

MEDISHIELD LIFE

REVIEW COMMITTEE REPORT





CONTENTS

Preface	▶ 2
At a Glance	▶ 5
Executive Summary	▶ 9
Impetus for MediShield Life	▶ 21
A Look at MediShield Today	▶ 29
Insights from the Public	▶ 37
MediShield Life Benefit Features	▶ 47
Universal Coverage	▶ 57
MediShield Life Premiums and Premium Support Measures	▶ 65
Integrated Shield Plans	▶ 75
Other Issues	▶ 83
Appreciation	▶ 93
Annexes	▶ 97
Glossary of Terms	▶ 115

Letter from Chairman, MediShield Life Review Committee, to Minister for Health

23 June 2014

Dear *Minister,*

It is my pleasure to submit the report of the MediShield Life Review Committee.

My Committee was convened in November 2013 following Prime Minister Lee Hsien Loong's National Day Rally announcement of the Government's intention to provide universal lifetime MediShield coverage for Singaporeans. We have had an insightful journey since November 2013. We have met with over 1,200 Singaporeans over a half-year period to ascertain their healthcare financing needs and to garner feedback on existing schemes. We noted their strong concerns about the affordability of MediShield and Integrated Shield Plan premiums especially for the older generation, and their frequent confusion about the benefits and coverage of Integrated Shield Plans.

We thoroughly considered the possible enhancements to the MediShield scheme taking into account the key concerns of Singaporeans from all walks of life and speaking different languages. We have held in-depth discussions with all key stakeholders, including policyholders, insurers, employers, unions, experts and academics. We asked for and received data, briefings and discussions with officials from the Central Provident Fund Board, the Monetary Authority of Singapore, the Ministry of Finance and the Ministry of Health. We have examined the impact of MediShield Life in reducing out-of-pocket payment, the impact of universal and lifelong coverage on premiums, the ability of MediShield Life premiums to be paid by Medisave and the possible benefits and coverage of future Integrated Shield Plans.

In doing our work, my Committee had to carefully weigh the merits of the many good suggestions and ideas we received against their benefits to the widest number of Singaporeans. At the same time, we were mindful about keeping to the intent of the MediShield Life scheme and the need to ensure affordability. It was a truly humbling experience, to be entrusted with this responsibility to come up with a package that would be both impactful and yet affordable.

While our mandate was focused on the design of MediShield Life, we have made a number of observations and recommendations in the report, including those related to Integrated Shield Plans, in view of the feedback we have heard from fellow Singaporeans.

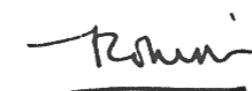
My Committee and I would like to thank the Government for your strong support for our work. Your readiness to consider and support our recommendations has been crucial to our ability to recommend far-reaching changes that will give Singaporeans greater peace of mind. Our work was helped by the Government's early indication of its commitment to help the more vulnerable groups in society come under this enhanced safety net.

We are also grateful to the Singaporeans who have taken the time to share their experiences and suggestions with my Committee. Their candour and openness in sharing have been extremely useful in helping us understand the changing healthcare financing needs of Singaporeans. Without them, an equitable and timely healthcare scheme for the future would not be possible.

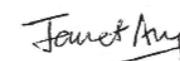
Yours sincerely,



Bobby Chin
Chairman, MediShield Life Review Committee



Mr Abdul Rohim Sarip



Ms Janet Ang



Ms Diana Chia



Mrs Hauw Soo Hoon



Dr Lee Chien Earn



Mr Patrick Lee



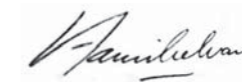
Mr Ong Chong Tee



Mrs Oon Kum Loon



Dr Tan See Leng



Mr Vairappan Tamilselvam

Members of MediShield Life Review Committee

Response from the Minister for Health to Chairman, MediShield Life Review Committee

26 June 2014

Dear Bobby,

The introduction of MediShield Life in 2015 will be a major milestone in reshaping our social policies to provide every Singaporean with lifetime basic protection against medical costs and give them greater peace of mind.

The MediShield Life Review Committee has played a crucial role in helping us achieve this milestone. I am pleased to see that the Committee has consulted widely and made comprehensive recommendations for MediShield Life.

The Government accepts the report of the Committee and agrees with the Committee's approach to calibrate a careful balance between providing greater benefits for Singaporeans and keeping premiums affordable, while ensuring that the system is sustainable over the long term. Specifically, we agree with the Committee's recommendation for MediShield Life to focus on providing basic protection for Singaporeans for large medical bills in subsidised wards. The proposed benefit enhancements are meaningful and will significantly reduce the healthcare costs of Singaporeans.

We also agree with your proposal for all Singaporeans to contribute a small portion of their premiums towards the cost of extending MediShield Life to those with pre-existing conditions and help make universal coverage a reality. While the Government will bear most of this cost, every Singaporean has a role in nurturing an inclusive society and help take care of each another.

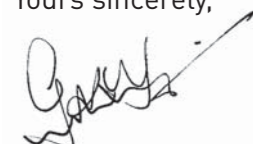
We have also taken note of Singaporeans' concerns about the affordability of MediShield Life premiums especially for the vulnerable groups. The Government is committed to providing subsidies and Medisave top-ups to those who need help most. No Singaporean will be left behind, regardless of his or her financial situation.

The Government will work with private insurers to review the Integrated Shield Plans as suggested by the Committee. We will also step up our outreach efforts and ensure that Singaporeans better understand both MediShield Life and Integrated Shield Plans and help Singaporeans make more informed choices.

The MediShield Life Review Committee has worked diligently to ensure that MediShield Life will be a meaningful scheme and benefit all Singaporeans. I would like to thank you and the Committee, on behalf of the Singapore Government, for the time and effort that you and your members have given to this task. We will examine your recommendations and proposals in detail over the coming months to operationalise them.

As a result of the work of the Committee, Singaporeans can better prepare for the future with greater peace of mind.

Yours sincerely,



Gan Kim Yong
Minister for Health

AT A GLANCE



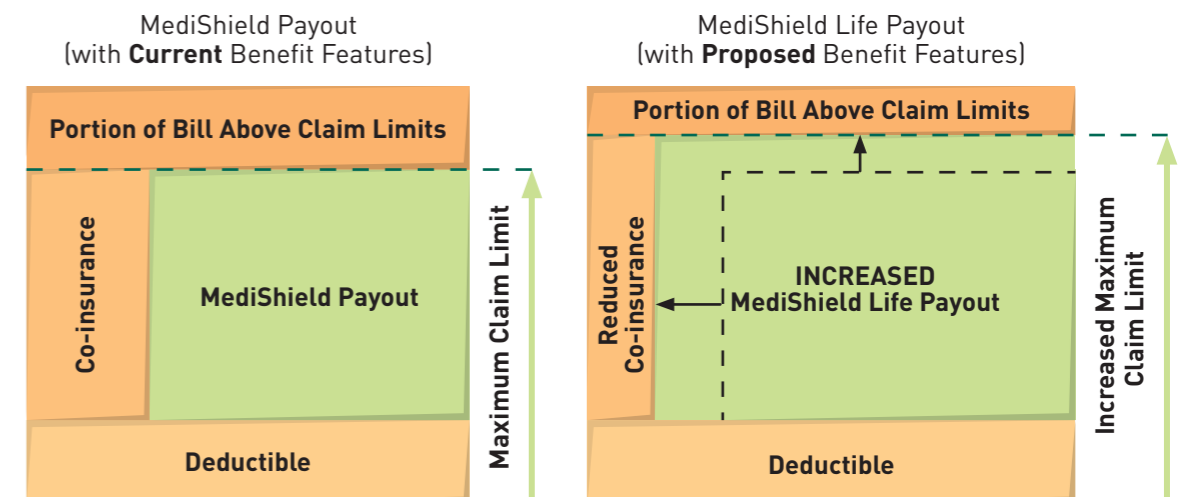
RECOMMENDATIONS

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



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

Note: Most bills will not exceed claim limits

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

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

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

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

For more details, visit www.medishieldlife.sg

EXECUTIVE SUMMARY



1. MediShield Life will come into force in end-2015 and replace the existing MediShield scheme.
2. This MediShield Life Review Committee Report lays out our recommendations for the design of the MediShield Life scheme. It also explains the reasoning and the motivations behind our recommendations. We considered the feedback and suggestions from Singaporeans and key stakeholders during an extensive public consultation exercise. We have also studied healthcare systems in other countries.

From MediShield to MediShield Life

3. At the National Day Rally in 2013, Prime Minister Lee Hsien Loong announced the shift from MediShield to MediShield Life. MediShield is a key feature of Singapore's healthcare financing framework and provides insurance coverage against large Class B2/C hospital bills. It works together with Government subsidies, Medisave and Medifund, to support Singaporeans in paying for their healthcare expenses. The new MediShield Life marks a major shift towards universal insurance coverage. It will be a significant enhancement over the existing MediShield scheme, to better protect all Singaporeans against large medical bills.
4. **Terms of Reference.** Our 11-member MediShield Life Review Committee, chaired by Mr Bobby Chin, was set up in November 2013 to study and make recommendations for MediShield Life. Our Committee's Terms of Reference are:
 - Review the design parameters for MediShield Life and make recommendations to meet the objective of ensuring adequate insurance protection for all Singaporeans for life, while maintaining premium affordability
 - Consider key issues and trade-offs, such as balancing between benefit enhancements and premium levels, and appropriate extent of pre-funding
 - Engage widely with citizens, key stakeholder groups and experts, to better inform the review

Singaporeans Share Views, Hopes and Concerns

5. Our Committee held 36 focus group discussions with members of the public from all walks of life, and key stakeholders and experts, including unions, employers, grassroots leaders, healthcare professionals, insurers, and academics.
6. **Need for Better Public Education.** Our Committee's engagements with the public showed clearly that much more public education was needed for people to understand the various healthcare financing schemes better. In particular, Singaporeans need to understand clearly the aim of health insurance coverage, how MediShield provides basic protection against large healthcare bills, and how Integrated Shield Plans add to this basic coverage.
7. **Balance between Benefits and Affordability.** Most participants strongly supported bringing the uninsured, including those with pre-existing conditions, under MediShield Life. Many expressed willingness to share the costs of covering those with pre-existing conditions, although they were also concerned about the impact on premiums. Participants were keen to enhance benefits offered by MediShield Life, but there were many different views over which additional coverage MediShield Life should provide. Ultimately, participants acknowledged that the more extensive the coverage of MediShield Life, the higher premiums would have to be.

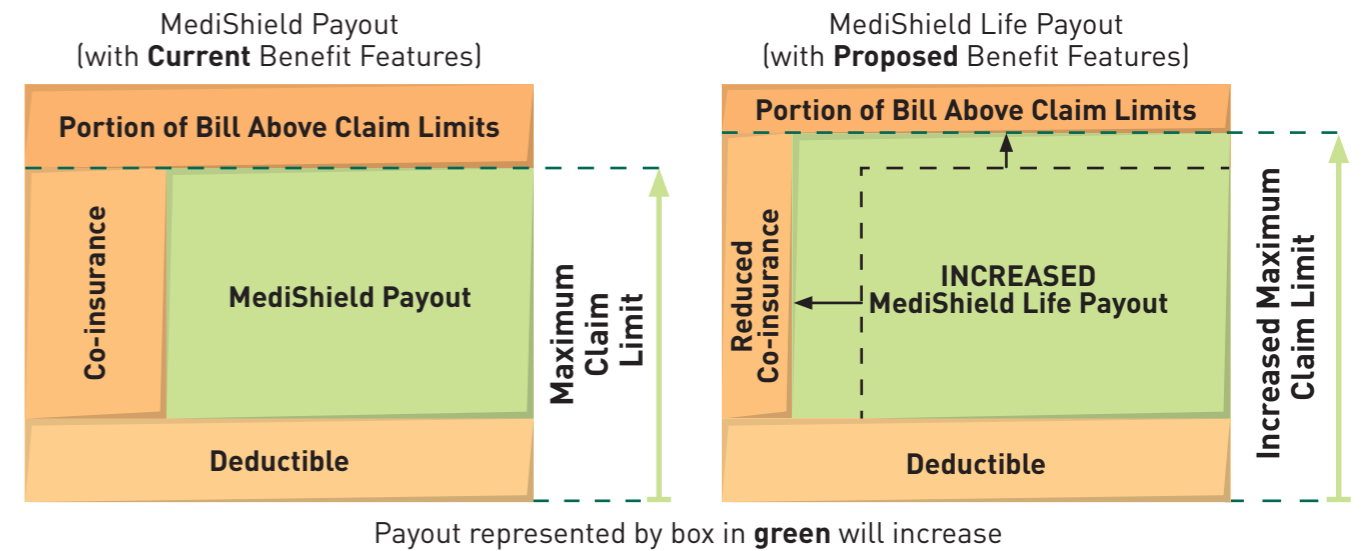
MediShield Life to Give Stronger Protection (Benefit Features)

8. After considerable deliberation and study, our Committee concluded that MediShield Life should be a basic scheme for all Singaporeans, designed to protect them from large Class B2/C bills.
9. **Increased Claim Limits, Reduced Co-insurance Rates.** Participants in the focus group discussions were most concerned about large bills. They valued protection against large bills through higher claim limits, lower co-insurance rates, and lower deductibles. However, each of these features would increase premiums. Since the priority is to enhance protection against large bills, our Committee recommends increasing claim limits and reducing co-insurance rates, but keeping deductibles at current levels to sieve out the smaller bills and keep premiums affordable.
10. **Enhanced Coverage of Chronic Illnesses.** Our Committee noted that although many Singaporeans worried about the cumulative cost of treating their chronic diseases, such concerns are already addressed by other Government measures (including higher subsidy rates for outpatient treatment). In addition, the most expensive outpatient treatments, such as dialysis and chemotherapy/radiotherapy, are already covered by MediShield. This coverage will be enhanced by reducing co-insurance rates and increasing claim limits under MediShield Life.
11. Based on these considerations, our Committee has made the following recommendations for MediShield Life benefits as shown in Figure 3.1. With these benefits, MediShield Life will provide higher payouts, and patients will pay less, as shown in Figure 3.2.

Figure 3.1: Recommendations for MediShield Life Benefit Features

- Remove the lifetime claim limit of \$300,000
- Increase the policy year claim limit by 40% from \$70,000 to \$100,000
- Increase the daily claim limits for normal wards and Intensive Care Unit wards by up to 55%
- Increase the claim limits for surgical procedures by between 25% and 93%
- Increase the daily claim limit for Community Hospitals by 40% from \$250 to \$350
- Substantially increase the claim limits for outpatient chemotherapy and radiotherapy treatments, to better cover the cost of subsidised cancer treatment
- Reduce co-insurance rates from the current 10 – 20% to 3 – 10%
- Start premium rebates earlier from age 66, instead of age 71

Figure 3.2: Impact of Proposed Benefit Features on MediShield Life Payout

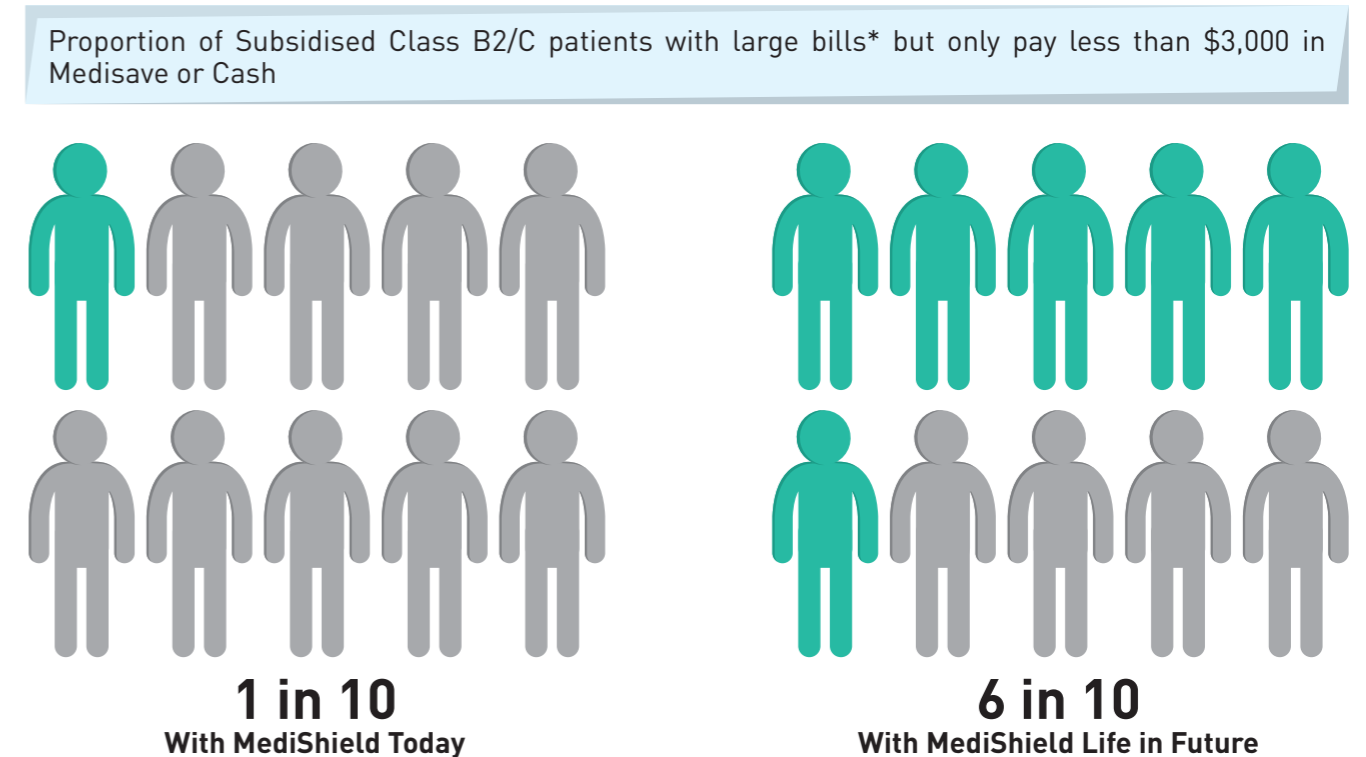


Note: Most bills will not exceed claim limits

See Annex C for more details of the MediShield Life Review Committee’s recommendations for MediShield Life benefit features.

12. **Higher Payouts so Patients Pay Less.** Collectively, these recommendations will result in MediShield Life paying more and patients paying less when they get their hospital bills (see Figure 3.3).

Figure 3.3: Impact of Proposed MediShield Life Benefit Features for Class B2/C Patients



*“Large bills” refer to Class B2/C bills above \$10,000 after Government subsidies

13. **Distributing Premiums More Evenly Over Lifetime.** Our Committee also heard concerns that the elderly could have a problem affording MediShield Life premiums, because the premiums would increase with age. We therefore recommend that premiums be distributed more evenly throughout one's life, i.e. higher premiums during working age, so that premiums rise by less in old age (see Figure 3.4). In addition, policyholders currently only start receiving premium rebates (which reduce the net premium) from 71 years old. We recommend starting the premium rebates earlier at age 66. This will enable Singaporeans who have just retired or are near retirement to start benefiting from having paid premiums ahead when they were younger.

Figure 3.4*: What does "Distributing Premiums More Evenly Over Lifetime" mean?



*Figure is for illustrative purposes only, and does not take into account other factors such as medical inflation

MediShield Life to Cover All Singaporeans and for Life (Universal Coverage)

14. With universal coverage, all Singapore Citizens and Permanent Residents will benefit from MediShield Life, regardless of their health status. This gives Singaporeans greater assurance, that we will get help whenever we need it, throughout our lives.

15. **Universal Coverage Costs More.** Greater assurance and inclusiveness comes at a cost. It will cost money to bring those with pre-existing conditions into MediShield Life, due to their expected higher claims. This is estimated to total \$1.1 billion over the first five years of MediShield Life implementation. Our Committee recommends that this additional cost be shared among those with pre-existing conditions, the community, and the Government, in the following way:

- Government to bear the bulk of the costs (about 75%) of including those with pre-existing conditions under MediShield Life. This will ease the shift to universal MediShield Life and keep the premium impact manageable for all.
- All Singaporeans to co-share a modest part of the costs. This is in line with the philosophy of greater collective responsibility, and reflects each person's contribution towards an inclusive society. The additional amount should not exceed 3% of current MediShield premiums.
- Individuals with pre-existing conditions¹ to pay an additional 30% of the standard premiums for the first ten years to take into account their higher risks, after which they will pay the same standard premiums as other policyholders in their age bands.

16. **Universal Coverage = No Exemptions.** Our Committee also considered whether MediShield Life should allow exemptions. We believe that as a universal scheme, MediShield Life should be mandatory for all Singapore Citizens and Permanent Residents, including those with employer medical benefits, Government pensioners, and overseas Singaporeans. No exemptions should be allowed.

¹Pre-existing conditions are conditions which developed before the start of MediShield cover. Such individuals could include existing insured policyholders who had existing medical conditions before they came under MediShield, as well as the uninsured.

Government Support to Help Singaporeans with MediShield Life Premiums

17. With better protection and life-long universal coverage under MediShield Life, premiums will have to increase to support the additional payouts. In considering premium affordability, our Committee paid particular attention to three groups: retirees, the lower-income earners and the middle-income earners who are supporting both their children and elderly parents.

18. **Medisave Withdrawal Limits to Continue to Fully Cover MediShield Life Premiums.** Our Committee notes that employer Medisave contributions will increase by 1 percentage point in 2015, which will help workers pay for MediShield Life premiums. We recommend that the Medisave Withdrawal Limits should continue to fully cover MediShield Life premiums so that Singaporeans need not pay cash for their premiums. Ensuring that Medisave Withdrawal Limits meet MediShield Life premiums should be a key design principle henceforth.

19. **Government Support for Premium Payments.** Our Committee welcomes the Government's commitment to help Singaporeans afford their MediShield Life premiums through premium subsidies for the lower- to middle-income, Pioneer Generation subsidies, and transitional subsidies to ease in the shift from MediShield to MediShield Life. There will also be Medisave top-ups for the Pioneer Generation and the elderly. For those who are unable to pay for premiums even after these subsidies, Government will provide additional premium support to assure all Singaporeans of coverage under MediShield Life.

20. After factoring in the various forms of Government support, the maximum premium increase in the first year of MediShield Life will be less than \$3 per month for the lower-income and no more than \$6 per month for the higher-income.

21. A summary of the MediShield Life premium schedule for 2015 and 2019 is shown in Figure 3.5 below, for Singapore Citizens in selected age group, before and after Government support. Full details are in the chapter "MediShield Life Premiums and Premium Support Measures" and in Annex G.

Figure 3.5: MediShield Life Premium Schedule for Singapore Citizens in Selected Age Groups

Age Next Birthday	Current MediShield Premiums (\$)	MediShield Life Premiums Before Subsidy (\$)	MediShield Life Premiums (\$)¹							
			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: 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

PER YEAR

Age Next Birthday	Current MediShield Premiums (\$)	MediShield Life Premiums Before Subsidy (\$)	MediShield Life Premiums (\$)¹							
			Lower- Income²		Lower-Middle-Income³		Upper-Middle-Income⁴		High Income⁵	
			2015	2019	2015	2019	2015	2019	2015	2019
1 – 20	50	130	60	98	61	104	62	111	66	130
31 – 40	105	310	131	233	134	248	137	264	146	310
51 – 60	345	630	364	441	371	473	377	504	402	630
61 – 65	455	755	462	491	470	529	477	566	515	755
71 – 73⁶	560	885	491	491	491	491	491	491	491	491
81 – 83⁶	1,123	1,250	566	566	566	566	566	566	566	566

Note: 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.

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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

22. Beyond the transitional period of four years, the lower- to middle-income will continue to receive premium subsidies. Premium increases will range from \$3 to \$11 a month for the lower-income, and \$5 to \$14 a month for the middle-income. Premium increases will range from \$7 to \$30 a month for the higher-income.

