



Dr Keith Klintworth: The healthcare landscape has fundamentally changed

Unprecedented demand combined with an unhealthy population and expansion of everyday care services is transforming the way we are delivering health insurance, writes VitalityHealth Managing Director, Dr Keith Klintworth

It's clear that the health insurance industry has changed almost beyond recognition over the past five years.

We've witnessed unprecedented growth in demand and **private medical insurance (PMI)** has continued to evolve to meet the changing needs of consumers.

“People today are getting far more immediate value from their plans,”

- Dr Keith Klintworth, VitalityHealth Managing Director



The wider market has also reached a tipping point; the perception and expectation of PMI has shifted, and the consumer base has widened. People are no longer seeing PMI as something they take out and don't use, until they need to claim. Simply covering onward care is no longer considered enough in the eyes of consumers.

Value from day one

The way people are using their health insurance is changing and as a result, the role we are playing, as an insurer, is now very different to a traditional PMI provider.

People today are getting far more immediate value from their plans, driven by different needs and individuals becoming more aware of what's available to them, that they can use from day one.

This is also generating significant opportunities to grow the market. Advisers can now offer clients something they genuinely want and will use, at a time they need it most.



Everyday care in the palm of your hand

Where historically PMI served to supplement the NHS, focusing mainly on secondary and tertiary care, it now offers much more – from preventative lifestyle support to screening to everyday care, such as virtual GPs, physiotherapy, as well as CBT and counselling.

The next generation of health insurance has emerged in the form of healthcare – **particularly everyday care** - in the palm of our hand, offering access to wellbeing tools, screening and primary care services on demand, as part of an integrated pathway.

And the good news is these services are resonating strongly with customers. Recent data from the ABI shows that the use of virtual GPs increased almost 800% between 2019 and 2022, while mental health support and physiotherapy have risen 140% and 27% respectively¹. Everyday care services now account for over 60% of all Vitality health insurance claims².

Managing demand

In light of increased demand and consumer expectations changing, **we've needed to find more sustainable ways to deliver healthcare** to keep pressure on premium to a minimum, especially in the face of high medical inflation.

By integrating everyday care services into the wider healthcare ecosystem and developing digital pathways to manage demand, we can not only ensure our members are directed to the most appropriate care, but also keep costs down.

Through **our Vitality GP app** data, we can see that more than half of GP consultations can be managed in an everyday care environment, while under 25% require an onward referral to a specialist, or diagnostics².

Meanwhile, we are seeing more than 50% of all care requests starting online, through the Vitality app and our **Care Hub**². By allowing members to use this to self-refer for physiotherapy and **Talking Therapies**, we are also avoiding thousands of unnecessary GP interactions each year. This is helping to drive operational efficiencies, freeing up our capacity for specialist claims teams to service more complex needs.

It's also important not to view everyday care as ancillary services that purely drive-up costs either. When delivered in the right way, CBT or physiotherapy allow for earlier intervention, which helps improve patient outcomes and avoid long-term costs.

Since 2019, Vitality's physiotherapy claims have increased by 35%, but we have seen in-patient musculoskeletal claims reduce 31%². Even more staggering is that Talking Therapies usage has risen 179% during the same period, however in-patient admissions have fallen almost 70%². Because these upstream services can be delivered at a fraction of the cost of more treatment for more severe conditions, they are not only better for our customers, but they make business sense too.

Embedding prevention

Another factor impacting medical inflation is the **underlying poor health of the UK population**. With almost one in five adults in the country predicted to be living with a major illness by 2040³, this challenge is not going away.

Encouragingly though, we're seeing firsthand through the **Vitality Programme** that positive behaviour change is possible. The proof is in our data. Those who engage in the Vitality Programme, on average, incur 28% lower healthcare costs than those who don't⁴. They also live three years longer².

By embedding prevention into PMI, not only is this beneficial to the long-term health of our members and wider society too, it's also good for us as an insurer because it helps us manage claims costs over time. It also means we can ensure we return more to our members, in the form of compelling rewards and partners, which can be used to incentivise positive lifestyle choices, ensuring that the value-exchange continues. Ultimately so that we can continue to meet high demand, ease the pressure of medical inflation and help make the UK healthier.



¹ Growing demand: increased use of health and protection services in 2022, ABI, 2024

² VitalityHealth Claims Insights Report, 2023

³ Health in 2040: projected patterns of illness in England - The Health Foundation

⁴ VitalityHealth Claims Insights Report, 2022.