

a 3M feature

Medisave • MediShield • Medifund



MDM ANNIE WONG'S HOSPITAL BILL FOR RECTAL TUMOUR REMOVAL OPERATION

Total bill after Government's Subsidies		\$3,178
Length of Stay (B2 Ward)		6 days
Medisave pays (\$1,800 + \$700)		\$2,500
Medisave claimable for length of stay (maximum of \$300 per day)	\$1,800	
Operation Charges	\$700	
Patient pays (\$3178-\$2500)		\$678
Percentage paid by patient in cash		21%

MR LIM'S BILL FOR A HEART SURGERY INVOLVING A CORONARY ARTERY BYPASS GRAFT

Total bill after Government's Subsidies		\$4,240
Length of Stay (B2 Ward)		10 days
MediShield pays (Bill of \$4240 - \$1500-\$369)		\$2,371
Less Deductible	\$1,500	
Less Co-insurance	\$369	
Amount of Medisave Claimed		\$1,869
Patient pays (\$4,240-\$2,371-\$1,869)		\$0
Percentage covered by MediShield		56%
Percentage covered by Medisave		44%

Government subsidies for class C, B2 and B1 patients are 80%, 65% and 20% respectively. Class A patients receive no government subsidies.

MEDICAL BILLS: NOT A PROBLEM WITH 3Ms

Singaporeans now enjoy basic healthcare treatments without straining their finances, thanks to Medisave, MediShield and Medifund schemes.

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When Mdm Annie Wong was diagnosed with stage four colon cancer last July, the first concern she had was her family. The second was the medical bill.

"The diagnosis was a shock because I had no indications of the ailment," said the 45-year-old homemaker who has two sons aged 12 and 16.

"However, I was not as fearful about my illness as I was more worried for my children, who are not independent yet. Of course, I was also worried about the money we would have to spend on my medical bills."

Mdm Wong's concerns were valid. Because of complications, she had to undergo another surgery that was more complex than expected.

The procedure drove her class B2 medical bill up to \$15,391 before the government subsidies were taken into account. After getting government subsidies of 65%, her bill came down to \$3,178.

Of this amount, \$2,500 came from Medisave, one of the 3Ms of the healthcare financing system in Singapore, which emphasizes individual responsibility and family support.

The Healthcare financing framework consists of government subsidies, Medisave, MediShield and Medifund. The government provides subsidies of up to 80 per cent for hospitalisation which benefits class B2 and C patients the most.

This co-payment system allows Singapore to minimise the pitfalls of "free" medical services – such as over-consumption and over-servicing – hence keeping hospitalisation costs as low as possible.

Because Singaporeans may not have adequate savings when a serious illness strikes, Medisave was set up in 1984. A compulsory savings scheme under the Central Provident Fund, it is aimed at ensuring that each person contributes to his future medical expenses and to those of his immediate family.

At the end of her hospitalisation, Mdm Wong, for example, only needed to pay \$678 in cash for her six-day stay.

"It's not just the surgery but the follow-up bills that are very costly," said Mdm Wong who is currently undergoing chemotherapy.

"With just one breadwinner and two school-going children, it would have been a strain on the family finances if not for the subsidies," she said.

At the end of 2004, the average Medisave balance for all members was some \$12,000, a significant sum as the average class C hospitalisation bill is about \$800, after government subsidies. Most patients have their bills covered by Medisave without the need for them to dip into their own pockets or other savings.

Furthermore, the Government announced

increased Medisave withdrawals limits last Saturday so as to better help Singaporeans cope with their healthcare costs.

From April 1 this year, patients can withdraw up to \$400 from their Medisave for each day's stay in hospital. This is up from the \$300 limit now.

This change will most benefit middle income groups who have large Medisave balances. With the change, they can pay less out of their own pockets when they stay in B1 or A class wards. For class B2 or C patients, they also stand to benefit from the change even though the current \$300 Medisave withdrawal limit is already adequate for their needs.

With the new withdrawal limits, Medisave will pay for 69 per cent of all B1 ward hospital bills and 40 per cent of A class bills. This is up from the present 44 and 21 per cent respectively.

As some patients could face huge expenses because of a major illness that requires a long

stay in the hospital or several hospitalisation episodes, the catastrophic insurance scheme MediShield was introduced in 1990 to complement Medisave. Reformed in July last year, the scheme has brought about a substantial increase in insurance payouts. As there are many members, MediShield premiums are kept low.

It is estimated that under the reformed MediShield, a patient's share of a large B2 or C class hospital bill will be about 30 per cent on average as compared to 60 per cent prior to the reform.

About 75 per cent of Singaporeans were covered under MediShield and other types of Shield-type insurance at the end of 2004. With the

MediShield maximum coverage age raised from 80 to 85 years, Singapore's ageing population will enjoy financial protection against large medical bills much longer.

Even with Government subsidies – Medisave and MediShield – Singaporeans who are unable to pay their hospital bills need not fret as the government has set aside an additional safety net in the form of Medifund. The Medifund endowment fund paid out \$16.1 million in 2004 to 16,400 class B2 and C patients who needed help to pay for their hospitalisation bills.

Unlike Mdm Wong, heart patient Mr Lim Yew Kee did not have to fork out any cash as he managed to have his entire hospital bill covered by both Medisave and MediShield.

With a bill of \$13,200, Mr Lim would have ran into financial difficulties even if his surgery was a success. Fortunately, Government subsidies mean that his final bill was reduced to \$4,240. Still, it is not a small amount for the middle-class Mr Lim who stayed in a B2 class ward and underwent a coronary artery bypass graft.

Fortunately Medisave and MediShield managed to shave off \$1,869 and \$2,731 off his hospital bill, leaving him with a zero-dollar bill. As such, he could truly recuperate in peace.

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"With just one breadwinner and two school-going children, it would have been a strain on the family finances if not for the subsidies," Annie Wong.

For more information, please visit www.moh.gov.sg



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