ElderShield Review Committee Report

25 May 2018

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Letter from Chairman, ElderShield Review Committee, to Minister for Health

25 May 2018

Dear Minister,

I am pleased to submit the report of the ElderShield Review Committee.

In October 2016, you appointed our Committee to review the ElderShield insurance scheme so that it better addresses the needs of Singaporeans who become disabled, especially during their old age. We were tasked to consider how best to enhance the scheme so that it can serve as a key pillar of Singapore's social safety net that supports the basic long-term care needs of Singaporeans in the future, given Singapore's ageing population.

In conducting our review, we studied the experiences of other countries. We also engaged over 800 Singaporeans, young and old. We took into consideration the views from caregivers of severely disabled Singaporeans, healthcare professionals, academics, insurers and financial advisors, representatives from Voluntary Welfare Organisations, community groups and unions, as well as members of the public. We listened to their concerns and suggestions, and their views on inclusivity and affordability of the scheme for Singaporeans, especially for those with pre-existing disability and those from lower-income families.

Our Committee felt that it was important the enhanced scheme provides universal coverage for future generations of Singaporeans regardless of their health, disability or financial status. We carefully considered and weighed the merits of various benefit enhancements against the impact on premiums, and kept in mind the need for the enhanced scheme to remain sustainable in the long-run. We also spent time examining how the enhanced scheme should be administered.

This report lays out our Committee's recommendations. We believe that the recommendations would bring about an inclusive and sustainable scheme that provides better lifetime protection at affordable premiums. We have made suggestions to improve the scheme's administration and claims processes. We have also proposed that the enhanced scheme be renamed CareShield Life, to better reflect its intent to provide lifetime protection for long-term care.

The review has been an eye-opening and fulfilling experience for our Committee. We would like to thank the Ministry of Health for your strong support of our work. We are also grateful to the many Singaporeans who have taken the time to share their experiences and ideas with us. It is only with their support that we were able to complete our review and make a contribution towards supporting the future long-term care needs of our fellow Singaporeans.

Yours sincerely,

Chaly Mah
Chairman, ElderShield Review Committee

Members of ElderShield Review Committee

Mr James Tan

Mr Koh Juay Meng

Mr Mohamed Faizal
Mohamed Abdul Kadir

Dr Thinesh Lee
Krishnamoorthy

Dr Loh Yik Hin

Ms Diana Chia

Dr Ng Wai Chong

Mdm Rahayu Mohamad

Ms Chan Chia Lin

Mr Anthony Tan

Ms Choo Oi San

Ms Fang Eu-Lin

Dr Yusuf Ali

Response from Minister for Health to Chairman, ElderShield Review Committee

25 May 2018

Dear Chaly,

I would like to thank the ElderShield Review Committee for your comprehensive recommendations to enhance the ElderShield scheme.

The Government accepts the Committee's report and agrees with the key recommendations in enhancing the ElderShield scheme. Universal coverage for future cohorts of Singaporeans will ensure basic protection for their long-term care costs, regardless of their health, disability or financial status. The recommended scheme features strike a good balance between providing better protection and ensuring that the enhanced scheme will be affordable and sustainable. The name for the enhanced scheme – CareShield Life – is fitting given the scheme's aim to provide Singaporeans with lifetime protection for long-term care.

The Government is committed to providing financial support to Singaporeans who need help with their CareShield Life premiums. All Singaporeans who join CareShield Life will be assured coverage regardless of their financial situation. This will be a hallmark of our inclusive scheme and a reflection of our caring society.

On behalf of the Government, I would like to thank you and your Committee members for the time and effort that you have dedicated to the review, including the extensive engagement of the members of the public, stakeholders and experts. The Government will follow up on the recommendations and work out the implementation details.

I am confident that CareShield Life will become an integral pillar of our social safety net. It is a major step in our preparation for an ageing population to meet our future long-term care needs.

Yours sincerely,

Gan Kim Yong
Minister for Health

EXECUTIVE SUMMARY

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1. This report lays out the ElderShield Review Committee's recommendations for enhancements to the ElderShield scheme to better address the needs of Singaporeans who become severely disabled and require long-term care especially during their old age, as part of the national effort to strengthen our social safety nets.

