



# Medical benefits for employees: which is the best for you?

a guide to help you decide a medical benefits model  
that's right for your employees and organisation's needs.

mednefits

# Content

<b>Today's biggest challenge of medical benefits</b>	<b>1</b>
<b>3 medical benefits models for employers in Malaysia</b>	<b>10</b>
<b>Comparison of 3 medical benefits models</b>	<b>25</b>
<b>How Mednefits works</b>	<b>26</b>
<b>References</b>	<b>28</b>

# About the report

Employee medical benefits in Malaysia is a topic that HR professionals think deeply about. With the rising cost of healthcare and different medical benefits models out there, it can be hard to find the right one for your company.

Designed for employers who want to reduce their medical benefits costs without compromising the coverage and benefits, this guide acts as a comprehensive resource to help you navigate through the rising cost of medical benefits effectively.

## In this guide, we will discuss:

1

The biggest worry encroaching the majority of the HR professionals whenever they revamp their medical benefits budget.

2

3 medical benefits models in the market available for employers in Malaysia today and how to choose the best fit for your company.

3

A new HR technology that saves HR hundreds of hours from mundane, repetitive tasks and reduces the cost of your medical benefits.

# About mednefits



We believe that every company, regardless of size or industry, has the responsibility to take care of its employees.

That's why we built Mednefits – a company that focuses on building the future infrastructure of employee benefits to help businesses take care of their employees.

We are focused on making healthcare more accessible and affordable for companies of all sizes, from startups to large enterprises.

Mednefits was founded in 2014 by Chris, Hadiyanto and Clarence when they saw how SMEs were struggling with healthcare benefits. The founders wanted to find a way to make it easier for companies of all sizes to get access to employee benefits, and thus they started Mednefits.



# Today's biggest challenge of medical benefits



## Did you know that Malaysia is one of the countries globally with the highest increase in medical costs?<sup>1</sup>

**The Global Average  
Medical Trend Rate**

**7.2%**

**Malaysia net Medical  
Trend Rate**

**11.2%**

The Willis Towers Watson's survey echoed a similar message: 35% of medical insurers expect that medical expenses will continue to escalate in the next 3 years<sup>2</sup>.

“Controlling rising health care benefit costs remains a top priority for medical insurers and employers. They continue to outpace inflation and remain unsustainable, so neither insurers nor employers should be complacent,” said Cedric Luah, Head of Health and Benefits, Asia and Australia at Willis Towers Watson.”

The recent circuit breaker also reminds employers of the need to review how they manage and deliver healthcare benefits, especially during crises.

One thing that the Covid-19 pandemic has accelerated is the importance of employee well-being, particularly mental health. Having to care for elderly parents or multiple children while working from home can affect an employee's emotional and physical well-being.

Employees need support from employers to help them manage stress and psychological burdens, which may incur costs in the organisation.

Therefore, it's important to look closer at the rising healthcare costs' driving factors, work out the cost-containment measures and contingency plans as the outbreak continues.

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# What is driving the medical costs?





**High cost of new medical technology (71%)<sup>2</sup>**



**An ageing population. Many senior Malaysians are living longer. This not only puts pressure on the healthcare system and increases health care costs.<sup>3</sup>**



**Poor lifestyle choices. Malaysians have been facing higher premiums due to lifestyle factors. Diabetes and heart disease are largely associated with poor lifestyles which has resulted in increased claims for medical care.<sup>3</sup>**



**Rising cost of medicine. The majority of the medications are speciality drugs, which have multimillion-dollar price tags. As these drugs increase, the total cost associated with them will also rise.<sup>3</sup>**

The Aon Head of Wellbeing Solutions, Dr Amitabh Deka, echoed that Malaysia's ageing population, increased family healthcare services and preference for specialists, are the key drivers of rising healthcare costs<sup>4</sup>.

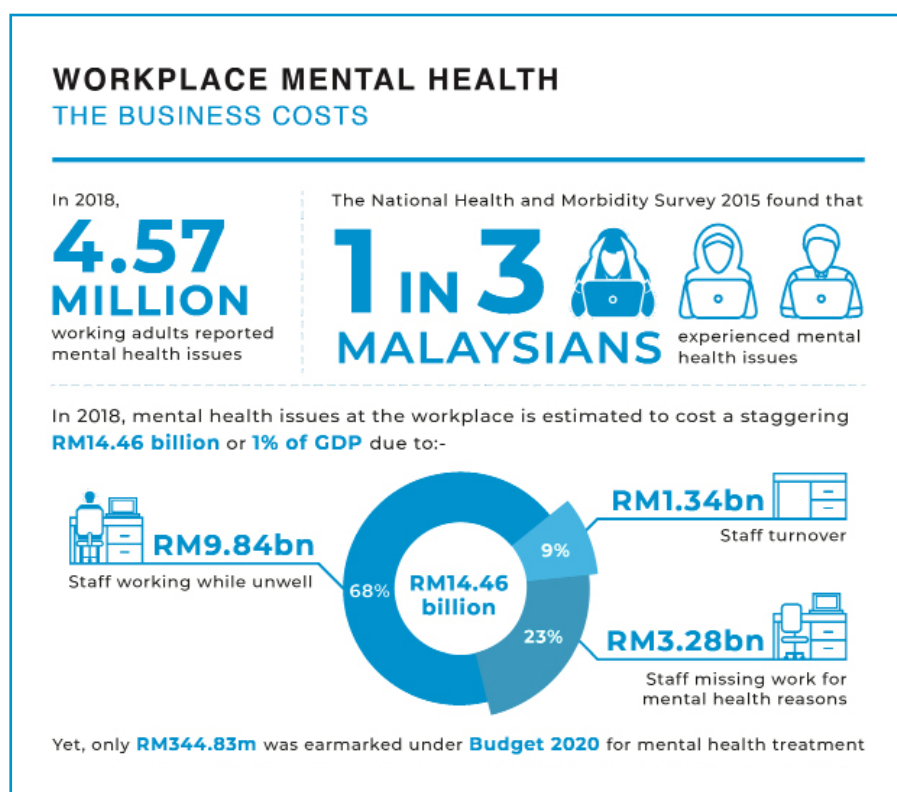
Another interesting finding by Willis Towers Watson's survey is that cardiovascular diseases (48%) top the list of the most expensive medical conditions. It's also expected that this condition will retain its throne in Malaysia's top 5 diseases list<sup>2</sup>.

