

It pays to have the new MediShield

By MOH
Have you ever wondered how you would cope if a serious illness struck home? Would you or your family be able to afford the high cost of medical treatment these days?

Introducing MediShield

When the Government introduced MediShield in 1990, it was meant as a basic medical insurance scheme to help Singaporeans cope with very large hospital bills at the B2/C Class level.

However, over time, the scheme lost its effectiveness. The low premiums collected could not cover the payouts and MediShield subsequently went into deficit.

Patients also found the claim limits too low: The scheme pays only about 40% of large bills, leaving the patients to pay the remaining 60%, which may not be affordable to many.

Explaining the situation, Ministry of Health's (MOH) Healthcare Finance Director Lawrence Wong said: "Due to inadequate adjustments to key parameters such as deductibles and premiums, MediShield gradually ended up covering too many hospital bills of various sizes, including the smaller bills that MediShield is not intended to cover. Consequently, MediShield became less effective in protecting against the large hospital bills."

Reforming MediShield

Come 1 July 2005, MediShield will be reformed (for details of the changes, see page 16).

Essentially, the claim limits will be raised to provide much higher payouts for large bills. Co-payment will be halved from 60% of the hospital bill to around 30%. (For an example of how the reformed MediShield will benefit patients, refer to the table.)

At the same time, premiums and deductibles will

increase slightly. To help all Singaporeans cope with the increases, the Government will top up Medisave balances, which can be used for paying MediShield premiums and deductibles.

Assured Mr Wong: "With regular contributions to Medisave and the reformed MediShield, Singaporeans should have no problems with their hospital bills at the Class B2/C level."

Consulting stakeholders

These upcoming changes to MediShield are the result of a thorough process of research and consultation that began as early as 2002.

MOH actively sought feedback from unions, employees, employers, private insurers and the public through various channels such as dialogue sessions and an online consultation website.

It tried to address the key concerns the public had – higher premiums and deductibles – by keeping the increases at an affordable level for most Singaporeans.

As for ensuring that the revised MediShield will be sustainable in the long run, Mr Wong said: "The key is to continue to focus on managing medical inflation. At the same time, patients must play their part and moderate their expectations of public hospitals. If we succeed on both fronts, we can avoid frequent and major adjustments in deductibles and premiums."

Safeguarding the future

With the changes to MediShield, MOH aims to ease the financial burden of Singaporeans who face substantial medical bills.

So if a serious diagnosis hits an individual and his family, they will have greater peace of mind knowing that medical treatment is affordable and large hospital bills will be taken care of. ●

Here's a case study of Mrs Wong (not her real name) who had liver failure. She stayed in a Class C ward for 39 days, including 7 days in the Intensive Care Unit (ICU). After government subsidies, her total bill came up to \$12,760. See how the new MediShield works better than the old.

		Old MediShield	New MediShield
First she finds out how much she can claim from MediShield	32 days in a Class C ward	\$4,800	\$8,000
	7 days ICU	\$2,100	\$3,500
	Total claim	\$6,900	\$11,500
This is what she needs to pay first	Deductible	\$500	\$1,000
	Co-payment	\$1,280	\$1,350
	Subtotal	\$1,780	\$2,350
So MediShield pays		\$5,120 (\$6,900 - \$1,780)	\$9,150 (\$11,500 - \$2,350)
This is the remaining amount she needs to pay		\$7,640 (\$12,760 - \$5,120)	\$3,610 (\$12,760 - \$9,150)
	Total savings: \$4,030		

With the new MediShield, Mrs Wong's share of the hospital bill has reduced from 60% to 28%. To put it simply, she forks out less money, saving \$4,030 in the process.

How will you be affected?

The reformed MediShield will affect individuals as well as the insurance industry. Read on to find out how the changes will impact you.

You are not a MediShield member and you have not bought any other medical insurance policy.

The reformed MediShield will continue as an opt-out scheme operated by the Central Provident Fund (CPF) Board. You do not have to opt out again if you did so previously.

However, in light of the enhanced MediShield benefits, you may want to apply for the scheme. You are welcome to do so by:

- calling CPF Board at 1800-674 0377 to request for an application form
- logging on to www.cpf.gov.sg and downloading the application form

You are a MediShield member.

All MediShield members will be automatically migrated to the revised scheme on 1 July 2005. The new scheme provides much higher payouts for large hospital bills. Along with the enhanced benefits, there will also be higher premiums – up to \$11.25 more monthly.

You are a MediShield Plus member.

The MediShield Plus plans will be restructured into

integrated plans that incorporate the basic MediShield. The new integrated plans will be covered by a private insurer.

Be assured that your interests will be fully protected as MOH will require the private insurer to ensure seamless continuation of insurance coverage. Policy renewal will be guaranteed, so you do not have to go for any medical examination.

You are not a MediShield member but you have private medical insurance.

On 1 July 2005, private insurers will relaunch their medical insurance plans as enhancement plans to the reformed MediShield.