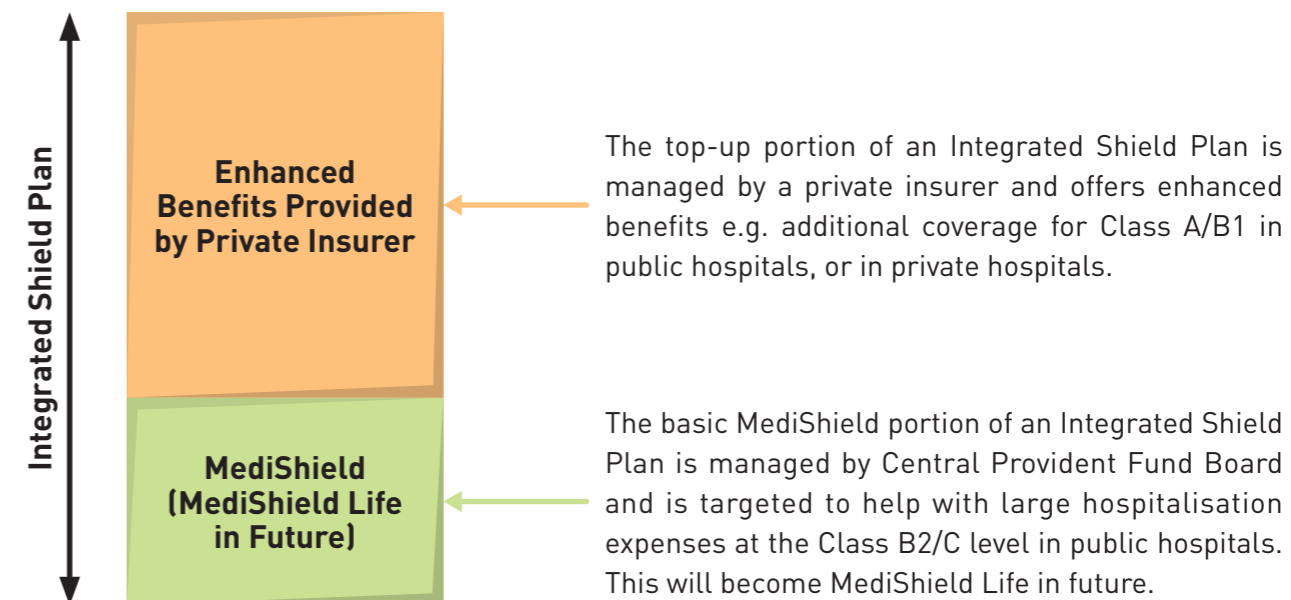
23. **Premium Pricing Principles.** Our Committee reviewed and discussed the premium pricing principles with the Fund’s actuarial advisor. We also sought inputs from the Monetary Authority of Singapore. We agree that MediShield Life must adhere to actuarial principles and the principle of age-based risk pooling, so that it remains sustainable in the future.

24. **Reserving Requirements and Reporting of the MediShield Life Fund.** In line with sound insurance practice and prudent fund management, we note that the MediShield Life Fund will have to build up adequate reserves to meet expected future liabilities. Our Committee recommends that the Central Provident Fund Board and the Ministry of Health publish more information on the MediShield Life Fund so that the public can verify that it is adequate and that the scheme is solvent.

Integrated Shield Plans

25. Our Committee noted that about 60% of Singaporeans have Integrated Shield Plans (see Figure 3.6). In the focus group discussions, many expressed concerns with steep increases in Integrated Shield Plan premiums especially in old age, the variability of benefits and premiums across different insurers, as well as the confusion about how these plans work.

Figure 3.6: What is an Integrated Shield Plan?



26. Our Committee’s Terms of Reference do not cover a review of Integrated Shield Plans. However, given the significant public interest, our Committee studied Integrated Shield Plan-related issues in some detail.

27. We noted many Singaporeans’ desire to have wider options in seeking medical treatments, beyond the services in Class B2/C wards. At the same time, some appear to have over-stretched themselves to buy the most expensive product in order to have higher protection. This tendency is particularly apparent during the working years when premiums can be paid for wholly or in large part through Medisave.

28. **Development of a Standard Integrated Shield Plan.** Our Committee recommends that the Government work with the insurance industry to develop key features for a Standard Integrated Shield Plan. This Standard Plan should provide adequate coverage at the Class B1 level. Its benefits will be regulated by Government. It will give Singaporeans an option for enhanced coverage beyond the basic MediShield Life level in a standardised, affordable and easily understood package. It will be cheaper than plans targeted for treatment in private hospitals. It should be provided as an option to all existing Integrated Shield Plan policyholders.

29. **Using Standard Integrated Shield Plan Premiums to Set MediSave Withdrawal Limits.** Our Committee further suggests that the premiums for the Standard Integrated Shield Plan should form the basis for setting MediSave Withdrawal Limits for Integrated Shield Plans, and that these new limits be phased in gradually for existing Integrated Shield Plan policyholders.

30. Our Committee also recommends the following:

- **Government to Allow Insurers to Manage those with Pre-existing Conditions Differently from Healthy Policyholders, Including Allowing for Risk-loading**, i.e. charging policyholders higher premiums to insure their pre-existing conditions. MediShield Life will provide universal and basic coverage for all, including for those with pre-existing conditions. However, this does not extend to the Integrated Shield Plans, which are optional. Some Singaporeans have asked if their pre-existing conditions could also be covered under Integrated Shield Plans, if they were prepared to pay higher premiums. Currently, insurers are allowed to exclude pre-existing conditions in a policy or deny applicants insurance coverage, but are not allowed to offer risk-loaded policies. We recommend that the Government allow Integrated Shield Plan insurers to offer risk-loaded policies. However, insurers should be required to inform policyholders how risk-loaded premium estimates compare with premiums for non-risk loaded policies. This will help the applicant make informed decisions.
- **Government to Improve the Existing Regulatory and Accountability Framework for Integrated Shield Plans and their Approved Insurers**. For example, it could set clearer guidelines and rules for insurers in the selling and renewing of Integrated Shield Plans and enhancing responsible selling requirements. We are also of the view that MediShield Life premiums should be reflected as distinct and separate from the top-up portion of the Integrated Shield Plan premium. The industry should enforce good practices with greater vigilance and consistency.

Other Issues Considered by the Committee

Enhance Public Awareness and Understanding of Healthcare Financing

31. We observed that many Singaporeans did not have a good understanding of the concept of health insurance, or how Singapore's S+3Ms (Subsidies, Medisave, MediShield, Medifund) healthcare financing system worked.
32. Our Committee recognises the complexity of Singapore's healthcare financing system. We call upon the Government to step up outreach and public education efforts on healthcare finance. The introduction of MediShield Life, together with the implementation of the Pioneer Generation Package, provides a good opportunity for the Government to educate Singaporeans on our healthcare financing schemes. Singaporeans too play a part. It is our responsibility to plan for our own and our family's longer term healthcare needs, and this will be helped by a good understanding of how Singapore's healthcare financing works.

Managing Healthcare Inflation

33. Our Committee also received much feedback and suggestions on healthcare costs. Many Singaporeans welcomed the better protection accorded by MediShield Life, but highlighted that the affordability of premiums ultimately depended on how well we manage total healthcare costs and safeguard against practices such as over-charging or over-treatment.
34. While MediShield Life can reduce the costs to a patient at the point when he gets sick, it will not help us contain the total costs of medical care, which ultimately are borne by Singaporeans. Insurance inevitably causes both patients and medical providers to become less cost conscious, and to use more medical services than they really should. We have to accept this. But this makes upstream measures to manage healthcare costs even more important, e.g. encouraging healthy living and working with healthcare providers and insurers to manage price inflation.

35. The Government should (i) invest in health promotion and education efforts; (ii) build up capabilities to evaluate the cost-effectiveness of medical practice, technologies and drugs (whether in the Government or in an independent entity²); (iii) develop new services and programmes to reduce reliance on hospital-based care; and (iv) collaborate with insurers to identify areas of concern and improve availability of information on bill sizes.

Employer Medical Benefits

36. Our Committee received many questions about how MediShield Life would interact with employer medical benefits. We consulted unions and employers through the National Trades Union Congress (NTUC), Singapore National Employers Federation (SNEF) and the Public Service Division (PSD).
37. Our Committee calls on employers and unions to work together to reduce duplication of coverage between employer medical benefits and MediShield Life. These suggestions are in line with recommendations received from the National Wages Council (NWC), NTUC and SNEF:
- We encourage employers to restructure their employer medical benefits so that employees can enjoy portable medical benefits that ride on MediShield Life, or provide additional Medisave contributions to help employees pay for MediShield Life or Integrated Shield Plan premiums;
 - Our Committee further suggests that the Public Service, as a key employer, reviews how MediShield Life would interact with existing public service medical benefits, especially for pensionable officers and pensioners who enjoy comprehensive medical benefits for life. We note that the Government has indicated that it will study the issue carefully together with the unions to ensure that pensioners will not be adversely affected with the introduction of MediShield Life, and that it would announce more details after our Committee completes our work.
 - We also recommend that the Government consider strengthening incentives for companies who are willing to provide portable medical benefits that ride on MediShield Life for their employees.

Conclusion

38. Singapore already provides good quality and affordable healthcare, thanks to our subsidies and 3Ms framework. MediShield Life will enhance our healthcare system further, by providing medical insurance to those who are currently uninsured, and enhancing protection from large medical bills. It will further strengthen our social safety nets, and take us one major step towards a more inclusive and compassionate society.
39. MediShield Life will provide Better Protection, For All, For Life.

²One such example is the UK's National Institute for Health and Care Excellence (NICE)

IMPETUS FOR MEDISHIELD LIFE

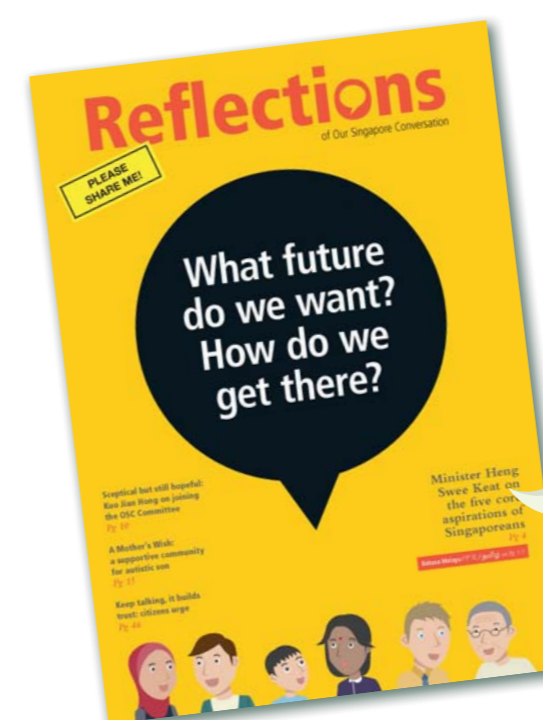


To address concerns about greater assurance for healthcare, the Government undertook a comprehensive review of Singapore's healthcare financing schemes — Subsidies, Medisave, MediShield and Medifund. A key thrust was the Government's commitment to increase its share of healthcare spending. The MediShield Life Review Committee was set up to study the shift towards universal and lifelong coverage under MediShield Life, and to address gaps in the current MediShield scheme.

Our Singapore Conversation 2013 — Healthcare Affordability Concerns

During the Our Singapore Conversation conducted with 47,000 Singaporeans from 2012 to 2013, healthcare emerged as one of the top three priorities for Singaporeans from all walks of life. Concerns were raised over the need for greater assurance in healthcare, with many discussions on how existing systems could be improved, to help Singaporeans cope with life's uncertainties.

Figure 4.1: Healthcare Concerns Raised in Our Singapore Conversation, 2013



What Singaporeans Said:

We should continue to emphasise personal and family responsibility, while strengthening collective responsibility as an inclusive society, so that we can assure those who meet with unexpected shocks that they will be able to get back on their feet.

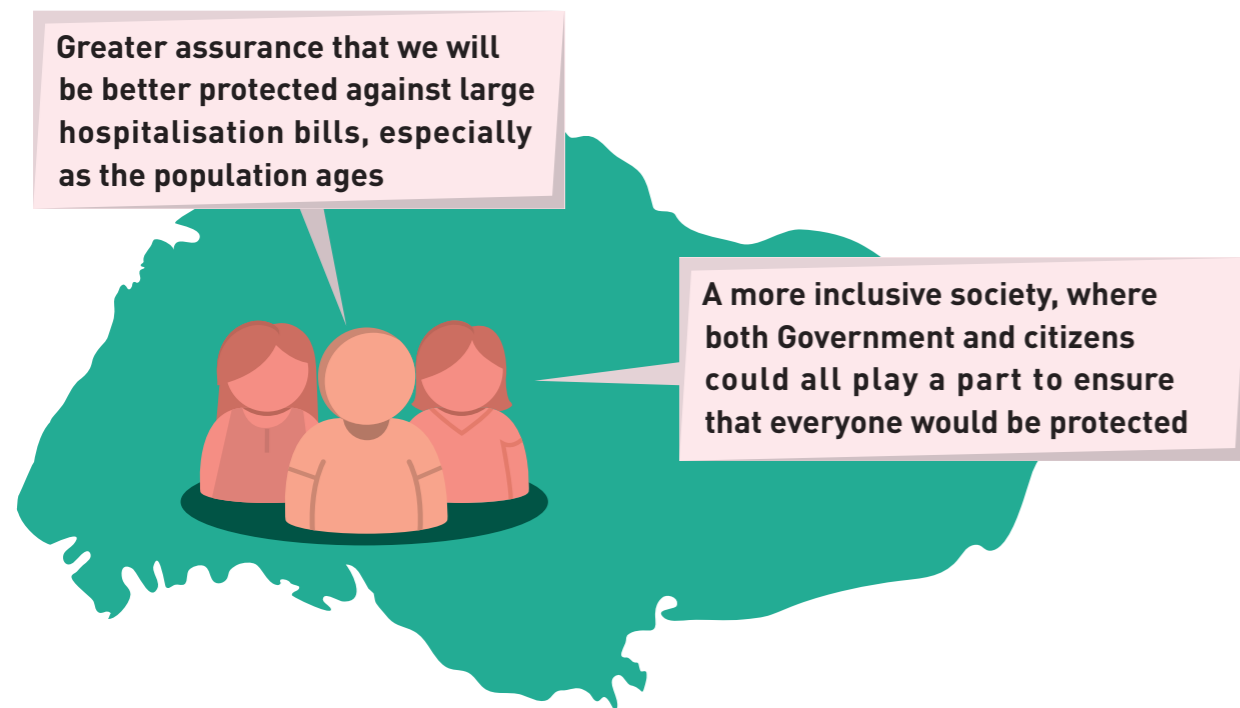
...Sometimes life throws us a curve ball that may be too hard to handle on our own. Many of us have anecdotes to share about others who have met with unfortunate circumstances... As a society, we can manage our risks better together. We can assist one another, and use mechanisms such as risk pooling.

— Excerpt from “Reflection of Our Singapore Conversation” report, 2013

Many Singaporeans stressed that healthcare would be increasingly important as our population ages and life expectancy increases. There was worry that rising healthcare costs would make healthcare unaffordable for us should we fall sick.

Singaporeans also expressed a desire to live in a society where no Singaporean would be left behind. They pledged support for greater collective responsibility, to come together as a community and a nation, to provide help to those who meet with unexpected shocks, and enable them to recover and get back on their feet.

Figure 4.2: Aspirations that Singaporeans Shared during Our Singapore Conversation, 2013

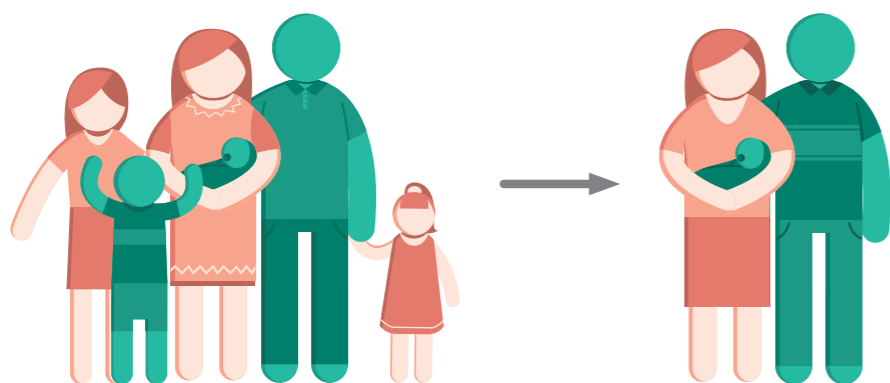


One recurring theme from the Our Singapore Conversation was the need to better manage risks together as a society, and to help each other through difficult times. In the area of healthcare, this could be done through better use of risk pooling mechanisms such as insurance.

In healthcare, health insurance plays a critical role in providing protection to Singaporeans against large hospital bills. Going forward, insurance will need to play an even bigger role due to several factors:

Smaller Families, More Singles

- With smaller and more single-person families, Singaporeans will need to depend more on risk pooling. More effective risk pooling through insurance will ensure that everyone is better protected against large healthcare bills.
- MediShield pools together resources from a group of individuals in the same age cohort, and helps to ensure that the healthcare burden is shared.

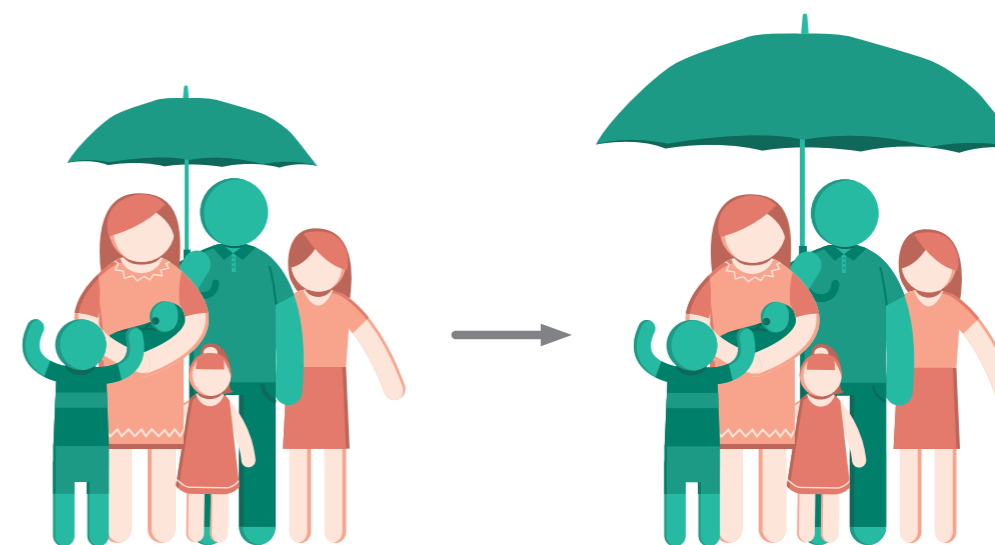


Large Variance in Healthcare Bills Create Uncertainty

- In 2012, more than 90% of Class B2/C bills amounted to less than \$5,000, after Government subsidies. Most Singaporeans were able to tap on their Medisave or MediShield, thus paying no cash co-payment.
- However, Singaporeans do worry about “catastrophic” bills — bills so large as to cause financial stress to them or their families. Many cite stories or experiences of relatives and friends who were unfortunate and had to deal with unexpected and large healthcare bills¹. These worries are not unfounded. Rare occurrences, like suffering from a very serious medical condition or being hit by multiple infections, can drive up hospital bills significantly.
- When annual bills are lined up from the smallest to the largest, the bill at the 90th percentile is double that of the average bill, and thrice that of the median bill.
- With this pattern of bill sizes, it makes sense for Singaporeans to come together to pool their risks. While each of us has a small chance of having to pay for a very large bill, the cost is very high for the few among us unfortunate enough to fall seriously ill. By paying a small premium each, we can be protected and not have to worry about a large bill.
- The key is that insurance provides a sense of assurance each year. Getting a payout is an outcome of ill health, and not a desired outcome of being insured.

Not All Singaporeans are Protected

- While MediShield has achieved an outreach of 93% population coverage as at end 2013, there remain small pockets of Singaporeans who are uninsured.
- Some Singaporeans are unable to obtain coverage under MediShield: they may have pre-existing health conditions, or are older than the maximum coverage age of 92. Others may have had their coverage lapse due to their premiums not being paid.



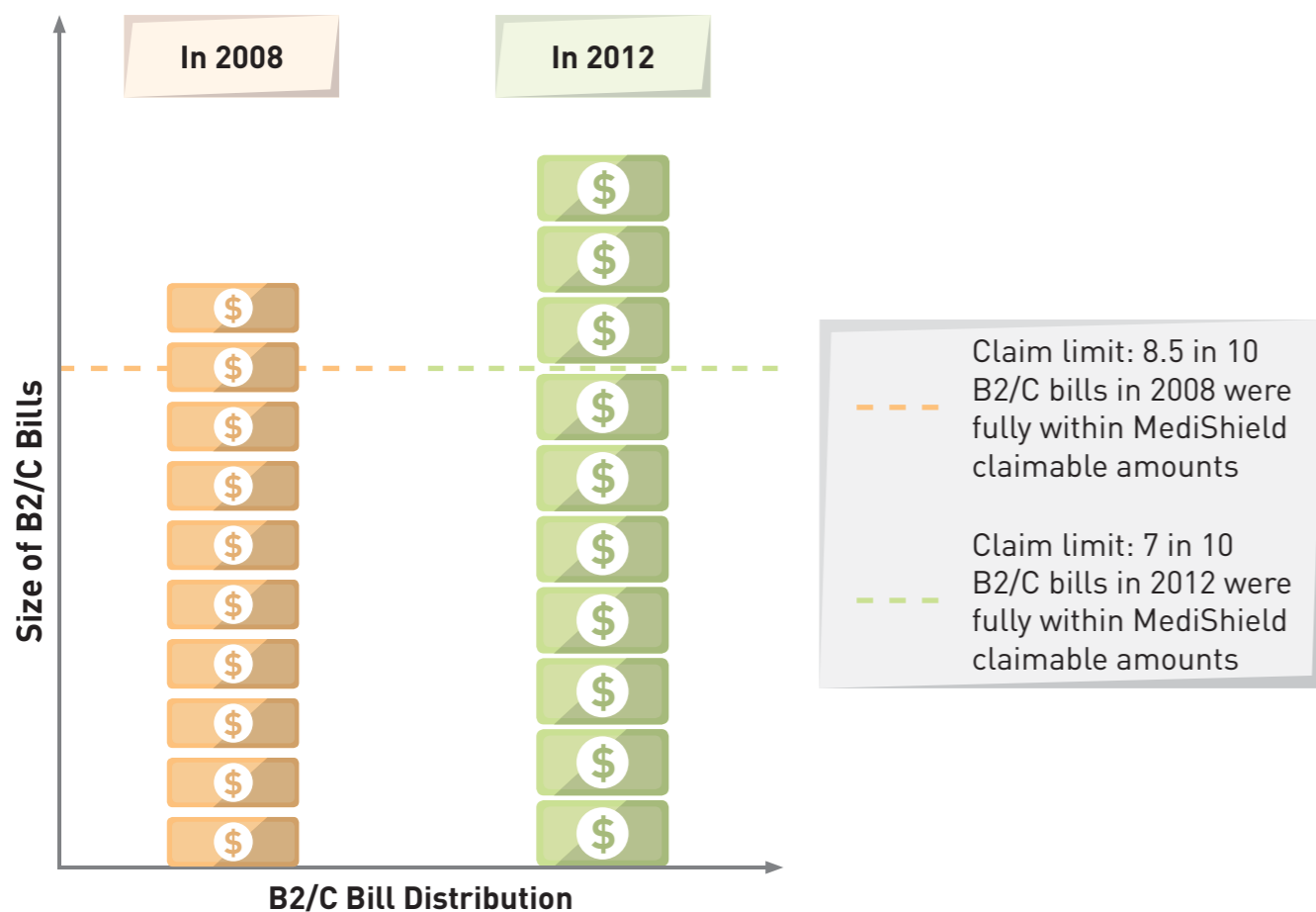
MediShield Life must provide adequate basic protection for all Singaporeans and fill the gaps in the existing MediShield scheme.

¹Large bills often occur when individuals decide to seek treatment in private hospitals, which receive no Government subsidies and have generally high operating costs, or when the patient is not a Singapore Citizen and hence enjoys lower or no subsidies.

Need to Keep Up with Medical Advances and Medical Inflation

- MediShield has undergone regular reviews since it was first introduced in 1990. However, there is a need to continuously update and enhance MediShield, to keep pace with changes in medical costs.
- There have been improvements in medical technologies, changes in usage patterns and the way that healthcare is delivered. Claim limits become less adequate over time due to medical inflation and the introduction of better and more costly treatments.