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## A sleeper condition where rates go unnoticed but quietly increasing

Did you know mental conditions have cost businesses in Malaysia RM14.46 billion in 2018? The number of Malaysians who experienced poor mental health has tripled from 1995 to 2015<sup>5</sup>.



(4) Image Source: <https://relate.com.my/the-business-costs-of-mental-health/>

It's no wonder that 66% of insurers expect that mental health conditions will become one of the most costly healthcare and form the bulk of the medical expenses other than inpatient care in the next 5 years<sup>2</sup>.

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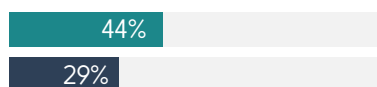
## What do employees consider must-have benefits - and are employers offering them?

- Employees who consider it a must have
- Employers who consider it a must have

### Medical Insurance



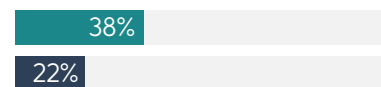
### Critical Illness Insurance



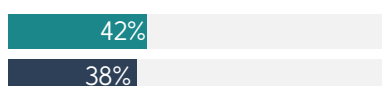
### Retirement Plan



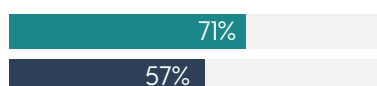
### Hospital Indemnity Insurance



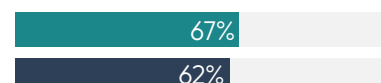
### Accident Insurance



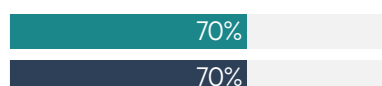
### Paid or Unpaid Leave



### Vision Insurance or Discount Program



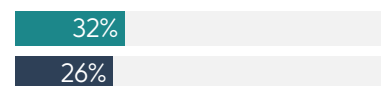
### Dental Insurance



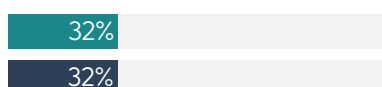
### Cancer Insurance



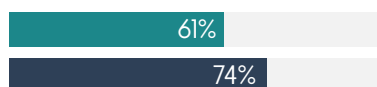
### Auto Insurance



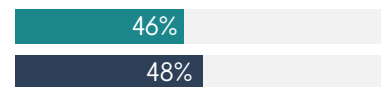
### Legal Services



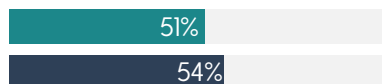
### Life Insurance



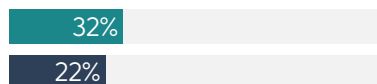
### Health Savings Insurance



### Disability Insurance



### Home Insurance



### Pet Insurance

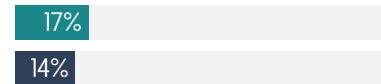


Image Source: Redesigning the Employee Experience Preparing the Workforce For a Transformed World, Metlife, 2021, [https://www.metlife.com/content/dam/metlifecom/us/ebts/pdf/ebts-2021/MetLife\\_EBTS\\_2021.pdf](https://www.metlife.com/content/dam/metlifecom/us/ebts/pdf/ebts-2021/MetLife_EBTS_2021.pdf)

**Yet, medical benefits are one of the top priorities among employees and job seekers**

Around 85% of employees perceive medical insurance as a must-have because of the rising healthcare costs that far outpaces the general inflation. Healthcare is often the highest expense for families, so it's little wonder that medical benefits will continue to stay at the top of employees' minds<sup>6</sup>.

This puts insurmountable pressure on employers to refine and reassess their current employee health benefits and potentially overhaul their group health coverage.

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# How do other employers cope?



Employers' key focus this year and the near future is optimising group cover and exploring more cost-effective options without compromising employees' well-being.

