the works

The issue of covering 'pre-existing conditions' has thrown something of a spanner in the works.

Many in the insurance sector are less than comfortable with the proposed age-rated government insurance scheme that would offer coverage of pre-existing conditions. Insurers point out that as the scheme is voluntary, those suffering from existing illnesses would have to pay higher premiums than people with no pre-existing conditions, in order to offset the higher cost of healthcare they are likely to require. Existing insurance policies typically handle 'pre-existing conditions' by exclusion, moratorium, or coverage with an additional premium.



be reviewed and a recommendation for further public consultation. The policy address endorsed this study, committed to the development of the system and kicked off the latest round of public consultation.

2008 consultation: private healthcare for the public

Healthcare reform is a hot topic in most major global economies at the moment and it was no surprise to find the Hong Kong public well versed in the major issues. The three areas driving transformation in global healthcare are:

1. Rapidly ageing populations in most developed economies
2. The increasing occurrence of lifestyle-related diseases
3. Rising medical costs due to advancement in technology

All of these issues are relevant for Hong Kong and in fact the ageing population issue is as severe in Hong Kong as anywhere in the world. The other Hong Kong-specific factor that was mentioned is the relative lack of social security which leads the public at large to save excessively to protect against catastrophic healthcare needs in old age. There was wide recognition from the public that the current healthcare system needs to be reformed to keep pace with changes in the external environment. The public recognised that the current public financed system was unsustainable and that individuals should take more responsibility for their healthcare costs – particularly in relation to lifestyle-related diseases.

Given this platform of broad agreement for reform, the consultation then gave a strong steer

as to the key characteristics to be considered in the formulation of the specific system design. These areas were:

1. **Individualism** – in line with the broad culture of Hong Kong, much of the public opinion favoured individuals being able to select coverage that suited their needs and affordability. Although taxation should be used to ensure basic coverage, individuals should then be able to differentiate according to their means and needs
2. **Voluntary** – the public gave clear guidance that the system should be introduced as voluntary. The public felt that the government's role is to structure the system such that it encourages rather than forces participation.
3. **Risk pooling** – one of the biggest concerns from the public is how to cope with catastrophic healthcare needs. Many of the public currently save significant amounts of their income to protect against this situation and would welcome an opportunity to pool this risk efficiently.

Private healthcare is coming: but more consultation first

The headlines last October made it seem that Hong Kong was on the verge of groundbreaking healthcare reform but that has not been the case. In recent months, the government, via the Food and Health Bureau, has begun a further round of public consultation to support the detailed system design.

The public and the medical profession is being asked to help ensure the system is a success. As a voluntary system, participation will be a key success factor. The system will need economy of scale to make it attractive to providers and users. As a result, the government wants to make sure the

services, subsidies and incentives make it attractive to the public. The flip side to this is that the system needs to be independently sustainable in the long term otherwise it just becomes a different version of public healthcare.

The government is also hoping that the introduction of a market based system will support the introduction of innovation and competitiveness that is absent from the current market. This requires firstly the participation of the medical providers as well as a regulatory framework that supports innovation and competitiveness. The government is working hard to ensure the medical professions – both academic and commercial – take an active role in designing the system.

A gaze into the future: older but healthier

Healthcare reform is tough to implement and just as tough to get right. Hong Kong has more chance of making it a success than many countries for two reasons:

- a manageable yet sizeable population; and
- deep government pockets.

Almost all business models benefit from economies of scale up to a point before then suffering from diseconomies of scale. Healthcare is no exception. Hong Kong currently has some of the best "healthcare per dollar" in the world suggesting that the population is close to the right size for implementing effective healthcare systems. The new system should be able to get participation high enough to be competitive whilst remain small enough to keep the costs of regulation and/or management low.

