



## Session III

# ‘The Design of Affordable, Accessible & Universal Healthcare for All’

## Finding the Right Balance

Safder Jaffer FIA  
Managing Director & Partner  
Milliman Limited - Middle East

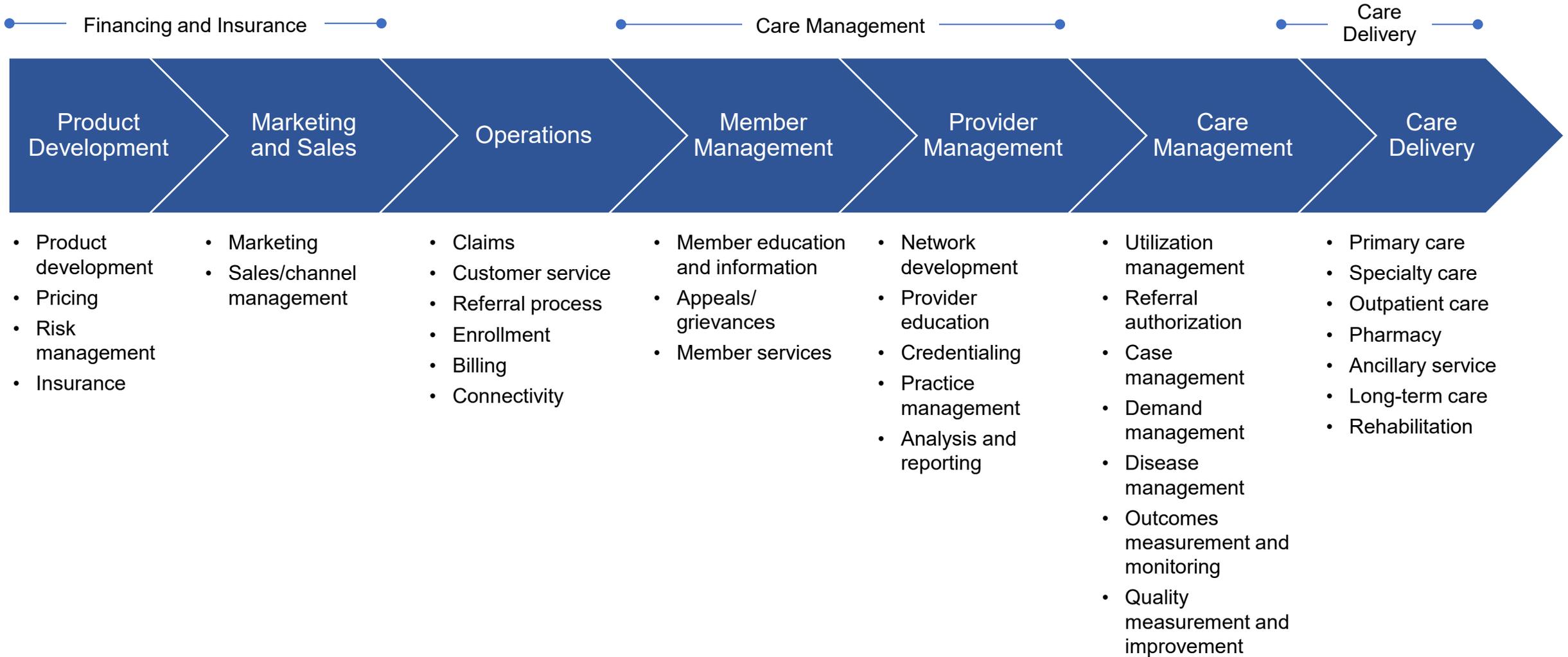
Feb 4, 2026

# Table of Content

## SECTIONS

- 1 Health care value chain
- 2 Characteristics of Healthcare
- 3 Reimbursement Model Shift - Fee for Service versus Capitation Models

# Healthcare Value Chain



# Characteristics of Healthcare

## Various Stakeholders and Level of accountability

①

### Members

“Spending someone else’s money”

②

### Providers

- Volume vs Value
- Standards

③

### Insurers

- Profits vs. Service
- Meeting regulatory requirements (financial and health)

④

### Regulators

- Enhance healthcare delivery – coverage and infrastructure
- Market efficiency and customer care

### Monopoly power

*Physicians and nurse practitioners*

### Tension between stakeholders

*“How to divide the pie”*

### Perverse incentives

*“Change in Reimbursements - Fee for service to Capitation”*

## Various Models | Fee for Service

“That any sane nation, having observed that you could provide for the supply of bread by giving bakers a **pecuniary interest** in baking for you, should go on to give a surgeon a **pecuniary interest in cutting off your leg**, is enough to make one despair of political humanity.

