

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

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# **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

# Country Experiences in the Development of PHI: Thailand

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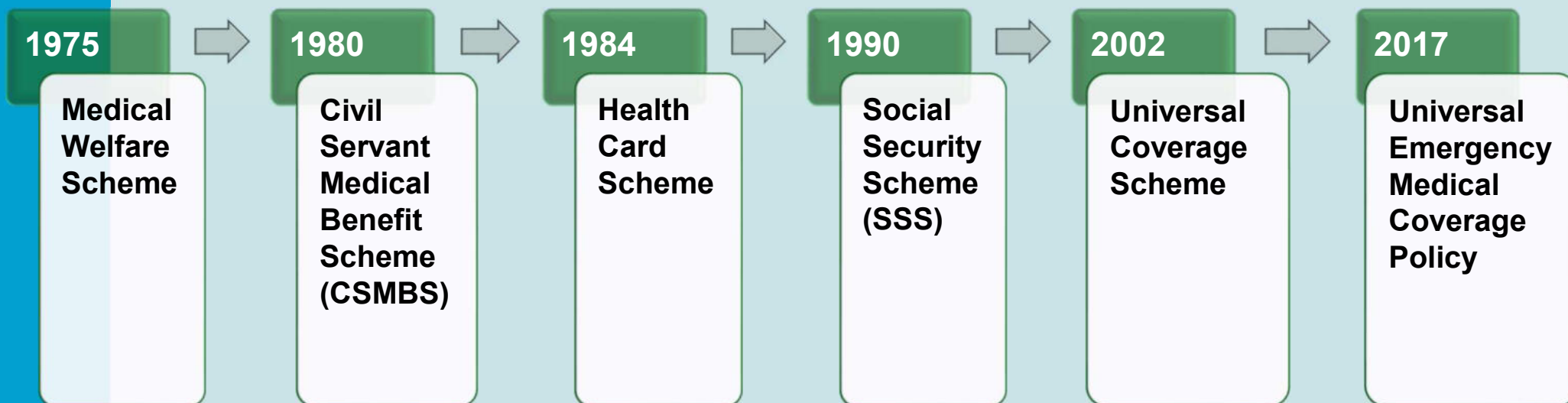
## At a Glance: Thai Health System

- 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

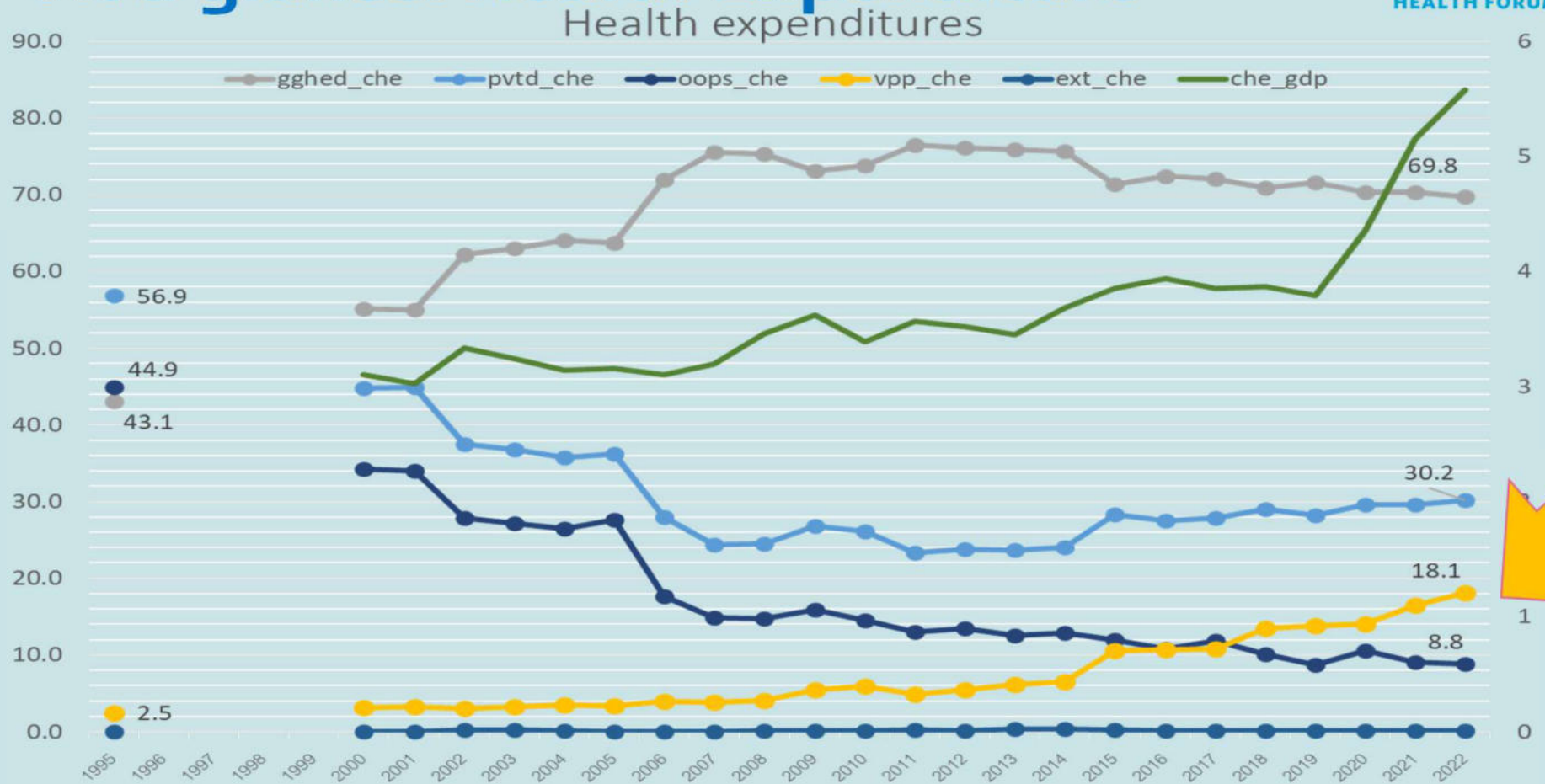
Tangcharoensathien, V. (Ed.). (2024). *Thailand health system review*. World Health Organization, Regional Office for the Western Pacific. <https://apo.who.int/publications/i/item/9789290620457>; Population coverage: National Statistical Office. (2023). *The 2023 Health and Welfare Survey*. [https://www.nso.go.th/nsoweb/storage/survey\\_detail/2023/2023092913104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