Most countries are looking to implement healthcare reform as part of broader cost cutting exercises. This influences public perception and the example of US healthcare reform highlights how sensitive an issue this can become. This is unlikely to be the case in Hong Kong. The level of overall government budget surplus is well documented and it is likely that the government can and will commit subsidies to ensure the system has every chance of succeeding.

The system itself is undoubtedly going to be voluntary and likely to combine a savings component with access to insured components to provide more



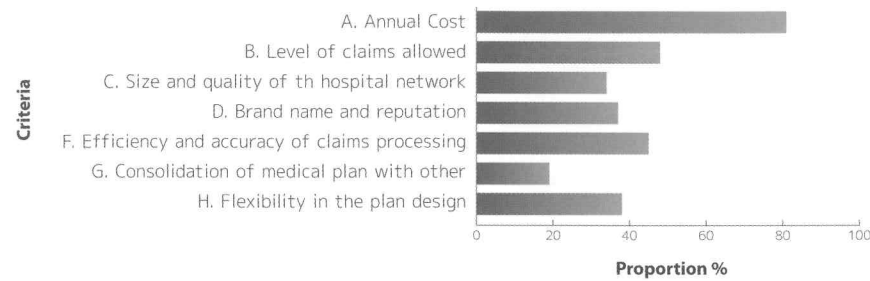
efficient catastrophic cover. Hewitt is in favor of combining the healthcare system with the existing MPF retirement system to generate immediate economies of scale and operational efficiencies. This combination would also rightly blur the lines between the false distinction of "retirement" and "healthcare" savings.

As a voluntary system it is difficult to force employers to contribute to the plan although we hope the system will be open to employer contributions. We would encourage employers (depending on the design of the system) to look to contribute to the system on behalf of their employees. Healthcare is one of the benefits most valued by employees, and so any employer spend to the system is likely to be see a positive response from the workforce.

Hong Kong already boasts the second highest life expectancy in the world, improving the healthcare system looks set to increase this even further. We look forward to the end of consultation and the start of the reforms.



Table 2 | Top criteria in selecting medical plan providers



allowed, 48%, and the size of the provider's network, 34%.

Overall, the survey suggests that most companies are satisfied with their current medical provider, 79%. However, almost three-quarters indicate that they plan on reviewing their providers in the next 12 months, 72%. Although this may seem counter-intuitive, it could be explained by the difference in the provider's relationship with the employer, who buys the policy, and the employee, who uses it. The employees' experiences with the provider—which should be the key measure of satisfaction—does not always filter back to directly influence the company's choice of keeping or changing the provider. Conversely, most medical providers fall into the category of vendors and are often reviewed annually by companies as part of the standard procurement policy, regardless of whether there have been any particular service quality issues.

One of the most revealing set of figures from the survey was the question that addressed short and long-term organisational

Table 3 | Split in usage of different medical providers

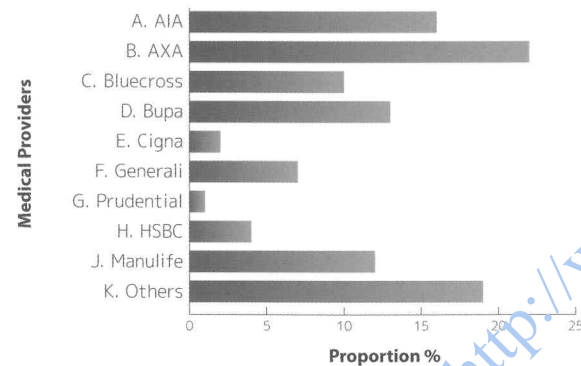
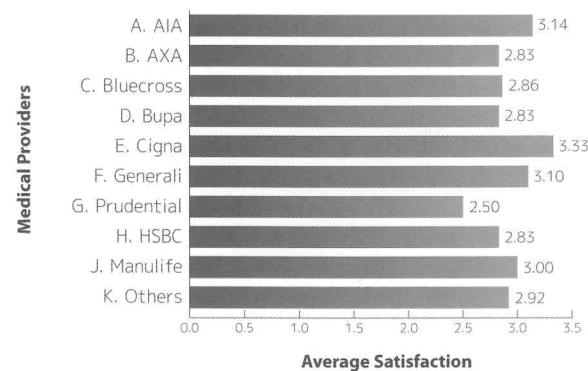