## The options employers are exploring:



**Using a cost-sharing model**  
(employers share the cost with employees at a fixed ratio)



**Narrowing provider networks**



**Switching health insurance providers**



**Switching from global to regional or local cover**

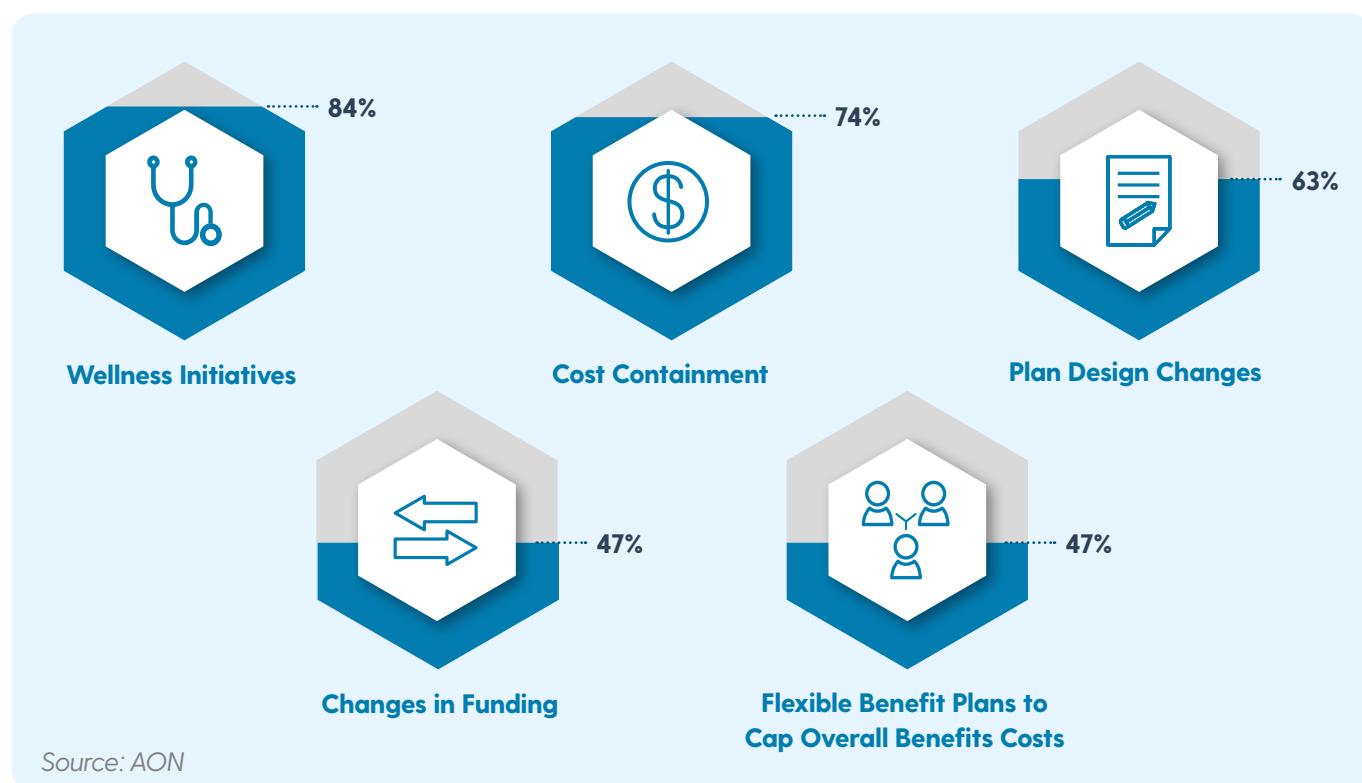
### Benefits



**Cutting down on benefits with low utilisation**

Employers will likely pay more attention to essential areas of coverage, past claim patterns, and benefits usage to optimise their health insurance cover.

Besides containing the cost, it's heartening to see more employers are putting efforts into prevention measures such as implementing wellness programs, employee assistance programs, extended leave, telehealth, and so on.

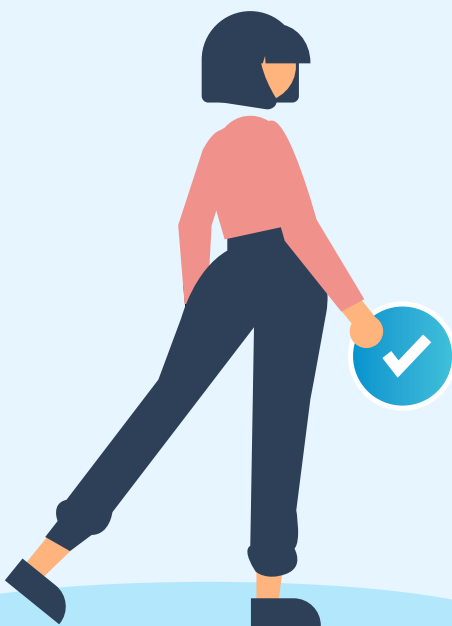


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# What you've learned so far

- ✓ You have seen that Malaysia's Medical Trend Rate is higher than the global average.
- ✓ Proponents agree unanimously that medical expenses will continue to rise year on year.
- ✓ Plus, mental health conditions are quietly on the rise and expected to contribute to the overall country's health expenditure.
- ✓ Yet, health insurance is the topmost significant benefit for employees and job seekers.
- ✓ Many employers could be sandwiched by the pressures of the rising medical cost and employees' needs.

In the next section, you'll learn 3 different medical benefits models, how they work, and their pros and cons to help you better decide the best model that works for your organisation.