This means you will automatically become a MediShield policyholder. Yet you can enjoy benefits on top of that provided by the reformed MediShield.

You can pay for the premiums of the new enhancement plans with Medisave.

Your private insurer will inform you of the arrangements to migrate to the new plan. ●

Parents are advised to buy MediShield for their children as it guarantees continuing protection against future illnesses at a low premium — only \$2.50 a month! Moreover, by enrolling early, they will enjoy a maximum premium discount of 40% in future.

Welcoming the changes

Tengku Mohamed Bin Ariffin was 51 when he was struck with heart disease in 1992. Soon after, he underwent angioplasty, a procedure for treating blockages and/or blood clots, at the National University Hospital. Five years later, he had a bypass.

Then in January this year, Tengku Mohamed underwent his third operation. This time, the doctor implanted a stent. He was hospitalised for seven days, several of which were spent recuperating in the Cardiac Care Unit.

Tengku Mohamed's last hospital bill amounted to \$7,539. Only \$1,600 was covered by MediShield. His daughter paid for the rest of the bill with her Medisave (about \$1,700) and in cash (about \$4,200).

Said the retired storekeeper: "If I had to pay for the bills myself, I wouldn't be able to cope with the payments. Thankfully, my children helped out."

Happy to know about the changes to MediShield that will provide higher payouts for large hospitalisation bills, he said "it will definitely help" to defray big medical bills.

As for the higher premiums, it is not a big concern

for him. He reasoned: "The premiums I have to pay wouldn't come up to as much as the claims. In any case, the amount I have to pay would be deducted on a yearly basis.

"It is reassuring to know that there is insurance to help me in the event I am hospitalised with big bills."

Tengku Mohamed's daughter also looks forward to bigger claims from MediShield.

"Of course I would appreciate that, especially since I'm living with three elderly people – my parents and my uncle," she said.

"Every two months, my dad has to go for his hospital appointment and to collect his medicine. The alternate months would be my mother's turn as she has kidney problems."

She was glad to learn that she could also buy MediShield for her mother who did not have a Central Provident Fund account.

"I didn't know I could buy MediShield for my mother. The premiums may be higher for her age group, but as long as it can be taken from Medisave, I don't mind buying it." ●



5 THINGS YOU SHOULD KNOW ABOUT THE MediShield reform

1 What is the objective of the MediShield reform?



The main aim of the reform is to protect Singaporeans against the financial burden of large hospital bills, especially at the Class B2/C level.

It will be achieved by returning MediShield to its original intent of only covering large Class B2/C hospital bills, but covering them adequately.

2 What are the benefits?



The new MediShield will halve the patients' share of large hospital bills, from the current 60 per cent to around 30 per cent.

To achieve this, MediShield claim limits will be increased substantially.

Lifetime	\$120,000	→	\$200,000
Annual	\$30,000	→	\$50,000
Daily (for normal hospital stays)	\$150	→	\$250
Daily (for Intensive Care Unit)	\$300	→	\$500
Surgical Procedures	\$120 - \$900	→	\$150 - \$1,100
Surgical Implants	\$1,500	→	\$2,500

There is also a loyalty discount scheme. For every 10 years on MediShield, you get a 10% discount on premiums if you are above the age of 70, up to a maximum discount of 40%.

If you are already covered under MediShield, you will enjoy the new benefits offered under MediShield from July 1 this year.

Those without medical insurance should join MediShield as early as possible. In particular, parents are advised to enrol their children for MediShield while they are young and healthy. Doing so will lock in their medical insurance cover at a young age and guarantee them continuing protection against future illnesses.

3 Are the revised premiums and deductibles affordable?



You do not have to pay much more to enjoy the substantial increase in benefits.

The increase in premiums will not be more than \$11.25 a month. The deductibles will go up by \$500 to \$1,500 for Class B2 wards and \$1,000 for Class C wards.

Premiums and deductibles can be paid using your Medisave or that of your immediate family members. Most Singaporeans can afford this.

Come July 1, the Government will top-up all Medisave accounts by up to \$350.

4 What is the difference between MediShield and private medical insurance?

MediShield will provide basic insurance coverage. It will help to protect against large (catastrophic) hospital bills at the Class B2 and C wards.

Private insurers will offer enhancement plans to MediShield. These plans will provide better coverage - on top of what MediShield already provides - including protection against stays in private hospitals or Class A/B1 wards.

The enhancement plans will be integrated with MediShield as a single product. You can use Medisave to purchase these integrated plans.

5 What will happen to MediShield Plus and existing private medical insurance schemes?

Existing private medical insurance schemes (e.g. AIA's HealthShield and NTUC Income's IncomeShield) will be restructured into the new integrated plans which include MediShield. MediShield Plus will also be restructured as an integrated plan and sold to a private insurer to run. Policyholders of the private schemes and MediShield Plus will be contacted by their insurers on how the new changes will affect them.

With the MediShield reform, I can concentrate on getting better!



For more information on the MediShield Reform, visit www.moh.gov.sg or contact MOH Hotline at 1800-2254122