Table 4 | Satisfaction with different medical providers



spending plans on medical coverage, Table 7. Only 21% of respondents plan to increase their companies medical plan budgets over the next fiscal year, while almost three-quarters, 73%, stated they have no intention of increasing their healthcare insurance budgets over the same period. Just 2% of organisations said they would consider cutting the budget over the next year.

The Hong Kong Federation of Insurers recent in-principle decision to extend cover to pre-existing conditions and mental illness is likely to increase the cost of company health insurance and the need for HR practitioners to shop around more carefully to find a health insurer that suits their company's specific needs and offers value for money.

On a scale of 0 to 3.5, most of the medical providers received a satisfaction score around or just below 3.0 [Table 4]. Cigna stood out with the highest satisfaction score of 3.33. AIA and Generali scored next best with ratings of 3.14 and 3.10, respectively.

While Cigna enjoyed a high satisfaction rating, this was not reflected in its recognition as a medical provider—it has a relatively low usage rate in the healthcare market in Hong Kong of just 2% [Table 3]. Of the nine medical providers listed in the survey, the largest market share was held by AXA, 21%, followed by AIA, 16%, Bupa, 13%, Manulife, 12% and Bluecross, 10%.

It will be interesting to see how these percentages shift in the next few years as the Hong Kong Government enters the arena as a healthcare insurance provider. Private medical providers will need to stay on their toes to keep up, in what promises to be a more competitive healthcare insurance landscape. Over 70% of organisations surveyed admitted they are likely to review medical providers in the next two years.

Finally, the reasons that companies provide medical benefits were found to be overwhelmingly market focused—with almost 80% stating market competitiveness was the main driver [Table 1]. While over half of the organisations surveyed recognised that offering effective medical benefits was essential to keeping employees at work and productive.

Table 5 | Satisfaction with current medical providers

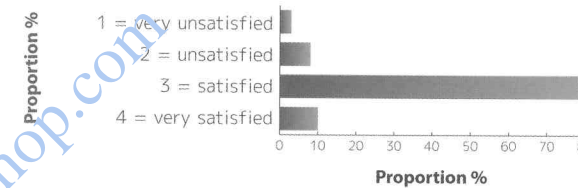


Table 6 | Likelihood of reviewing medical providers in the next two years

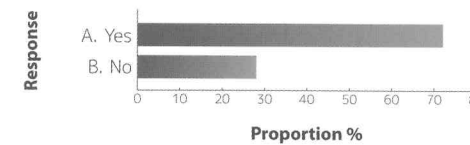
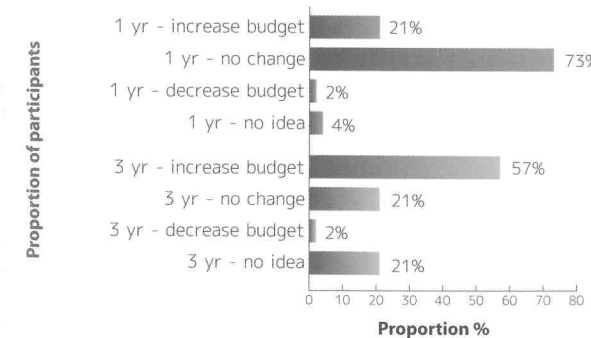


Table 7 | Short and long term organisational spending plans on medical coverage





Where does health insurance fit into AXA's overall coverage?

AXA has been involved in the medical insurance business since 1991 when it acquired National Mutual. AXA has been building the medical insurance business on top of this acquisition. We currently have about 118,000 members in our healthcare portfolio.

