

Spending the Health Dollar – Who Pays? Who Cares?

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Singapore's Healthcare System: An Optimum Public-Private Mix?

Seeks to avoid either extremes

Welfare State

Tax-funded/

Social insurance

- 'Free' services**
- Low quality**
- Inefficiency**

Free Market

Fee for service

Private insurance

- Moral hazard**
- Adverse selection**
- Inequity**

Health & Social Care Strategies

**Instill personal and family responsibility
(Cost-sharing)**

+

**Ensure future sustainability with ageing
to avoid inter-generational transfers
(Savings)**

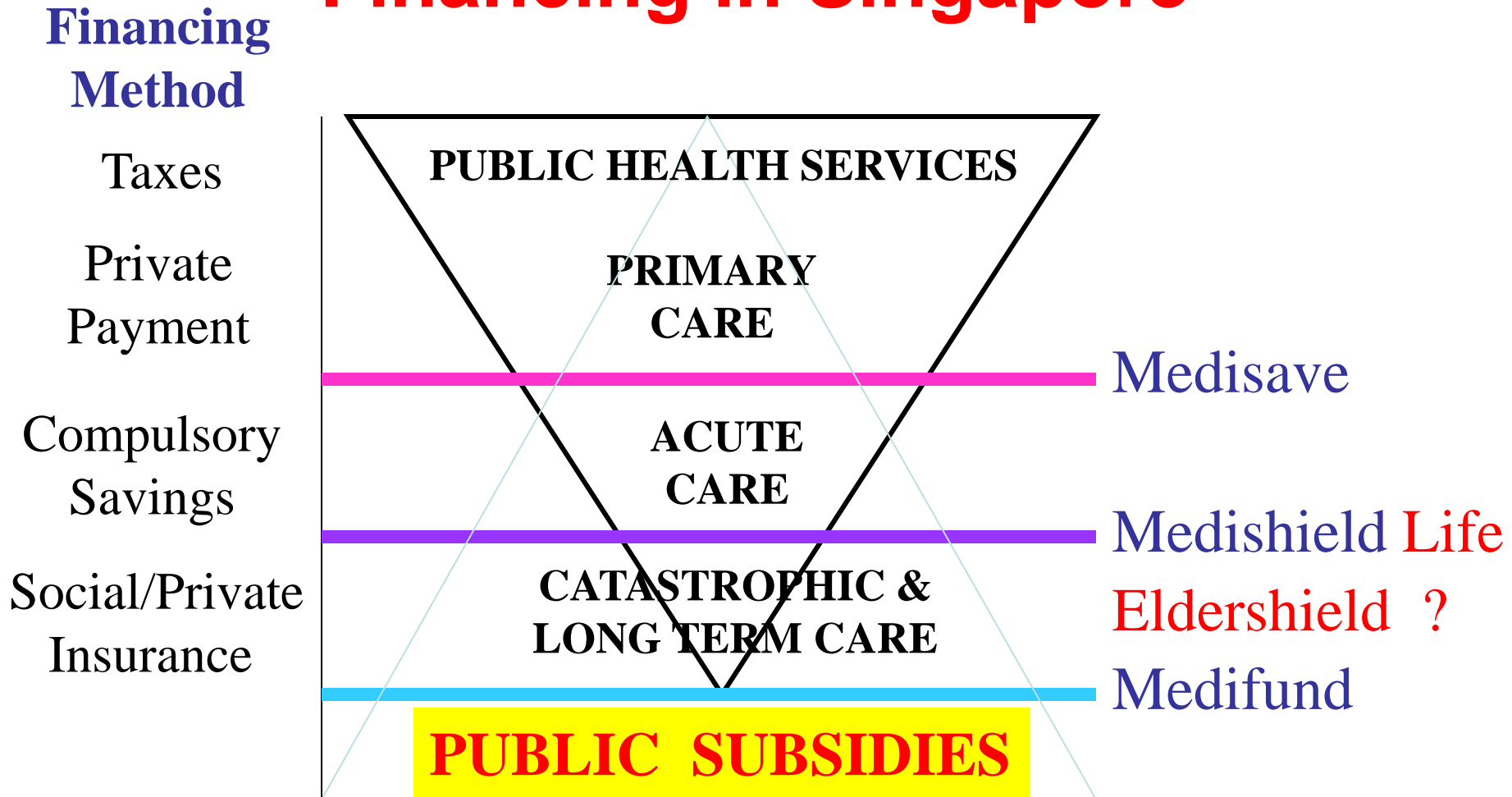
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**Enhance risk-pooling and social protection
(Insurance)**