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# 3 medical benefits models for employers in Malaysia



# What's the best way to provide healthcare coverage without straining the organisation's budget and still fulfilling employees' needs?

This is a question that employers have been grappling with for years, and it will continue to be debated long into the future. One thing is clear: there isn't just one answer.

Depending on your organisation goals, culture, budget, employee demographics and needs, and competitors, the best medical benefits model differs from company to company. What works for an MNC may not work for a startup.

We chose 3 different models to cater to organisations of all sizes, from the conventional approach to the cutting-edge HR technology model.

Let's dive into each in detail.

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# Option 1: Conventional medical insurance model

## What is it and how does it work?

By paying a fixed annual fee to an insurer, your employees' inpatient and outpatient fees will be covered by the corporate medical insurance. Typically, the insurance includes hospitalisation, surgery, and general practitioner (GP) consultations. Some companies even extend to Traditional Chinese Medicine (TCM), mental health, specialist consultations, dental and optical care.

## How does the claim process work?

### Employee



Employees must bring their insurance card when visiting panel providers



Employee visits a General Practitioner panel clinic



Employee pays out of pocket upon checkout

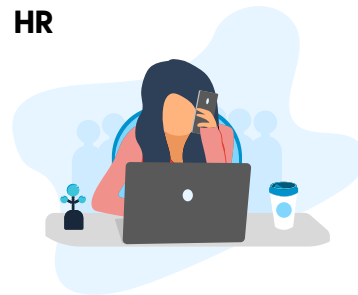


Employee submits receipts to the insurer



Employee receives reimbursement between 1 to 3 months

### HR



Research and receive quotations from different providers



Signs up for the chosen insurer and underwriting process begins



Contacts insurer during plan renewal or when an employee leaves or joins

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## Pros

### HR can sit back and chill

HR can leave all medical benefits administration to the insurer or third-party administrator (TPA). This is a fuss-free option for organisations with a bigger budget and are not concerned with the rising medical costs.

### A buffet of options

If you opt for this model, you'll be spoiled by an ocean of choices with unique and competitive plans. The medical insurance model is the pioneer of employee insurance and provided by many established, trusted insurance companies.



## Cons

### Rising insurance cost

Studies above have shown that medical costs will continue to rise year on year, causing insurers to increase insurance fees. Organisations with a medical insurance model will face intense pressure due to the rising cost.

Plus, the factors causing the increase in cost far outweigh their counterparts.

<b>High cost factors</b>	<ul style="list-style-type: none"> <li>• Claim history</li> <li>• Size, age, and health of group</li> <li>• High cost of new medical technology</li> </ul>	<ul style="list-style-type: none"> <li>• Medical inflation</li> <li>• Increased demand in medical care</li> </ul>
<b>Low cost factors</b>	<ul style="list-style-type: none"> <li>• Government interventions</li> </ul>	<ul style="list-style-type: none"> <li>• Switch to a cheaper insurance plan</li> </ul>

### Friction with re-onboarding employees

Constantly changing insurers for a lower plan can cause strain on the HR department and employees. This is because HR needs to inform and train employees on the new policy and panel of clinics -- which can steal productive time out of your employees

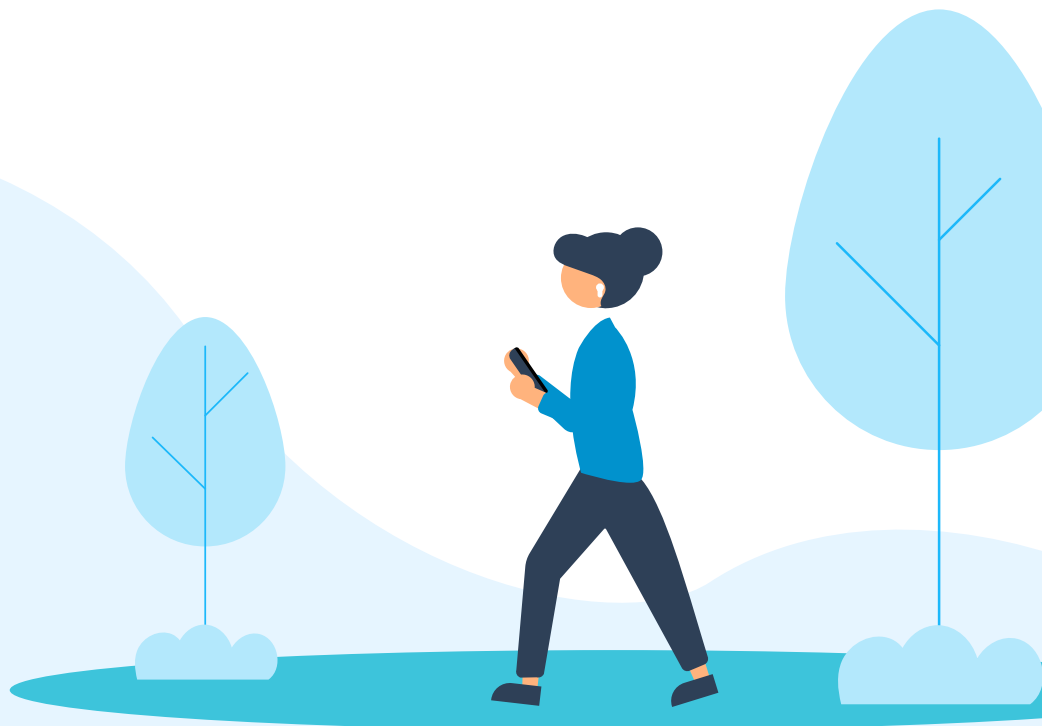
### Lack of real-time benefits usage

When your employees submit the claims, what they spend on, how much they spend and which clinic they go to are critical information to evaluate your benefits' effectiveness and optimise your budget. The medical insurance model hands over all these data to the insurer, leaving your organisation in the dark about your employees' benefits usage in real-time.