Figure 4.3: Claim Limits Become Less Adequate Over Time



From MediShield to MediShield Life

At the 2013 National Day Rally, Prime Minister Lee Hsien Loong announced the Government’s intention to replace MediShield with MediShield Life. The revamp would address Singaporeans’ aspirations and the existing gaps in MediShield, in the following three ways:

- **MediShield Life would cover all Singaporeans for life;**
- **MediShield Life would cover all Singaporeans, including those with pre-existing conditions; and**
- **MediShield Life would give better protection against large hospital bills, with patients paying less for large bills**

The shift from MediShield to MediShield Life would require higher premiums. As finding a meaningful balance between benefit enhancements and premium affordability requires careful fine-tuning, it was very important that we understood Singaporeans’ views and ideas about MediShield Life.

The MediShield Life Review Committee

On 9th November 2013, the Minister for Health appointed the MediShield Life Review Committee to review and propose parameters for MediShield Life. As part of our review, we were to consult widely with the public and key stakeholders, so as to better understand the benefits, implications and trade-offs of MediShield Life for Singaporeans.

Our Committee comprises eleven members with a wide range of expertise and experience in various fields: insurance and finance, healthcare, union and grassroots (see Annex A). Chaired by Mr Bobby Chin, member of the Council of Presidential Advisors of Singapore, we were tasked to study and make recommendations on the features for MediShield Life, taking into account feedback from Singaporeans.

Our Terms of Reference were as follows:

- Review design parameters for MediShield Life and make recommendations to meet the objective of ensuring adequate insurance protection for all Singaporeans for life, while maintaining premium affordability
- Consider key issues and trade-offs, such as balancing between benefit enhancements and premium levels, and appropriate extent of pre-funding
- Engage widely with citizens, key stakeholder groups and experts, to better inform our review

As one of the first steps in our review, our Committee sought to understand current healthcare financing schemes to help us better consider specific recommendations for MediShield Life. The next chapter “A Look at MediShield Today” sets out the background on Singapore’s healthcare financing system and the key features of the current MediShield scheme and Integrated Shield Plans.

A LOOK AT MEDISHIELD TODAY



Our MediShield Life Review Committee began its work by studying the features of MediShield and Integrated Shield Plans today.

MediShield = Basic Medical Insurance

MediShield is a basic medical insurance available since 1990 to Central Provident Fund members and their dependents.

- MediShield is intended as an affordable insurance scheme to help members with large hospitalisation bills.
- Not many of us are hospitalised each year. But we worry that if we are sick, the hospital bill could be large and costly. Health insurance in the form of MediShield spreads the risk of being confronted with a large bill across members. Every Singaporean contributes a small amount each year and the money collected is used to help members who are hospitalised and have large hospital bills that year.
- MediShield payouts are designed to be sufficient for (i) hospitalisation bills in Class B2 or Class C wards in public hospitals (Refer to Annex J for more details on the different ward classes) and (ii) selected subsidised outpatient treatments such as chemotherapy and radiotherapy for cancer, kidney dialysis, and immunosuppressant drugs for organ transplants.
- MediShield policyholders, if they can afford it, can choose to buy Integrated Shield Plans to help them pay for hospitalisation in the higher class wards (Class A and B1 wards) in public hospitals or in private hospitals.

Non-compulsory Scheme

When MediShield was introduced in 1990, it was extended to Singaporeans 65 years old or younger in 1990. In the initial years, MediShield coverage was automatically offered on an opt-out basis to Singaporeans at the point of first working (Medisave) contribution to CPF. Over the years, coverage has been expanded gradually to younger Singaporeans.

- MediShield today is non-compulsory and Singaporeans can choose to opt out. Those who had opted out may not have seen a need for insurance, or they may have felt that their employer medical benefits were sufficient.
- MediShield does not cover elderly Singaporeans above 92 years of age, those who have serious medical conditions, and whose MediShield covers have lapsed due to insufficient Medisave for premium payments¹. As of 2013, 93% of Singapore Citizens and Permanent Residents were covered by MediShield.

Payment of Premiums According to Age

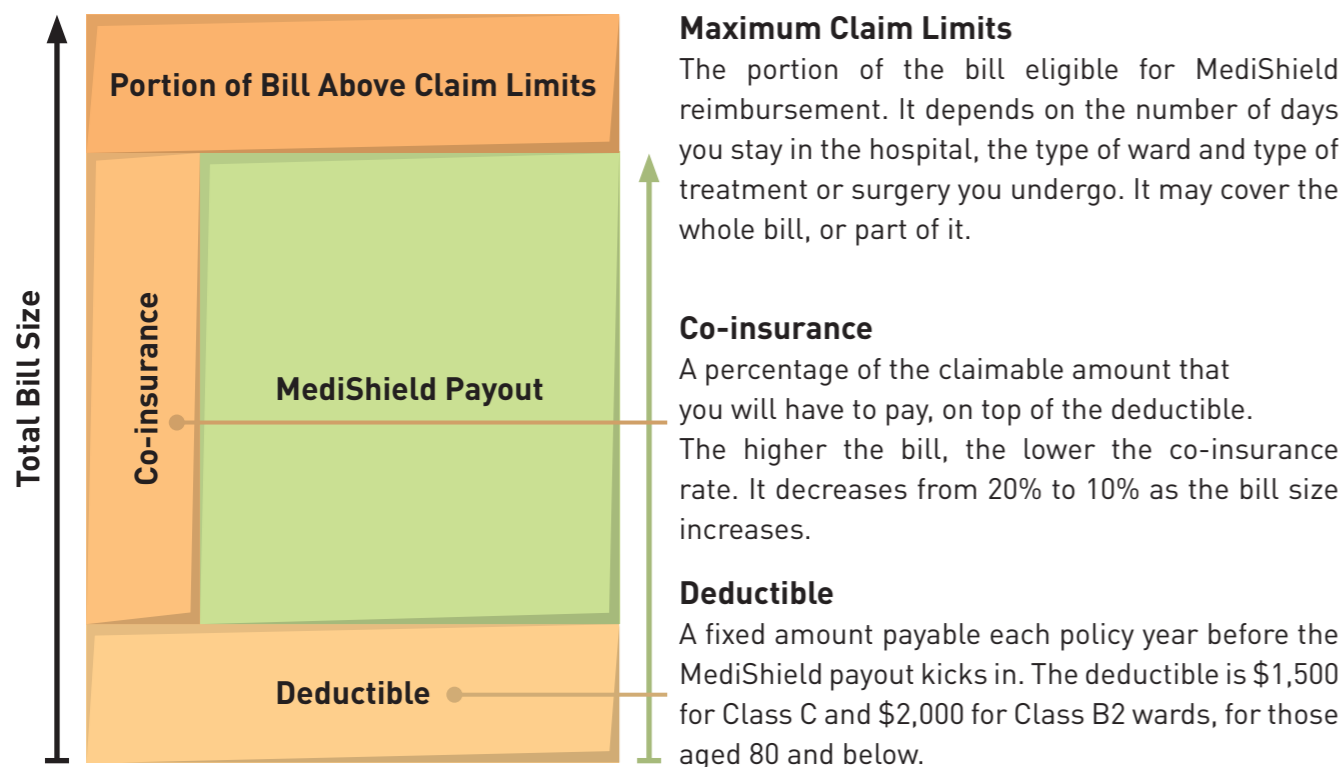
MediShield premiums are priced by age groups according to the health risks and expected health utilisation of the age group. Premiums are thus higher for the older age groups because of their higher likelihood of hospitalisation and higher bill sizes.

¹As of 1 March 2014, MediShield maximum coverage age was extended for the elderly to age 92 pending the introduction of MediShield Life in 2015. Singapore. Also, Singaporeans born on or after 1 March 2013 were also automatically covered under MediShield.

Benefit Features of MediShield

The key benefit features of MediShield are the claim limits, the co-insurance and the deductible.

Figure 5.1: How MediShield Payouts are Calculated



Claim Limits

- MediShield claim limits are designed to cover about the 85th percentile of all Class B2 and C bills. This means that bills up to the 85th percentile can be fully paid for by MediShield, with the patient co-paying for his deductible and co-insurance only. There are different claim limits for hospitalisation stays, the type of surgical procedures and community hospitals (see Figure 5.2). Over time, with medical inflation, the coverage levels of these claim limits drop to a lower percentile of Class B2 and C bills. Regular updating is required to ensure that the claim limits remain adequate and keep pace with medical inflation.
- There is also a lifetime claim limit of \$300,000 and a policy year claim limit of \$70,000.

Co-Payment: Deductibles and Co-Insurance

- Co-payment features such as deductibles and co-insurance help to keep premiums affordable.
- Deductibles sieve out the smaller, more affordable bills that can be paid for through Medisave, leaving MediShield payouts for larger bills.
- Co-insurance helps to prevent overconsumption of medical services and over-servicing by healthcare providers.

Figure 5.2: Current MediShield Benefit Features

Benefit Parameters	Current MediShield Benefit Features
Inpatient Treatment	
Daily Ward and Treatment Charges	
- Normal Ward	\$450 per day
- Intensive Care Unit Ward	\$900 per day
- Community Hospital	\$250 per day
- Psychiatric	\$100 per day
- Surgical Procedures	\$150 – \$1,100
- Implants	\$7,000 per treatment
Outpatient Treatment	
- Chemotherapy for Cancer (per 21/28 day cycle)	\$1,240
- Radiotherapy (per session)	\$80 – \$160
- Kidney Dialysis (per month)	\$1,000
Maximum Claim Limits	
Per Policy Year	\$70,000
Lifetime	\$300,000
Maximum Coverage Age	92 (age next birthday)
Deductibles	
For ages 80 and below, as of age next birthday	
- Class B2 and above	\$2,000
- Class C	\$1,500
- Day Surgery	\$1,500
For ages 81 to 92, as of age next birthday	
- Class B2 and above	\$3,000
- Class C	\$2,000
- Day Surgery	\$3,000
Co-Insurance	
All Ward Classes & Day Surgery Claimable Amount	
\$0 – \$3,000	20% of claimable amount above Deductible (if applicable)
\$3,001 – \$5,000	15%
\$5,001 – \$10,000	10%
>\$10,000	10%
Outpatient Treatments	20%

Other Features of MediShield

Maximum Coverage Age

- MediShield covers its policyholders only up to a certain age.
- As of 1 March 2014, the maximum coverage age has been raised to 92 years – in line with increased life expectancy of Singaporeans, and pending the introduction of MediShield Life. (The age limit was first set at 65 years in 1990.)

Old Age Premium Rebates

- Rebates on premiums are given to MediShield holders from age 71 to 90 if they have joined the MediShield scheme before age 60 (as of next birthday) and have been insured continuously under the scheme.
- The amount of premium rebate given to policyholders depends on their age of entry.

Coverage for Outpatient Treatment

- MediShield also provides coverage for selected outpatient treatments, such as chemotherapy and radiotherapy for cancer, kidney dialysis, and immunosuppressant drugs for organ transplants.

Policy Exclusions

- MediShield excludes pre-existing conditions from coverage. It also excludes certain treatments (including those that are not medically necessary, such as cosmetic surgery).
- Today, it is estimated that fewer than 2% of all MediShield policyholders have pre-existing conditions not covered by MediShield.

Integrated Shield Plans

Our Committee also sought to understand the key developments associated with MediShield. One that we took special note of was Integrated Shield Plans, which were introduced in 2005 to cover hospitalisation expenses in the higher class wards (Class A and B1 wards) in public hospitals and in private hospitals. The premiums for the Integrated Shield Plans are significantly higher than those for MediShield, especially for the older age groups. (see Figure 5.3 and Annex B).

Figure 5.3: 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	105	173 – 202	208 – 267	277 – 383
51 – 60	345	499 – 623	666 – 825	955 – 1,205
66 – 70	540	1,017 – 1,238	1,439 – 1,827	1,909 – 2,278
79 – 80	865	2,027 – 2,733	3,034 – 3,746	4,264 – 5,250
89 – 90	1,190	3,119 – 4,245	4,342 – 5,669	5,990 – 7,748

Source: Ministry of Health, AIA, Aviva, Great Eastern, NTUC Income, Prudential (2013)

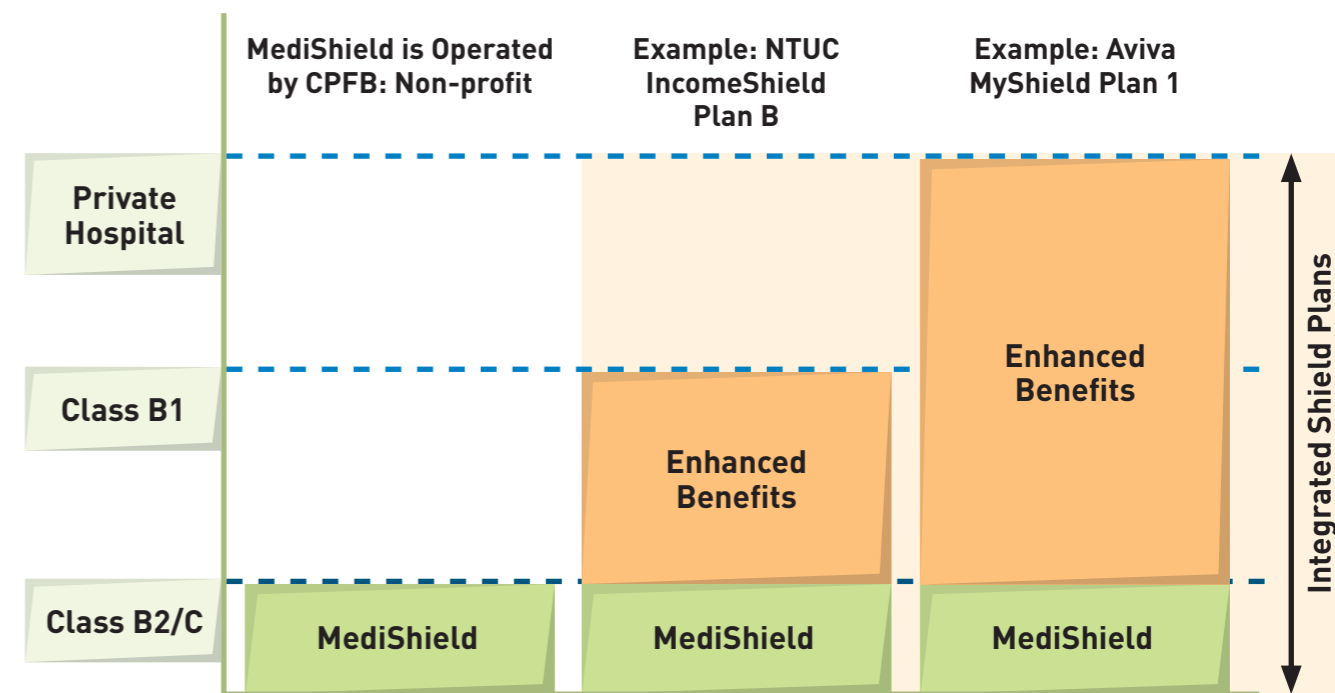
Integrated Shield Plans have the following noteworthy features:

Integration of MediShield with Private Top-up Portion

- Integrated Shield Plans are health insurance plans approved by the Ministry of Health and sold by private insurers.
- An Integrated Shield Plan consists of two parts — the basic MediShield plan and a top-up portion. Integrated Shield Plan policyholders enjoy the combined benefits of MediShield, which is run by the Central Provident Fund, and the enhanced benefits of the top-up portion, which is run by the private insurer.

Figure 5.4: What are Integrated Shield Plans?

An Integrated Shield Plan is made up of 2 parts — a MediShield portion operated by Central Provident Fund Board (CPF Board) and an enhanced portion operated by an approved private insurer.



- Integrated Shield Plan premiums can be paid for by Medisave, subject to limits that vary by age
- There are 5 Medisave-approved private insurers which are allowed to sell Integrated Shield Plans today: AIA, Aviva, Great Eastern, NTUC Income, Prudential
- About 60% of all Singapore Citizens and Permanent Residents have Integrated Shield Plans

Use of Medisave for Payment of Integrated Shield Plan Premiums

- Integrated Shield Plan premiums can be paid for out of Medisave, so long as the plan meets the specific features and rules set out by the Ministry of Health.
- For example, the Ministry of Health requires the Integrated Shield Plans to maintain integration with basic MediShield and incorporate minimum deductible and co-insurance components. The Integrated Shield Plans are also restricted from covering items such as cash benefits, nursing charges and equipment purchases.

Communications with Policyholders

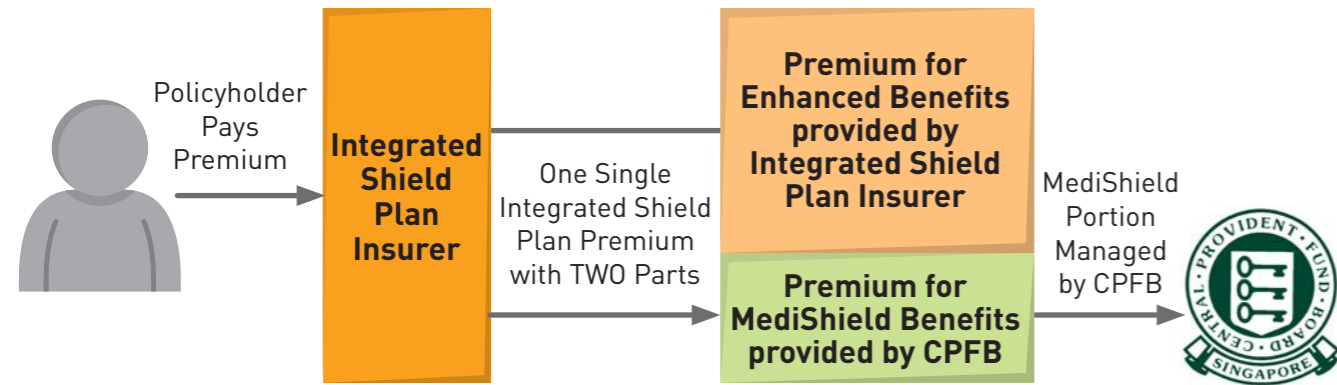
- Private insurers act as a single point-of-contact and take care of all communications with their Integrated Shield Plan policyholders.
- MediShield premium increases are presented as part of the overall increases for Integrated Shield Plan premiums.
- MediShield claim payouts are similarly presented as part of the Integrated Shield Plan claim payouts.

Premium Collection and Claims Administration

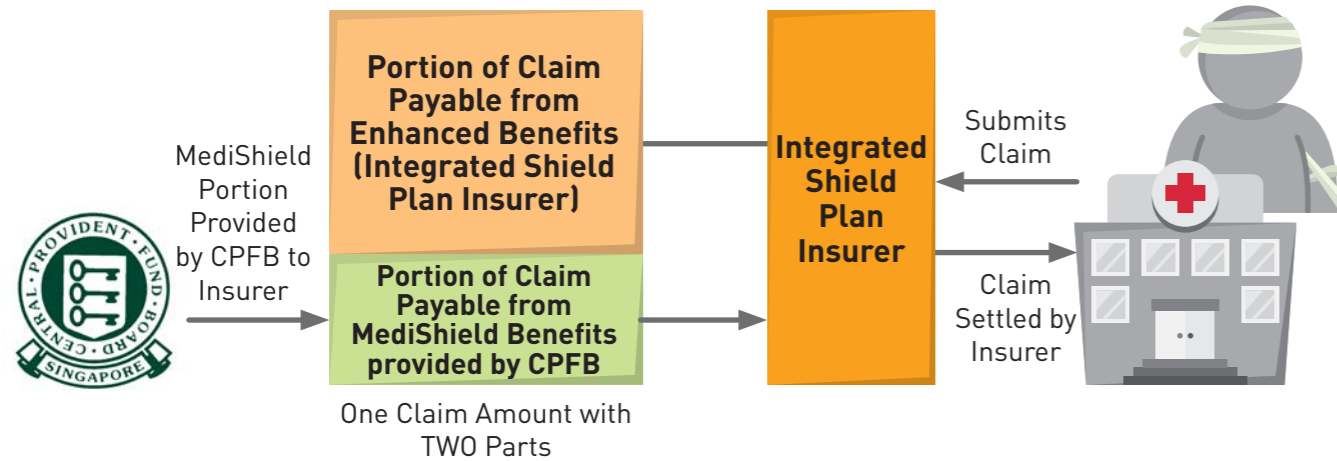
- The collection of premiums for both the MediShield portion and the top-up portion is done through one Medisave deduction. Policyholders pay a full Integrated Shield Plan premium, and the portion of the premium meant for the MediShield layer is managed by the Central Provident Fund Board.
- Integrated Shield Plan insurers pay out the entire claim to the policyholder. At the back-end, the Central Provident Fund Board reimburses the MediShield portion of the claim to the private insurer.

Figure 5.5: How do Integrated Shield Plans Work?

Paying Premiums:



Making Claims:



With a better understanding of how MediShield and Integrated Shield Plans work, our Committee had a deeper appreciation of public and stakeholder feedback, and began to consider our recommendations for MediShield Life.

INSIGHTS FROM THE PUBLIC

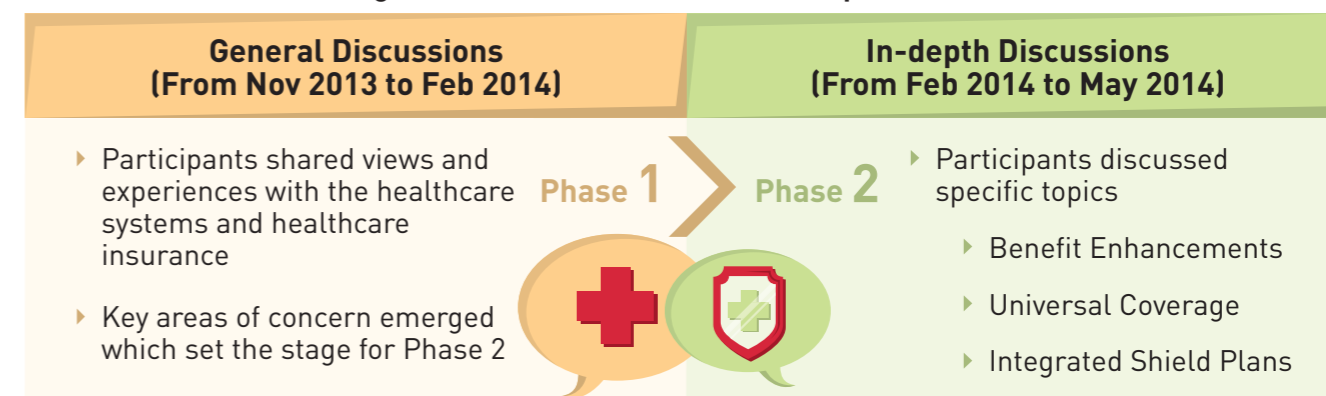


Our Committee was tasked to engage widely with citizens, key stakeholder groups and experts to seek and understand their views and ideas for MediShield Life. We conducted a range of focus group discussions with the public and with specific target groups, to gather a diversity of views and also to learn the specific concerns of Singaporeans.

How was Engagement Done?

Engagement took the form of intensive focus group discussions with small-group facilitated breakouts. These discussions were conducted in two phases (see Figure 6.1) and they allowed participants to share their personal experiences with the healthcare system and MediShield with each other and with the Committee. Discussions were done in the four major languages. We also engaged Singaporeans through a web-chat and other townhall sessions.

Figure 6.1: Two Phases of Focus Group Discussions



Who Participated in Focus Group Discussions?

36 focus group discussions were held between November 2013 to May 2014. Over **1,200 Singaporeans participated**, and another **500** contributed ideas and feedback via email.

Figure 6.2: Who did the Committee Engage?



What Singaporeans Shared

General Observations

Many Singaporeans shared passionately about their experiences with the healthcare system and with MediShield. Some explained how insurance had helped them pay for their bills. Others came with the perception that health insurance was not useful, having not had to make any claims, but they went away with the realisation that they were the fortunate ones that had not fallen sick.

We observed uneven levels of understanding among Singaporeans about healthcare financing. Many Singaporeans did not have a good understanding of the concept of health insurance, or how Singapore's S+3Ms (Subsidies, Medisave, MediShield, Medifund) healthcare financing system worked.