+

**Target subsidy and equitable distribution
(Taxation)**

Health and Social Care Financing in Singapore



The Changing Social Context

- General Elections 2011
 - PAP's loss of political support
- “New Normal” – more consultative
- Our Singapore Conversation 2012-13
 - Political issues of housing, transport and health care (White Paper on Population 2013)
 - Unaffordable costs (to give peace of mind)
- National Day Rally Speech 2013
- “New Balance” – social compact between the citizen, community and government

Shift from Personal Responsibility to Shared Responsibility in Health Policy

Government and patients should pay fair share for health care (Straits Times, Jun 03, 2013)

“I am afraid that the past over-emphasis on individual responsibility and excessive cost-recovery would drive our health-care model towards a more uncaring and socially unacceptable system.

By default, perceived fears of unaffordable prices would be channeled towards greater reliance on private health insurance, leading to market failure like that in the US health system.

We will have to strike a judicious balance between creating wealth, while ensuring that scarce resources will be allocated not just efficiently but also equitably.”

Phua Kai Hong

What about the elderly who do not have CPF, Medisave, Medishield and enough savings?

National Day Rally Speech 2013 – Healthcare Policy Announcements




- Medishield Life – Compulsory and lifelong inclusive coverage for catastrophic illnesses (Universal Health Coverage)
 - Pioneer generation (older Singaporeans)
 - Pre-existing illnesses (no exclusions)
- Medisave can be used for more conditions and cost-effective outpatient care
- Community Health Assist Scheme (CHAS) more generous for poor (with no age limit)

The Pioneer Generation Package 2014



Summary



Age	Outpatient Care 	Annual Medisave Top Up (A) 	MediShield (MSH) Life Premium Subsidy (B) 	#MSH Life Premium after (A) + (B)
65 – 69 years old in 2014 (Born 1945 – 1949)	<ul style="list-style-type: none"> At Polyclinics / SOCs <ul style="list-style-type: none"> Additional 50% off subsidised bills [Effective subsidy of 75% to 85% at SOCs] *Additional 50% off subsidised drugs CHAS card <ul style="list-style-type: none"> All will now qualify Those already in: will have further subsidies Moderate to severe functional disabilities (i.e. need hands-on assistance with 3 or more activities of daily living such as washing, dressing, toileting etc) <ul style="list-style-type: none"> Get \$1,200/year in cash 	\$200	<ul style="list-style-type: none"> MSH Life covers all PG members, including those with pre-existing conditions Increase with age <ul style="list-style-type: none"> From 40% (65 years old) to 60% (90 years old) 	<ul style="list-style-type: none"> If covered under MSH now: <ul style="list-style-type: none"> Pay about half of current premiums If not covered under MSH now: <ul style="list-style-type: none"> Pay less than current premiums
70 – 74 years old in 2014 (Born 1940 – 1944)		\$400		
75 – 79 years old in 2014 (Born 1935 – 1939)		\$600		
80 years & above in 2014 (Born 1934 or earlier)		\$800		Fully covered, even if not covered under MSH now
Effective from	Sep 2014 *Early 2015	July 2014	Late 2015, when MediShield Life is rolled out	#(A) + (B) are used to offset premium for MSH Life only, not premium for Private Integrated Shield Plan