### High initial costs

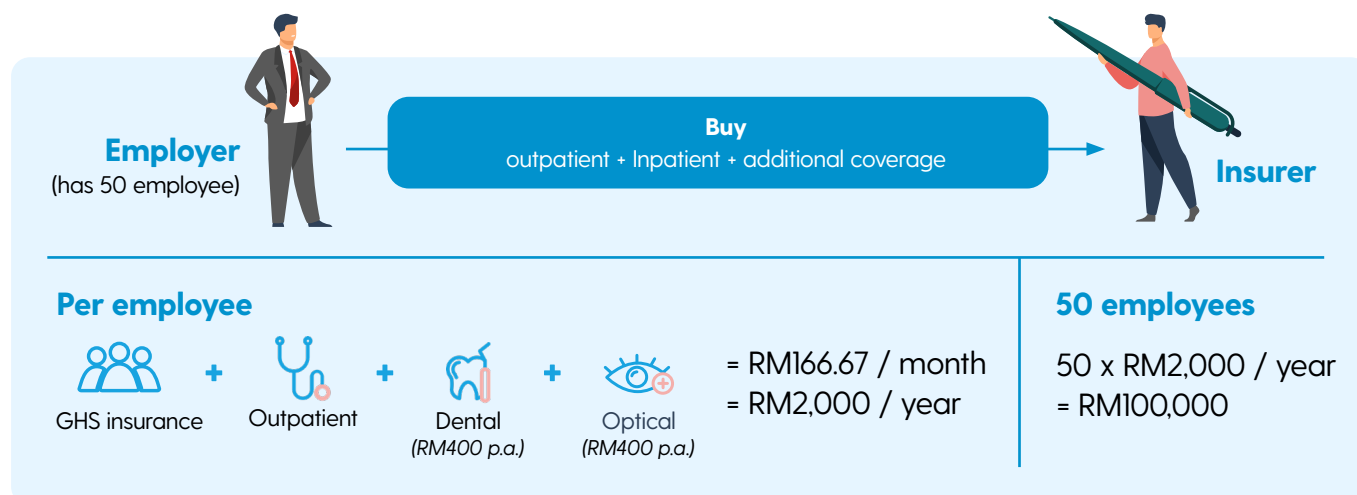
All outpatient insurance plans are bundled with inpatient insurance. Employers can't buy one without the other. There's no way to purchase an outpatient plan only.

This is especially true for companies with relatively young and healthy employees. The employees will likely use the outpatient way more than inpatient plans, yet the organisation has to pay for something they don't use much.



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## Here's why your organisation is required to pay high upfront medical insurance fees:



To walk through a simple example: If a company with 50 employees chooses to provide outpatient coverage, they must purchase an inpatient General Hospitalisation and Surgery (GHS) plan first before adding an outpatient rider. The range for GHS varies to a great degree depending on the level of coverage and if spousal and family coverage is available.

Taking the average employee cost without additional coverage, the average cost of insurance per employee adds up to RM 1,200. This will cost the employer an annual health expenditure of RM 60,000. For more comprehensive coverage including dental and optical insurance, the cost per employee will increase to RM 2,000 per employee, which will lead to an annual health expenditure of RM 100,000.

### Key takeaways



#### Pros

- HR can sit back and chill
- A buffet of options



#### Cons

- Rising insurance cost
- Friction with re-onboarding employees
- Lack of real-time benefits usage
- High initial costs

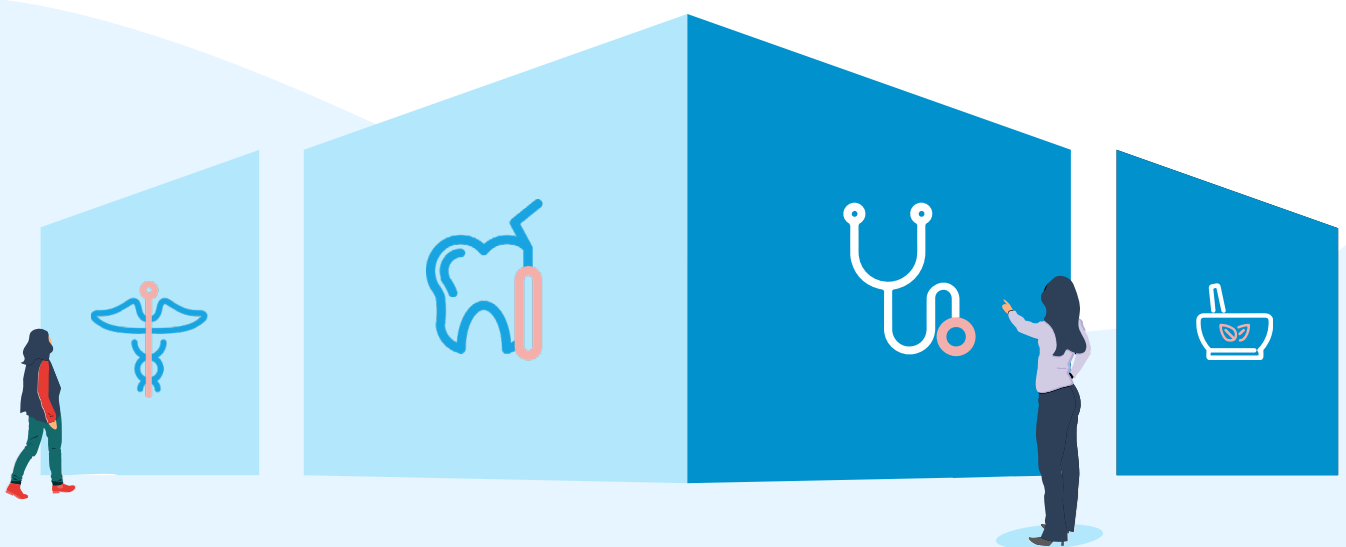
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## Considerations for employers