Many Singaporeans expressed strong support for universal coverage and were keen to suggest benefit enhancements for MediShield Life. However, they expressed concerns about premium affordability, and hoped that MediShield Life premiums could be fully payable through Medisave. Views differed over issues, such as which feature – the deductible, co-insurance, or claim limits – would be most effective to protect us from large bills. Many suggestions were made for areas that MediShield Life could cover, although participants would often realise as the discussions progressed that more enhancements and benefits would lead to higher premiums.

Role of MediShield Life — Protection Against Large Hospitalisation Bills

"It is better to pay \$1,000 in premiums a year rather than \$54k over two weeks. This is the situation I am currently facing with my mum."

"Life is unpredictable. I could be healthy today, but who knows if I might fall ill in the future? People only realise the usefulness of insurance when they fall sick."

"We would have to acknowledge the trade-off that has to be made between better benefits and higher premiums, and the challenge is to find the balance that represents the best value to Singaporeans."

Many participants shared stories of how they or their family members fell sick and needed to be hospitalised. There were nods all around in agreement of the unpredictability of life, and participants agreed that MediShield Life could help to protect all Singaporeans against large hospitalisation bills. This made sense to many participants who agreed that it would be difficult for everyone to save up large amounts for unexpectedly large hospitalisation bills.

Participants expressed a desire to see improved benefits for MediShield Life, where MediShield Life would pay more for large bills, so that patients pay less. At the same time, participants also hope for MediShield Life premiums to be affordable.

Need to Improve Public Understanding of MediShield



"We never use MediShield before. Not quite sure what it is."

"Greater data transparency on fund management prevents any confusion or misunderstanding."

"How many people truly understand MediShield? There is a belief that if I don't make any claims, my money is going down the drain. (People) don't understand why their money is being taken, until they are hospitalised. However, if people are truly worried about maximising their Medisave dollar, they will buy insurance, pay a premium to hedge against a large risk."

"There are too many schemes, which can be complicating."

"More information of what would happen to Integrated Shield Plans, when MediShield Life is introduced. Would it be possible to also provide a summary of all the Integrated Shield Plans in the market?"

Participants shared that they had difficulty understanding the overall healthcare financing system in Singapore, and how Government subsidies, Medisave, MediShield and Medifund work together to ensure healthcare affordability. For those who understood how government subsidies helped to keep costs affordable, there were suggestions for government subsidies to be made more explicit in patient communications and billing documents. Many did not understand how risk pooling and health insurance worked. There were unanimous calls for greater public communications and education to take place, and for these to be done simply and in different languages, so that all Singaporeans understood what they were getting.

Benefit Enhancements

The three features – deductible, co-insurance, and claim-limits – affect different bills in different ways. Participants debated passionately about which of the three features should be enhanced to provide Singaporeans with better protection against large healthcare bills.



“Must have checks and balances in place to prevent moral hazard problem.”

“The objective is large hospital bills, and high claim limits will be most effective in this area, especially as medical costs are rising.”

“With a deductible, many were unable to claim from their insurance. This causes a problem, as these people are already of low income, which makes them stay in a C class ward. One suggestion is to cut down the deductible to \$500, so that most of the medical bills would have payouts.”

“A reduction of the co-insurance would be most beneficial. There will always be a co-payment part, but knowing that it is reduced for large bills, this will help Singaporeans.”

Some participants felt strongly that reducing the deductible would be most useful, as this would mean that more patients, including those who have smaller bills, would be able to receive insurance payouts. Others shared that they feared developing severe illnesses that could cause them to run up large hospitalisation bills. For them, they preferred claim limits to be increased so that the larger bills could be covered more fully. Additionally, for the dreaded large bills, they felt that reducing the existing co-insurance rate would reduce the burden on the patient.

Participants noted that a lower deductible would help to cover smaller, infrequent hospital bills. However, if the patient had to return to hospital several times, higher claim limits and lower co-insurance would play a much bigger part in helping the patient.

There was also worry among some participants that increasing the benefits could lead to abuse of the system by either the patient or the healthcare provider in order to maximise insurance payout. A common example shared was that without co-insurance, there could be cases where the bills were inflated by adding on unnecessary treatments, in order to reach claim limits. In turn, higher insurance payouts would drive up premium costs.

Expansion of Benefits

“Currently, MediShield and Income Shield Plan C cover stays in community hospitals up to a maximum of only 45 days. This appears inadequate, considering that stays in step-down hospitals form an integral part in the treatment and care of patients.”

“MediShield Life should cover costs incurred for pre and post-hospitalisation care, as these could add up to significant costs.”

“If we cover everything under the sun, it would make the premiums unaffordable. I’m wary about extending coverage, but rather let Integrated Shield Plans take care of non-basic treatments.”



“Currently MediShield pays for outpatient treatment of certain illnesses such as kidney transplant and cancer where monthly costs of treatment are high. Can we look at Medishield Life paying for a wider range of diseases which involve high outpatient costs?”

There was also concern that large healthcare bills could also arise from outpatient settings, such as post-hospitalisation follow-ups, step-down care at community hospitals, or the outpatient management of certain chronic diseases. Others shared their desire for MediShield Life to be expanded to also cover alternative therapies, diagnostics and treatments such as Traditional Chinese Medicine.

While there was a diversity of views on the other areas MediShield Life could be expanded to cover, there was consensus that not everything could be included as premiums would rise significantly. Participants agreed that MediShield Life should focus on the benefits that would protect Singaporeans most effectively against large hospital bills.

Universal Coverage



"I am covered until my last breath, which is good."

"Who is going to pay? What is the Government's share? I think it is a good thing if we include those that are uninsured but I will be concerned if premiums will increase by a lot."

"Imagine we know someone who has suffered from stroke, hypertension or cancer, without insurance coverage. It will take a selfish person to look the other way and say 'I don't care'. We should be an inclusive society."

"I view it as charity, as a form of community spirit where everyone contributes to the same pool and those who need it can use it."

"I had cancer in early 2000 and have fully recovered since end 2000. Since then, no insurance company is willing to cover my medical insurance. I hope to see MediShield Life being able to cover me."

Participants were in favour of universal coverage under MediShield Life. Those who had been excluded from insurance coverage were glad to know that they would be protected under MediShield Life. Some noted that they had certain conditions which were excluded from insurance coverage currently, and hoped that MediShield Life would cover their conditions. Singaporeans also welcomed the lifetime coverage provided by MediShield Life, with many noting that the average life expectancy was increasing and that they could live past the maximum age for coverage under MediShield.

However, there were concerns about how the extension of coverage under MediShield Life would impact premiums. While many felt that as an inclusive society, we could all contribute a small part to help bring in the currently uninsured, they were also concerned that this would mean a significant increase in premiums. They felt that this responsibility should be shared, where both the government and the people would both play a role in helping to take care of everyone.

Premium Affordability

"It is fair to pay premium, but should be reasonable and can pay with Medisave, no need pay cash."

"For the unemployed with no Medisave, how will they pay?"

"Who takes care of the middle class? This group has other liabilities and MediShield Life will be a tax on the middle class. They have to pay for premiums for themselves, their kids, their parents."

"The reality is that we are all going to get old one day. So it would be useful if can start paying more at a younger age when we are able, to ease our premiums when we grow old."

Everyone agreed that premiums had to be kept affordable, but participants often could not agree with each other on the definition of "affordable". What they agreed on was that even lower-income Singaporeans should be able to manage MediShield Life premiums.

Many agreed that keeping cash payments to a minimum was a key to affordability. It was thus suggested by many that MediShield Life premiums be kept within Medisave contribution levels.

Participants were concerned about how those without Medisave, such as the self-employed, housewives, or unemployed, would cope with MediShield Life. They had similar concerns about the elderly and those who might not have built up sufficient Medisave or have used up their Medisave due to previous episodes of illnesses.

Given that premiums increase with age, many Singaporeans felt that it was necessary to look at ways to help the elderly cope with premiums. The Pioneer Generation Package was welcomed as an initiative that would help those already in their silver years. There were calls for the government to continue to provide support for future elderly after the Pioneer Generation Package through Medisave top-ups and other subsidies.

Many also felt that the method of premium payments over one's lifetime could be adjusted so that premiums in retirement years would be more manageable. There were many suggestions for younger working adults to pay more premiums to cushion their premiums at a later age when they might no longer be working.

Integrated Shield Plans

"I would like the insurance company to include cover for pre-existing medical conditions and their related illnesses, with a premium loading."

"Basic Integrated Shield Plans might be a good idea for people to downgrade to."

"Integrated Shield Plans are important to offer choices and options. People should have the right to choose which plan suits their needs."

"Portability of insurance is not a smooth process - if I want to move from insurance to insurance I want to see a smooth and transparent process."

"Some (insurers) just send a letter informing of premium changes, without explaining why. Greater clarity of the changes is needed."

"My greatest concern is the steep increase in my health premium. I am 59 years old and the recent increase of 57.14% and 55% for my Integrated HealthShield Plan and rider shocked me."

Many participants expressed confusion over how Integrated Shield Plans work together with MediShield/ MediShield Life and how the plans differed across insurers (see chapter "A Look at MediShield Today" for an explanation of how Integrated Shield Plans work).

While many Singaporeans felt that it was useful that Integrated Shield Plans provided them with choices, a large number were unsure as to what their plans covered. A number felt frustrated when they realised later that they might have been excluded from coverage for certain conditions, or had missed out on technical details. Participants also highlighted steep increases in premium prices, which they felt unprepared for, and were concerned about being able to continue to afford insurance coverage.

Some participants suggested that the Government offer a standard basic Integrated Shield Plan for which benefits and premiums would be regulated. Such a standard plan would be a useful benchmark to help Singaporeans choose their preferred level of coverage. Several Singaporeans even suggested that the Government take over the administration of all Integrated Shield Plans.

It was generally agreed that transparency of information and more detailed explanations could be provided by insurers when people purchased their plans, so as to provide greater certainty and clarity about the level of coverage they were buying. Some called for greater portability between plans, to allow them to switch between insurers without additional underwriting.

With the rich feedback and inputs gathered through our engagement sessions with Singaporeans, our Committee was able to consider recommendations that would benefit Singaporeans while keeping premiums affordable.

MEDISHIELD LIFE BENEFIT FEATURES



MediShield Life should remain a basic scheme for all Singaporeans and be designed to give effective protection against large Class B2 /C bills. Our Committee focused on proposing benefit enhancements that would help patients pay less for large bills, while keeping MediShield Life premiums affordable.

As a national health insurance scheme, MediShield Life should provide adequate coverage for all Singaporeans, for life. Its focus should be on basic protection against large Class B2/C bills as most Singaporeans make use of these ward classes.

Our Committee proposed a set of benefits that would best meet these objectives, as shown in Figure 7.1. Collectively, these enhancements will lead to higher payouts from MediShield Life, and patients will pay less.

Figure 7.1: Summary of Proposals for MediShield Life Benefit Features

- Remove the lifetime claim limit of \$300,000
- Increase the policy year claim limit by 40% from \$70,000 to \$100,000
- Increase the daily claim limits for normal wards and Intensive Care Unit wards by up to 55%
- Increase the claim limits for surgical procedures by between 25% and 93%
- Increase the daily claim limit for Community Hospitals by 40% from \$250 to \$350
- Substantially increase the claim limits for outpatient chemotherapy and radiotherapy treatments, to better cover the cost of subsidised cancer treatment
- Reduce co-insurance rates from the current 10 – 20% to 3 – 10%
- Start premium rebates earlier from age 66, instead of age 71

Insights from Focus Group Discussions

Singaporeans had numerous views on what MediShield Life benefit features should include. These ranged from changes to existing features of MediShield (e.g. to reduce co-insurance rates), to extending MediShield Life coverage to specific medical treatments. There were diverse and conflicting views and suggestions on how MediShield Life should be designed. These discussions also reflected the tensions and tradeoffs between benefit features and their impact on premiums.

Our key takeaways from the focus group discussions were:

- **Concerns about Healthcare Costs.** Many participants voiced their concerns with rising healthcare costs. Common suggestions for MediShield Life include:
 - **Lower Deductibles.** Many Singaporeans felt that the present annual deductibles for MediShield were too high. Some were particularly concerned about the higher deductibles for the elderly above 80 years old.
 - **Lower Co-Insurance Rates.** As the amount of co-insurance was dependent on the size of the hospital bill, Singaporeans were concerned that their share of expenses might be very high if they contracted serious illnesses that required costly treatments.
 - **Higher Claim Limits.** Singaporeans were concerned about how much of their bill they would be able to claim, given the impact of rising medical costs. Increasing claim limits would be one way to address this.

While these three suggestions came up often during the focus group discussions, when asked to prioritise which enhancements they would prefer to spend their premium dollars on, participants often chose lower co-insurance rates and higher claim limits. These features would provide protection against the “dreaded” large bills with highly variable and uncertain costs. In comparison, participants observed that any additional advantage from lowering deductibles was limited, and deductibles could be paid for using Medisave.

- **Concerns about Old-age Premium Affordability.** While the current elderly will have the Pioneer Generation package to help with old-age healthcare costs, future elderly will need to actively prepare for these costs. In their feedback, many older Singaporeans shared that they wished they had been able to pay higher premiums when they were younger and able to afford higher payments, so that their premium increases in their old age would not be so steep. Younger Singaporeans were also receptive to this idea.
- **Desire for Wider Coverage.** Singaporeans also raised the possibility of MediShield Life providing coverage for more outpatient treatments, maternity expenses and fertility treatments, and incorporating No Claims Bonuses in the form of premium discounts. Some felt that No Claims Bonuses could encourage the pursuit of healthy lifestyles, emphasise personal responsibility over one’s own health and deter small claims, thus helping to reduce claims and lower premiums.

Recommendations & Observations

Our Committee considered the benefit features that would provide good coverage, and also the impact on premiums. We make the following recommendations for MediShield Life benefits:

- **Remove Lifetime Claim Limit.** In order for lifelong coverage to work, there should be no lifetime limit for claims. As such, we propose to remove the current MediShield lifetime limit of \$300,000. Policyholders who had accumulated large bills would continue to remain covered and have lifetime protection from large bills.
- **Increase Claim Limits and Reduce Co-Insurance.** The MediShield Life benefit parameters that determine the level of payouts are claim limits, deductibles, and co-insurance rates.
 - **Increase Daily Claim Limits.** Our Committee recommended increasing the daily claim limits for normal and Intensive Care Unit wards, community hospital stays and surgical procedures in order to better cover the large Class B2/C bills. New claim limits could be pegged to cover 9 in 10 of all Class B2/C bills. This means that, for 9 out of 10 bills, the patient’s co-payment comprises the deductible (applies once in a year and not on every bill) and his co-insurance share, with MediShield paying for the remainder. Smaller bills will accumulate towards the deductible, and the deductible is only payable once per policy year. For the remaining 1 of 10 bills, the patient’s co-payment will also include the portion of the bill above the claim limit. Our Committee decided against removing daily claim limits as it would lead to significant premium increases. We note that Medifund can be used to help families who are not able to afford their share of healthcare bills.
 - **Reduce Co-insurance Rate.** Our Committee further recommended reducing the co-insurance rate from the current 10%-20%, to 3%-10%. This will provide better peace of mind to patients who may fear exposure to large bills if they have serious illnesses or require complicated and costly treatments.
 - **Increasing Policy Year Claim Limit.** In line with the increase in claim limits and reduction of co-insurance rates, our Committee also recommended increasing the policy year limit from the current \$70,000 to \$100,000. This would provide better protection in exceptional circumstances, where policyholders are seriously ill and make large cumulative claims over a year.
- **Keep Annual Deductibles at Current Levels.** Deductibles play an important role in ensuring that MediShield Life continues to focus on protecting Singaporeans against large bills, by sieving out the smaller bills which can be paid for using Medisave. In this way, MediShield premiums can also be kept affordable. We note the following key features of deductibles:
 - The deductibles¹ were raised in the latest round of MediShield enhancements in 2013, and are currently set such that MediShield will pay out for the top 1/3 of Class B2/C bills.
 - For the elderly aged above 80, medical costs and deductibles are higher because of the higher incidence and costs of healthcare treatments in old age. As the premium impact from reducing deductibles is high, keeping this level of deductibles for the elderly helps to balance between keeping premiums affordable and payouts adequate.

¹\$1,500 per year for Class C and \$2,000 per year for Class B2 for policyholders aged 80 and below, and \$2,000 for Class C and \$3,000 for Class B2 for policyholders aged above 80.

- Most Singapore families have sufficient Medisave or savings to cover the deductible. The Government also provides Medisave top-ups for lower-income and elderly Singaporeans through schemes such as the GST Voucher and Workfare.
- For those who are unable to pay for their share of the bill after Medisave, the Medical Social Workers at public hospitals can extend further assistance using Medifund and other schemes.
- **Enhance Coverage for Outpatient Chemotherapy and Radiotherapy for Cancer.** Cancer is one of the top major illnesses among Singaporeans today and its treatment is among the costliest. We recommend that the Government:
 - Increase claim limits for outpatient cancer treatment (chemotherapy and radiotherapy). This is to better cover the cost of subsidised cancer treatment. Subsidised dialysis treatments are already substantially covered by MediShield.
 - Halve the co-insurance rate for outpatient treatments from 20% to 10% for the approved outpatient treatments under MediShield Life, which include outpatient chemotherapy and radiotherapy for cancer, kidney dialysis, and immunosuppressant drugs for organ transplants.

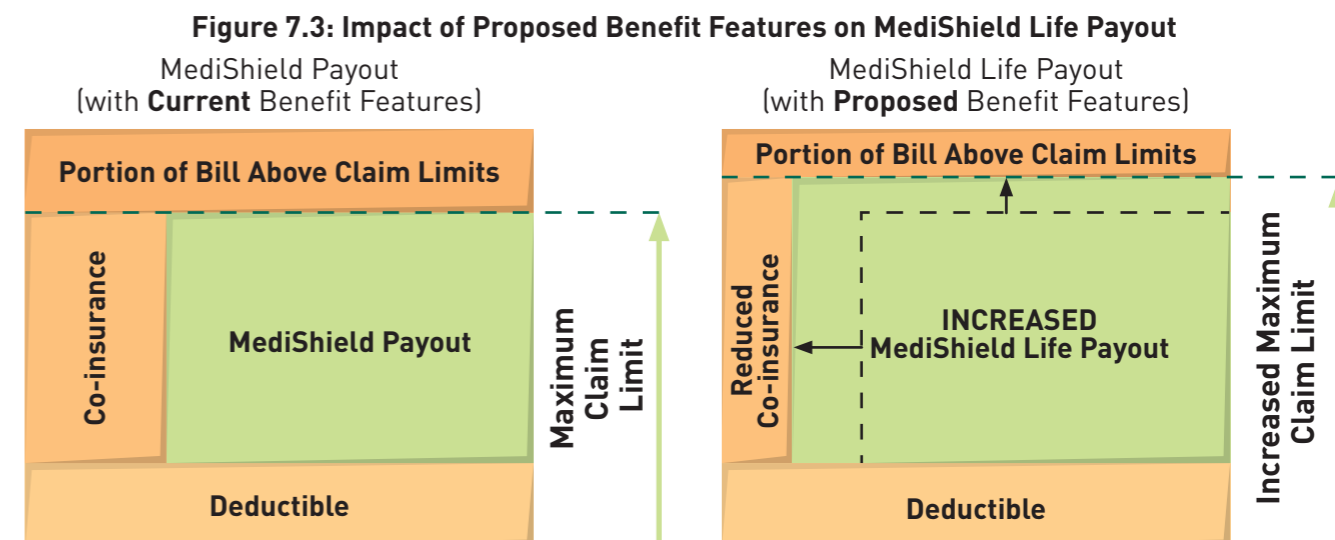
A summary of our Committee’s recommendations for MediShield Life benefit features is shown in Table 7.2 below, with details in Annex C:

Figure 7.2: Current MediShield Benefit Features and Recommended MediShield Life Benefit Features

Benefit Parameters	Current MediShield Benefit Features	Committee’s Recommended MediShield Life Benefit Features
Inpatient Treatment		
Daily Ward and Treatment Charges		
- Normal Ward	\$450 per day	\$700 per day
- Intensive Care Unit Ward	\$900 per day	\$1,200 per day
- Community Hospital	\$250 per day	\$350 per day
- Surgical Procedures	\$150 – \$1,100	\$200 – \$2,000
Outpatient Treatment		
- Chemotherapy for Cancer	\$1,240 per 21/28 day cycle	\$3,000 per month
- Radiotherapy (External or Superficial)	\$80 per treatment session	\$140 per treatment session
- Radiotherapy (Brachytherapy)	\$160 per treatment session	\$500 per treatment session
Maximum Claim Limits		
Per Policy Year	\$70,000	\$100,000
Lifetime	\$300,000	No Limit
Co-Insurance		
Claimable Amount		
\$0 – \$3,000	20%	10%
\$3,001 – \$5,000	15%	10%
\$5,001 – \$10,000	10%	5%
>\$10,000	10%	3%
Outpatient Treatments	20%	10%

Impact of Recommended MediShield Life Benefits

With higher claim limits and lower co-insurance, MediShield Life will pay a larger portion of the bill (Figure 7.3), and patients will pay less. For almost all subsidised Class B2/C bills, patients can have the assurance that MediShield Life will be adequate to cover their bills, after taking into account the deductible and co-insurance portions.

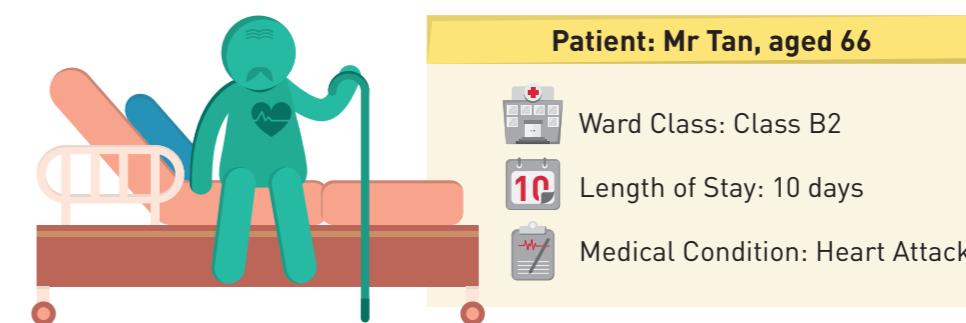


Payout represented by box in green will increase

Note: Most bills will not exceed claim limits

We studied the impact of the proposed benefit parameters using actual bills for some typical serious medical conditions. An example is shown in Figure 7.4, and further examples are shown in Annex D.

Figure 7.4: Higher MediShield Life Payout for Large Inpatient Bill (Heart Attack)



This is an example of a very large bill at the 96th percentile, where the bill size is \$8,100 after Government subsidy. An estimated 4 out of 100 subsidised Class B2/C bills are of this amount or higher.

	MediShield	MediShield Life	Impact
Bill Before Government Subsidy	\$18,000		
Bill After Government Subsidy	\$8,100		Government subsidy reduces bill by 55%**
MediShield / MediShield Life Payout	\$3,445 (43%)*	\$5,645 (70%)	MediShield Life pays 70% of the remaining bill, instead of 43%
Total Out-Of-Pocket — Medisave or Cash	\$4,655 (57%)	\$2,455 (30%)	Patient pays \$2,200 less than before

*Number in parentheses refers to proportion of bill after Government subsidy
 **Subsidy amount may vary across bills depending on the patient’s treatment. For example, if non-standard drugs are used

Overall, we are of the view that the proposed MediShield Life benefits will improve protection for Class B2/C patients. Figure 7.5 below shows the overall impact of the proposed benefit features.