MediShield Life Review Committee

AT A GLANCE

RECOMMENDATIONS

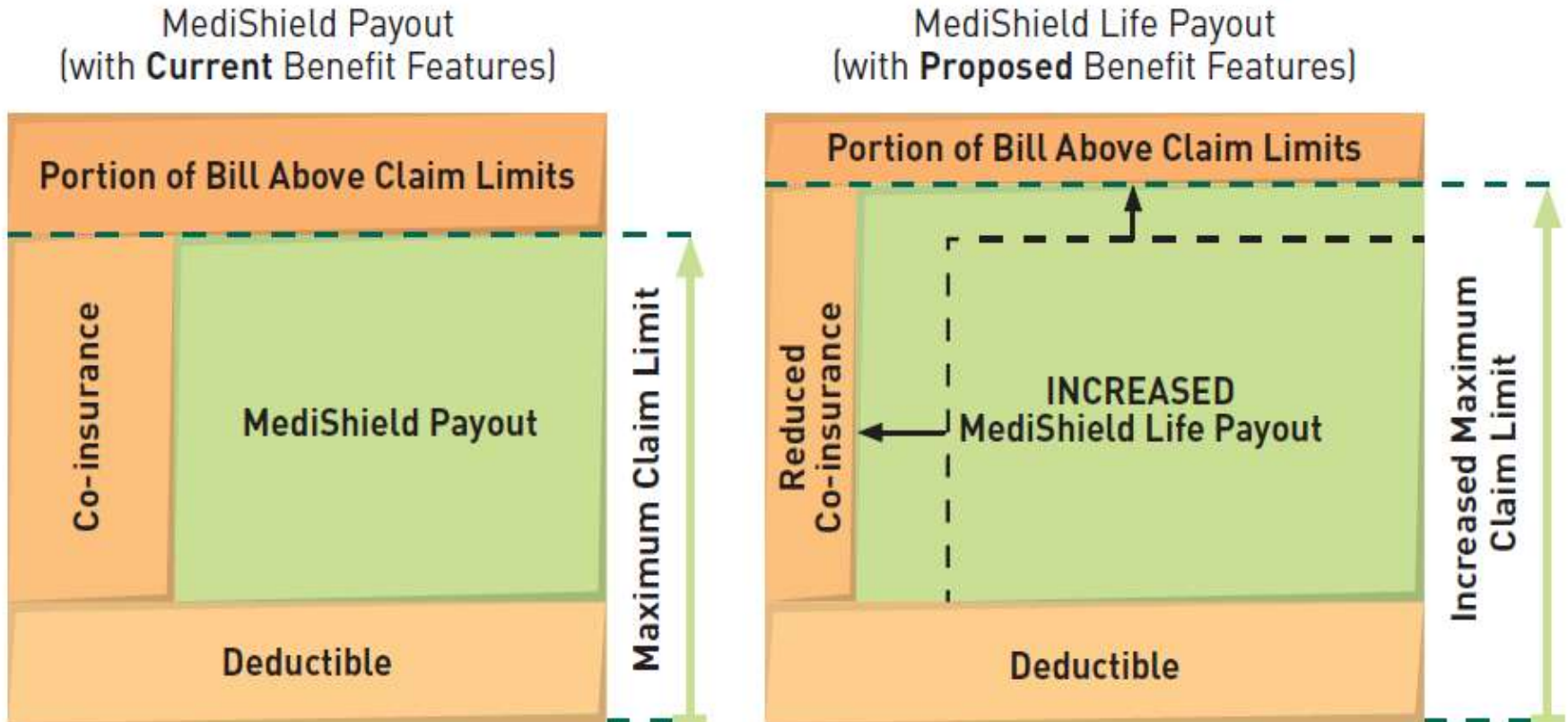
by the MediShield Life Review Committee

Better Protection

MediShield Life will provide better protection against large hospital bills and expensive chronic treatments

- ▶ Remove lifetime claim limit and increase policy year claim limit
- ▶ Increase daily limits for hospital stays
- ▶ Increase surgical and outpatient cancer treatment limits
- ▶ Reduce co-insurance rates from the current 10 – 20% to 3 – 10%
- ▶ Start premium rebates earlier from age 66, instead of age 71