How has the medical insurance market developed in Hong Kong?

Medical insurance in Hong Kong has seen steady growth over the past ten years, particularly in the last four to five years. This has occurred partly because of the government campaign on healthcare reform, which has really raised a lot of awareness within the Hong Kong community.

Another factor would be the ageing population. All of the baby boomers are ageing, becoming increasingly aware of their health, and have higher expectations of healthcare in general.

More recently, as new medical procedures and inventions are increasingly expensive, the cost of delivering care has increased. This, in turn, has driven up expenses for all participants in the medical industry.

Did last year's global financial crisis have a significant impact on the medical insurance market in Hong Kong?

I don't think the financial crisis impacted the medical insurance market as much as it impacted other markets such as investment banking. Those who had already purchased coverage—anticipated it as a fixed cost that they would have to contribute to year after year. So most people in Hong Kong have not cut this out of their budget, but will instead try to make savings elsewhere.

What should HR managers look for when selecting a medical insurance provider or healthcare plan?

All companies have a budget and must work around this budget. I would advise HR managers selecting a plan to ensure it is cost effective and within their budget, while providing comprehensive coverage.

When deciding upon staff medical coverage, HR managers should prioritise what items are

the most important in terms of the coverage they need. Priorities may refer to specific needs, or may mean having different coverage levels for staff of different seniorities.

HR managers should also look for methods of monitoring and controlling unnecessary abuse of medical benefits which may be achieved by refining HR policy. I also encourage HR managers to select co-payment plans—especially with regard to outpatient visits. These plans are designed so that staff can share costs by either paying a fixed amount, or percentage of, the fee for each GP or specialist consultation. This method is affordable for both employees and employers, and helps eliminate abuse of consultations merely to get a one-day sick leave certificate.

How can HR managers ensure that the plan they select is the right one for their company?

Every workforce is different, so one must think creatively. Conduct a survey to find out what employees want and need, then design a package that engages them. For example, there has been a growing demand for Chinese medical insurance since the establishment of the Chinese Medicine Council of Hong Kong in 1999 and subsequent regulation of that industry.

Medical insurance is a very competitive market, how does AXA differentiate itself from its competitors?

I feel that AXA's strength is in our service. We take a consultative approach with HR directors from the start, take time to understand their needs and help them maximise benefits for their staff based on the budget available. We provide ongoing education and updates on coverage to employees through seminars and regular newsletters. It is important for both the HR department and the employees to acquire a high level of knowledge on their respective policies.

We also put a lot of emphasis on our operation's efficiency and distribution channels to allow easy access to our services for both employers and employees. This also relieves the burden on HR managers of handling employee enquiries concerning medical policies.



What can HR managers do to help lower the costs of their premiums?

One way is to do away with the mandatory one-day sick leave certificate. In most cases, this requirement not only increases the cost to the company and the employee, but may also take employees out of their comfort zone.

If an employee just has a fever, for example, they will probably recover after simply taking rest at home for a day. However, if all staff are required to visit the doctor to get a sick leave certificate, the stress of the visit when feeling unwell, may actually prolong their illness and result in a longer-term cost to the company.

Another way HR can save money is to work with the insurer and analyse existing policy usage with them, for example, AXA will run reports and flag unusual activity. On average an employee will visit a GP seven times a year. So if an employee is visiting more than three times per quarter, it may be an area of concern—they may be very sick and need to be helped further. Catching such incidences in time provides scope to give such staff a more thorough health screening.

“ HR managers should work with the insurers to provide the most cost effective medical solutions to employees according to their priorities. ”

How can HR managers help secure budget for health benefits?

Budgets are still tight in many companies, but HR can use real life examples that show the value of good medical benefits. Senior management should be made aware of greater levels of staff engagement and loyalty that have been derived by providing staff with such benefits. Having healthy staff onboard ultimately facilitates a healthy business.