Figure 7.5: Overall Impact of Proposed MediShield Life Benefit Features for Class B2/C Patients

After MediShield or MediShield Life Payouts...	Proportion of Patients a Year	
	With Current MediShield	With Committee's Recommended MediShield Life Benefit Features
Proportion of Class B2/C patients who pay less than \$3,000 a year (in Medisave and cash)	8 in 10	9 in 10
Proportion of Class B2/C patients with large bills* who pay less than \$3,000 a year (in Medisave and cash)	1 in 10	6 in 10
Proportion of subsidised patients receiving outpatient cancer chemotherapy treatment who pay less than \$1,000 a year	6 in 10	8 in 10

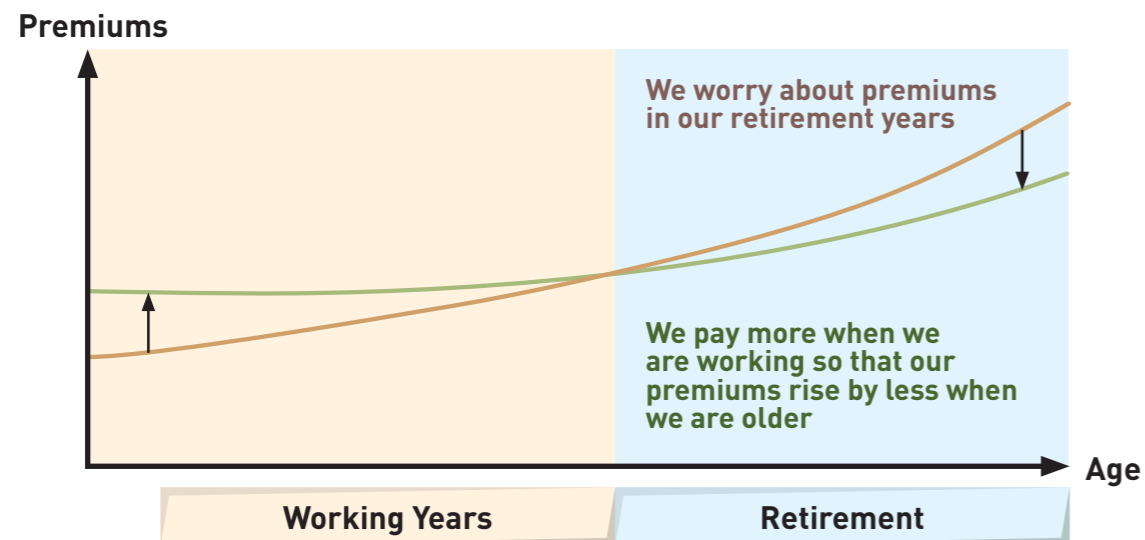
*"Large bills" refer to Class B2/C bills above \$10,000 after Government subsidies

Distributing Premiums More Evenly Over Lifetime

The present MediShield scheme includes a mechanism to help Singaporeans pay premiums ahead. This is done by distributing premiums more evenly throughout one's life, i.e. higher premiums during working age, so that premiums rise by less in old age. These additional amounts paid during working age are set aside in a pool in the MediShield Fund, which individuals and others in the same age cohort can tap on to enjoy premium rebates when they are older. We recommend the following enhancements for premiums for older age groups:

- **Strengthen Existing Approach of Distributing Premiums More Evenly Over Lifetime.** As a key principle of MediShield Life was to provide lifelong coverage, we felt that it was important to strengthen old-age affordability of premiums. This could be done by paying higher premiums during working age, so that premiums rise by less in old age.

Figure 7.6*: What does "Distributing Premiums More Evenly Over Lifetime" mean?



*Figure is for illustrative purposes only, and does not take into account other factors such as medical inflation

- **Premium Rebates to Start from Age 66 instead of Age 71.** Policyholders currently only start receiving premium rebates (which reduce the net premium) from 71 years old. We recommend starting the premium rebates earlier at age 66. This will enable Singaporeans who have just retired or are near retirement to start benefiting from having paid premiums ahead when they were younger.

The indicative premium rebate amounts under MediShield Life are shown in Annex E. It is designed such that younger members will receive greater reductions when they reach old age, as they would have had more time to pay premiums ahead. Actual rebates will depend on the experience of the scheme and each cohort (e.g. mortality and morbidity experience, investment returns, previously distributed rebates and other factors) and cannot be determined until closer to the eligible date for each cohort. For those who join MediShield Life later (e.g. new Permanent Residents) and therefore would have paid less premiums ahead, their premium rebates will correspondingly be lower depending on their age of entry into the scheme.

Other Suggestions for Benefits that Our Committee Considered

Extending Coverage to More Outpatient Treatments

Our Committee heard many suggestions for covering more outpatient treatments under MediShield Life. After careful deliberation, we decided not to extend the list of current MediShield outpatient treatments for the present, for these reasons:

- MediShield Life's focus is on large bills, which are of greatest concern to Singaporeans, and where insurance risk pooling is most valuable. Currently, outpatient treatments which incur high cumulative costs like cancer treatments are already covered in MediShield. Coverage will be further enhanced under MediShield Life.
- Outpatient treatments can be paid for through other healthcare financing schemes. In general, most outpatient treatments are relatively affordable out-of-pocket after Government subsidies and Medisave, and Medifund is also available to help the needy.

Our Committee notes that the Ministry of Health regularly reviews developments in outpatient treatments, including changes in how medical care is delivered. We suggest for the Ministry to consider including outpatient treatments under MediShield Life when suitable, such as when new treatments are developed and there is sufficient evidence on patient outcomes and effectiveness.

MediShield Life Coverage of Maternity and Fertility Expenses

There were questions raised by the public about whether MediShield Life could cover maternity and fertility expenses. Currently, these are excluded from MediShield coverage.

There is substantial support for maternity and fertility expenses through Government subsidies at public hospitals and the Marriage & Parenthood Package. Upon deliberation, our Committee decided to retain maternity and fertility expenses (e.g. normal delivery expenses, pre-natal check-ups) in the exclusion list under MediShield Life, together with expenses incurred for services like cosmetic surgery and vaccinations. We note that the costs of treating pregnancy complications for the mother and the hospitalisation costs for newborns who require intensive care are already covered. See Annex F for the recommended full exclusion list under MediShield Life.



Healthy Lifestyle Incentives

One popular suggestion from members of the public was for MediShield Life to have a No Claims Bonus feature, where policyholder could enjoy discounts on their premiums if they did not make a claim over a certain period. While our Committee agreed with the importance of encouraging healthy lifestyles and personal responsibility for health, after considered study, we decided not to incorporate a No Claims Bonus feature into MediShield Life.

One concern was that patients could delay seeking treatment to maintain their No Claims Bonus discounts. This could have serious downstream consequences, such as potential medical complications, resulting in poorer health and higher claims subsequently. Moreover, even when good care is taken, accidents could occur or congenital conditions could manifest later in life. Introducing a No Claims Bonus could unduly penalise such patients even when it is no fault of theirs.

Nevertheless, there remains strong value in encouraging healthy lifestyles. We recommend that the Ministry of Health explore measures to promote and recognise healthy lifestyles by Singaporeans. These could include introducing incentives for healthy lifestyles, funded through sources like the Health Promotion Board, such as discounts, cash and non-cash incentives for meeting certain health outcomes or healthy activity targets.

The recommended benefit features laid out in this chapter would provide better protection for all Singaporeans, as MediShield Life will pay for a larger portion of their hospital bills. The recommendations had to be balanced with considerations for the impact on MediShield Life premiums, which will be discussed in the chapter “MediShield Premiums and Premium Support Measures”.

UNIVERSAL COVERAGE



MediShield Life will provide universal coverage for all Singapore Citizens and Permanent Residents. Our Committee considered the impact of including uninsured Singaporeans with pre-existing medical conditions on the cost of coverage and on premiums. As an inclusive society, all Singaporeans – those with pre-existing conditions, as well as the rest of the general population – should share in the costs of universal coverage together with the Government. The Government, however, should bear most of the costs.

Universal Coverage for All Singaporeans

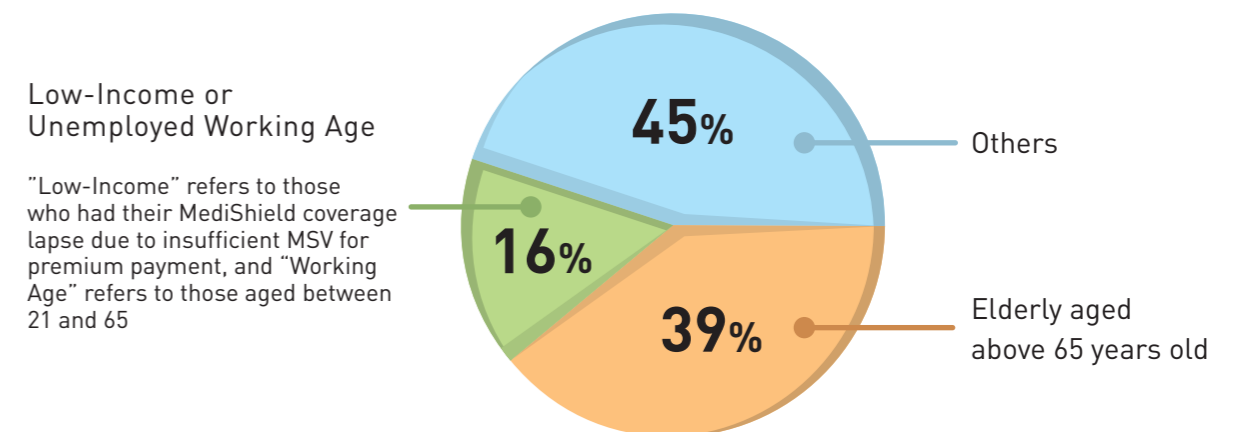
As a universal national health insurance scheme, MediShield Life will be mandatory for all Singapore Citizens and Permanent Residents.

Those currently uninsured, including those with pre-existing conditions, will be able to join MediShield Life and be covered for large Class B2/C bills. Those who are currently insured under MediShield with exclusions for certain conditions will also have their exclusions lifted and have these conditions covered under MediShield Life.

At present, of the 7% or 270,000 of Singapore Citizens and Permanent Residents who are uninsured under MediShield, approximately one-fifth of them or 60,000 are estimated to have pre-existing conditions of varying severity. Of those who are currently insured under MediShield, around 2% of them or 65,000 are estimated to have exclusions.

Figure 8.1: Uninsured Singapore Citizens and Permanent Residents

Number with no MediShield Coverage in 2013 is about 270,000



Key Principles of Universal Coverage

All Singapore Citizens and Permanent Residents will benefit from health insurance protection throughout their lives, regardless of their health and life circumstances.

Everyone shares in our national risk pool and plays a part in supporting the pooled healthcare costs.

Insights from Focus Group Discussions

Our key takeaways from the focus group discussions were:

- **Support for Universal Coverage.** Most Singaporeans welcomed the proposal to cover all Singaporeans under MediShield Life as part of a more inclusive society. Those with family and friends who were not able to join the current MediShield, or who were insured with exclusions, were especially reassured by this move to universal coverage.
- **Concerns about the Cost of Universal Coverage.** Singaporeans also welcomed the benefits of universal coverage, although there were some concerns about the impact on premiums. Some felt that the sick and unhealthy should form a separate risk pool on their own, but others disagreed. A separate risk pool for the sick would mean they would have to each pay much higher premiums.

On how the costs of including those with pre-existing conditions under MediShield Life should be shared, many agreed that the existing insured could pay a little more to support fellow Singaporeans and the Government should play a significant role in mitigating the cost impact. They also felt that it would only be fair that those with pre-existing conditions should also pay higher premiums in view of the higher risks and costs that they were bringing into the scheme. Some expressed concerns that imposing additional premiums on those with pre-existing conditions would be onerous, given that this group would already be burdened with healthcare bills.

- **Some Wanted Exceptions to be Made for Mandatory Coverage.** Some groups of Singaporeans, such as those living overseas, pensioners with life-long medical benefits, and those with comprehensive employer medical benefits, wanted to know why they were required to join MediShield Life. Some Singaporeans living overseas shared that they had no intention of seeking medical treatment in Singapore. Those with other forms of medical coverage, including private insurance that is not integrated with MediShield, employer medical benefits or lifelong pension benefits, raised the point that there would be duplication of their medical benefits; and felt that there was no need for them to join MediShield Life.



Recommendations & Observations

In addressing concerns about the additional costs of bringing in those with pre-existing conditions, our Committee was guided by the following principles:

- **Shared Responsibility.** As Singapore moves towards becoming a more inclusive society, Singaporeans should exercise greater collective responsibility. Everyone, both the healthy and unhealthy, should contribute to the common risk pool.
- **Premiums for those with Pre-existing Conditions to Reflect Higher Risks.** Given that those with pre-existing conditions have a higher likelihood to make claims than the rest of the population, the cost-sharing approach should take this into account.
- **Affordable Premiums.** In order for premiums to be affordable for the population, especially for the vulnerable groups like the low-income and the elderly, Government support is needed.

Based on the above principles, we **recommend that the uninsured should be brought into the common MediShield Life risk pool.** Such a move would maximise the effect of risk pooling more effectively than setting up a separate fund for those with pre-existing conditions.

Recommendation: Uninsured should be brought into the common MediShield Life risk pool

Why was a Separate Risk Pool for those with Pre-existing Conditions Not Recommended?

A separate risk pool for those with pre-existing conditions would result in highly concentrated costs and a potentially unsustainable scheme. While the Government has indicated its willingness to assist with subsidies for premiums to ensure affordability, this scheme will be inefficient to run and is not the best use of taxpayers' money. With a small and diminishing group of people with pre-existing conditions, claims would be very volatile. Premiums would as a result cost much more to reflect their much higher risk and to account for volatility.

With the move to universal coverage, we recommend the lifting of exclusions like those pertaining to congenital conditions (for those born before 1 March 2013) and treatments related to conditions arising from or due to HIV/AIDS, subject to MediShield Life benefit features. See Annex F for the MediShield Life exclusion list.

Recommendation:

Cost of bringing in those with pre-existing conditions to be shared

Recommendation:

Government to bear the bulk of the costs of including those with pre-existing conditions under MediShield Life

Recommendation:

All Singaporeans to co-share a modest part of the costs

Recommendation:

Individuals with pre-existing conditions to pay additional 30% of the standard premiums for the first ten years

We also recommend that the costs of bringing in those with pre-existing conditions be shared across those with pre-existing conditions, the community, and the Government, in the following way:

- **Government to bear the bulk of the costs (about 75%) of including those with pre-existing conditions under MediShield Life.** This will ease the shift to universal MediShield Life and keep the premium impact manageable for all.

The Government has estimated that the additional costs of covering those with pre-existing conditions will be about \$1.1 billion in the first 5 years of MediShield Life. Overall, the Committee's recommendations will require the Government to support about 75% of these costs, or about \$850 million over 5 years. Individuals with pre-existing conditions will bear about 10% of the costs, or about \$110 million over 5 years, through their additional premiums. As part of shared social responsibility, all Singaporeans will bear about 15% of the additional costs of universal coverage, or about \$130 million over 5 years, through an increment of no more than 3% from current premiums.

- **All Singaporeans to Co-share a Modest Part of the Costs.** This is in line with the philosophy of greater collective responsibility, and reflects each person's contribution towards an inclusive society. The additional amount should not exceed 3% of current MediShield premiums.
- **Individuals with pre-existing conditions¹ to pay an additional 30% of the standard premiums for the first ten years to take into account their higher risks, after which they will pay the same standard premiums as other policyholders in their age bands.** This is to take into account their higher risks while at the same time avoiding placing too much financial burden on the unhealthy. Those with pre-existing conditions would have been bearing higher medical costs without the benefit of MediShield coverage over the past years due to their health conditions.

The Ministry of Health will need to work out the details of the types of pre-existing medical conditions that would be subjected to additional premiums. We request that the Ministry of Health be flexible and discerning in doing so, so that only the most serious medical conditions where intensive and costly treatments are needed will be selected.

Mandatory Nature of MediShield Life and its Implications

Our Committee recommends that MediShield Life should be required for all, without exemptions. As a universal scheme, MediShield Life should be mandatory for all Singapore Citizens and Permanent Residents, including those with employer medical benefits, Government pensioners, and those based overseas. No exemptions should be allowed.

We recognise that there are some needy Singaporeans who will need further help with their MediShield premiums. On the other hand, there might also be a small number who do not pay despite having the means to do so. Our Committee's observations and recommendations on these concerns are detailed in the next chapter "MediShield Life Premiums and Premium Support Measures".

Recommendation: MediShield Life should be required for all, without exemptions

MediShield Life will provide all Singapore Citizens and Permanent Residents with a basic level of protection. With Government support, MediShield Life premiums will be affordable for all, and no one will lose MediShield Life coverage because of financial circumstances. More details are in the next chapter "MediShield Life Premiums and Premium Support Measures".

¹Pre-existing conditions are conditions which developed before the start of MediShield cover. Such individuals could include existing insured policyholders who had existing medical conditions before they came under MediShield, as well as the uninsured.

MEDISHIELD LIFE PREMIUMS AND PREMIUM SUPPORT MEASURES



In any insurance scheme, payouts have to be funded through premiums collected from policyholders. With the better benefits and universal coverage as recommended in previous chapters, MediShield Life payouts and consequently premiums will increase. This chapter sets out the key factors affecting MediShield Life premiums, the Government's premium subsidies and support measures, and our Committee's observations and recommendations on the premiums.

Insights from Focus Group Discussions

We heard the concerns of many Singaporeans with rising medical costs, and how these would impact on premiums.

Our key takeaways from the focus group discussions were:

- **Many hoped that MediShield Life premiums would be affordable for the lower-income and elderly.** Some highlighted the concerns of middle-income earners who were supporting both their children and elderly parents. Others called for Government to provide premium support for the very needy, who might not be able to pay their premiums even after subsidies.
- In general, Singaporeans agreed that they would be less concerned about affordability if **MediShield Life premiums could be fully paid from Medisave**, although some noted that Medisave was also used to pay for other medical expenses, including vaccinations and outpatient treatments for chronic conditions.
- Many Singaporeans were also worried about the **potential increases in Integrated Shield Plan premiums**. Some participants came with specific queries about "MediShield" which turned out to be queries about their Integrated Shield Plans.

MediShield Life Premiums: Key Factors and Government Support Measures

Our Committee worked with the Ministry of Health and its actuarial advisor to determine the MediShield Life premiums, based on our recommendations for benefit features and cost-sharing approach for universal coverage (as detailed in the preceding two chapters). These premiums take into account the following factors:

Greater Protection under MediShield Life due to the Substantial Changes to Benefit Features

Every additional benefit will need to be supported through additional premiums. Hence, we have focused our recommendations on benefit features that provide better protection for large Class B2/C bills and sought to balance this with premium affordability. These are outlined in the chapter "MediShield Life Benefit Features" and include: (i) increasing claim limits for normal and Intensive Care Unit wards, surgical procedures, community hospital stays, and outpatient cancer treatments; (ii) reducing co-insurance rates for both inpatient and outpatient treatments; (iii) increasing the policy year claim limit; and (iv) removal of the lifetime claim limit.

Cost-Sharing to Bring Everyone into MediShield Life (Universal Coverage)

The premiums also include a small co-sharing portion by all Singaporeans¹ to help bring in those with pre-existing conditions. This is in line with the philosophy of greater collective responsibility, and reflects each person’s contribution towards an inclusive society. More details can be found in the chapter “Universal Coverage”.

Distributing Premiums More Evenly Over Lifetime

With premiums rising with age, there have been questions raised about premium affordability in old age. Therefore, we have recommended that the new premiums be distributed more evenly throughout one’s life, i.e. higher premiums during working age, so that premiums rise by less in old age.

Government Premium Support for All Singaporeans

The Government has shared with our Committee that it will provide substantial premium subsidies and support for all Singaporeans. These Government measures address public concerns on premium affordability, including help for the lower- to middle-income, the needy and the Pioneers, as follows:

- Premium subsidies for lower- to middle-income households, covering up to two-thirds of the population
- Transitional subsidies, given on the net premiums after subsidy, in the first four years of MediShield Life, to phase in the new MediShield Life premiums gradually. This is to help all Singapore Citizens, regardless of income, with the shift from MediShield to MediShield Life.
- Additional premium support for Singapore Citizens who are unable to pay for their premiums even after Government subsidies.

MediShield Life Premiums

After taking into account Government’s support for most of the costs of universal coverage and the various Government subsidies, our Committee notes that:

- For Pioneer Generation members, MediShield Life premiums will be lower compared to their current MediShield premiums.
- In the first year of MediShield Life, with premium subsidies and first year transitional subsidies, the maximum premium increase will be less than \$3 per month for the lower-income, and no more than \$6 per month for the higher-income.
- Beyond the transitional period of four years, the lower- to middle-income will continue to receive premium subsidies. Compared to current MediShield premiums, the premium increases will range from \$3 to \$11 a month for the lower-income, and \$7 to \$30 a month for the higher-income.

¹For the co-sharing framework for universal coverage, our Committee recommends for individuals with pre-existing conditions to pay higher premiums, and for Government to bear the bulk of the costs of universal coverage.

The premium schedules for selected age groups, before and after subsidies, are shown in Figures 9.1 and 9.2. The full premium schedules are in Annex G.

Figure 9.1: 2015 MediShield Life Premium Schedule for Singapore Citizens in Selected Age Groups (with premium subsidies for lower- to middle-income and first year transitional subsidies)

PER MONTH

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

PER YEAR

Age Next Birthday	Current MediShield Premiums (\$)	MediShield Life Premiums Before Subsidy (\$)	2015 MediShield Life Premiums (\$)¹			
			Lower-Income²	Lower-Middle-Income³	Upper-Middle-Income⁴	High Income⁵
1 – 20	50	130	60	61	62	66
31 – 40	105	310	131	134	137	146
51 – 60	345	630	364	371	377	402
61 – 65	455	755	462	470	477	515
71 – 73⁶	560	885	491	491	491	491
81 – 83⁶	1,123	1,250	566	566	566	566

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. Transitional subsidies do not apply to Permanent Residents.

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

Figure 9.2: 2019 MediShield Life Premium Schedule for Singapore Citizens in Selected Age Groups After Phasing Out of Transitional Subsidies (with premium subsidies for lower- to middle-income)

PER MONTH

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

PER YEAR

Age Next Birthday	Current MediShield Premiums (\$)	MediShield Life Premiums Before Subsidy (\$)	2019 MediShield Life Premiums (\$)¹			
			Lower-Income²	Lower-Middle-Income³	Upper-Middle-Income⁴	High Income⁵
1 – 20	50	130	98	104	111	130
31 – 40	105	310	233	248	264	310
51 – 60	345	630	441	473	504	630
61 – 65	455	755	491	529	566	755
71 – 73⁶	560	885	491	491	491	491
81 – 83⁶	1,123	1,250	566	566	566	566

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. Transitional subsidies do not apply to Permanent Residents.

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

Recommendations & Observations

Our Committee welcomes the Government’s assurance of premium subsidies and support measures to help Singaporeans with their MediShield Life premiums. With these measures, premiums will be more affordable for Singaporeans.

We recommend that the Medisave Withdrawal Limits should continue to fully cover MediShield Life premiums, so that Singaporeans will not need to pay cash out-of-pocket for their MediShield Life premiums.

We have further studied the premium impact on various family types with varying income levels and number of family members, in view of the public feedback that many Singaporeans are also paying for the premiums of their dependents. Based on 2019 premiums, after transitional subsidies have phased out, we note that total MediShield Life premiums for most typical households should remain within Medisave contributions and inflows. This means that no additional cash outlay is needed, even for lower-income households (see Annex H for some examples).

We are also assured by the Government’s commitment of additional premium support, for the needy and vulnerable who are unable to afford their premiums even after subsidies.

In addition, we suggest that the Government consider the following points in implementing and communicating these support measures:

- **Government should work with the community and relevant organisations to reach out to Singaporeans, to explain the details of the subsidies and assistance measures.** This could ride on existing Ministry of Health measures for outreach and means-testing, so that as many Singaporeans as possible are aware of the various avenues for support.
- **The process of applying for subsidies should be as simple and convenient as possible.** This will ensure that all Singaporeans who meet the eligibility criteria can access the subsidies easily and in a timely manner.
- **A flexible approach should be adopted in assessing eligibility for additional premium support,** so as to account for exceptional circumstances or difficulties which some families could face.

We further note that while the needy will be assisted with their premiums,

Recommendation: Medisave Withdrawal Limits should continue to fully cover MediShield Life premiums

Recommendation: Government should work with the community and relevant organisations to reach out to Singaporeans, to explain the details of the subsidies and assistance measures

Recommendation: Process of applying for subsidies should be as simple and convenient as possible

Recommendation: Flexible approach in assessing eligibility for additional premium support should be adopted

Recommendation: Government adopt appropriate measures to ensure social responsibility in the payment of premiums. For those with means who wilfully default on their premiums, suitable enforcement measures and penalties should be considered

there might be some policyholders who choose not to pay their premiums, despite having the means to do so. Any default in premiums constitutes a bad debt to the MediShield Life Fund, which will have to be shouldered by other policyholders in the form of higher premiums.