You can consider switching to a lower insurance plan where it can still cover your employees' health needs and help you save medical benefits costs at the same time. Before making the switch, here are 4 questions you need to ask yourself:

- How much have my employees spent on benefits for the past 3 years?
- How many employees spent over the budget?
- How many employees spent below the budget?
- Does the lower insurance plan cover my current employees' healthcare needs?

If most of your employees spent below the budget and the lower insurance plan still cover their needs, switching is a good alternative for you. Or you can consider the following 2 cost-saving options.



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# Option 2: self-funded reimbursement model

## What is it and how does it work?

The employer sets aside a sum of money (from its own pocket) for its employees' outpatient fees.

## How does the claim process work?

### Employee



Employee visits a company-approved clinic or healthcare provider



Employee pays out of pocket upon checkout



Employee submits receipts to the HR before deadline



Employee receives reimbursement at future payroll

### HR



Receive receipts from employees



Records all data into spreadsheet



Files all submitted receipts in a folder



HR approves or rejects claim



Claims processing by HR

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## Pros

### Stronger cash flow

Paying expenses as they come can be a better way to retain cash flow than upfront costs with insurance.

### Fully utilised benefits budget

any unutilised funds can be channeled to other company's strategic initiatives because you pay as expenses come. This model allows you to fully optimise your budget beyond the basic medical benefits.

### Greater control on employee benefits

Without relying on a third-party insurer, your organisation has greater control over the range of benefits and health services provided, including wellness programs. You can create your own policies and guidelines customised to your diverse employees' needs.



## Cons

### Unnecessary hours spent on repetitive tasks

Did you know that, on average, workers spend 552 hours a year (69 workdays) doing administrative and repetitive tasks?<sup>7</sup>

Processing claims and keeping track of them manually for hundreds of employees takes a massive toll on your HR's physical and mental health. As the team grows, the workload will continue to increase.

### Higher outpatient fees

For companies with less than 100 employees, it's difficult to secure corporate GP consultation fees. As such, you'll be paying the walk-in rate for your employees.

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## Key takeaways



### Pros

- Stronger cash flow
- Fully utilised benefits budget
- Greater control on employee benefits



### Cons

- Unnecessary hours spent on repetitive tasks
- Higher outpatient fees

## Considerations for employers

The self-funded reimbursement model is suitable for companies that want to retain stronger cash flow and consist of relatively young and healthy employees.



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# Option 3: Mednefits, the HR Tech model

## What is it and how does it work?

Mednefits is an automated HR-friendly medical benefits platform that:

- Connects you with a huge range of clinics, dentists, and specialist providers at a lower cost
- Automates mundane and repetitive administrative tasks, resulting in more efficient benefits management
- Provides an intuitive portal for HR and employees to view benefits, policies, panel clinics, and usage instantly
- Helps HR receive and process claims faster

## How does the enrolment process work?

Once enrolled, employees download an app to easily search for providers near them and HR managers are provided with a company HR portal that allows them to oversee and manage the company's benefits usage with additional functions, such as e-claims processing.

## How does the claim process work?

### At panel clinics

#### Employee



Employee locates closest panel provider with their Mednefits App

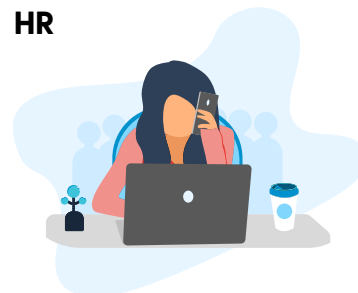


Payment is made directly with the Mednefits App upon checkout



A monthly invoice on employees' transactions are sent to the company

#### HR



No claims require processing. HR receives a monthly invoice from Mednefits



## At non panel clinics (optional)

### Employee



Employee visits a non-panel clinic



Employee pays out of pocket upon checkout



Employee submits claim with Mednefits App

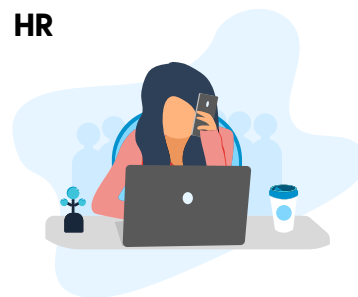


HR approves or rejects claim



Claims reimbursement is made by company or by Mednefits (optional)

### HR



HR reviews monthly employee non-panel claims



Claims processing by HR or by Mednefits (optional)

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## Pros

### Full control of medical benefits

Instead of being dictated by the insurers, your organisation has the absolute control to personalise the medical benefits, ranging from GP, dental, TCM, and more.