But that is precisely what we have done. **And the more appalling the mutilation, the more the mutilator is paid.**

He who corrects the ingrowing toe-nail receives a few shillings: **he who cuts your inside out receives hundreds of guineas**, except when he does it to a poor person for practice. ”

*“The Doctor’s Dilemma” George Bernard Shaw 1906*

# 'Perverse Intentions' (1/2)

## The US Example

---

“The only truly promising way to save money is to **change the way health care is organized and delivered.**

In the United States, **85% of doctors work in small, fee-for-service practices.** Many of these doctors are very good and hard-working. But they are **autonomous, not members of teams.**

They do not **systematically share information** with one another. They are **unable and unwilling to be held accountable for the quality and cost of the care they deliver.**

The employment-based health insurance system has created this situation by **not encouraging people to consider value for their money when they choose doctors.”**

*“Health Care with a Few Bucks left Over” Alain Enthoven  
New York Times December 28, 2008*

## 'Perverse Intentions' (2/2)

### The US Example (contd.)

---

“Some American medical practices do emphasize economy. They are **very large, multispecialty group practices** in which **doctors work together to improve quality and keep costs low.**

Their doctors **share values and cultures of teamwork.** They keep **comprehensive electronic medical records, they share information,** and they **emphasize disease prevention and chronic disease management** as a matter of course.

**These doctors are usually paid salaries, not fees for services.....”**

*“Health Care with a Few Bucks left Over” Alain Enthoven  
New York Times December 28, 2008*

# Financial risk changes incentives and roles

Fee for Service	Capitation
Risk: Payer	Risk: Provider
<i>Hospital and Specialists:</i> Revenue Center	<i>Hospital and Specialists:</i> Cost Center
Piece Work	Fixed Income
<i>Provider Incentive:</i> Maximize utilization	<i>Provider Incentive:</i> Manage utilization
Individual	Team
<i>Payer Concern:</i> Over Utilization	<i>Payer Concern:</i> Under Utilization
Small Provider Groups	Large Integrated Groups
<i>Primary Care Physicians:</i> Less Influence Less Relative Income	<i>Primary Care Physicians:</i> More Influence More Relative Income

# Finding the right balance...



**What will the insurer pay for?**

- Covered benefit?
- Medically necessary?
- Eligible providers and hospitals?