With the shift to universal MediShield Life, all Singaporeans must play their part. **Our Committee recommends that the Government adopt appropriate measures to ensure social responsibility in the payment of premiums. For those with means who wilfully default on their premiums, suitable enforcement measures and penalties should be considered.** We note that other countries with universal insurance schemes have various enforcement and penalty frameworks in place, such as fines or withholding of insurance benefits.

Premium Pricing Principles and Reporting of the MediShield Life Fund

Our Committee also reviewed and discussed the premium pricing principles and approach towards the reporting of the MediShield Life Fund with the actuarial advisor. We also sought inputs from the Monetary Authority of Singapore. Our recommendations and observations are as follows:

- **We agree with the need for MediShield Life to adhere to actuarial principles, and the principle of age-based risk pooling, so that it remains sustainable in the future.** However, the current elderly, who may not have been able to set aside enough Medisave for their own premiums or pay ahead for their old-age premiums, may need more support for premiums. This will be addressed by the Government's Pioneer Generation package, which includes special MediShield Life premium subsidies and Medisave top-ups.
- **In line with sound insurance practice and prudent fund management, we note that the MediShield Life Fund will have to build up adequate reserves to meet expected future liabilities.** We also note that the investment approach of the MediShield Fund would have an impact on the fund size and capital requirements for the MediShield Fund, and the balance between the stability of returns versus the level of returns.
- **We recommend that the Central Provident Fund Board and the Ministry of Health publish more information on the MediShield Life Fund** so that the public can verify that it is adequate and that the scheme is solvent.

Recommendation: Central Provident Fund Board and Ministry of Health to publish more information on the MediShield Life Fund

Pricing Principles for MediShield Life Premiums

Similar to MediShield, MediShield Life premiums are actuarially priced, based on the following principles:

Fully Support Scheme Costs

Premiums must be actuarially priced to fully cover the expected cost of future claims and the need for reserves. All policyholders play a part by sharing in the costs of the scheme. This ensures the sustainability of the MediShield Fund and reduces the need for unnecessary ad-hoc increases in premiums.

Risk pooling Within Each Age Group, To Avoid Inter-Generation Cross-Subsidy

As a pricing principle, MediShield Life premiums are actuarially calculated in line with the risks in each age group. This is because with an ageing population, it is important to try to avoid inter-generation cross-subsidy, where the young help to pay for the old. If premiums were not priced by age, with a growing number of elderly being supported by a decreasing number of working-age people, premiums will keep escalating. This will impose an increasing burden on future generations, and will not be sustainable. In addition, to help with affordability of old-age premiums in an age-based premium structure, policyholders pay ahead to partly support old-age premiums during working years. These amounts will be used to reduce premiums through "premium rebates"² during older years, so as to moderate premium increases then.

Reserves and Capital Requirements to Honour Long-Term Commitments

The MediShield Fund is a long-term health insurance fund that supports both the short-term and long-term payouts under the MediShield (MediShield Life) scheme. In line with sound insurance practice, MediShield Life will need to set aside reserves and other provisions to meet its current and future expected liabilities, including long-term obligations. For example, substantial reserves need to be set aside for on-going long-term treatments like dialysis and cancer claims, and to support the provision of old-age premium rebates. These reserves are expected to grow as Singaporeans pay more ahead for old-age premiums. A share of premiums is also set aside to help MediShield meet its commitments even in adverse circumstances, so that payouts can continue to be made to the policyholders. For example, claims may vary from year to year, and must be covered by the fund even when claims are higher than expected.

Reserves are set in line with insurance industry practices and take reference from the Monetary Authority of Singapore's Risk Based Capital Framework. These measures are intended to help the Fund remain solvent so that it can honour Singaporeans' claims, when experience is worse than expected.

²Actual rebates will depend on the experience of the scheme (e.g. mortality and morbidity experience, investment returns, previously distributed rebates and other factors) and cannot be determined until closer to the eligible date for each cohort

Our Committee struck a balance between recommendations for benefit features and premium affordability, to ensure that all Singapore Citizens and Permanent Residents are able to afford their premiums. However, we note that a majority of MediShield policyholders today have purchased Integrated Shield Plans, and would like to understand how the changes to MediShield Life would impact their Integrated Shield Plans. Our Committee's recommendations and observations on Integrated Shield Plans are set out in the next chapter "Integrated Shield Plans".

INTEGRATED SHIELD PLANS

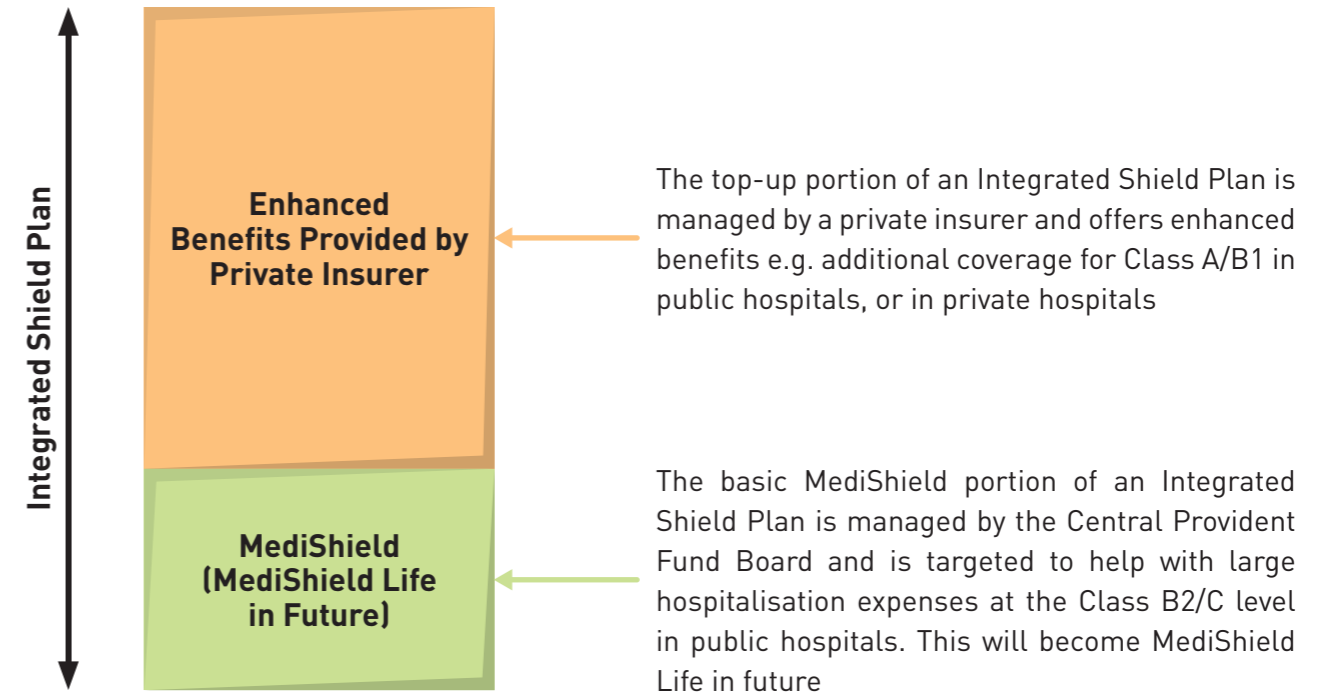


Our Committee’s Terms of Reference do not cover a review of Integrated Shield Plans. However, given the significant public interest, our Committee studied Integrated Shield Plan-related issues in some detail.

What is an Integrated Shield Plan?

An Integrated Shield Plan consists of two parts — the basic MediShield plan and a top-up portion. Integrated Shield Plan policyholders enjoy the combined benefits of MediShield, which is run by the Central Provident Fund Board, and the enhanced benefits of the top-up portion, which is run by the private insurer (see chapter “A Look at MediShield Today” for details on how Integrated Shield Plans work)

Figure 10.1: What is an Integrated Shield Plan?



Today, Integrated Shield Plans in Singapore include NTUC IncomeShield, AIA HealthShield, Great Eastern SupremeHealth, Prudential PruShield, and Aviva MyShield.

Integrated Shield Plans must fulfil certain conditions set by the Ministry of Health. These conditions include features specified by the Ministry of Health for Integrated Shield Plans and business rules for key operational matters.

Insights from Focus Group Discussions

Our key takeaways from the focus group discussions were:

- **Poor Understanding of Health Insurance and Integrated Shield Plans Contribute to Dissatisfaction about Integrated Shield Plan Coverage and the Private Insurers.** Singaporeans had limited awareness of what their Integrated Shield Plans covered, how much they paid in premiums, or even whether their pre-existing medical conditions were excluded from their Integrated Shield Plans. Many policyholders had purchased their plans early in their working years, based on advice from family members, friends or insurance agents, and had paid little attention to the details of their coverage until they were hospitalised and needed to make a claim, or had to do so on behalf of a family member.
- **Sharp Increases in Integrated Shield Plan Premiums have Caused Concerns about Affordability Especially for the Older Age Groups.** Since the introduction of Integrated Shield Plans in 2005, there have been 2 major rounds of premium increases, in 2008 and 2013. Some policyholders experienced sharp increases of more than 100% (amounting to an increase of more than \$1,000) in premiums in 2013. This resulted from insurers revising their premiums due to medical inflation, improving some benefits, and doing so at the same time as revisions to MediShield enhancements were being made. These increases were felt most acutely by policyholders who were at the retirement age, as their Integrated Shield Plan premiums tended to exceed the Medisave withdrawal limits and they would have to pay some cash for their premiums.

Most recognised the need to reassess their choice of Integrated Shield Plan over time, and many shared that Class B1 ward coverage would be sufficient for them post-retirement. However, they were unsure about the process of switching or downgrading their plans and what benefits would be lost as a result.

- **Exclusion of Pre-existing Conditions from Integrated Shield Plan Coverage Resulting in Anxiety and Frustration.** Many policyholders were unaware that they had exclusions for pre-existing conditions until they were hospitalised and were unable to make claims. They were unhappy about these exclusions and felt that insurers could have been clearer in the communication of their policies. Others were frustrated about the strict underwriting applied by insurers, resulting in mild pre-existing conditions being excluded or a wide scope of exclusions being applied. They wanted insurers to be more discerning and flexible in underwriting and imposing exclusions.
- **Insurer Practices Create Uncertainty Among Policyholders.** Policyholders who have had their Integrated Shield Plans unilaterally revised by their insurers e.g. changes in pro-ration factors, addition of new benefits together with higher premiums, felt frustrated by the lack of consumer engagement on the changes and whether policyholders would value them. They hoped for the Government to regulate how the changes were made.

Implications on MediShield Life Review

From the focus group discussions it was clear that many Singaporeans with Integrated Shield Plans were unaware that these plans had a MediShield portion. Others who did understand what Integrated Shield Plans were raised concerns that MediShield Life changes would result in further premium hikes.

As about 60% of Singaporeans have Integrated Shield Plans, and the MediShield portion of their Integrated Shield Plans would transition to MediShield Life in future, our Committee found it important to review the following Integrated Shield Plan-related issues:

- Coverage for pre-existing conditions
- Affordability and premium Increases
- Industry structure and regulation

Recommendations & Observations

Based on feedback from the public and further discussions with Integrated Shield Plan insurers, our Committee makes the following observations and recommendations to the Government:

Development of a Standard Integrated Shield Plan

Our Committee recommends that the Government work with the insurance industry to develop key features for a Standard Integrated Shield Plan focused on providing coverage at the Class B1 level. The Standard Plan should:

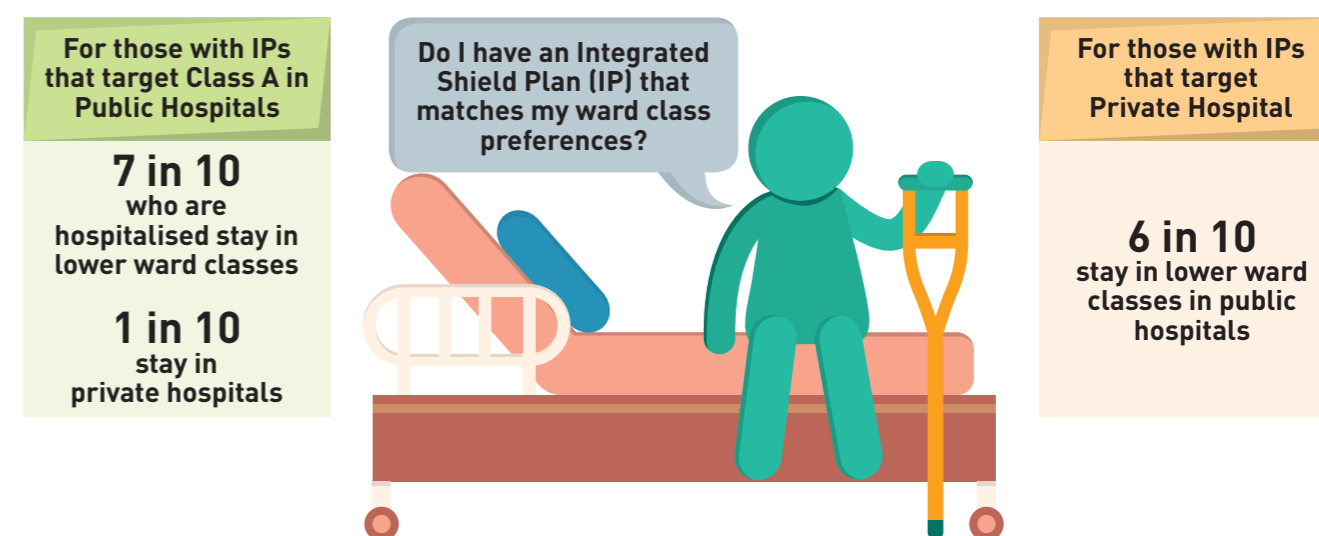
- Provide adequate coverage at Class B1 level
- Have benefits regulated by the Government
- Be provided as an option to all new and existing Integrated Shield Plan policy holders, including those who want to downgrade from their Class A/Private plans to a more affordable option

Recommendation: Government to work with the insurance industry to develop key features for a Standard Integrated Shield Plan

We noted many Singaporeans' desire to have options in seeking medical treatments, beyond Class B2/C wards. At the same time, some appear to have over-stretched themselves to buy the most expensive product for higher protection. This happens more often during the working years when premiums can be paid for wholly or mostly through Medisave.

The Standard Integrated Shield Plan will give Singaporeans an option for enhanced coverage beyond the basic MediShield Life level in a standardised, affordable and easily understood package. It will be cheaper than plans targeted for treatment in private hospitals.

Figure 10.2: Ward Class Choices of Integrated Shield Plan (IP) Policyholders



Recommendation:

Premiums for the Standard Integrated Shield Plan should form the basis for setting Medisave Withdrawal Limits

Our Committee further suggests that the premiums for the Standard Integrated Shield Plan should form the basis for setting Medisave Withdrawal Limits for Integrated Shield Plans. This will improve clarity on how Medisave Withdrawal Limits for Integrated Shield Plans are derived. However, any adjustments in the Medisave Withdrawal Limits should be phased in over time to reduce impact on cash outlay for existing Integrated Shield Plan policyholders.

One advantage of this approach is that older policyholders will be able to withdraw more Medisave to pay for their Integrated Shield Plan premiums. For those with Integrated Shield Plans scoped for more expensive ward classes (e.g. Class A/Private Hospitals), they will continue to have to pay for a portion of their premiums in cash to help preserve their Medisave balances for future basic healthcare needs.

Managing Coverage for Pre-existing Conditions

MediShield Life will provide universal and basic coverage for all, including for those with pre-existing conditions. However, this does not extend to the Integrated Shield Plans, which are optional. Some members of public have asked if their pre-existing conditions could also be covered under Integrated Shield Plans, if they were prepared to pay higher premiums. Currently, insurers are allowed to exclude pre-existing conditions in a policy or deny applicants insurance coverage, but are not allowed to offer risk-loaded policies.

Recommendation:

Allow Integrated Shield Plan insurers to manage those with pre-existing conditions differently from healthy policyholders, including allowing for risk-loading

Our Committee recommends that the Government allows insurers to manage those with pre-existing conditions differently from healthy policyholders, including allowing for risk-loading, i.e. charging policyholders higher premiums to insure their pre-existing conditions. A risk-loaded policy would cost more, but it would also help reduce uncertainty of coverage due to exclusions.

Where a risk-loaded policy is offered, the Government should consider requiring insurers to inform policyholders how risk-loaded premium estimates compare with premiums for policies that are not risk-loaded policies. This will help the applicant make informed decisions.. The Integrated Shield Plan insurer may also decide not to accept the policyholder after assessing his health status. Risk-loading for health insurance would be a new area of underwriting expertise to be developed in Singapore.

Our Committee noted that as Integrated Shield Plan insurers are commercial companies with long term liabilities of life insurance products, it is important that they maintain financial soundness and sustainability for the long term. Hence it would not be desirable to make it compulsory for them to cover pre-existing conditions in the Integrated Shield Plans.

Reviewing Regulation of Integrated Shield Plans and Industry Practices

Integrated Shield Plans are subject to a matrix of rules and regulations, as indicated below.

Figure 10.3: Current Regulation of Integrated Shield Plans

Regulatory Body	Areas of Regulation
Monetary Authority of Singapore	Insurance industry regulations, including requiring Integrated Shield Plan insurers to adhere to prudential and conduct (of agents) standards.
Ministry of Health	Minimum parameters that Integrated Shield Plans must meet. Terms and Conditions for Medisave use for premiums, which are administered by the Central Provident Fund Board

Nonetheless, the Committee observed that many policyholders cited negative experiences with their Integrated Shield Plans or insurer representatives marketing them, as follows:

- Poor financial counselling and inconsistent information given by insurer representatives contribute to poor consumer understanding of Integrated Shield Plans. This in turn leads to ill-informed decisions by Singaporeans to purchase Integrated Shield Plans or switch between insurers (which may result in them being underwritten again and having additional exclusions apply to their coverage, for health conditions that developed while they were covered by the previous plan)
- Instances of misleading statements in the communications between insurers and policyholders, which wrongly position Integrated Shield Plan premium increases or benefit changes as a result of MediShield enhancements
- Changes made to Integrated Shield Plan benefits without sufficient explanation to policyholders, leading to confusion and frustration when policyholders try to make their claims later

Our Committee suggests that the Government improve the existing regulatory and accountability framework for Integrated Shield Plans and their approved insurers. The industry should enforce good practices with greater vigilance and consistency. Improvements could include:

- Setting clearer guidelines or rules for insurers in the sale and renewal of Integrated Shield Plans, such that premium changes due to MediShield Life are reflected as distinct from premium changes that insurers are imposing for their portion
- Requiring insurers to include a short and standardised addendum in their policy communication materials, highlighting the benefits, premiums and subsidies for the MediShield Life portion of the Integrated Shield Plan
- Requiring insurers to work together to develop a reader-friendly policy summary for all Integrated Shield Plan policyholders that highlights their key benefits, exclusions and premiums
- Studying the possibility of enhancing responsible selling requirements, e.g. requiring insurer representatives to explain how Integrated Shield Plan premiums increase with age

Recommendation:

Government to improve the existing regulatory and accountability framework for Integrated Shield Plans and their approved insurers

Impact of Rising Medical Costs on Integrated Shield Plan Premiums

Some Singaporeans had also shared with the Committee their concerns about recent sharp increases in premiums for Integrated Shield Plans that cover hospitalisation in private hospitals.

In light of this, our Committee looked at factors contributing to premium increases for Integrated Shield Plans. We found that premium increases for these particular Integrated Shield Plans were driven significantly by rising claims due to (i) as-charged feature of Integrated Shield Plans and (ii) high professional fees in the private healthcare sector.

It became clear to our Committee that the affordability of Integrated Shield Plan premiums, in particular those for private hospital coverage, would require cost management efforts and collaboration among insurers, Government and private medical professionals. We also recognised that recommending premium caps or limits on premium increases would not address the fundamental drivers of premium increases effectively, and may eventually render these Integrated Shield Plans financially unsustainable. This would in turn hurt existing policyholders.

Our Committee suggests that:

- Insurers could consider establishing benchmarks for professional fees to support cost management efforts for Integrated Shield Plans.
- Insurers could explore tapping on shared data to allow for better scrutiny of unusually high bills.

Further details of our Committee's discussions on overall healthcare cost management are reflected in the next chapter "Other Issues".

OTHER ISSUES



Our Committee's engagements with Singaporeans surfaced other issues related to MediShield Life, in particular (i) employer medical benefits, (ii) healthcare cost management, and (iii) public awareness of Singapore's healthcare financing system and how they can seek help. As these issues are closely linked to MediShield Life, we wish to share some observations on them even though they are not part of our Terms of Reference.

Employer Medical Benefits

Our Committee received many questions from many Singaporeans about how MediShield Life would interact with employer medical benefits. We consulted unions and employers through the National Trades Union Congress (NTUC), the Singapore National Employers Federation (SNEF), and the Public Service Division (PSD).

The Present State of Employer Medical Benefits

- Currently, more than 80% of companies* in Singapore provide both outpatient and inpatient employer medical benefits.
- Among companies that provide inpatient benefits, the majority provide them through Group Hospitalisation and Surgical insurance (GHS) which does not ride on top of the MediShield framework.
- Other companies adopt a self-funding approach and pay for their employees' ad-hoc medical expenses.

A small number of companies provide portable medical benefits for their employees. This is typically done through either of the following ways:

- Employers can make additional Medisave contributions to their employees. Employees can use the Medisave contributions to purchase MediShield or Integrated Shield Plans to cover their hospitalisation needs.
- Employers can buy MediShield or Integrated Shield Plans directly for their employees, by paying premiums to a private insurer on behalf of their employees or by reimbursing premium amounts to employees in the form of additional Medisave contributions.

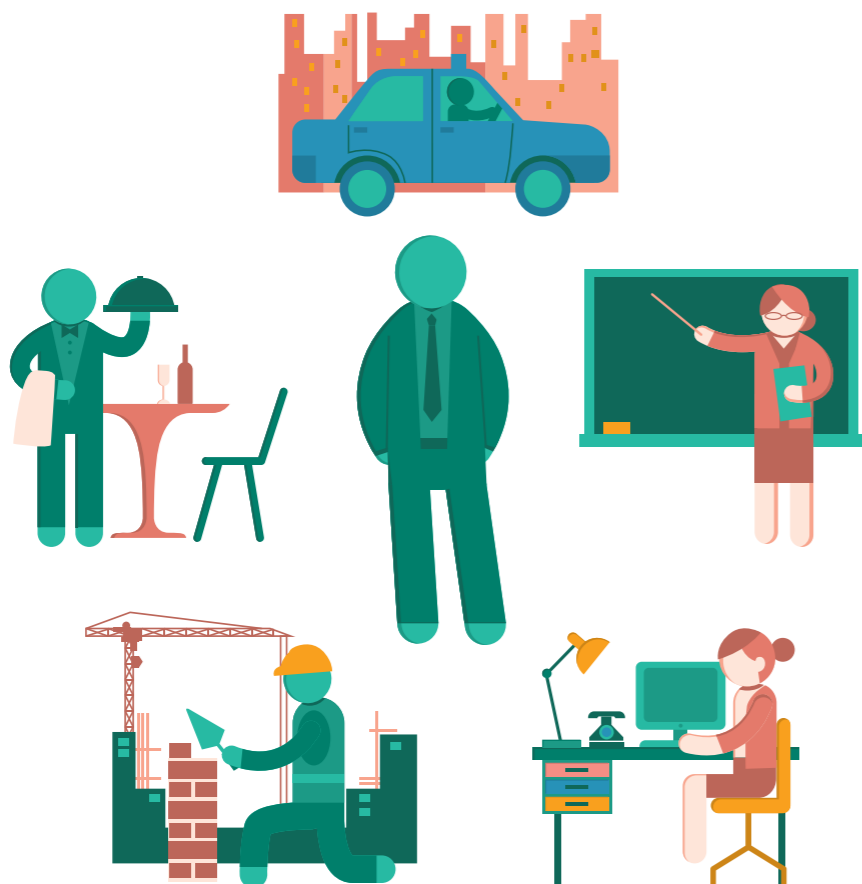
**Companies refer to establishments in the private sector each with at least 25 employees and the public sector comprising government ministries, organs of state and statutory boards.*

Source: Ministry of Manpower Survey on Labour Costs and Medical Benefits, 2009.
Portable Medical Benefits for Employees, Ministry of Manpower Website

Insights from Focus Group Discussions

Our key takeaways from focus group discussions were:

- Portable Medical Benefits Offer the Most Assurance for Singaporeans.** Employer medical benefits cease upon retirement, unemployment or job changes. Some older Singaporeans shared that they recognised the need for portable health insurance coverage too late. By the time they were in their 50s or 60s and preparing for their retirement, they were unable to get full coverage under Integrated Shield Plans because of pre-existing conditions. The advantage of portable medical benefits is that Singaporeans would continue to be insured regardless of their employment status.
- Duplication of Insurance Coverage During Employment.** For Singaporeans who see the need for long-term healthcare coverage that continue beyond job changes or retirement, they recognise that non-portable employer medical benefits may be insufficient. They usually choose to remain covered under MediShield and may buy Integrated Shield Plans as well. Others may have bought these additional plans because they did not know what their employer medical benefits were. During their working years, such Singaporeans would end up with duplicate coverage because of overlap from their employer medical benefits and their MediShield or Integrated Shield Plans.
- Restructuring of Employer Medical Benefits is Not Straightforward.** The benefits under Group Hospitalisation and Surgical Insurance plans are usually more attractive than those provided by Medishield (and MediShield Life) and Integrated Shield Plans. Such plans also often cover pre-existing illnesses. Hence, these plans tend to offer higher perceived value to employees and at relatively lower costs for employers, especially if they have a younger and healthier employee profile. Such plans tend to be lower-cost also because they provide short-term coverage and are not guaranteed for renewal. Given that both employers and employees value such plans, there could be inertia to make changes. However, we are encouraged that some employers have made the shift towards portable medical benefits, and more employees have also begun to recognise the importance of long-term health coverage.