MediShield Life Review Committee Recommendations



Payout represented by box in **green** will increase

Note: Most bills will not exceed claim limits

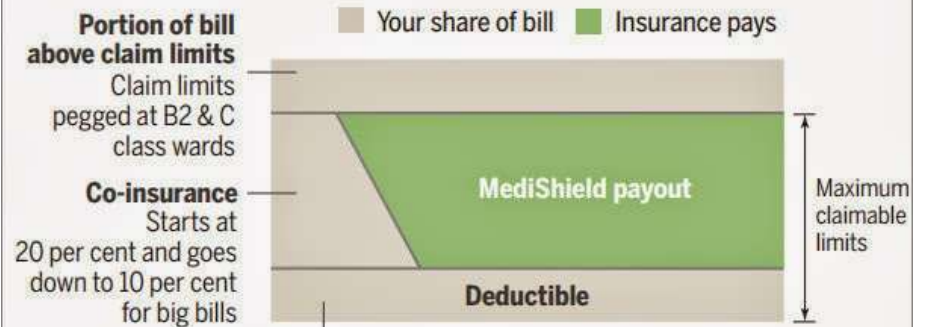
MediShield versus Medishield Life

MEDISHIELD LIFE BENEFIT ENHANCEMENTS

CLAIM LIMITS	MEDISHIELD	MEDISHIELD LIFE
DAILY WARD AND TREATMENT CHARGES	\$450 (NORMAL) \$900 (ICU WARD) \$250 (COMMUNITY HOSPITAL)	\$700 (NORMAL) \$1,200 (ICU WARD) \$350 (COMMUNITY HOSPITAL)
SURGICAL PROCEDURES	\$150 - \$1,100	\$200 - \$2,000
OUTPATIENT CANCER CHEMO TREATMENT	\$1,240 (PER 21/28 DAY CYCLE)	\$3,000 (PER MONTH)
OUTPATIENT RADIOTHERAPY	\$80-\$160	\$140-\$500
POLICY YEAR	\$70,000	\$100,000
LIFETIME LIMIT	\$300,000	REMOVED
CO-INSURANCE	20% (\$0 - \$3,000) 15% (\$3,000 - \$5,000) 10% (\$5,001 - \$10,000) 10% (>\$10,000)	10% (\$0 - \$3,000) 10% (\$3,000 - \$5,000) 5% (\$5,001 - \$10,000) 3% (>\$10,000)
PREMIUM REBATES START FROM	AGE 66	AGE 71

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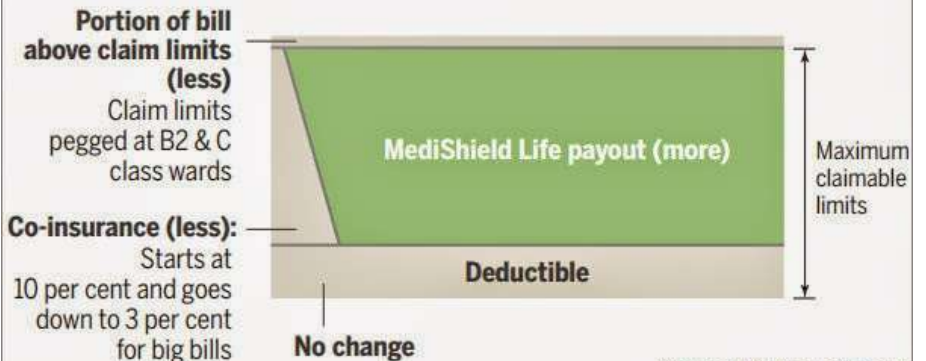
How MediShield works



What patient pays before insurance kicks in:

- C-class patient aged below 80 years: \$1,500
- B2-class patient aged below 80 years: \$2,000
- C-class patient aged 80 years and older: \$2,000
- B2-class patient aged 80 years and older: \$3,000

How MediShield Life works



Source: Ministry of Health
ST GRAPHICS

MediShield Life Review Committee Recommendations

For All. For Life.

