

COS FACTSHEET

Keeping Healthcare Costs Sustainable for All Singaporeans

1. The Ministry of Health (MOH) has issued requirements to Integrated Shield Plan (IP) insurers for new rider plans.

2. Here are some answers to commonly asked questions:

A. Why is MOH introducing requirements for new rider policies?

3. Co-payment is an important design principle for healthcare insurance. It encourages prudent use, prescription and charging of healthcare services. This will help ensure that healthcare costs and health insurance premiums remain affordable and sustainable for all Singaporeans in the long term.

4. Full riders cover the entire co-payment under Integrated Shield Plans (IPs), so policyholders pay nothing regardless of the bill size.

5. When there is no need for patients to pay, their medical bills are 60% higher even though rider policyholders are younger and in better health:

- i. Doctors sometimes over-charge or provide treatment that is not needed
- ii. Patients make more claims, sometimes for unnecessary treatment

6. Higher claims today will become higher premiums tomorrow. The zero co-payment feature of full riders results in more consumption because healthcare services are 'free', medical charges go up because there is greater demand, insurance companies then pay more for claims, and in turn charge higher premiums (more than 200% increase over the last two years in some cases). Premiums will become extremely high when you grow old – the years when you need healthcare insurance the most.

7. If nothing is done, healthcare costs will continue to rise rapidly for everyone and become very expensive in future. The higher costs will be borne by all Singaporeans through higher medical fees, insurance premiums and taxes.

B. What else is MOH doing to manage healthcare costs and healthcare insurance premiums?

8. To keep healthcare costs affordable and sustainable for all Singaporeans, all stakeholders – healthcare professionals and providers, insurers and policyholders, employers, patients and caregivers, and the Government – have a part to play. MOH has been working with different stakeholders on a range of initiatives, such as:

- i. Initiatives in health promotion and screening, transformation of care models, and productivity improvements.

- ii. Issuance of Appropriate Care Guidances on medical treatments and drugs since May 2017 by MOH's Agency for Care Effectiveness, to guide healthcare providers in making decisions that are based on clinical and cost-effectiveness.
 - iii. Revision of ethical guidelines to doctors in 2017 by the Singapore Medical Council, which indicated that fees paid to Third Party Administrators must not be based on a proportion of the doctors' fees or what is known as "fee splitting". This is to prevent unnecessary inflation of healthcare costs.
 - iv. Set up of a Fee Benchmarks Advisory Committee in January 2018 to recommend and develop fee benchmarks for medical procedures and services. The purpose is to encourage appropriate charging by healthcare providers, and enable patients and payers to make better informed decisions.
 - v. While most doctors charge appropriately, MOH is monitoring doctors who charge excessive fees and will take action against doctors who over-charge or over-service.
9. Co-payment requirements for healthcare insurance will complement these efforts, by encouraging **both patients and healthcare providers** to choose appropriate and cost-effective treatment.

C. What are the new requirements for rider policies?

10. Effective from 8 March 2018:

- i. **New IP riders must incorporate a co-payment of 5% or more.**
- ii. To address concerns from some policyholders that they may face high co-payment amounts due to the unlikely event of very large bills, **the new riders will have a cap on the co-payment amount each year for treatments that are pre-authorized or provided by doctors on the insurer's approved panel.** Insurers can set a co-payment cap of \$3,000 or more per policy year.¹ This places an upper limit on the risk exposure for policyholders, to protect them against very large bills.

11. Please refer to [Annex A](#) for illustrations of the claims payout and co-payment under the new rider.

D. I already have a rider policy. Do the new requirements apply to me?

12. The Ministry of Health (MOH)'s requirement for Integrated Shield Plan riders to have co-payment features apply to new policyholders who purchase riders on and after 8 March 2018. Existing rider policies are commercial contracts between insurers and their policyholders. If insurers intend to make changes in accordance with the contractual terms, they should consider the interest and well-being of policyholders.

¹ Most insurers are planning to launch their new riders with an annual co-payment cap of \$3,000

13. Existing policyholders can approach their insurers if they have questions about their policies, or refer to their insurers' websites below.