Employer Medical Benefits — Recommendations and Observations

We call on employers and unions to work together to reduce duplication of coverage between employer medical benefits and MediShield Life. These suggestions are in line with recommendations received from the National Wages Council, NTUC and SNEF.

In its guidelines released in May 2014, the National Wages Council had encouraged employers and unions to look into appropriate measures to boost their employees' ability to pay for their MediShield Life premiums. Noting the importance of portable employer medical benefits, both SNEF and NTUC called for a review on the potential duplication of employer medical benefits with MediShield Life, and a review of the incentives for employers to take up portable medical benefits.

Our Committee makes the following observations and suggestions:

- Employers can demonstrate their support for the long-term well-being of their employees by initiating the process to switch to portable medical insurance. They would need to be prepared that such a move to help employees stay insured over their lifetime would likely be more costly.
- Union leaders can play an important role to help their members better appreciate that portable medical insurance is more beneficial for the welfare of workers in the longer-term. Workers can carry the health insurance coverage into their retirement, when they are most likely to need it. Union leaders and members should also understand that it is possible for employees to retain a similar level of coverage but in a way that allows for portability.
- As MediShield Life will provide portable lifetime medical coverage for all Singaporeans, regardless of changes in their employment status, we encourage employers to provide portable medical insurance built on MediShield Life for their employees. They can do this by:
 - Restructuring their employer medical benefits so that employees can enjoy portable medical benefits that ride on MediShield Life e.g. Integrated Shield Plans, or
 - Providing additional Medisave contributions to help employees pay for MediShield Life or Integrated Shield Plan premiums

We also recommend that the Government consider strengthening incentives to companies who are willing to provide portable medical benefits that ride on MediShield Life for their employees, as there will be costs involved in the restructuring of employer medical benefits. We understand that less than 1 in 20 employers offer portable employer medical benefits even though there are already tax incentives available today (see Annex I for existing tax incentives). The Government can consider improving corporate tax incentives or providing grants to encourage more companies to switch to offering their employees portable medical benefits.

Recommendation: Employers and unions to work together to reduce duplication of coverage between employer medical benefits and MediShield Life

Recommendation: Government to strengthen incentives for companies who are willing to provide portable medical benefits that ride on MediShield Life for employees

Our Committee further suggests that the Public Service, as a key employer, reviews how MediShield Life would interact with existing public service medical benefits, especially for pensionable officers and pensioners who enjoy comprehensive medical benefits for life. We note that the Government has indicated that it will study the issue carefully together with the unions to ensure that pensioners will not be adversely affected with the introduction of MediShield Life, and that it would announce more details after our Committee completes our work.

Managing Healthcare Inflation

Our Committee received much feedback and suggestions on healthcare costs. We recognise that rising healthcare costs are a global challenge, fuelled by many factors such as advances in medical science and the emergence of new treatments, drugs and technologies; societal aspirations; and demographic changes. A few themes emerged from our engagements with Singaporeans:

- **Concerns about Healthcare Affordability.** Many Singaporeans welcomed the better protection accorded by MediShield Life, but highlighted that the affordability of premiums ultimately depended on how well we manage total healthcare costs and safeguard against practices such as over-charging or over-treatment. Many Singaporeans also shared concerns about the rising costs of chronic disease management, disease management, long term nursing and rehabilitation care.

Our Committee notes that as a society, we need to address rising healthcare costs as they affect a host of other things, not just MediShield Life premiums, but also Singaporeans' Medisave and cash savings, and total healthcare subsidies which are funded from taxes.

- **Greater Awareness of Prevention as a Tool.** Many Singaporeans shared about the need for healthy living and highlighted prevention as the best protection against large healthcare bills. They encouraged others to live healthier lifestyles and go for regular, recommended health screenings. Some advocated introducing a no-claims bonus into MediShield Life to encourage Singaporeans to lead a healthier lifestyle. Our assessment of this is addressed in the chapter "MediShield Life Benefit Features".
- **Need to Address Provider Costs.** Many Singaporeans recounted experiences where healthcare service providers had prescribed more costly tests and treatments after finding out that the patients had generous employer medical benefits or Integrated Shield Plans. This feedback was particularly prevalent among users of private sector medical services. Some suggested clamping down on such excessive charging by exploring appropriate fee guidelines and benchmarks.

Managing Healthcare Inflation — Recommendations and Observations

Our Committee observed that while Singapore's total healthcare spending as a proportion of GDP is moderate, this is in part due to our relatively young population. In the recent five years, our total healthcare spending has risen close to 10% each year on average, which is significant. This was driven mainly by (i) price inflation, (ii) population growth, (iii) our ageing population, and (iv) more intensive use of healthcare, which is in turn due to a mix of factors such as rising expectations, better and/or more treatments becoming available, and changes in disease profile.

While MediShield Life can reduce the costs to a patient at the point when he gets sick, it will not help us contain the total costs of medical care, which ultimately are borne by Singaporeans. Insurance inevitably causes both patients and medical providers to become less cost conscious, and to use more medical services than they really should. We have to accept this. But this makes upstream measures to manage healthcare costs even more important, e.g. encouraging healthy living and working with healthcare providers and insurers to manage price inflation.

Our Committee suggests that the **Government consider measures to manage rising healthcare costs, by encouraging healthy living and working with healthcare providers and insurers to manage price inflation. The Government could:**

- Invest in efforts to help Singaporeans remain healthy through health promotion and education; and encouraging Singaporeans to participate in health screening programmes to detect medical conditions early
- Build up capabilities to evaluate the cost-effectiveness of medical practice, technologies and drugs (whether in the Government or in an independent entity¹). Here, the public hospitals can take the lead through more widespread adoption of cost-effective and proven treatments and use of generics drugs where available
- Develop new services and programmes to reduce reliance on hospital-based care, and to better meet the healthcare needs of an ageing population in a sustainable way
- Collaborate with insurers, together with the Central Provident Fund Board as the operator of MediShield Life, to identify areas of concern and improve availability of information on bill sizes

Recommendation: Government consider measures to manage rising healthcare costs, by encouraging healthy living and working with healthcare providers and insurers to manage price inflation

¹One such example is the UK's National Institute for Health and Care Excellence (NICE)



Public Awareness of Healthcare Financing System

Our Committee observed that many Singaporeans did not have a good understanding of the concept of health insurance, or how Singapore's S+3Ms (Subsidies, Medisave, MediShield, Medifund) healthcare financing system worked.

We observed a few consequences of poor healthcare finance literacy:

- Some Singaporeans do not understand the value of insurance in providing protection against large healthcare bills, and view the mandatory nature of MediShield Life as an unnecessary, additional cost. They consider insurance a "waste" because they had not incurred such large bills nor made insurance claims.
- Many Singaporeans do not understand how MediShield and Integrated Shield Plans work. They may purchase coverage that they do not need, such as for private hospitals, and end up being unable to afford their premiums in the long term, as premiums rise with age. Some asked for greater use of Medisave to pay for their Integrated Shield Plan premiums in full. While this helps with their cash needs, this is not the intent of Medisave. The quantum of Medisave contributions are designed to meet the needs of Singaporeans who use subsidised medical services (Class B2/C),
- Some are unaware of their insurance policy exclusions until they are hospitalised and are not able to make an insurance claim as their treatment was for an excluded condition.



Public Awareness — Recommendations and Observations

Our Committee recognises the complexity of Singapore's healthcare financing system. **We call upon the Government to step up outreach and public education efforts on healthcare finance.** The introduction of MediShield Life, together with the implementation of the Pioneer Generation Package, provides a good opportunity for the Government to educate Singaporeans on healthcare financing schemes.

Singaporeans too play a part. It is our responsibility to plan for our own and our family's longer term healthcare needs, and this will be helped by a good understanding about how Singapore's healthcare financing works.

A good resource is the website www.moh.gov.sg/healthcaremadeaffordable.

Recommendation: Government to step up outreach and public education efforts on healthcare finance

Recommendation: Singaporeans to play a part and be responsible for planning for their own or their families' longer term healthcare needs

This chapter wraps up our Committee's recommendations for MediShield Life.

APPRECIATION





The MediShield Life Review Committee thanks all members of the public who shared their heartfelt views, personal stories, and suggestions with us. More than 1,700 Singaporeans came forward to contribute. Your support for the MediShield Life review encouraged us to do our best as Committee members, so that we recommend meaningful and effective proposals for the design of MediShield Life.

We would also like to express our deepest appreciation to all our partners, who helped us reach out to Singaporeans from all walks of life. You work with Singaporeans with different concerns, and only through your support were we able to listen and hear the views of Singaporeans from different backgrounds and circumstances.

We are also grateful for the inputs from various stakeholders who play important roles in improving Singapore's healthcare system. You are familiar with different aspects of the healthcare system, which added richness to our deliberations.

We would like to thank all the volunteer facilitators and note-takers who supported our focus group discussions and ensured that the stories and contributions from Singaporeans were well captured.

Last but not least, our work has been made easier by the Secretariat who have responded to our requests with efficiency and good cheer.

Partners

Chinese Development Assistance Council (CDAC)	Singapore Chinese Chamber of Commerce and Industry (SCCCI)
Health Promotion Board (HPB)	Singapore Federation of Chinese Clan Associations (SFCCA)
Ministry of Social and Family Development (MSF)	Singapore Indian Chamber of Commerce and Industry (SICCI)
National Council of Social Service (NCSS)	Singapore Indian Development Association (SINDA)
National Trades Union Congress (NTUC)	The Eurasian Association (EA)
Singapore National Employers Federation (SNEF)	Yayasan MENDAKI
People's Association (PA)	

All participating staff from Voluntary Welfare Organisations (VWOs)

Stakeholders

Healthcare Academics and Commentators

Prof Marcel Bilger
 Prof Chia Kee Seng
 Prof Eric Finkelstein
 Dr Jeremy Lim
 Prof Phua Kai Hong

Integrated Shield Plan Insurers

AIA
 Aviva
 Great Eastern
 NTUC Income
 Prudential

All Participating Healthcare Professionals

Allied Health Professionals
 Dentists
 Doctors
 Healthcare Administrators
 Medical Social Workers
 Nurses
 Pharmacists
 Traditional and Complementary Medicine Practitioners

Other Insurance Stakeholders

Life Insurance Association (LIA)
 Singapore Actuarial Society
 Gen Re
 Munich Re
 SCOR

Employers

DBS Bank Ltd
 Han's F&B Pte Ltd
 Parkway Group Healthcare Pte Ltd
 Qian Hu Corporation Ltd
 Resorts World at Singapore Pte Ltd
 Robinsons & Co (Singapore) Ptd Ltd
 Sembcorp Industries Ltd
 Singapore Airlines Engineering Company Ltd
 Singapore Airlines Ltd
 Singapore Power Ltd
 Singapore Press Holdings Ltd
 Singapore Telecommunications Ltd

Government Agencies

Monetary Authority of Singapore
 Central Provident Fund Board
 Ministry of Finance
 Ministry of Manpower
 Public Service Division

Actuarial Advisor

Deloitte Actuaries & Consultants

All Volunteer Facilitators, Note-Takers, and other individuals and organisations who shared their views with Committee Members formally or informally

ANNEXES



Annex A

MediShield Life Review Committee Composition

Name	Designation
Mr Bobby Chin (Chairman)	Member, Council of Presidential Advisers of Singapore
Mr Abdul Rohim Sarip	Managing Partner, A Rohim Noor Lila & Partners
Ms Janet Ang	Managing Director, IBM Singapore
Ms Diana Chia	President, National Trades Union Congress
Mrs Hauw Soo Hoon	Operating Partner, iGlobe Partners (II) Pte Ltd
Dr Lee Chien Earn	CEO, Changi General Hospital
Mr Patrick Lee	Chairman, Sing Lun Holdings Ltd
Mr Ong Chong Tee	Deputy Managing Director, Monetary Authority of Singapore
Mrs Oon Kum Loon	Board Member, Keppel Corporation Ltd
Dr Tan See Leng	Managing Director and CEO, IHH Healthcare Berhad Group CEO and Managing Director, Parkway Pantai Ltd
Mr Vairappan Tamilselvam	Associate Marketing Director, ERA Realty Network Pte Ltd

MediShield Life Review Committee Secretariat

Lai Wei Lin
 Lee Shiao Wei
 Jasmin Lau
 Sinni Lim
 Delia Teo
 Lim Siew Yee
 Louisa Zhang
 Bernard Toh
 Jeffrey Ong
 Luke Goh
 Ng Qi Sheng
 Jae Lim
 Zen Tan
 Stephanie Lim
 Wong Wenjie
 Bey Mui Leng
 Lim Bee Khim
 Nafisah Ismail
 Vimala Krishnan
 Dennis Yim
 Philip Sim
 Harinder Kaur Grewal
 Vaishnave Patrick Dorai

Annex B

Comparison of Premiums for MediShield and Integrated Shield Plans, 2013

Age Group (Age Next Birthday)	MediShield (\$)	As-Charged Integrated Shield Plans			Non As-Charged Integrated Shield Plans		
		Class B1 (\$)	Class A (\$)	Private (\$)	Class B1 (\$)	Class A (\$)	Private (\$)
1 – 20	50	99 – 119	118 – 143	162 – 232	78 – 110	107 – 117	181
21 – 30	66	123 – 137	134 – 165	191 – 278	103 – 136	124 – 133	229
31 – 40	105	173 – 202	208 – 267	277 – 383	157 – 207	189 – 198	337– 348
41 – 45	220	330 – 395	418 – 523	561 – 687	297 – 345	386 – 399	547
46 – 50	220	330 – 410	418 – 550	561 – 800	297 – 345	388 – 399	602
51 – 55	345	499 – 615	666 – 800	955 – 1,130	425 – 500	585 – 606	828
56 – 60	345	511 – 623	666 – 825	977 – 1,205	435 – 533	602 – 609	857
61 – 65	455	763 – 921	974 – 1,205	1,390 – 1,667	631 – 723	868 – 927	1,337
66 – 70	540	1,017 – 1,238	1,439 – 1,827	1,909 – 2,278	888 – 938	1,192 – 1,332	1,834
71 – 73	560	1,285 – 1,677	1,859 – 2,339	2,572 – 3,000	1,089 – 1,219	1,486 – 1,841	2,455
74 – 75	646	1,505 – 1,948	2,190 – 2,692	3,155 – 3,472	1,249 – 1,414	1,751 – 2,150	2,876
76 – 78	775	1,801 – 2,649	2,652 – 3,513	3,770 – 4,533	1,500 – 1,944	2,130 – 2,990	3,410
79 – 80	865	2,027 – 2,733	3,034 – 3,746	4,264 – 5,250	1,601 – 2,011	2,412 – 2,994	3,824
81 – 83	1,123	2,398 – 3,599	3,365 – 4,738	4,903 – 6,801	1,621 – 2,159	2,540 – 3,003	3,845
84 – 85	1,150	2,652 – 3,646	3,711 – 4,826	5,360 – 7,071	1,854 – 2,200	2,856 – 3,326	4,286
86 – 88	1,190	2,846 – 4,121	4,039 – 5,563	5,758 – 7,597	1,972 – 2,933	3,294 – 3,795	4,842
89 – 90	1,190	3,119 – 4,245	4,342 – 5,669	5,990 – 7,748	2,109 – 3,001	3,553 – 3,948	5,172
91 – 93	-	3,498 – 4,498	4,539 – 5,711	6,661 – 7,994	2,284 – 2,469	3,482 – 3,891	5,502
94 – 45	-	3,763 – 4,633	4,854 – 5,824	6,952 – 8,154	2,344 – 2,721	3,832 – 4,223	5,911
96 – 98	-	3,795 – 4,772	5,141 – 5,942	7,377 – 8,317	2,485 – 2,888	4,066 – 4,507	6,317
99 – 100	-	4,124 – 4,913	5,584 – 6,061	8,012 – 8,483	2,635 – 3,139	4,416 – 4,743	6,670

Source: Ministry of Health, AIA, Aviva, Great Eastern, NTUC Income, Prudential (2013)

Annex C

Recommended MediShield Life Benefit Features

Benefit Parameters	Current MediShield Benefit Features	Committee's Recommended MediShield Life Benefit Features
Inpatient Treatment		
Daily Ward and Treatment Charges ¹ - Normal ward - Intensive Care Unit ward - Community Hospital ² - Psychiatric ³	\$450 per day \$900 per day \$250 per day \$100 per day	\$700 per day \$1,200 per day \$350 per day No change
Surgical Procedures ⁴ - Table 1 (less complex procedures) - Table 2 - Table 3 - Table 4 - Table 5 - Table 6 - Table 7 (more complex procedures)	\$150 \$360 \$720 \$800 \$840 \$960 \$1,100	\$200 \$480 \$900 \$1,150 \$1,400 \$1,850 \$2,000
Implants ⁵	\$7,000 per treatment	No change
Radiosurgery ⁶	\$4,800 per procedure	No change
Outpatient Treatments		
Chemotherapy for Cancer	\$270 per 7-day cycle \$1,240 per 21/28-day cycle	\$3,000 per month
Stereotactic Radiotherapy for Cancer	\$1,800 per treatment	No change
Radiotherapy - External or Superficial - Brachytherapy with or without external	\$80 per treatment session \$160 per treatment session	\$140 per treatment session \$500 per treatment session
Kidney Dialysis	\$1,000 per month	No change
Immunosuppressants for Organ Transplant	\$200 per month	
Erythropoietin for Chronic Kidney Failure	\$200 per month	
Maximum Claim Limits		
Per Policy Year	\$70,000	\$100,000
Lifetime	\$300,000	No limit
Maximum Coverage Age ⁷	92 (age next birthday)	No maximum age
Annual Deductible⁸		
For Ages 80 and Below, as of Age Next Birthday - Class B2 and above - Class C - Day Surgery	\$2,000 \$1,500 \$1,500	No change
For Ages 81 to 92, as of Age Next Birthday - Class B2 and above - Class C - Day Surgery	\$3,000 \$2,000 \$3,000	
Co-insurance		
All Ward Classes & Day Surgery Claimable Amount ⁹ \$0 – \$3,000 \$3,001 – \$5,000 \$5,001 – \$10,000 >\$10,000	20% 15% 10% 10%	10% 10% 5% 3%
Outpatient Treatments	20%	10%

¹Includes meal charges, prescriptions, professional charges, investigations and other miscellaneous charges.²Claimable only upon referral from an acute hospital for further medical treatment after an inpatient admission.³Claimable up to 35 days per policy year.⁴Classified according to their level of complexity, which increases from Table 1 to Table 7.⁵Includes:

- Intravascular electrodes used for electrophysiological procedures
- Percutaneous Transluminal Coronary Angioplasty (PTCA) Balloons
- Intra-aortic balloons (or Balloon Catheters).

⁶Includes Novalis radiosurgery and Gamma Knife treatments.⁷With effect from 1 March 2014⁸Deductible applies on a policy year basis and therefore payable only once in the year. It is waived for outpatient treatments⁹Total claimable amount is computed as the sum of all claimable amounts under each claim limit. The claimable amount under each claim limit is based on the lower of the maximum claim limit or actual amount (with adjustment factor applied where applicable) incurred under the claim limit. There will be an adjustment factor applied to bills that receive lower than the maximum subsidy level in Class B2/C wards, such as bills incurred by patients in Class A wards

Annex D

Impact of MediShield Life Benefit Enhancements on Bill Coverage

*Note: All examples assume that the bill is the first claim in the policy year for the patient. Hence, the full deductible applies to each bill. Subsidy rates may vary across bills depending on the patient's specific treatment. For example, if non-standard drugs are used.

Example 1 — Higher MediShield Life Payout for Large Inpatient Bill (Heart Attack)

Patient: Mr Tan, aged 66
Ward Class: Class B2
Length of Stay: 10 days
Medical Condition: Heart Attack

This is an example of a very large bill at the 96th percentile, where the bill size is \$8,100 after Government subsidy. An estimated 4 out of 100 subsidised B2/C bills are of this amount or higher.

	MediShield	MediShield Life	Impact
Bill Before Government Subsidy	\$18,000		
Bill After Government Subsidy	\$8,100		Government subsidy reduces bill by 55%
MediShield/MediShield Life Payout (% of Bill after Government Subsidy)	\$3,445 (43%)	\$5,645 (70%)	MediShield Life pays 70% of the remaining bill, instead of 43%
Out-of-Pocket (Medisave and/or cash)			
Deductible	\$2,000	\$2,000	
Co-insurance	\$605	\$455	
Amount above claim limits	\$2,050	\$0	
Total Payable by Patient (% of Bill after Government Subsidy)	\$4,655 (57%)	\$2,455 (30%)	Patient pays \$2,200 less than before

Example 2 — Higher MediShield Life Payout for Large Inpatient Bill (Stroke)

Patient: Mr Yee, aged 48
Ward Class: Class B2
Length of Stay: 14 days (4 days in Intensive Care Unit)
Medical Condition: Stroke

This is an example of a very large bill at the 98th percentile, where the bill size is \$10,100 after Government subsidy. An estimated 2 out of 100 subsidised B2/C bills are of this amount or higher.