All Singaporeans will benefit from MediShield Life protection regardless of health status, throughout our lives

- ▶ All Singapore Citizens and Permanent Residents will be covered by MediShield Life throughout our lives, regardless of financial situation
- ▶ All pre-existing conditions will be covered
- ▶ Everyone shares in the national risk pool and plays a part in supporting pooled healthcare costs
 - Government to bear about 75% of the costs of bringing those with pre-existing conditions under MediShield Life, at an estimated cost of \$850 million over the first five years
 - Individuals with pre-existing conditions pay an additional 30% of the standard premiums for the first ten years
 - All other Singaporeans to co-share a modest part of the costs

MediShield Life Review Committee Recommendations

Affordable Premiums

Premiums will go up because of better protection and coverage for all, but Government will provide support to keep premiums affordable

- ▶ Everyone pays a little more to ensure that those with pre-existing conditions are covered, but Government to bear the bulk of the costs
- ▶ Medisave Withdrawal Limits to continue to fully cover MediShield Life premiums
- ▶ Working age persons to pay higher premiums, so that premiums rise by less in old age
- ▶ Government commits to support Singaporeans in paying for their MediShield Life premiums:
 - Substantial premium subsidies for lower- to middle-income. Up to two thirds of Singaporeans will be eligible
 - Pioneer Generation subsidies for the elderly
 - Transitional subsidies over four years for all Singapore Citizens to ease the shift to MediShield Life
 - Additional premium support for Singapore Citizens who are unable to pay for premiums even after subsidies

MediShield Life Review Committee Recommendations

PER MONTH

Age Next Birthday	Current MediShield Premiums (\$)	MediShield Life Premiums Before Subsidy (\$)	MediShield Life Premiums (\$)¹ Shown on Per Month Basis							
			Lower-Income²		Lower-Middle-Income³		Upper-Middle-Income⁴		High Income⁵	
			2015	2019	2015	2019	2015	2019	2015	2019
1 – 20	4	11	5	8	5	9	5	9	6	11
31 – 40	9	26	11	19	11	21	11	22	12	26
51 – 60	29	53	30	37	31	39	31	42	34	53
61 – 65	38	63	39	41	39	44	40	47	43	63
71 – 73⁶	47	74	41	41	41	41	41	41	41	41
81 – 83⁶	94	104	47	47	47	47	47	47	47	47

*Note: All premiums figures are shown on a per month basis, but are payable per year. Full table of premiums can be found in Annex G. 2019 premiums include premium subsidies but no transitional subsidies

¹Premium and subsidy details are provided by the Ministry of Health. Applicable for Singapore Citizens staying in residences with an Annual Value (AV) of \$13,000 or less. For those with AV above \$13,000, please refer to Annex G. Permanent Residents receive half of the applicable premium subsidies for Singapore Citizens and no transitional subsidies

²Lower-income refers to individuals with monthly per capita household income of \$1,100 or less

³Lower-middle-income refers to individuals with monthly per capita household income of \$1,101 to \$1,800

⁴Upper-middle-income refers to individuals with monthly per capita household income of \$1,801 to \$2,600

⁵High income refers to individuals with monthly per capita household income above \$2,600

⁶Net premiums shown are for Pioneer Generation Singaporeans

Integrated Shield Plans (IPs)

Integrated Shield Plans (IPs) are private plans that have been integrated with the MediShield to form a single integrated plan. IP policyholders enjoy the benefits and coverage of the MediShield tier, plus enhanced coverage provided by their private insurers for higher ward classes and private hospital stays. IP premiums include a component for the MediShield tier and a top-up component offered by the private insurer. IP premiums are much higher than MediShield premiums because of their targeted coverage of higher ward classes. With MediShield Life, it will replace the MediShield component within IPs.

Those who are currently on IPs will not be disadvantaged with the introduction of MediShield Life. Given that MediShield Life will be taking on a larger share of IP payouts, MOH will work with IP providers to take this into account when they set IP premiums. Arising from the introduction of MediShield Life, the MediShield component of the IP premium will increase but the top-up component from the private insurer is expected to remain the same, if not lower. This would mean that the total IP premium will rise by the same amount as the rise in the MediShield Life premium, if not less.