# At a Glance: Public Health Insurance Schemes

	CSMBS	SSS	UCS
<b>Administration</b>	Comptroller-General's Department, MoF	Social Security Office	National Health Security Office
<b>Revenue source</b>	general taxes (annual budget allocation)	tripartite contributions (employees, employers, government)	general taxes (annual budget allocation)
<b>Benefit package</b>	comprehensive (use of medicines not included in the NLEM possible)	comprehensive	comprehensive (health promotion and disease prevention services for the Thai population)
<b>Provider payment</b>	<ul style="list-style-type: none"> <li>- capitation (OP)</li> <li>- DRG (IP)</li> </ul>	<ul style="list-style-type: none"> <li>- capitation (OP, IP)</li> <li>- DRG with global budget (IP if high cost, i.e. if adjusted risk weight &gt; 2)</li> <li>- point system and fee schedule (specific services/conditions) 1/</li> </ul>	<ul style="list-style-type: none"> <li>- capitation (OP, PP)</li> <li>- DRG with global budget (IP)</li> <li>- point system and fee schedule (specific services/conditions) 1/</li> </ul>
<b>Provider choice</b>	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/

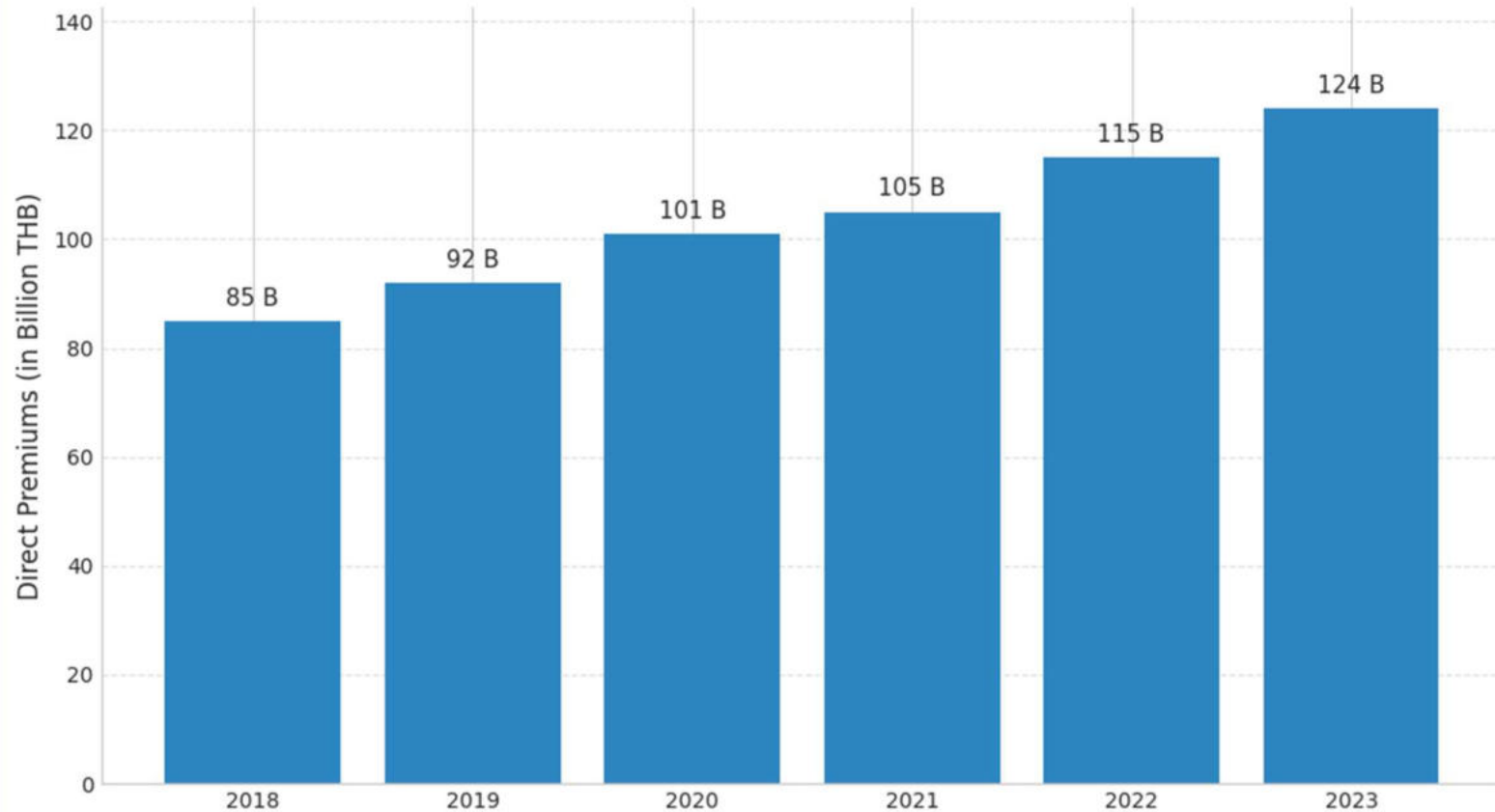