	MediShield	MediShield Life	Impact
Bill Before Government Subsidy	\$30,200		
Bill After Government Subsidy	\$10,100		Government subsidy reduces bill by 67%
MediShield/MediShield Life Payout (% of Bill after Government Subsidy)	\$5,290 (52%)	\$7,547 (75%)	MediShield Life pays 75% of the remaining bill, instead of 52%
Out-of-Pocket (Medisave and/or cash)			
Deductible	\$2,000	\$2,000	
Co-insurance	\$810	\$553	
Amount above claim limits	\$2,000	\$0	
Total Payable by Patient (% of Bill after Government Subsidy)	\$4,810 (48%)	\$2,553 (25%)	Patient pays \$2,257 less than before

Example 3 — Higher MediShield Life Payout for Outpatient Bill (Cancer Treatment)

Patient: Mdm Kamla, aged 63
Patient-type: Subsidised
Number of chemotherapy cycles: 4 cycles
Medical Condition: Cancer

	MediShield	MediShield Life	Impact
Bill Before Government Subsidy	\$9,700		
Bill After Government Subsidy	\$6,800		Government subsidy reduces bills by 30%
MediShield/MediShield Life Payout (% of Bill after Government Subsidy)	\$4,960 (73%)	\$6,120 (90%)	MediShield Life pays 90% of the remaining bills, instead of 73%
Out-of-Pocket (Medisave and/or cash)			
Deductible	No deductible for outpatient treatments		
Co-payment	\$1,840	\$680	
Total Payable by Patient (% of Bill after Government Subsidy)	\$1,840 (27%)	\$680 (10%)	Patient pays \$1,160 less than before

Annex E

Premium Rebate Tables

Existing Premium Rebate Table (Applicable to those born before 1950)

Age of Entry	Premium Rebate Amount per year, by Age Band (\$)						
	71 – 73	74 – 75	76 – 78	79 – 80	81 – 83	84 – 85	86 – 90
<30	156	184	209	246	434	449	449
31 – 40	117	138	157	185	326	337	337
41 – 50	78	92	104	123	217	225	225
51 – 60	39	46	52	62	109	112	112

Note: This current premium rebate table will continue to apply for all cohorts born before 1950. Premium rebates will be adjusted from time to time in line with the experience of the MediShield Life scheme

Enhanced Premium Rebate Table (Applicable to those born in or after 1950)

Age of Entry (as at next birthday)	Premium Rebate Amount per year, by Age Band (\$)							
	66 – 70 (New)	71 – 73	74 – 75	76 – 78	79 – 80	81 – 83	84 – 85	86 – 90
<30	49	107	184	260	313	440	483	537
31 – 40	41	80	138	195	235	330	362	403
41 – 50	36	53	92	130	157	220	241	269
51 – 60	30	30	46	65	78	110	121	134
61 – 70 (new)	N.A.	12	33	50	64	71	77	90

Note: Premium rebates will be adjusted from time to time in line with the experience of the MediShield Life scheme

Annex F

Exclusions Under the MediShield Life Scheme

The following treatment items, procedures, conditions, activities and their related complications are not covered by MediShield Life and cannot be claimed:

- Ambulance fee
- Cosmetic surgery
- Maternity charges (including Caesarean operations) or abortions
- Dental work (except due to accidental injuries)
- Infertility, sub-fertility, assisted conception or any contraceptive operation
- Sex change operations
- Optional items which are outside the scope of treatment
- Overseas medical treatment
- Private nursing charges
- Purchase of kidney dialysis machines, iron-lung and other special appliances
- Treatment which has received full reimbursement from Workmen's Compensation and other forms of insurance coverage
- Treatment for drug addiction or alcoholism
- Treatment of injuries arising directly or indirectly from nuclear fallout, war and related risk
- Treatment of injuries arising from direct participation in civil commotion, riot or strike
- Treatment of self-inflicted injuries or injuries resulting from attempted suicide
- Vaccination
- Surgical interventions for the following rare congenital conditions which are severe and fatal by nature: Trisomy 13, Trisomy 18, Bilateral Renal Agenesis, Bart's Hydrops, Alobar Holoprosencephaly, Anecephaly.

Annex G

MediShield Life Premiums and Subsidies

Figure G.1: Premium Subsidies for Lower- to Middle-Income (Non-Pioneer Generation)

Age Next Birthday	Subsidies ¹ as Percentage of Premiums (for Singapore Citizens)		
	Lower-Income ²	Lower-Middle-Income ³	Upper-Middle-Income ⁴
1 – 20	25%	20%	15%
21 – 30			
31 – 40			
41 – 50	30%	25%	20%
51 – 60			
61 – 65			
66 – 70	35%	30%	25%
71 – 73			
74 – 75			
76 – 78	40%	35%	30%
79 – 80			
81 – 83			
84 – 85	45%	40%	35%
86 – 88			
89 – 90			
>90	50%	45%	40%

¹(a) These subsidy rates are applicable to Singapore Citizens who live in residences with an Annual Value of \$13,000 or less. Those with an Annual Value between \$13,101 to \$21,000 will receive 10 percentage points less than these subsidy rates. Those with an Annual Value of above \$21,000 will not receive these subsidies; (b) Permanent Residents receive half of the subsidy rates applicable to Singapore Citizens.

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

Figure G.2: Premium Subsidies for Pioneer Generation

Age in 2015	Pioneer Generation Subsidies ¹ as Percentage of Premiums
66 – 69	40%
70 – 79	45% – 54%
80 – 89	55% – 59%
≥90	60%

¹Pioneer Generation subsidies are applicable to all Pioneers, regardless of income level. The subsidy rates are subject to change every year to ensure the commitment for Pioneers are met.

Figure G.3: Current MediShield and MediShield Life Premiums In 2015

Age Next Birthday	Current Annual MediShield Premiums (\$)	MediShield Life Annual Premiums Before Subsidy (\$)	2015 MediShield Life Premiums after Subsidy ¹							
			Lower-Income		Lower-Middle-Income		Upper-Middle-Income		High Income	
			Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)
1 – 20	50	130	60	5	61	5	62	5	66	6
21 – 30	66	195	82	7	84	7	86	7	92	8
31 – 40	105	310	131	11	134	11	137	11	146	12
41 – 50	220	435	237	20	241	20	246	20	263	22
51 – 60	345	630	364	30	371	31	377	31	402	34
61 – 65	455	755	462	39	470	39	477	40	515	43
66 – 70	540	815	530	44	546	46	554	46	595	50
71 – 73	560	885	563	47	572	48	581	48	625	52
74 – 75	646	975	634	53	653	54	663	55	712	59
76 – 78	775	1,130	678	57	735	61	778	65	846	71
79 – 80	865	1,175	705	59	764	64	823	69	927	77
81 – 83	1,123	1,250	750	63	813	68	875	73	1,148	96
84 – 85	1,150	1,430	858	72	930	77	1,001	83	1,206	101
86 – 88	1,190	1,500	825	69	900	75	975	81	1,252	104
89 – 90	1,190	1,500	825	69	900	75	975	81	1,252	104
>90	-	1,530	765	64	842	70	918	77	1,258	105

¹(a) Subsidies include premium subsidies for lower-to-middle income families and transitional subsidies for all Singapore citizens. Premium subsidy rates in Figure G.1 were used, and are applicable for those living in properties with an Annual Value of \$13,000 or less. Those with an Annual Value of between \$13,101 to \$21,000 will receive 10 percentage points less than the subsidy rates in Figure G.1. Those with an Annual Value of above \$21,000 will not receive premium subsidies. (b) Table applies to Singapore Citizens. For Permanent Residents, half of the relevant premium subsidy rates apply, but no transition subsidies apply

*Premiums are subject to change depending on medical inflation and claims experience. Premiums are based on the indicative schedule of benefits and may be further revised. The Central Provident Fund Board will inform all policyholders of their payable MediShield Life premium (after any applicable subsidies) in writing, before premium deduction.

Figure G.4: Current MediShield and MediShield Life Premiums (Non-Pioneer Generation) In 2019

Age Next Birthday	Current Annual MediShield Premiums (\$)	MediShield Life Annual Premiums Before Subsidy in 2019 (\$)	2019 MediShield Life Premiums after Subsidy ¹							
			Lower-Income		Lower-Middle-Income		Upper-Middle-Income		High Income	
			Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)	Annual (\$)	Monthly (\$)
1 – 20	50	130	98	8	104	9	111	9	130	11
21 – 30	66	195	146	12	156	13	166	14	195	16
31 – 40	105	310	233	19	248	21	264	22	310	26
41 – 50	220	435	305	25	326	27	348	29	435	36
51 – 60	345	630	441	37	473	39	504	42	630	53
61 – 65	455	755	491	41	529	44	566	47	755	63
66 – 70	540	815	530	44	571	48	611	51	815	68
71 – 73	560	885	575	48	620	52	664	55	885	74
74 – 75	646	975	634	53	683	57	731	61	975	81
76 – 78	775	1,130	678	57	735	61	791	66	1,130	94
79 – 80	865	1,175	705	59	764	64	823	69	1,175	98
81 – 83	1,123	1,250	750	63	813	68	875	73	1,250	104
84 – 85	1,150	1,430	858	72	930	77	1,001	83	1,430	119
86 – 88	1,190	1,500	825	69	900	75	975	81	1,500	125
89 – 90	1,190	1,500	825	69	900	75	975	81	1,500	125
>90	-	1,530	765	64	842	70	918	77	1,530	128

¹(a) Subsidies include premium subsidies for lower-to-middle income families for all Singapore Citizens. Premium subsidy rates in Figure G.1 were used, and are applicable for those living in properties with an Annual Value of \$13,000 or less. Those with an Annual Value of between \$13,101 to \$21,000 will receive 10 percentage points less than the subsidy rates in Figure G.1. Those with an Annual Value of above \$21,000 will not receive premium subsidies. (b) Table applies to Singapore Citizens. For Permanent Residents, half of the relevant premium subsidy rates apply, but no transitional subsidies apply

*Premiums are subject to change depending on medical inflation and claims experience. Premiums are based on the indicative schedule of benefits and may be further revised. The Central Provident Fund Board will inform all policyholders of their payable MediShield Life premium (after any applicable subsidies) in writing, before premium deduction.

Figure G.5: MediShield Life Premiums in 2015 for Pioneer Generation Members¹

Age	Current MediShield Annual Premiums (\$)	MediShield Life Premiums ² (\$)		
		Annual Premiums Before Subsidies	Annual Premiums With Pioneer Generation Subsidies	Monthly Premiums With Pioneer Generation Subsidies
66 – 69	540	815	489	41
70 – 72	560	885	491	41
73 – 74	646	975	497	41
75 – 77	775	1,130	517	43
78 – 79	865	1,175	537	45
80 – 82	1,123	1,250	566	47
83 – 84	1,150	1,430	615	51
85 – 89	1,190	1,500	615	51
≥90	-	1,530	612	51

¹Premiums stated are for Pioneer's age in 2015 and will change corresponding to his age. There will be a 30% risk-loading on the premiums if the Pioneer has pre-existing conditions.

²Figures shown have not included Pioneer Generation Medisave top-ups, which range from \$200–\$800 depending on birth cohort and can further offset premiums. With the top-ups, Pioneers aged 80 and above in 2014 will not incur any payables, while Pioneers aged 79 and below in 2014 will pay less than current premiums. These assurances will also be valid in 2019.

*Premiums are subject to change depending on medical inflation and claims experience. Premiums are based on the indicative schedule of benefits and may be further revised. The Central Provident Fund Board will inform all policyholders of their payable MediShield Life premium (after any applicable subsidies) in writing, before premium deduction.

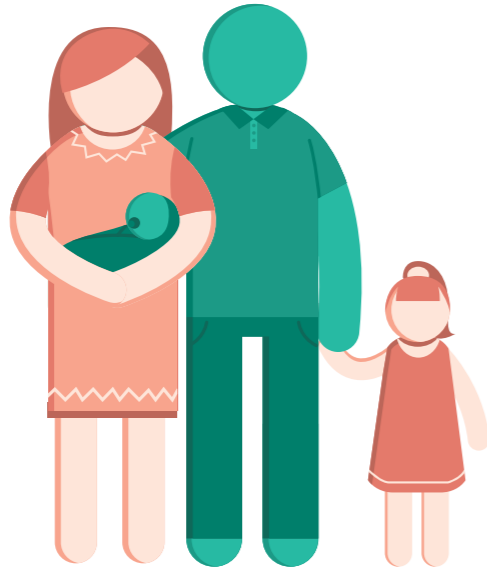
Annex H

Premium Impact on Some Typical Households

Premiums are shown on a per month basis for working households but are payable per year.

Lower-Income Nuclear Household — Koh Family

Mr Koh is married with two children. Both he and his wife are in their mid-30s. He is a sole breadwinner with monthly income of \$2,000, of which his monthly CPF contribution to Medisave amounts to \$180.



Monthly Medisave Contributions	Net Monthly MediShield Life Premiums in 1st year	Net Monthly MediShield Life Premiums in 5th year (no transitional subsidy)
\$180	\$32	\$55

Middle-Income Nuclear Household — Muthu Family

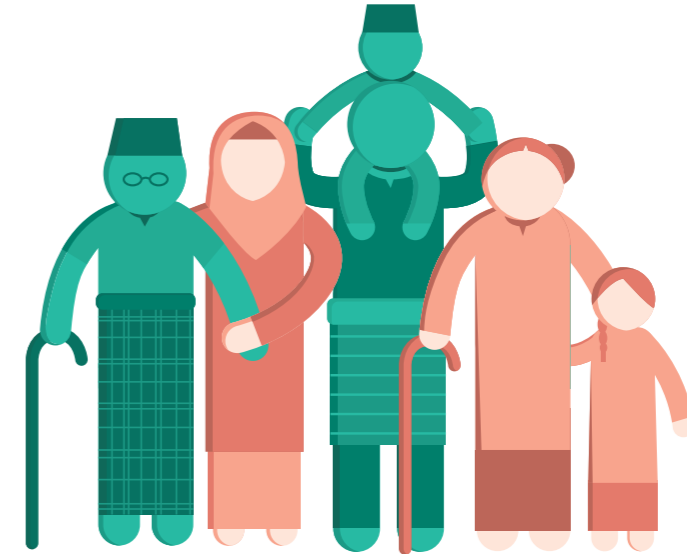
Mr Muthu is married with two children. Both he and his wife are in their mid-30s. He is a sole breadwinner with monthly income of \$5,000, of which his monthly CPF contribution to Medisave amounts to \$450.



Monthly Medisave Contributions	Net Monthly MediShield Life Premiums in 1st year	Net Monthly MediShield Life Premiums in 5th year (no transitional subsidy)
\$450	\$33	\$59

Middle-Income Large Household — Zakir Family

Mr Zakir is married with two children. Both he and his wife are in their mid-30s. He also supports his two elderly parents in their early-60s, who are living with him. Both he and his wife have monthly incomes of \$4,000 each (\$8,000 altogether), of which their monthly CPF contributions to Medisave add up to \$720.



Monthly Medisave Contributions	Net Monthly MediShield Life Premiums in 1st year	Net Monthly MediShield Life Premiums in 5th year (no transitional subsidy)
\$720	\$111	\$147

Pioneer Generation Household — Ng Family

Mr and Mrs Ng are a retired couple in their early-70s, and are part of our Pioneer Generation. They will receive a subsidy of more than 40% on their MediShield Life premiums under the Pioneer Generation Package.



Annual Medisave Top-ups from Pioneer Generation Package	Current Annual MediShield Premiums	MediShield Life Annual Premiums with Pioneer Generation Subsidy
\$800 (2 x \$400)	\$1,120	\$982

Annex I

Existing Tax Benefits for Portable Medical Benefit Schemes

Employers implementing any of the following three portable medical benefits options enjoy higher tax deduction for medical expenses of up to 2% of total employees' remuneration (the normal tax deduction limit is 1%):

Options	Summary of Main Features
a. Portable Medical Benefits Scheme (PMBS)	<ul style="list-style-type: none"> • Employer makes additional contribution (at least 1% of gross monthly salary, subject to a minimum contribution of \$16 per month) to employees' Medisave account every month. • Employees will use the Medisave contribution to purchase MediShield or Medisave-approved medical insurance to cover their inpatient needs.
b. Provision of Integrated Shield Plan (i.e. MediShield or Medisave-approved private integrated plan)	<ul style="list-style-type: none"> • Employer provides inpatient medical benefits in the form of Integrated Shield Plan to his employees. • Employer, after deciding his choice of Integrated Shield Plan, may pay the premium of the chosen Integrated Shield plan (e.g. Enhanced IncomeShield Basic Plan) on behalf of his employees directly to the insurance company or reimburse the amount of premium into his employees' Medisave accounts. • If an employee has already bought an Integrated Shield Plan provided by other insurance company (e.g. AIA HealthShield) and does not want to change his plan, employer can simply credit the amount of premium of the Integrated Shield plan the company has chosen (e.g. Enhanced IncomeShield Basic Plan) into the employee's Medisave account.
c. Transferable Medical Insurance Scheme (TMIS)	<ul style="list-style-type: none"> • An enhanced group hospitalisation & surgical insurance plan purchased by employer. • It offers extension of inpatient coverage up to a maximum period of 12 months when an employee leaves employment. • Employee covered under TMIS plans will be treated as continuously insured when he joins a new employer who has also purchased a TMIS plan. An employee will not be excluded from coverage even if he has a pre-existing illness before joining the new employer.

Qualifying Conditions for 2% Tax Deduction Limit

Employers implementing PMBS

Employer should implement PMBS for at least 20% of the local employees¹ employed by him as at the first day of the financial year being assessed and all local employees who commence their employment during that financial year.

For full-time employees, the additional monthly contribution to Medisave account should be of at least 1% of an employee's gross monthly salary, subject to a minimum amount of \$16 per calendar month.

For part-time employees², the additional monthly Medisave contribution should be computed based on 1% of their actual gross salary for the calendar month.

Employers providing Integrated Shield Plan

Employer should provide Integrated Shield Plan for at least 20% of the local employees employed by him as at the first day of the financial year being assessed and all local employees who commence their employment during that financial year; and

Employer should pay Integrated Shield Plan premium on behalf of his employees direct to the insurance company or reimburse the premium into his employees' Medisave accounts.

Employers implementing TMIS

Employer should implement TMIS for at least 50% of local employees employed by him as at the first day of the financial year being assessed.

Encouraging employers to make ad-hoc Medisave contribution

To encourage employers to make ad-hoc Medisave contribution as and when they can afford it, additional tax deduction beyond the 1% limit will be allowed for the amount of ad-hoc Medisave contributions made, even if employers are not adopting any of the portable medical benefits Options (i.e. PMBS, TMIS or provision of Shield plan). The total tax deduction for medical expenses will be subject to the overall cap of 2%.

Additional Medisave Contribution and Tax Exemption for Employees

To cater for the additional Medisave contribution under PMBS, provision of Integrated Shield Plan and ad-hoc contribution, the limit of additional Medisave contribution has been raised to \$1,500 per year. The tax exemption limit for employees for additional Medisave contribution is \$1,500 per year.

¹Local employees refer to Singapore Citizens or Permanent Residents employed on a full time or part-time contract of employment, regardless of the number of hours worked.

²The definition of part-time employees will follow that in the Employment Act.

Annex J

Comparison of Ward Classes in Public Hospitals

Ward classes in public hospitals differ in terms of: (1) room features; (2) whether the patient can choose his/her doctor; and (3) the subsidy level. Government provides significant inpatient subsidies, of up to 80% for Class C wards and up to 65% for Class B2 wards, depending on the patients' income or Annual Value (AV) of residence. Higher subsidies are given to patients who need it more. Regardless of ward class, patients receive the appropriate medical treatment for their conditions and same quality of care.

Ward Class	Room Features	Choice of Doctor	Subsidy Level
A	Single-bed, air-con, TV	Has choice of doctor	0%
B1	4 beds, air-con, TV	Has choice of doctor	20%
B2	6 beds, naturally-ventilated, no TV	No choice of doctor	50 – 65%
C	8-10 beds, naturally-ventilated, no TV	No choice of doctor	65 – 80%

Glossary of Terms

(Please note that explanations here are geared towards achieving an effective understanding of MediShield Life and may not be comprehensive.)

Term	Meaning
Actuary	A professional who advises on how to assess and price the risk of future events that cannot be calculated with certainty. Actuaries advise on the design and premium pricing of insurance products.
Claim Limits — daily, surgical charges, annual, lifetime, etc	Claim limit refers to the maximum amount of charges that is eligible for insurance payout. Hence a daily claim limit is the maximum amount of charges eligible for insurance payout per day of hospitalisation, a surgical procedure claim limit is the maximum amount eligible for payout for a surgical procedure, and so on.
Claimable Amount	Total claimable amount is computed as the sum of all claimable amounts under each claim limit. The claimable amount under each claim limit is based on the lower of the maximum claim limit or actual amount (with adjustment factor applied where applicable) incurred under the claim limit. There will be an adjustment factor applied to bills that receive lower than the maximum subsidy level in Class B2/C wards, such as bills incurred by patients in Class A wards. The final amount paid out by the insurance plan will depend on how the actual bill, claim limits and other plan features such as deductibles and co-insurance interact.
Co-insurance	Co-insurance is the percentage of the claimable amount that an insured person needs to bear on the claim, besides the deductible. Co-insurance is a feature to safeguard against over-consumption of medical services and over-servicing by healthcare providers. For MediShield, co-insurance ranges from 10 to 20% of the claimable amount, depending on the size of the hospital bill.
Co-payment	Co-payment refers to the remaining portion of the bill that an individual needs to bear, after insurance payout. In this report, the patient's co-payment consists of the deductible, co-insurance portions and any amounts above the claimable amount.
Community Hospital	Community Hospitals are intermediate healthcare facilities for those who need further care and treatment after being discharged from an acute hospital. Examples of Community Hospitals are Ang Mo Kio-Thye Hwa Kuan Hospital, Bright Vision Hospital, Ren Ci Community Hospital, St Andrew's Community Hospital and St. Luke's Hospital.
Coverage	This generally refers to the specific types of medical services and treatments that an insured person can claim for under his insurance plan.
Deductible	This is a fixed minimum amount that the insured person must first pay, before the insurance policy starts paying out. It operates in the same way as the "excess" in motor insurance policies. Deductibles serve to filter out smaller expenses, so that the insurance scheme pays out less frequently, resulting in savings on the total claims payout and helping to lower premiums. Insurance plans are typically significantly cheaper when they include deductibles. The deductible is usually expressed in dollar amounts eg. \$2,000. For MediShield, the deductible applies on a policy year basis, which means that a number of smaller bills within the same policy year can be added up to meet the deductible.
Government Subsidy/Subsidies	This refers to the financial support provided by the Government to pay part of healthcare costs, thereby reducing patients' charges. In Singapore, government subsidies are given at public healthcare institutions or approved private healthcare institutions working with the Ministry of Health.
Integrated Shield Plan	Integrated Shield Plans are optional plans sold by private insurers that provide insurance cover for hospitalisation in higher class wards (i.e. Class A or B1 ward) and/or private hospitals. An Integrated Shield Plan consists of two parts: (a) a MediShield portion (or MediShield Life from end-2015) and (b) a top-up portion provided by a private insurer.
Medifund	Government safety net to help needy Singaporeans with their healthcare expenses, so that no one will be denied essential healthcare because of inability to pay.

Medisave	<p>A national medical savings scheme to help Singaporeans prepare for their healthcare expenses, especially after retirement.</p> <p>Medisave can be used for hospital stays and selected outpatient treatment, as well as to pay premiums for MediShield and Integrated Shield Plans. An individual can use his Medisave for his and his family's medical expenses and premiums.</p>
MediShield	<p>This is a basic medical insurance plan operated by the Central Provident Fund Board (CPF Board) since 1990. It provides Singaporeans with insurance protection against large Class B2 and C bills. Currently, Singaporeans can opt out of MediShield. MediShield does not cover those who are older than its maximum age limit of 92 years, and also may not cover or only partially cover those with pre-existing medical conditions (please see the point on "MediShield Life" below).</p>
MediShield Life	<p>MediShield Life is a basic national health insurance scheme that will replace MediShield at the end of 2015. It will cover all Singaporeans for life, including those with pre-existing conditions, and will provide better benefits. No one can opt out of MediShield Life.</p>
Premium	<p>This is the amount of money paid by an individual to purchase insurance coverage. Types of insurance include car insurance, property insurance, life insurance, mortgage insurance. Premiums are often paid once a year.</p>
Premium Rebate	<p>Premium rebate is a discount given on the policyholder's premium.</p> <p>To make premiums more affordable for older MediShield policyholders, those who join the scheme before age 60 will enjoy premium rebates from ages 71 to 90 years.</p>
Pre-Existing Condition	<p>A pre-existing condition is a medical condition or illness that an individual already has before he is covered under an insurance plan.</p> <p>For individuals with pre-existing conditions, depending on how serious these conditions are, commercial insurance companies may (i) reject them from insurance coverage; (ii) insure them but exclude the pre-existing conditions from coverage; or (iii) adopt other approaches to manage the risks from these conditions.</p>
Risk-loading	<p>Risk-loading refer to the practice where an insurer requires higher premiums in order to insure an individual who pose a higher-than-usual risk as compared to the general population. This practice allows an individual to be provided insurance coverage despite his risk profile, instead of being rejected by the insurer.</p>
Risk pooling	<p>In insurance, risk pooling refers to the spreading of risks across a large group of people. In the case of health insurance, among this large group, most will be healthy, while a small number will fall ill. A small premium is collected from each person, and these premiums are then combined together in a common "pool". The "pool" of premiums then pays out to the small number of people who make claims.</p> <p>For risk pooling to work, the risk should be unforeseen and infrequent.</p>
Underwriting	<p>This is a process where an insurer uses an individual's health information to evaluate if it should to accept, accept with conditions or reject the application for health insurance.</p>
Universal Coverage	<p>In this report, universal coverage refers to the provision of health insurance protection for every person, regardless of his/her age or health status.</p>

MediShield Life
Better Protection. For All. For Life.