

Press Release

Transforming Health Insurance and Healthcare in Sri Lanka: A Vision for 2030 and Beyond

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Sri Lanka has long been admired for its free, universal public healthcare system and notably high literacy levels. Despite this success lies a critical challenge: our health information infrastructure remains fragmented, insufficiently digitized, and prone to inaccuracies. In many hospitals, disease coding accuracy remains below acceptable levels, leading to gaps in diagnosis records, inefficiencies in insurance claims. This results in the misallocation of scarce resources, higher costs for both citizens and the state, and missed opportunities to align with global digital health ecosystems.

As we look toward the next decade, it is clear that the sustainability of our healthcare system and the insurance sector that supports it, depends on how effectively we modernize our data infrastructure and adopt international standards, such as the International Classification of Diseases, 11th Revision (ICD-11).

The Global Context

Globally, the healthcare landscape is undergoing a rapid digital transformation. The World Health Organization's ICD-11 provides a comprehensive and globally comparable framework for classifying diseases and causes of death, bringing uniformity and accuracy to the recording and reporting of health conditions. Countries such as Estonia and many European countries have already made significant steps by integrating ICD-11 and national electronic health record (EHR) systems that unify patient data and insurance information through secure digital platforms.

For example, Estonia's X-Road platform connects hospitals, insurers, pharmacies, and even taxation and identity systems, enabling instant, encrypted data exchange. Similarly, Finland's Kanta Services provide citizens with a central digital repository of medical records and prescriptions.

Sri Lanka now stands at a pivotal moment to become South Asia's first nation to fully adopt ICD-11 nationwide and implement a unified electronic health record system that integrates both modern and traditional Ayurveda medicine by 2030.

Why This Change Matters

For Citizens

A digitally transformed health ecosystem built around ICD-11 and EHRs means faster, safer, and more accurate care. Each citizen could have a secure digital health ID that contains their ICD-coded medical history and insurance entitlements accessible anywhere, anytime. This enables doctors to make informed decisions, minimizes diagnostic errors, and ensures continuity of care across institutions.

For policyholders, this integration allows insurers to verify diagnoses and process claims seamlessly, reducing delays and disputes. Most importantly, it empowers individuals to take control of their own health data fostering trust, transparency, and accountability in both healthcare and insurance.

For the Economy

At the same time, AI-driven analysis of anonymized health data can propel medical innovation, clinical research, and preventive-care initiatives. Accurate data enables better forecasting of health trends, smarter public spending, and early detection of disease outbreaks. By cutting down on inefficiencies, Sri Lanka could save billions of rupees annually in wasted healthcare expenditure.

Becoming a “health-secure island nation” will place Sri Lanka on par with global leaders in digital health. Moreover, the integration of Ayurveda into ICD-11 will not only preserve Sri Lanka’s cultural heritage but also make traditional medicine eligible for global insurance recognition and research collaborations.

For Insurers

The adoption of ICD-11 and the digitization of Electronic Health Records (EHR) bring significant advantages to insurers. Standardized medical coding enhances risk assessment accuracy, enabling the creation of tiered and pre-underwritten health products that improve accessibility and affordability across all income segments. Digitized records also allow real-time verification, minimizing fraudulent and duplicate claims, reducing administrative costs, and ensuring faster claim settlements that enhance policyholder satisfaction.

Why “Health Age” Matters for Insurance Premium Calculation

In modern insurance practices, **health age** a measure of an individual’s biological rather than chronological age plays an increasingly important role in determining fair and personalized premium rates. Unlike chronological age, health age reflects an individual’s true physiological condition, lifestyle patterns, and medical history, which can be objectively determined through digital health data and predictive analytics.

For instance, a 40-year-old individual with a health age of 30 due to regular exercise, balanced diet, and low disease risk would logically deserve a lower premium compared to another 40-year-old with a health age of 55, influenced by chronic illnesses or high-risk behaviors.