ElderShield to become a key pillar of Singapore's social safety net

2. The ElderShield Review Committee, chaired by Mr Chaly Mah, was appointed in October 2016 with the following terms of reference:

   - Review the ElderShield design parameters and make recommendations to ensure Singaporeans are provided with adequate, affordable and sustainable old-age severe disability coverage.
   - Consider key issues and trade-offs such as the balance between benefit enhancements and premium levels.
   - Engage with Singaporeans, key stakeholder groups and experts, and take into consideration their views in conducting the review.

3. Singapore's need for long-term care will rise with an ageing population. 1 in 2 healthy Singaporeans aged 65 could become severely disabled in their lifetime. While Government subsidies, personal savings and family support will continue to provide significant support, there is room for insurance to play a bigger role in helping Singaporeans prepare for their long-term care needs through risk-pooling.

4. Our Committee believes that the enhanced scheme for long-term care should be a key pillar of Singapore's social safety net. It should therefore be a national scheme that is universal and inclusive for future generations of Singaporeans, regardless of their financial ability and health.

Key areas for enhancement

5. Our Committee engaged over 800 members of the public, stakeholders and experts through 26 focus group discussions and other feedback channels. We also examined the challenges and practices of other countries in designing their schemes to support the long-term care needs of their citizens.

6. Our Committee identified the following key areas for enhancement:

   - **Inclusivity. The enhanced scheme should provide universal and basic long-term care support for all future cohorts**, including those with pre-existing severe disability and those who face financial difficulties. While some participants at the focus group discussions preferred to keep the enhanced scheme optional, many were supportive of universal coverage because of the collective responsibility it represented, and assurance it provided to all Singaporeans, especially those from lower-income families. Universality was also a key feature of the national long-term care insurance schemes in other countries that we studied. Older generations of

Singaporeans should be able to join the enhanced scheme, but it might not be feasible for every one of them to do so.

- **Better protection.** The benefits of the enhanced scheme should complement other sources of support such as Government subsidies, personal savings and family support, to enable Singaporeans to better afford their basic long-term care needs. There was unanimous agreement among participants that **the scheme's benefits should be enhanced but continue to aim to cover the cost of basic long-term care**, and those who wish to have a higher level of benefits can have the option to purchase additional private insurance.
- **Affordability.** There was recognition that improvements to the scheme benefits would have to be funded by higher premiums, and **the enhanced scheme should strike a balance between better protection and premium affordability**. Many participants felt that being able to use MediSave to pay for premiums would help to keep the enhanced scheme affordable. They also felt that Government support through premium subsidies could further ensure affordability among lower- and middle-income Singaporeans.
- **Sustainability.** The enhanced scheme must be sustainable over the long-term. Many participants felt that each generation should save for their own needs. **The enhanced scheme should be designed to minimise intergenerational transfers, and adjusted regularly to take into account longevity and disability trends as well as claims experience.**
- **Administration.** There is merit for the Government to administer the enhanced scheme on a not-for-profit basis. This will simplify scheme management. This is how many other countries administer their national long-term care insurance schemes.
- **Simplify claims and periodic re-assessment process.** The claims and periodic re-assessment process for the enhanced scheme should be simplified without losing robustness in claims assessment or compromising on scheme sustainability.
- **Better awareness.** The level of public awareness and understanding of long-term care financing and long-term care insurance should be raised, so that Singaporeans would be better prepared for old age, and start planning for their long-term care needs early.

Recommendations

7. Based on the above considerations, our Committee has made the following recommendations for the enhanced scheme. The Government will need to work out the operational details of the enhanced scheme before implementation.

Expand coverage for greater inclusivity

8. **Recommendation 1: The enhanced scheme should be universal for future cohorts of Singapore residents[1], starting from age 30. Cohorts aged 30 to 40 will be enrolled upon launch of the enhanced scheme, with subsequent cohorts enrolled when they turn 30.**

This will provide basic long-term care protection for all Singaporeans, regardless of pre-existing disability or financial ability. This is fundamental to the inclusive and caring society Singaporeans seek to build.

[1] Singapore residents refer to Singapore Citizens and Permanent Residents.

