

Healthcare Services in China Using Smartphone Apps

Introduction

In our mail magazine published in December 2020, we discussed how Japanese life insurance companies have recently been focusing on SDGs. The third goal of the 17 SDGs, i.e., "Ensure healthy lives and promote well-being for all at all ages," should be one of the goals toward which insurance companies can make great contributions going forward. This time, I would like to introduce to you some of the groundbreaking involvement of insurance companies in healthcare business development, presenting actual cases in China.

1. Digitalization as a global trend in the field of healthcare

It goes without saying that the wave of digitalization is bringing about major changes in all industries, regardless of country or region. The biggest communication system connecting life insurance companies and their customers in the digital age is the smartphone. The trend to use it as a tool to manage customers' health properly is becoming more and more prominent around the world. Management of traditional insurance companies was based on the sole concept of service: "delivering financial benefits promptly if a customer comes ill". However, as the aging of society progresses, there is a growing awareness of the need to extend the amount of time people can spend in good health as much as possible. In other words, there is a greater emphasis on the importance of "healthy life expectancy." Even if lifespans are extended, it is not desirable for customers to spend more time bedridden and reluctantly battling illness. And for insurance companies, the fewer accidents a customer has, the better. Therefore, extending healthy life expectancy is good for both customers and life insurance companies. Furthermore, if insurance companies are willing to help their customers maintain and strengthen their health, they will be creating new value.

Naturally, the length of healthy life expectancy is highly correlated with the way customers live their daily lives. It is an obvious fact that prolonged inactivity can cause many chronic diseases. In order for customers to be aware of these risks in their daily lives, the smartphone, which has become so ubiquitous that it is fair to say almost everyone has one, can be an extremely effective tool.

Specifically, customers are asked to provide information such as the numerical values of their health checkups, daily exercise records, and the amount of food they consume, while the insurance company provides various advice and incentives to maintain good health.

Many of you may already be familiar with the "Kenko Dai-ichi (Health First) App" provided by Dai-ichi Life Insurance in Japan. This app incorporates various innovations so that customers can use it in a fun and proactive way. What I really appreciate is the function that automatically measures the number of steps you take for walking each day and shows you in real time whether you have exceeded the target of 9,000 steps. It motivates me to exercise every day to reach that goal. Other features that make it convenient to use include a scanning function that reads various numerical values just by holding the phone over your health

checkup result chart, and a function that calculates your calorie intake just by holding the phone over your dishes.

2. The wave of healthcare digitization in China

(1) Background

In China, since the founding of the government in 1949, under the leadership of the Communist Party, various systems related to the social security of the people were designed based on the basic idea that the government would manage them as a whole. The medical field was no exception. However, with the liberalization of the economy, the system no longer fits the actual circumstances. Therefore, social insurance funds (including medical insurance funds) were created to cover the people in different regions, with distinction between rural and urban areas. However, they still have problems such as the large economic disparity between rural and urban areas and the fact that the participation rate is not always high. In addition, there is a shortage of medical infrastructure. As a result, not all citizens are able to enjoy quality medical care at reasonable and fair prices with a certain level of accessibility. It is also true that to get a quick consultation with a reliable doctor requires informal compensation, connections, and information. In addition, the quality of each hospital varies, and reliable hospitals are always crowded and require long waits, making it difficult for patients to use them. Against the background of these problems, China is promoting reform of its existing medical system under the project "Healthy China 2030".

(2) Specific examples of services

What has emerged in this situation is a system that uses smartphones to directly connect patients with medical institutions and resources. Here, I would like to introduce "Ping An Good Doctor" by Ping An Insurance. This service, launched in 2014, is in line with the objectives of the Chinese government's healthcare reform, and the scale of the business has expanded rapidly due to the large latent needs of the public.

Let's take a look at the specifics of the service.

First, users download the service app to their smartphones. It is free to download and can be used by anyone, even if they are not an insurance policy holder (the insurance company will later approach the individual who used this service and solicit them for insurance). Now, when a user wants to see a doctor, he or she launches the app on their smartphone, describes his or her symptoms, and asks for a consultation. Then, the app will provide advice on how to deal with the problem. Most of the services at this stage are handled by AI. You will be given information on whether you need to see a doctor right away or if you should just take your medication at home and wait and observe your symptoms yourself. If a doctor's examination is desirable, it will tell you which hospital and what department is suitable for you. It will also give you names of recommended doctors, and if you wish, it will make an appointment for you. The service is available 24 hours a day. If you need to take the next step, you will be introduced to one of the service's

medical professionals, and if more advanced medical care is desired, you will be seen by an external affiliated doctor, or maybe even one of the best doctors in the country. The app also includes ratings of doctors by patients who have actually received consultations from them, which users can refer to, and a service that allows users to order prescription drugs and have them home delivered.

This has brought great benefits to people in China who cannot easily access medical institutions. Moreover, as more and more people use this app, it has had the effect of reasonably controlling the number of people rushing to hospitals. Patients can now be spread out, instead of becoming concentrated in a particular hospital. Appointments can now be made to avoid the concentration of patients at specific times. At the end of 2020, there were 373 million registered users of this app. Considering China's population of 1.3 billion, this shows just how large the presence of this app is in China. The service has more than 20,000 specialists, including nearly 500 of the best doctors in China, who are considered to be of the highest standard, as well as more than 2,200 doctors hired by the service on its own.

(3) Impact of Covid-19

In the midst of last year's Covid-19 outbreak, "Ping An Good Doctor" not only provided patients with information for diagnosis and treatment, but also undoubtedly helped to reduce confusion in the medical field. A special response team was formed immediately after the spread of the outbreak, and its role was to first receive persons infected and persons suspected of being infected, and then to contact medical resources in the most orderly way possible.