Incorporating health age into premium calculations ensures that premiums reflect actual health risks rather than demographic generalizations, thereby encouraging preventive behavior, fairness, and wellness-based incentives. It also enables insurers to reward healthier lifestyles through discounts, loyalty bonuses, or wellness credits.

However, the successful application of this concept depends entirely on digitized, standardized medical data. Only through accurate ICD-11, coding and EHR integration can insurers build reliable predictive models to calculate health age. Thus, Sri Lanka's health data transformation is not merely administrative it is the foundation for a more equitable and data-driven insurance future.

Leveraging Digital Health Data to Drive Personalized Insurance Solutions

Accurate ICD-11 coding enhances risk assessment, allowing insurers to develop Segmented, pre-underwritten health products tailored to various income segments. This will encourage greater inclusion and expand insurance coverage among low-income and informal-sector populations.

Integration of AI-powered analytics enables insurers to predict disease trends, identify emerging risks, and proactively design innovative insurance products. This allows insurers to evolve from being mere claim-settlers into active promoters of preventive healthcare, enhancing both profitability and public well-being.

Lessons from Estonia – and Beyond

Estonia's success is often cited as a global benchmark. Its X-Road system links multiple sectors, healthcare, taxation and insurance allowing instant, secure data exchange among authorized parties. Nearly 99 % of health data is digitized, enabling claims to be settled within minutes and fraud to be virtually eliminated. Citizens access their medical history, prescriptions, and insurance records via a single portal, creating unmatched convenience and trust.

Yet Estonia is not alone. Across European countries are transitioning toward ICD-11 compliance and piloting its integration into their health information systems. These examples demonstrate that Sri Lanka's aspiration is both ambitious and achievable, provided there is strong leadership, robust data governance, and effective multi-sectoral collaboration

Policy and Regulatory Priorities

To realize this vision, Sri Lanka must:

- Mandate ICD-11 coding across all healthcare providers and implement nationwide training for doctors, coders, and data managers.
- Develop standardized pricing and billing guidelines for hospital and professional services to reduce cost disparities and overcharging.

- Expand affordable, inclusive health insurance products supported by accurate data and risk-based pricing models.
- Promote public-private partnerships to accelerate digital-health infrastructure development and innovation.
- Strengthen regulatory oversight to ensure that private hospitals and insurers adhere to digital-health and data-protection standards.

Such reforms will create an enabling environment where both healthcare and insurance systems operate transparently, efficiently, and equitably.

Endorsement, Funding, and Implementation

This transformative agenda demands high-level political endorsement. The President and Cabinet must recognize digital health transformation as a national priority integral to economic resilience and social inclusion.

Funding partnerships should be forged with international development agencies such as the World Bank, Asian Development Bank, and World Health Organization, ensuring access to technical expertise and sustainable financing. A phased national rollout, starting with tertiary hospitals and expanding to all healthcare levels by 2030 will allow for structured adoption, capacity-building, and integration with insurers.

Equally important is the establishment of a multi-stakeholder coordination mechanism, led by all relevant parties. This collective governance framework will ensure consistency, accountability, and measurable progress.

A Healthier, Wealthier, and More Secure Sri Lanka

By embracing ICD-11 and implementing a nationwide EHR system integrated with insurance, Sri Lanka can revolutionize healthcare delivery while advancing financial inclusion and economic growth.

Imagine a future where every Sri Lankan citizen travels with a secure digital health ID, where insurers instantly verify claims, where Ayurvedic treatments are internationally recognized and insured, and where premiums are tailored to one's health age rather than one's birth year. This is not a distant dream, it is an achievable vision grounded in data, technology, and trust.

The IRCSL stands ready to lead this transformation driving innovation, promoting fairness, and ensuring that Sri Lanka's healthcare and insurance systems evolve together toward a shared goal of resilience and sustainability.

Together, let us transform health into a pillar of national prosperity and a beacon of hope for generations to come.

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Date: 14/11/2025