9. **Recommendation 2: Existing cohorts of Singapore residents[1] should be encouraged to join the enhanced scheme, but it will remain optional for them.**

Some of the older cohorts have previously decided to opt out of the current ElderShield scheme. They may also face significantly higher premiums as they have fewer years to distribute their premium payments. Nonetheless, those who are still healthy should be encouraged to join the enhanced scheme through measures such as outreach, incentives and in some cases, auto-enrolment. Those who are severely disabled and unable to join the enhanced scheme should be assisted through other Government schemes.

Enhance benefits for better protection

10. **Recommendation 3: Lifetime payouts should be provided for as long as the claimant remains severely disabled.**

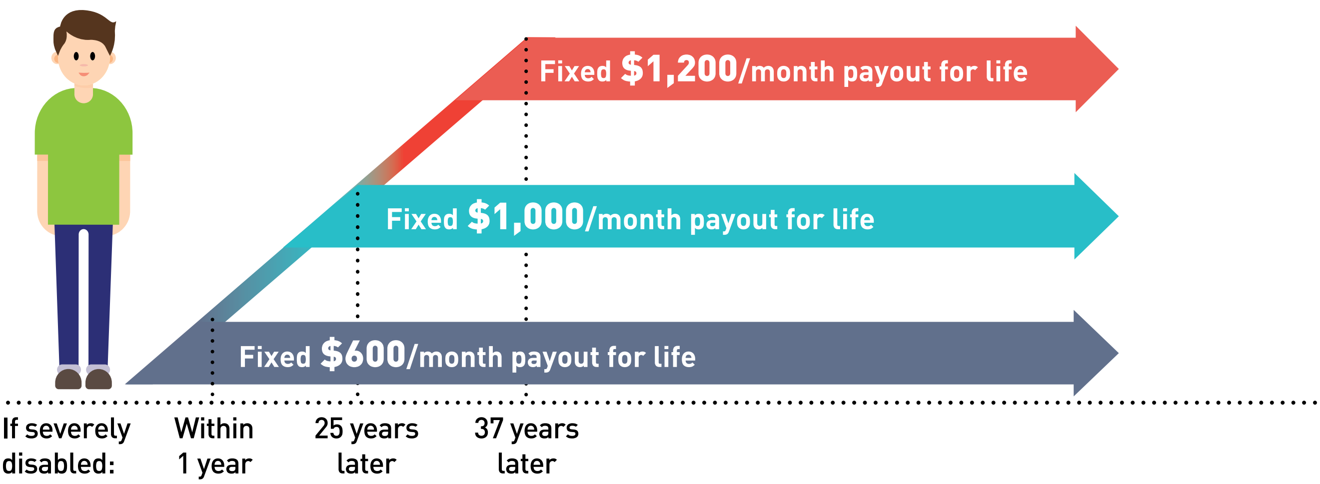
About 3 in 10 severely disabled Singapore residents could remain in severe disability for 10 years or more. Allowing payouts to continue for life, as long as the claimant is severely disabled, compared to the 6-year limit under the current ElderShield scheme, gives much better protection and greater assurance for claimants and their families.

11. **Recommendation 4: Increase initial cash payout from $400 per month to $600 per month, with regular increases in payouts over time. For the enhanced scheme to remain sustainable, the higher payouts will have to be funded by regular premium adjustments.**

Our Committee considered the long-term care needs and financial means of lower- and lower-middle income Singaporeans. A 50% increase in the initial payouts, together with regular increases thereafter, will provide better protection. Singaporeans who wish to have higher coverage will have the option to purchase additional private insurance.

Payout increases should be supported by regular premium adjustments to ensure scheme sustainability. As such, the payout increases should cease once premium payment stops (i.e. at age 67, or when a successful claim is made, whichever earlier). Figure 1 shows the estimated payouts over time for a 30-year-old who enrols in the enhanced scheme at scheme launch.

Figure 1: Estimated monthly payouts^ for a 30-year-old policyholder at scheme launch who becomes severely disabled within 1 year, 25 years later or 37 years later



Note: Monthly payout figures are rounded to the nearest hundred.

^ Payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a payout increase of 2% per year. Actual future payouts will vary depending on the regular adjustments.

Keep premiums affordable and scheme sustainable

12. **Recommendation 5: Premiums should be actuarially priced, and adjusted regularly to take into account changes in payout quantum and claims experience.**

    This ensures the long-term sustainability of the enhanced scheme, and minimises intergenerational transfers. An independent council should be set up to advise the Government on premium and payout adjustments in accordance with an actuarially sound adjustment framework.