Personalised benefits are proven to be an essential element in a multigenerational workplace. In SHRM's words, "the best benefit plans offer employees a sense of security and well-being."<sup>8</sup>

However, this can vary from one employee to another based on age, gender, salary, background, family and other factors.

Employers are beginning to recognise the importance of "choice" in employee benefits. More than half (69%) of them are prioritising adding or enhancing core and broader benefits.<sup>9</sup>

### Eliminates mundane repetitive tasks

Save your employees 125 hours annually (15 workdays) on administrative work and get rid of all the paperwork by automating medical benefits administrative work. This reduces the need to hire additional HR professionals and give your current HR department more time to work on tasks that matter.

### Transparent benefits usage data

Get a clear picture of your benefits claims each month and save money by preventing overpayments. You can drill down to each employee's spending behaviour or zoom out to the departmental or group view.

Additionally, you can identify the top used benefits and the least used. Then, you can start rearranging the budget and provide the most meaningful benefits for your employees -- without potentially spending more money.

### Free platform

You won't be paying any fee to use the Mednefits platform. The only cost incurred is the medical benefits you provide to your employees.

Let's say, you choose to cover RM400 of medical fees per employee and you have 1,000 employees. The total annual cost will be RM400,000.

### 3x Employee satisfaction

Mednefits partners have reported their employees were more satisfied with their medical benefits for the following reasons:

- Hassle-free claims. All the need to do is scan the QR code and the system automatically sends the claim to the employer.
- Transparent benefits usage. Employees can see how much they've spent and reimbursement left – which gives them more control over their benefits.
- Easy to find providers. Just like how easy it is to find a destination on Google Maps, employees can find the nearest panel clinics or centers instantly.

### Integrated with Visual Solutions and Rymnet

Now, you can use Mednefits along with Visual Solutions, Human Capital Management system provider, and Rymnet, a HRM Cloud Solutions provider.



## Cons

### Digital adaptation

Switching from manual processing to a digital platform can be a learning curve for certain employees, especially those unfamiliar with technology. To flatten the learning curve as much as possible, each organisation is assigned a Mednefits specialist (maybe more depending on the organisation size) to onboard the employees and answer all questions until they're ready.

Mednefits also requires smartphones to pay and submit claims, which may not be available for employees without smartphones.

### HR system integration in progress

The team is expected to onboard more HRMS partners in 2021.

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## Key takeaways



### Pros

- Full control of medical benefits
- Eliminates mundane repetitive tasks
- Transparent benefits usage data
- Free platform
- 3x Employee satisfaction
- Integrated with Visual Solutions and Rymnet



### Cons

- Digital adaptation
- HR system integration in progress

## Considerations for employers

The Mednefits model is suitable for organisations of all sizes (thanks to its ability to customise) that want to:

- Reduce its medical benefits costs
- Offer personalised benefits
- Take back full control of their medical benefits
- Eliminate tedious administrative tasks
- Get actionable insights from benefits usage data

See it for yourself how Mednefits can help you take care of your employees better without squeezing your budget. You can request a free demo and get 30 minutes free consultation by one of our benefits specialists.



[Request a free demo today](#)

# Comparison of 3 medical benefits model

## Price comparison

Medical Insurance	Reimbursement	Mednefits
RM700 per employee (estimated)	RM500 per employee (estimated)  (ex. RM50 per GP visit capped at 10 visits/year)	RM300 per employee (Recommended minimum for Basic plan)  RM400 - 600 per employee (for Enterprise plan)