MCU: main contracting unit, PCU: primary care unit, RU: referral unit. Adapted from Herberholz, Saichol & Damrongplisit (2025). 1/ Marshall et al. (2023)

# At a glance: Health Expenditure



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 <sup>1ST</sup>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., & Damrongplisit, 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:

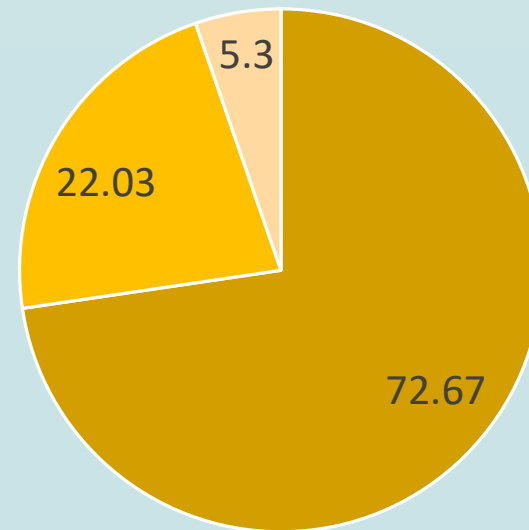
- 58 non-life insurers
- 22 life and pension insurers
- 2 locally established reinsurance companies
- 34 insurance companies have some international participation
- A few large companies dominate the market
- Limited competition can impact pricing, product innovation, and customer choice

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 <sup>1ST</sup> 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 <sup>1<sup>ST</sup></sup> 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 <sup>1<sup>ST</sup></sup> **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

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

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

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

# 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**