13. **Recommendation 6: Premium payment should be spread over a longer duration during Singaporeans' working years, from age 30 to 67.**

    Premiums should be paid from age 30 until the current re-employment age, at age 67. Lengthening the duration of premium payment lowers annual premiums. Stopping premium payment at the re-employment age ensures premiums are paid during the policyholder's working years. At age 30, most Singaporeans would have started working and would be making regular contributions to their MediSave Accounts. Consequently, coverage will also start at age 30, but will extend beyond age 67 to provide lifetime coverage.

14. **Recommendation 7: The Government should continue to allow policyholders to use MediSave to pay for the full amount of premiums under the enhanced scheme.**

    Premiums of the enhanced scheme are kept affordable for the large majority of Singaporeans. They can be paid for entirely from the annual MediSave contributions of most working households, including lower-income households, after Government subsidies (even after the transitional subsidies have ceased).

15. **Recommendation 8: The Government should provide means-tested premium subsidies under the enhanced scheme.**

    Our Committee welcomes the Government's commitment to support Singaporeans with their premiums under the enhanced scheme through:

    - **Permanent means-tested premium subsidies of up to 30% to help lower- to middle-income Singaporeans**;
    - **Transitional subsidies for the first 5 years from scheme launch for future cohorts of Singapore Citizens** to ease their transition into the enhanced scheme; and
    - **Additional Premium Support for Singaporeans** who are unable to pay their premiums even after premium subsidies.

    The estimated monthly premiums for 30- and 40-year-olds, before and after premium subsidies, are shown in Figure 2.

Figure 2: Estimated monthly premiums for Singapore Citizens, aged 30 and 40 at scheme launch, for selected monthly per capita household income (PCHI) groups

Male (Age 30 at scheme launch)			
Policy year	Monthly premium before subsidies[a] (S$)	Monthly premium after permanent and transitional subsidies[b] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	17	6	11
Y2	17	7	12
Y3	18	8	14
Y4	18	9	15
Y5	19	10	16
Y6[c]	19	13	19

Female (Age 30 at scheme launch)			
Policy year	Monthly premium before subsidies[a] (S$)	Monthly premium after permanent and transitional subsidies[b] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	21	9	15
Y2	21	10	16
Y3	22	11	18
Y4	22	12	19
Y5	23	13	20
Y6[c]	23	16	23

Male (Age 40 at scheme launch)			
Policy year	Monthly premium before subsidies[a] (S$)	Monthly premium after permanent and transitional subsidies[b] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	25	11	19
Y2	25	13	20
Y3	26	14	21
Y4	26	15	23
Y5	27	16	24
Y6[c]	27	19	27

Female (Age 40 at scheme launch)			
Policy year	Monthly premium before subsidies[a] (S$)	Monthly premium after permanent and transitional subsidies[b] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	30	15	25
Y2	31	17	26
Y3	32	18	28
Y4	32	19	29
Y5	33	21	30
Y6[c]	34	24	34

Note: For reference, the monthly premiums at age 40 for the current ElderShield scheme are $15 and $18 for males and females respectively.