(Source: MOH Website - Medishield Life)

MediShield vs Integrated Shield Plans

COMPARISON OF CURRENT MEDISHIELD AND INTEGRATED SHIELD PLAN PREMIUMS

Age group (age next birthday)	MediShield	Premiums for as-charged Integrated Shield Plans		
		Class B1	Class A	Private hospital
31 – 40	S\$105	S\$173 – S\$202	S\$208 – S\$267	S\$277 – S\$383
51 – 60	S\$345	S\$499 – S\$623	S\$666 – S\$825	S\$955 – S\$1,205
66 – 70	S\$540	S\$1,017 – S\$1,238	S\$1,439 – S\$1,827	S\$1,909 – S\$2,278
79 – 80	S\$865	S\$2,027 – S\$2,733	S\$3,034 – S\$3,746	S\$4,264 – S\$5,250
89 – 90	S\$1,190	S\$3,119 – S\$4,245	S\$4,342 – S\$5,669	S\$5,990 – S\$7,748

MediShield Life Review Committee's Recommendations and Policy Issues

Integrated Shield Plans

Make Integrated Shield Plans work better

- ▶ Government to work with the insurance industry to develop key features for a Standard Integrated Shield Plan that will provide adequate coverage at the Class B1 level
- ▶ Allow Integrated Shield Plan insurers to manage those with pre-existing conditions differently from healthy policyholders, including allowing for risk-loading
- ▶ Improve existing regulatory and accountability framework for Integrated Shield Plans and approved insurers

Policy Issues:

- **MediShield Life versus private insurance plans**
- **How much? Standardized and regulated?**
- **Class B1 and above in public hospitals?**
- **Standard package in private hospitals?**

The Health Budget 2015

INCREASING AFFORDABILITY

More affordable medical care

- **CHAS* subsidies and Medisave use for 4 more chronic conditions**

- Epilepsy
- Osteoporosis
- Psoriasis
- Rheumatoid Arthritis



From
1 June 2015

- **Drug subsidies** for subsidised Intermediate and Long-Term Care (ILTC) patients



MediShield Life



Household Check

In a few months, you will get a letter to explain how to check your household information in order to get the correct amount of premium subsidies.

Integrated Shield Plans (IP)

