

# THE MOST PROFITABLE HEALTH INSURANCE “COMPANY” IN TURKEY

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## Objectives

The Health Transformation Program commenced in 2002 by Ministry of Health(MoH) in Turkey. Today, Turkey has a well established health system mostly dominated by government as healthcare provider and payer. Social Security Institution(SSI) is the only government payer covering 99% of the Turkish population. There are private health insurance(PHI) companies covering only 3% of the population. The aim of the analysis is to compared the profitability of health insurance in Turkey.

## Methodology

The most updated data of revenue and cost of PHI data was obtained from Turkish Private Insurance Association for years 2009-2013. The official revenue and cost of government health insurance data was obtained from SSI for the same years. Descriptive analysis were conducted with the revenue and cost data of government and private health insurers

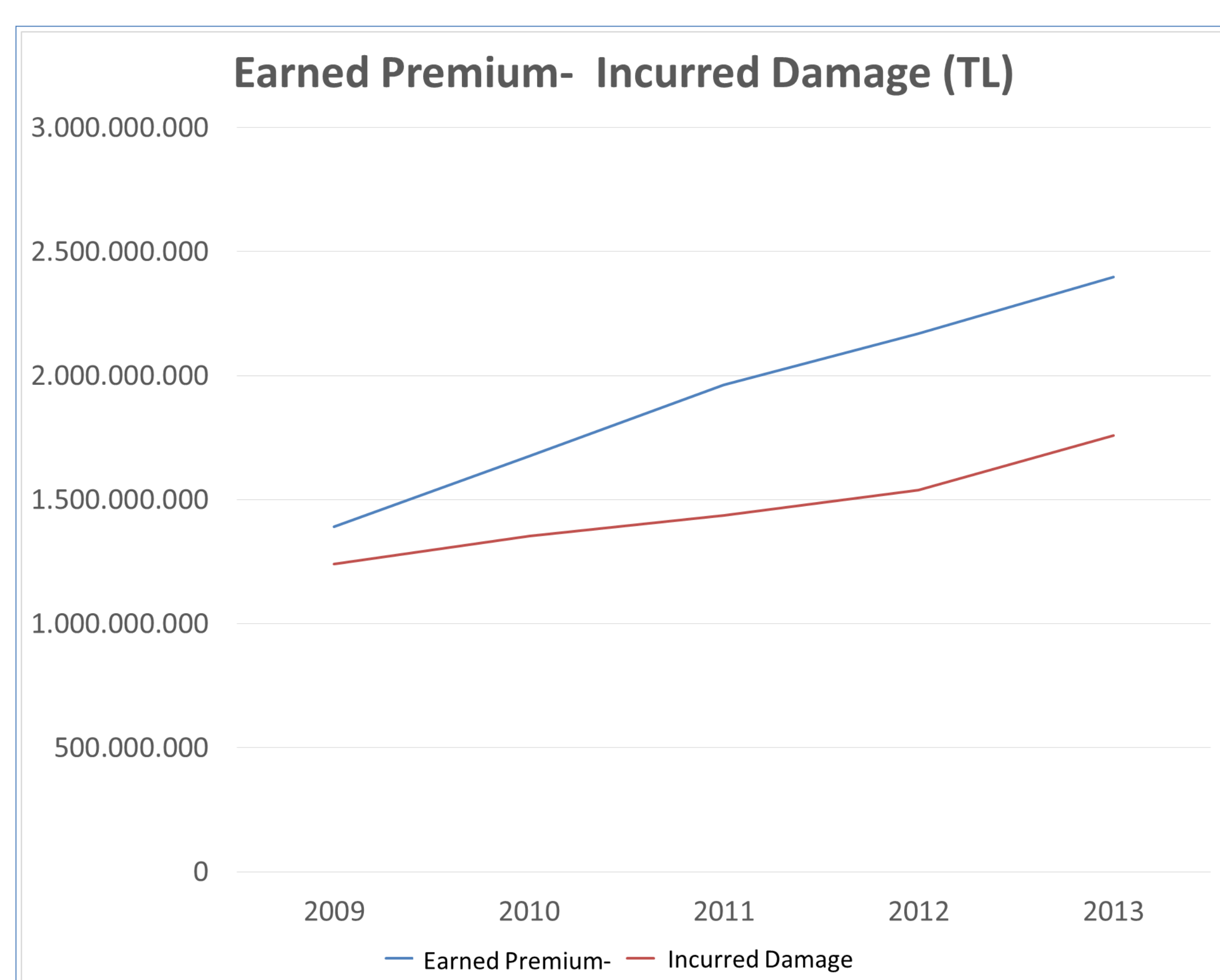
## Results

The total revenue and costs of Private Health Insurance companies were 2.3 billion TL and 1.7 billion TL and per capita revenue and cost of private health insurance companies were 822 TL and 631 TL in 2013, respectively. The gross profit of all PHI companies was 0.6 billion or 26%. The SSI's revenue and cost for health insurance were 53 billion and 49.9 billion TL, per capita revenue and cost of health insurance were 691 TL and 650 TL in 2013, respectively. The gross profit of SSI health insurance was 4.1 billion and 5%

### Incurred Damage, Technical Profit and Damage-Premium Rates for the years 2009-2013

Yıl	Alınan Prim (TL)	Sigortalı Sayısı	Kişi Başı Prim (TL)	Gerçekleşen Hasar (TL)	Kişi Başı Hasar (TL)	Brüt Kar (TL)	Brüt Kar Oranı
2009	1.390.157.525	1.458.021	953	1.239.942.829	850	150.214.696	%11
2010	1.675.377.354	1.666.023	1.006	1.354.550.161	813	320.827.193	%19
2011	1.962.821.974	2.549.216	770	1.436.729.973	564	526.092.000	%27
2012	2.169.817.633	2.579.520	841	1.538.745.399	597	631.072.233	%29
2013	2.398.077.778	2.788.611	860	1.759.895.366	631	638.182.411	%27

### Private Health Insurance Company's Earned Premium – Incurred Damage



Source: TSRB Overall Insurance Data

### Social Security Institution General Health Insurance Balance of Income and Expenditures

	2009	2010	2011	2012	2013
Coverage Population	58.591.574	61.506.194	64.088.819	62.899.043	62.806.374