**What information is required for payment?**



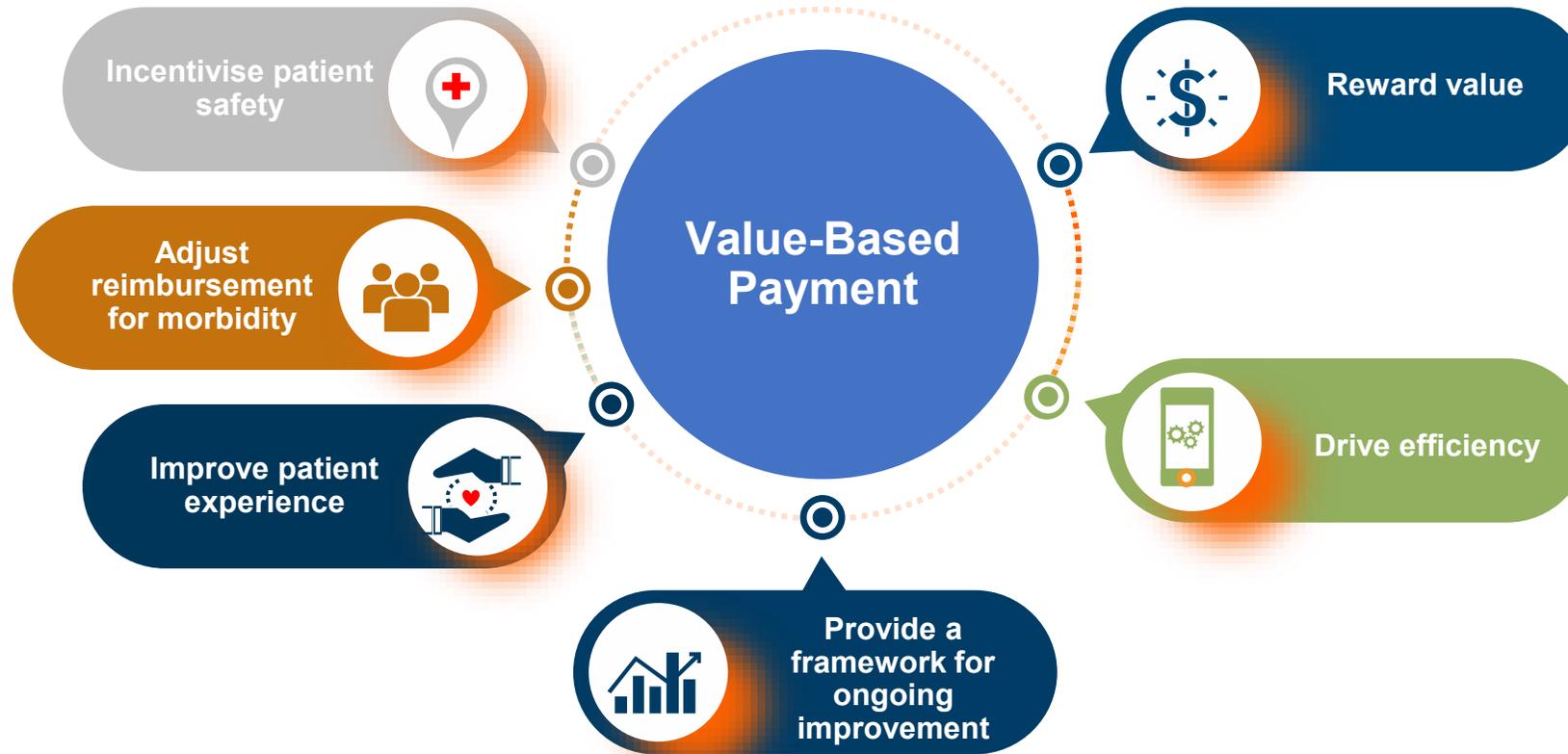
**How quickly can providers expect payment?**



**How much will providers be paid?**

**“Clearly define rules of the game”**

# Goals of implementing value-based payment



*In support of the goals of better care, lower cost, improved patient experience*

# Value-based payment for value-based care

A value-based payment approach ties payment to the **value** of the services provided to members, instead of just the **quantity** of services.

## Examples of value-based payment approaches

Accountable  
Care  
Organizations

Bundled  
Payments

Patient-  
Centered  
Medical Homes

Pay-for-  
Performance/  
Quality

Capitation

# Challenges | The current environment



## DATA & CODING

Other than ICD10 coding there is no standardized format or requirements for submission of healthcare activity and claims data.

Specifically, there is limited standard service/ procedure codes, and there is no unique beneficiary number to track an individual across the system.



## PRICING VOLATILITY

There is substantial volatility in the pricing across the market, with very little understanding of the true cost of providing healthcare services.

Prices are related only to the network level into which a provider is categorized (by size, location, specialization, etc), and not to the quality of care provided.



## UNEQUAL BARGAINING POWER

Lack of transparency of pricing means that negotiating power is driven by size, with the largest insurers and providers having the power to dictate prices to smaller players.



## NO QUALITY MONITORING

There is no regular and standardised monitoring of quality metrics across the industry.

Reimbursement rates are not linked to the quality of care provided by healthcare service providers, the health outcomes experienced by individuals or the size and level of specialisation of the facility.



## FEE FOR SERVICE

Most payments are currently made on a fee-for-service basis, which incentivises over-servicing.

The current data quality does not allow for DRG or capitation reimbursement mechanisms to be introduced at this time.

# Safder Jaffer FIA

Consulting Actuary  
Milliman Limited

+971 50 557 7470

*safder.jaffer@milliman.com*