AIA: <https://www.aia.com.sg/en/IP-Riders.html>

Aviva: <https://www.aviva.com.sg/content/dam/aviva-public/sg/documents/aviva-life/myhealthplus/Aviva-MyHealthPlus-Annual-Deductibles-Co-insurance-Benefits-FAQ.pdf>

AXA: https://myaxa-singapore.cdn.axa-contento-118412.eu/myaxa-singapore%2F5308cf5c-6278-469e-a986-0601727a0723_axa+shield+faq+on+new+co-pay+rider+%28final+7+mar+pm%29+for+axa+website.pdf

Great Eastern Life: <https://www.greasternlife.com/content/dam/great-eastern/sg/homepage/personal-insurance/find-the-right-plan/protect-yourself-and-your-family/health-protection/total-health/changes-to-total-health-plan-ip-rider.pdf>

Income: <https://www.income.com.sg/orphan/changes-to-incomeshield-riders>

Prudential: <https://www.prudential.com.sg/en/our-solutions/medical/faq/>

E. Full riders are still available for sale. If I buy the full riders now, will I be allowed to keep the rider policy?

14. As insurers will need time to work out their new plans that meet the requirements, we have given them until 1 April 2019 to do so. In the meantime, insurers can continue selling their existing rider plans, but must inform their new policyholders that they will transit them to the new riders with co-payment from 1 April 2021.

15. Policyholders can also switch to the new riders earlier if they wish to, as the new riders are likely to have lower premiums. Any pre-existing conditions that are covered prior to the switch will not be excluded.

F. What if I have difficulties paying for my medical bills?

16. Policyholders can continue to tap on their Medisave to pay their co-payment amounts, up to the applicable limits.

17. Medifund remains available to help Singaporeans who continue to face difficulties with their medical bills. This ensures that Singaporeans continue to have access to quality subsidized healthcare in our public hospitals. No Singaporean will be denied access to basic healthcare due to affordability issues.

Illustration of claims payout under new rider

1. Mr Tan has an as-charged private hospital IP¹ and a new rider, with a 5% co-payment rate and a \$3,000 co-payment cap.
2. The example below shows how much Mr Tan will have to pay if he was admitted to a Class A ward in a public hospital for Acute Myocardial Infarction (i.e. heart attack) (**Table 1**). Mr Tan may use his Medisave for his co-payment portion, up to the applicable Medisave withdrawal limits.

Table 1: Example of co-payment under the new rider, for Class A bill (equivalent to 50th Percentile of all public hospital Class A ward inpatient bills)

	<u>Current</u> full rider	<u>New</u> 5% co-payment rider
Total Class A bill	\$3,600	
• Less IP deductible ²	\$3,500	
• Less IP co-insurance	\$10	
IP payout³	\$90 (2.5% of total bill)	
Rider payout	\$3,510 (97.5% of total bill)	\$3,330 (92.5% of total bill)
Co-payment by Mr Tan (payable by Medisave up to applicable withdrawal limits)	\$0 (0% of total bill)	\$180 (5% of total bill)

¹ As-charged IPs do not have sub-claim limits for specific benefit categories.

² The deductible accumulates across bills and is payable only once a policy year. This example assumes that it is patient's first claim in his policy year.

³ This includes MediShield Life payout, as IP comprises MediShield Life coverage, sized for subsidised treatment at B2 and C wards in public hospitals, and an additional private insurance coverage for higher public hospital ward types and private hospitals (depending on the plan).

3. The following example shows how much Mr Tan would have to pay if he was admitted to a private hospital for Congestive Heart Failure (**Table 2**).

Table 2: Example of co-payment under the new rider, for private hospital bill (equivalent to the 80th Percentile of all private hospital inpatient bills)

	Current full rider	New 5% co-payment rider
Total private hospital bill	\$16,400	
• Less IP deductible ¹	\$3,500	
• Less IP co-insurance	\$1,290	
IP payout²	\$11,610 (71% of total bill)	
Rider payout	\$4,790 (29% of total bill)	\$3,970 (24% of total bill)
Co-payment by Mr Tan (payable by Medisave up to applicable withdrawal limits)	\$0 (0% of total bill)	\$820 (5% of total bill)

¹The deductible accumulates across bills and is payable only once a policy year. This example assumes that it is patient's first claim in his policy year.

²This includes MediShield Life payout, as IP comprises MediShield Life coverage, sized for subsidised treatment at B2 and C wards in public hospitals, and an additional private insurance coverage for higher public hospital ward types and private hospitals (depending on the plan).

4. If Mr Tan had sought treatment from his insurer's approved panel and continues doing so for further treatments, he will only need to make co-payment of up to \$3,000 in a policy year. Any co-payment amount in that year above the \$3,000 cap will be paid by his insurer.

5. Even if Mr Tan decides to end his private insurance, he will remain covered by MediShield Life, which is a universal insurance scheme for all Singaporeans.