- Standard IP to be introduced in 2016

Pay Your Premiums with Medisave



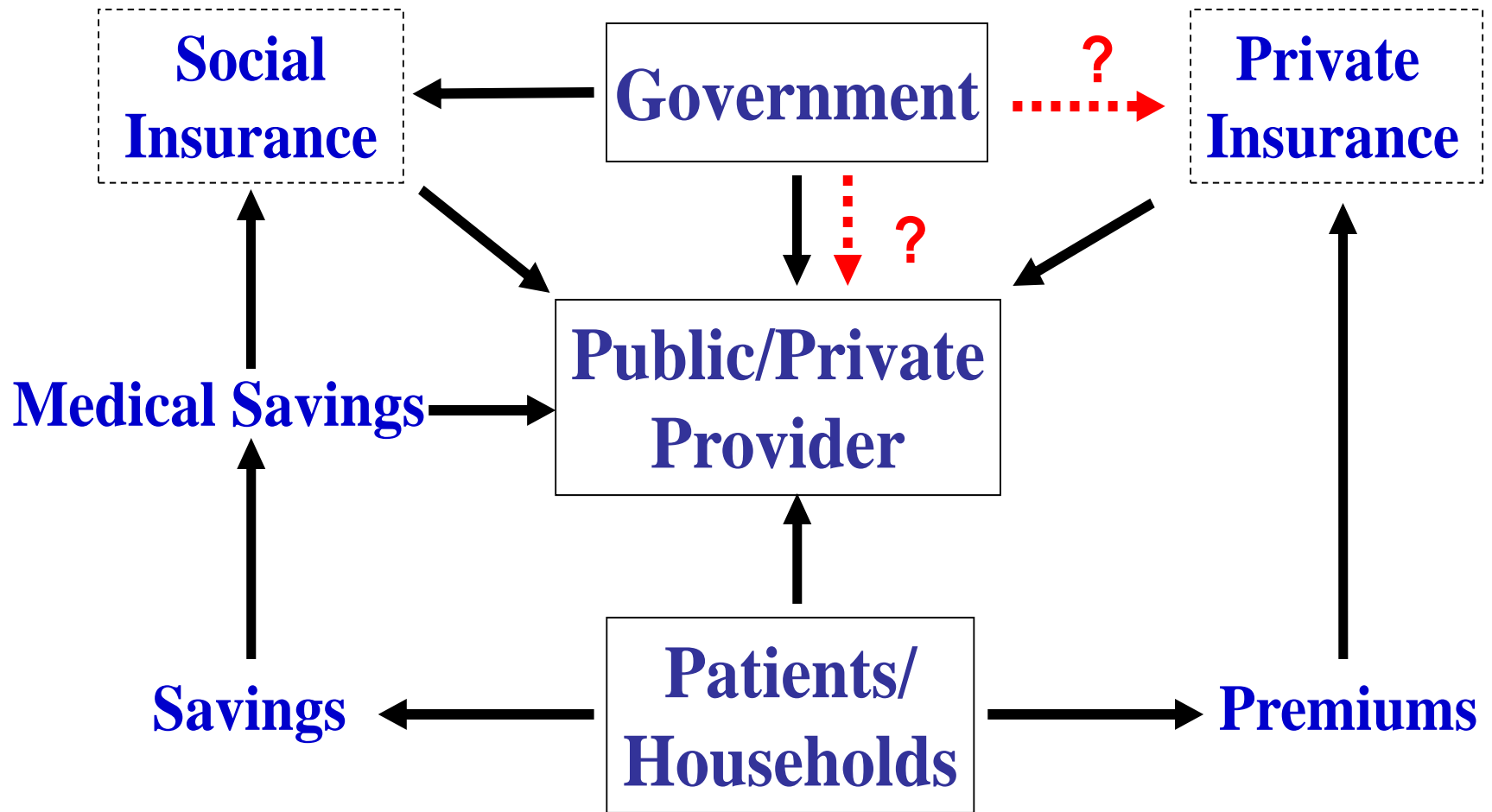
Additional Withdrawal Limit (AWL) is the amount of Medisave you can use for private insurance coverage.

Your net **MediShield Life Premiums** can be paid for fully using Medisave.

A New Basic Healthcare Sum (BHS)

From
1 Jan 2016

Future Policies to Enhance Financing with Savings and Insurance



Fine-tuning the Balance between Economic and Social Costs?

Efficiency versus Equity

**Demand-side
(Patient)**

**Cost-sharing
Savings
Insurance
Subsidy
Means-testing**

**Supply-side
(Provider)**

**Case-mix funding
Price
Quality
Outcomes
Provider payments?**

The Unfinished Agenda – Health and Social Care Financing

1983 Blue Paper – National Health Plan

1984 Medisave

1990 Medishield

1993 Medifund

1993 White Paper - Affordable Health Care

2000 Eldercare Fund

2002 Eldershield

2006 Enhanced Medishield/Private Insurance

2015 Medishield Life - Universal Health Insurance

? Eldershield Life/Long Term Care

An Integrated Systems Approach to Financing Health and Social Care

Financial planning for old age

Reduce consumption while young and build up savings early

Manage savings and investments prudently

Lengthen working life as long as possible

Balance consumption with savings during retirement

Towards cost-effective care

Prevent disease and hospitalisation

Provide substitutes and alternatives, e.g. day care, home nursing, hospice, etc

Strengthen family support and home care

Develop community-based services

Improve housing and living arrangements

Financing the levels of care

Family support for home care

Personal savings and community services for primary health care

Compulsory savings for hospitalisation and acute care

Insurance and institutional support for catastrophic and long-term care

Taxation and state welfare as safety net

An integrated approach to old age security and health care financing

Conclusion

- Money can't buy you health!
- But it can buy a lot of healthcare
- Utilize healthcare cost-effectively
- Spend your health dollar wisely

Thank you for your attention!