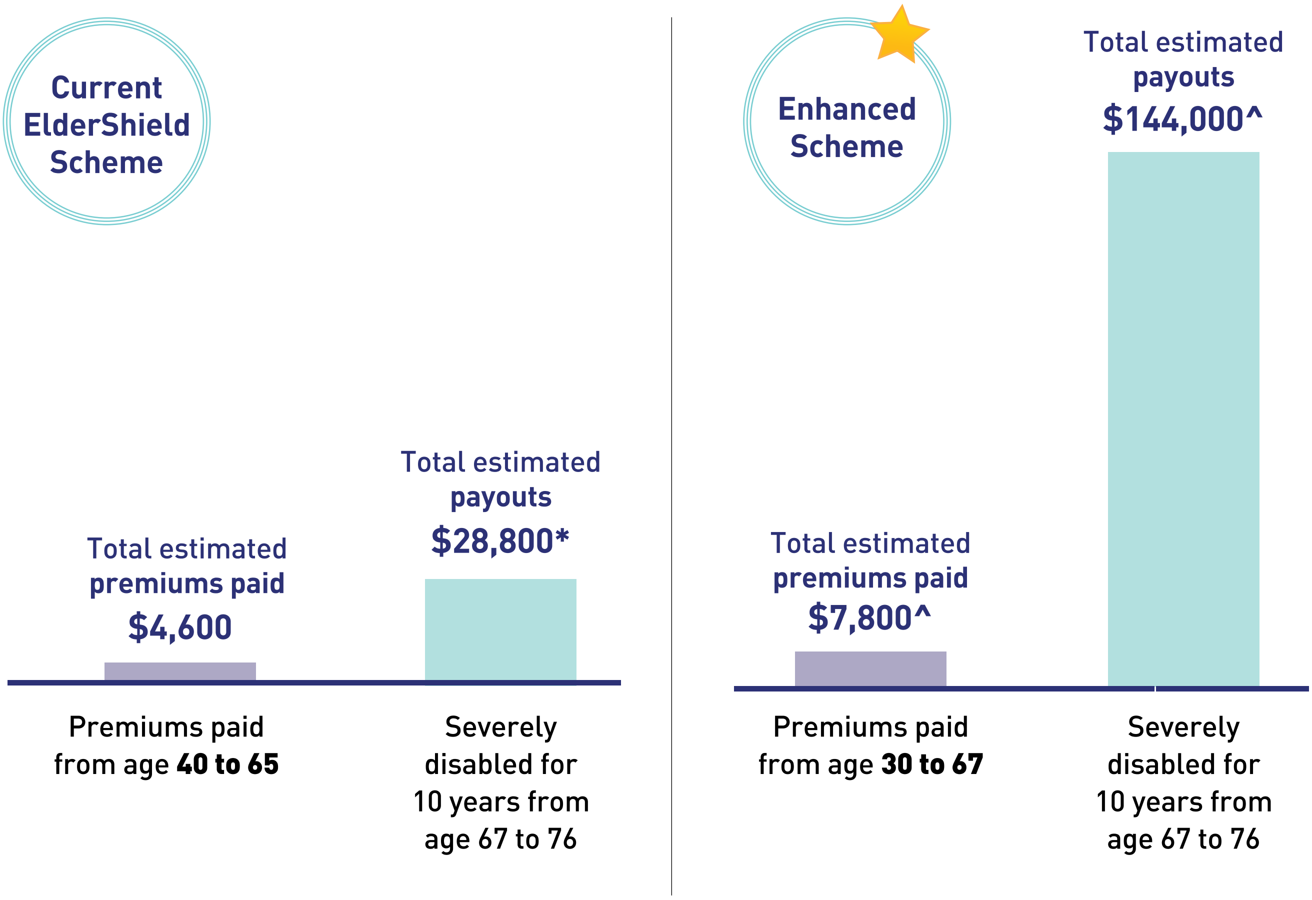
[a] Premiums will increase over time, alongside regular increases in payouts. Figures shown here assume a premium increase of 2% per year, alongside payouts that are assumed to increase at a rate of 2% per year. Premiums and payouts will be reviewed regularly and may be adjusted to account for claims experience and long-term changes in disability and longevity trends.

[b] More details on the premium support provided by the Government can be found in Chapter 8.

[c] Transitional subsidies will phase out by Year 6.

16. With the enhanced scheme's payout and premium design, a 30-year-old low-income male policyholder who enrols in the enhanced scheme at scheme launch and becomes severely disabled for 10 years at age 67 would receive about $144,000 in payouts, which is about 18 times what he paid in premiums. Under the current ElderShield scheme, he would receive about $28,800 in payouts, which is about 6 times what he paid in premiums.

Figure 3: Comparison of total estimated payouts received and premiums (net of subsidies) paid by a 30-year-old low-income male policyholder who becomes severely disabled for 10 years at age 67



Note: Premium and payout figures are rounded to the nearest hundred.

* Payouts of the current ElderShield scheme are capped at 6 years.

^ Premiums (before subsidies) and payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a premium and payout increase of 2% per year. Actual future premiums and payouts will vary depending on the regular adjustments.

Improve administration, experience and awareness

17. **Recommendation 9: The Government should administer the enhanced scheme.**
As a key pillar of our social safety net, the enhanced scheme should be administered by the Government on a not-for-profit basis. Government administration will also facilitate the provision of premium support and future scheme enhancements. A single administrator will significantly simplify scheme administration for policyholders compared to the current administration by 3 private insurers.