Here is one such episode: On January 23, 2020, a patient from a railroad station in Shandong Province contacted "Ping An Good Doctor" complaining of illness. The patient called from a train station in Shandong Province. He had been to Wuhan in early January, was not wearing a mask at the time, and was about to board a train to Zhengzhou. Placing great importance on the fact that the patient was traveling on public transportation, and on the symptoms he was experiencing at the time, "Ping An Good Doctor" contacted the railroad operators at the scene and gave the patient appropriate instructions in a timely manner, on the assumption that he was infected.

The spread of Covid-19 infection has led to a streamlining of the process of bridging the gap between medical resources and patients using the internet. There is no doubt that the growing need for online consultations has also fueled the growth of such businesses.

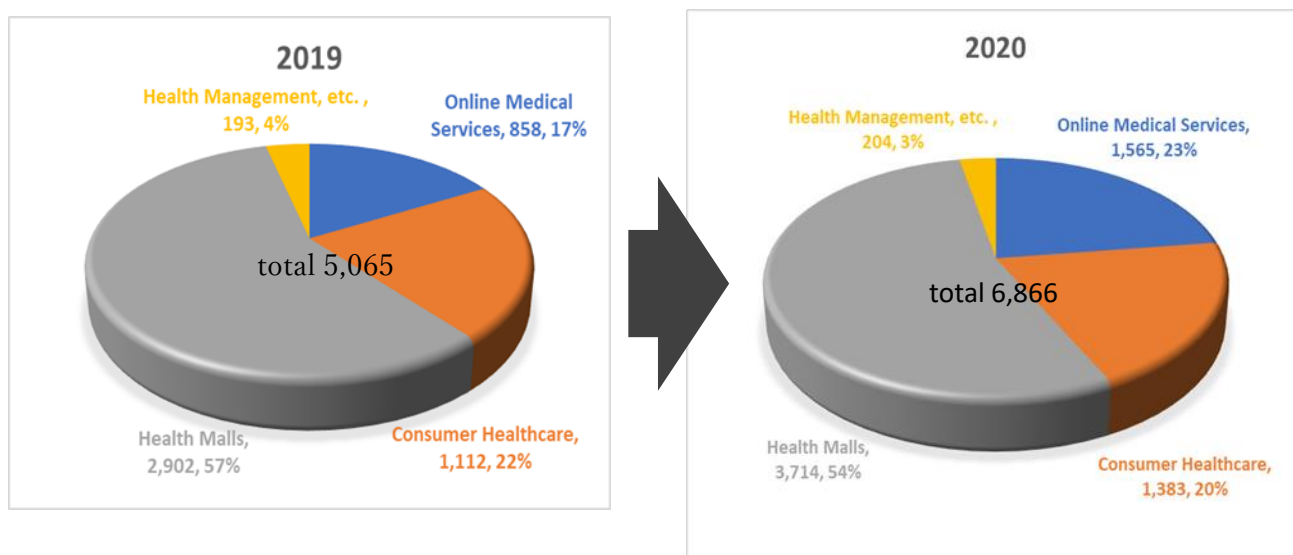
(4) Composition of the business

Here's a surprising fact. The company has been in the red for six consecutive years until last year. Ping An Healthcare and Technology Company Limited, which operates "Ping An Good Doctor," is a part of the Ping An Group, which advocates supporting individual customers' lives through the integration of finance, science and technology, and ecology in a broad sense. Therefore, it is essential for the group to strongly

support the healthcare of its customers. In addition, it is important for the company to develop potential insurance customers as it develops customers for its medical services, so the significance of the company's existence is not diminished even if the company on its own it is in the red.

However, even though the company is in the red, its sales continue to grow. The company's business consists of four segments. The first is the Online Medical Services segment. This includes the online medical consultation, physician referral, and online drug purchase and home delivery services that I mentioned in detail earlier. Next is the Consumer Healthcare segment, which mainly provides health checkups and other services to members. Then there is the Health Mall segment, which provides supplements and medical equipment through online shopping. Finally, there is the Health Management segment, which is a kind of consulting service. The Online Medical Service Business I mentioned earlier accounts for only about 23% of the company's sales.

Gross Sales by Segment (mil RMB, Composition ratio)



(Data source: website of Ping An Health & Medical Technology: "Ping An Good Medical Life 2020 Performance Announcement")

(5) Establishment of similar services

The “Ping An Good Doctor” service described above is an online medical-related service operated by the Ping An Group, a financial conglomerate with insurance companies at its core. However, against the backdrop of China's national situation, where access to high-quality and timely medical care is difficult, a number of similar service companies have launched without insurance company backing. The first is WeDoctor, an online medical service. This service was launched in 2010, and as of June 2020, it reportedly has more than 210 million registered users. It is said that there are 3,200 hospitals and 36,000 doctors affiliated with the service. There is also an Alibaba-owned service called "Ali Health" and another service called "Jing Dong Health". The source of revenue for these online services not based on insurance business is not the service of providing medical information, but rather the online sales of pharmaceuticals.

2. Summary - What should we read from this?

The online medical services described above are services based on the unique medical situation in China. It may not be feasible under the laws and regulations of other countries (it would be extremely difficult to use such services in Japan, where remote treatment and medical licenses are required to be strictly enforced). However, it is an undeniable fact that digital technology has reduced the distance between customers and life insurance companies, dramatically improving both the frequency of contact and the amount and content of information shared. In addition, several countries have already begun to utilize health-related customer information to guide customers in the direction of maintaining and improving their health. With the progression of aging societies, this trend will continue to grow and become a global phenomenon.

If there is a similar movement in your country or region, please feel free to exchange information with us.