

# What you need to know about health insurance (part 1)

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Here’s the good news — we are now living longer because of advances in medical technology. But the bad news — as we grow older, we are likely to spend more on healthcare services. Couple that with rising medical costs and we may soon find increasing health expenditure eating into our retirement savings. Therefore it makes sense to plan early and consider different ways of covering our future healthcare expenses.

If you are a Singaporean, you should have a Medisave account, in which you save part of your income for future healthcare expenses. In addition, you should have Medishield, a low-cost government insurance scheme designed to help you meet major medical expenses not covered by Medisave.

Singapore citizens or Permanent Residents who reach age 40 and who have Medisave accounts will be automatically covered under ElderShield if they do not opt out. ElderShield is designed to provide Singaporeans with basic financial protection against expenses required in the event of severe disabilities.

If you are an employee, you are also entitled to benefits provided by your employer.

To supplement these means of paying for your healthcare expenses, you may also want to consider getting private insurance.

Health insurance policies can help cover your medical expenses or protect your income in an event that you are disabled or hospitalised. The table shows various types of health insurance products that are available in the market.

Type of insurance	Hospital and surgical insurance	Hospital income	Disability income	Long-term care insurance	Critical illness insurance
<b>What it does</b>	Helps pay for your inpatient expenses if you are hospitalised, as well as certain outpatient fees.  Your insurer will either reimburse you fully or partially, depending on your insurance policy.	Gives you a fixed amount of money for each day that you are hospitalised.	Pays you a fixed amount each month (usually no more than 80% of your average monthly salary) to replace the income you will lose if you are unable to work due to total or partial disability arising from accidents or sickness.	Gives you a fixed sum of money each month towards expenses for long-term nursing treatment if you are unable to perform at least three basic activities like washing, dressing, walking, feeding and toileting.	Helps reduce your financial burden if you are diagnosed with a major illness covered by the policy. The lump sum payout can help you pay for long-term treatment as well as daily expenses.
<b>Who it is for</b>	Everybody	Everybody	Working adults	Everybody, but it is only available to those aged 40 and above under ElderShield.	Everybody

These products are available as standalone policies, or they can be included as riders to a life insurance policy. (A life policy pays an agreed sum of money to the insured’s estate if the insured dies.)

There is a full spectrum of health insurance products that provide cover for a range of health-related situations. The type of product you need depends on what you want protection against. A financial planner or an insurance representative can help to make recommendations that best meet your goals. To find out more about health insurance, check out [www.moneysense.gov.sg](http://www.moneysense.gov.sg).