## Pros and Cons comparison

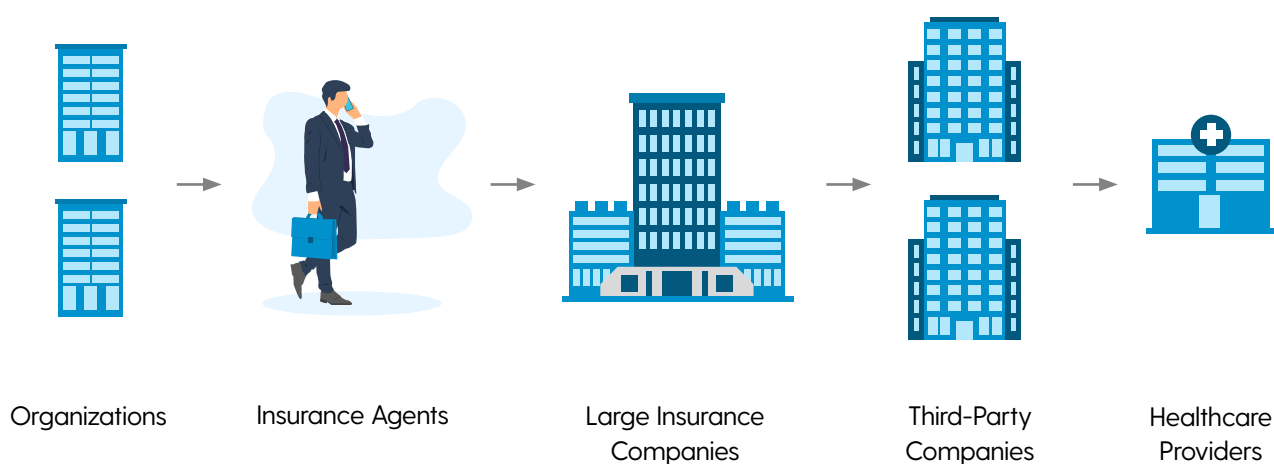
	Health Insurance	Reimbursement	Mednefits
Pros	<ul style="list-style-type: none"> <li>• HR can sit back and chill</li> <li>• A buffet of options</li> </ul>	<ul style="list-style-type: none"> <li>• Stronger cash flow</li> <li>• Fully utilised benefits budget</li> <li>• Greater control on benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Full control of medical benefits</li> <li>• Eliminates mundane repetitive tasks</li> <li>• Transparent benefits usage data</li> <li>• Free platform</li> <li>• Integrated with Visual Solutions and Rymnet</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Friction with re-onboarding employees</li> <li>• High initial costs</li> <li>• Lack of real-time benefits usage</li> </ul>	<ul style="list-style-type: none"> <li>• Heavy administrative burden on HR</li> <li>• Higher outpatient fees</li> </ul>	<ul style="list-style-type: none"> <li>• Digital adaptation</li> <li>• HR system integration in progress</li> </ul>

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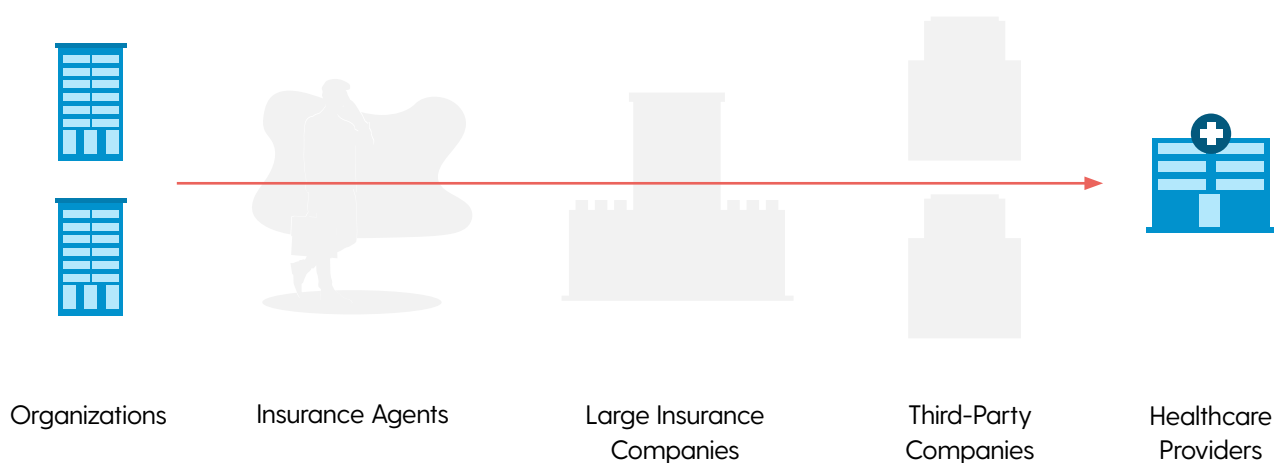
# How Mednefits provides more meaningful employee benefits at an affordable cost

Instead of going through third-party administrators and agents, Mednefits eliminates all unnecessary cost-inducing layers and connects you directly to hundreds of healthcare providers at a lower rate.

## Traditional employee benefits model



## Mednefits automated platform



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## For SMEs and Startups

Did you know GP corporate rates are only available for companies with more than 500 employees? With Mednefits extensive healthcare network, we enabled smaller companies to access and **enjoy 10% extra credits** towards their benefits.

Plus, you get to step up your medical benefits to MNCs by obtaining the same benefits they're getting below.

## For MNCs

On the other hand, giant corporations struggle with an overwhelming amount of benefits administrative work, benefits usage data, and insanely high medical benefits costs.

With the help of Mednefits cutting-edge HR tech, these giants can achieve the following:

- **Reduce 120+ hours of administrative work** by using automation to do the work instead of humans
- **Get actionable insights on benefits usage** from real-time tracking data
- **Enjoy lower medical benefits costs** after removing unnecessary layers

Plus, organisations of all sizes get an **additional 10% medical credits** without added costs. Meaning, you'll get RM11,000 worth of coverage for the price of RM10,000.\*

\*available for Basic plan only.

## Why organisations love Mednefits



### Better benefits

Flexible benefits arrangements customised to your HR policy.



### Save time

Automate healthcare claims for employees and HR with an easy-to-use platform.



### Easy to manage

Real-time data on employee benefits usage and consolidated invoices.



### Convenient access

Full range of healthcare providers islandwide.

## The rewards Mednefits' clients are reaping:

- **100+ hours saved** annually on administrative work
- **3x employee satisfaction** with their benefits experience
- **10% benefits bonus** without added costs

These companies are leading the employee benefits transformation.



[Request a free demo today](#)

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