Income	16.479 million TL	25.054 million TL	33.871 million TL	41.790 million TL	53.369 million TL
Premium Earned	13.319 million TL	19.890 million TL	26.321 million TL	33.342 million TL	42.778 million TL
State Subsidy	3.160 million TL	5.164 million TL	7.549 million TL	8.448 million TL	10.590 million TL
Other	0	0	0	0	0
Income Per Year	281 TL	407 TL	528 TL	664 TL	849 TL
Expenditures	28.863 million TL	32.556 million TL	36.542 million TL	44.151 million TL	49.938 million TL
Medicines	13.161 million TL	13.547 million TL	14.144 million TL	14.300 million TL	15.590 million TL
Prescription Cost	0	0	0	0	83 million TL
Treatment	15.129 million TL	18.469 million TL	21.848 million TL	29.206 million TL	33.508 million TL
Travel Expenses	53 million TL	47 million TL	42 million TL	40 million TL	49 million TL
Other Expenses	521 million TL	493 million TL	508 million TL	605 million TL	708 million TL
Expenditures per Capita	492 TL	529 TL	675 TL	701 TL	795 TL
Expenditure /Income	%175	%129	%107	%105	%93
Expenditure /Income	-12.384 million TL	-7.502 million TL	-2.671 million TL	-2.351 million TL	3.431 million TL

While private health insurance companies increased gross profit in the mean time SSI's General Health Insurance income and expenditure made up the difference and income was higher than expenditure in the year 2013. Gross profit of SSI's accounted for 3,4 billion TL in the year 2013 which was counted as 6%. Income per capita reached 849 TL from 281 TL from year 2009-2013 and expenditures increased to 795 TL from 492 TL. In other saying income per capita increased 202% from 2009 to 2013 while expenditure rises 61%. Rates of expenditure per capita to income per capita decreased from 175% to 93% In other saying there was 46% advance ensured for compensation of incomes to expenditures.

### Top 10 Insurance Company's Damage/Premium Rates



## Conclusion

The SSI has become the monopsonic payer in the Turkish health system with mandatory health insurance premium collection from all Turkish citizen. The SSI determines its revenues and costs. Based on this power, the SSI has 4.1 billion gross revenue in total. This shows the success of SSI's management while covering the whole population for a very comprehensive health care package. However, the SSI's per capita revenue is lower and its cost is higher than private sector averages. This raises an efficiency question that should be analysed in detail.

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