18. **Recommendation 10: The claims and periodic re-assessment process should be simplified.**
Some of the following changes that should be considered include (more details are in Chapter 9):
    - The impact of cognitive impairments on functional ability should be explicitly considered in the disability assessment framework for claims.
    - There should not be a need for a separate disability assessment by an ElderShield assessor for claims, if an equivalent assessment had already been robustly conducted by a qualified healthcare professional providing care to the policyholder.
    - The ElderShield assessor accreditation should be expanded to include Occupational Therapists, Physiotherapists and Nurses.
    - First-time disability assessment fees for claims should be waived so that eligible policyholders, especially the lower-income, are not deterred from making a claim.
    - Periodic re-assessments to determine continued eligibility for payouts should be better targeted, so that clearly permanently severely disabled claimants are exempted from re-assessments.

19. **Recommendation 11: The enhanced scheme should be renamed CareShield Life to better reflect its objective, and the Government should further raise Singaporeans' awareness on the need to plan for long-term care.**
The new name will better signal the intent of the enhanced scheme to provide lifetime protection for long-term care. Public education and awareness initiatives on long-term care planning should be stepped up. Efforts should be made to explain how the enhanced scheme works with other national insurance schemes such as MediShield Life and CPF LIFE to provide assurance and protection for Singaporeans' healthcare, retirement, and long-term care needs.

Conclusion

20. Singapore needs to adapt to our changing demographics. With an ageing population, the need for long-term care will rise. This enhanced long-term care insurance scheme will pool our risks and complement Government subsidies, personal savings and family support to help Singaporeans pay for the costs of long-term care.

21. The enhanced universal scheme brings our society together to assure every Singaporean of basic protection against their long-term care costs, regardless of health, disability or financial status. It is a key pillar of our social safety net.

01 LONG-TERM CARE FINANCING FOR AN AGEING POPULATION

LONG-TERM CARE FINANCING FOR AN AGEING POPULATION

Singapore's long-term care needs will rise with our ageing population. Our Committee examined how long-term care is delivered and financed in Singapore today to understand how ElderShield can better support the long-term care needs of Singaporeans in a sustainable and affordable way.

Globally, the need for long-term care is increasing as populations age

The world's elderly population continues to rise as life expectancies increase.

- In 2015, 8.3% of people worldwide (612 million) were aged 65 years and older. This will rise to 11.7% by 2030 (997 million), and 15.8% by 2050 (1.5 billion).[2]
- Between 2015 and 2030, global life expectancy at birth is projected to increase by 3 years, climbing from 70.8 years in 2010-2015 to 73.8 years in 2025-2030.[3]

As populations age, more people will need long-term care.

- In 2016, the United States estimated that 52.0% of Americans who were turning age 65 in 2016 would develop a disability serious enough to require long-term care.[4]
- In Japan, long-term care needs are projected to triple in the coming 2 decades, as the proportion of its population aged 65 and above increases from 23% in 2010 to 33.4% in 2035.[5]
- In the United Kingdom, it is estimated that that more than 8 out of 10 individuals aged 65 and above will need some care and support in their later years.[6]

[2] United Nations, Department of Economic and Social Affairs, Population Division (2017). *World Population Prospects: The 2017 Revision,* DVD Edition.

[3] United Nations, Department of Economic and Social Affairs, Population Division (2017). *World Population Prospects: The 2017 Revision,* Volume I: Comprehensive Tables (ST/ESA/SER.A/399).

[4] U.S. Department of Health & Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE), Office of Disability, Aging and Long-Term Care Policy (February 2016). *Long-Term Care Services and Supports for Older Americans: Risks and Financing.* ASPE Issue Brief.

[5] Shimizutani, S. (July 2013). *The Future of Long-term Care in Japan.* The Research Institute of Economy, Trade and Industry Discussion Paper Series 13-E-064.

[6] United Kingdom, Department of Health (July 2012). *Caring for Our Future: Reforming Care and Support.*

What is long-term care?

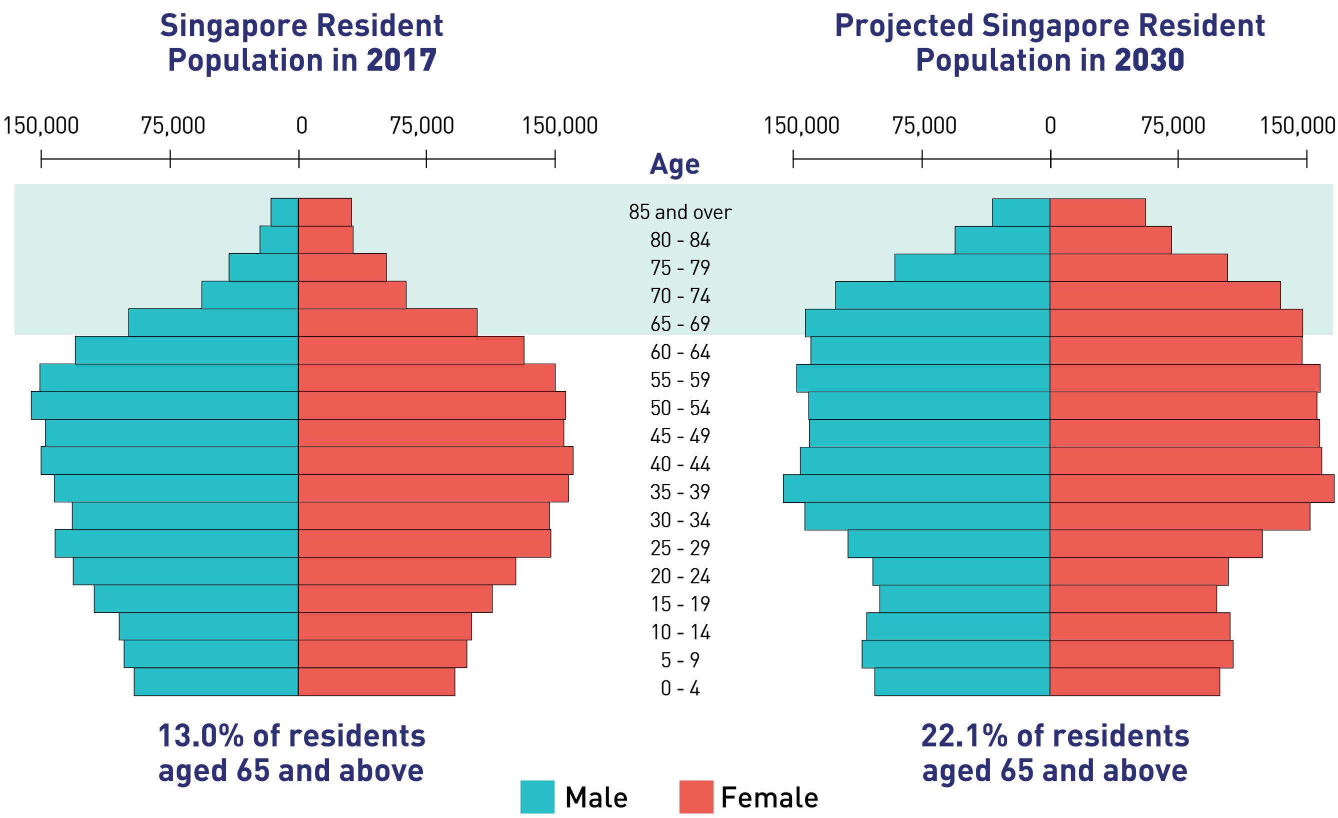
- Long-term care refers to the personal and medical care needed by individuals who require assistance with daily activities for a prolonged duration, due to their frailty or adverse health conditions.
- These daily activities include washing, dressing, feeding, going to the toilet, walking and transferring (i.e. moving from a bed to chair and vice versa).
- A sudden disabling event such as stroke or spinal cord injuries, the progression of illnesses such as Parkinson's Disease, Alzheimer's Disease and other causes of dementia, multiple sclerosis, or chronic conditions such as diabetes, can lead to disability and the ensuing need for long-term care.

Singapore's population is also ageing rapidly and Singaporeans are living longer

Like many countries around the world, Singapore's population is ageing rapidly.

- In 2017, 13.0% of Singapore residents were aged 65 and above. This is expected to increase to about 22.1% by 2030.[7]
- By 2030, the life expectancy at birth of Singapore residents is projected to rise to 84.9 years, up from 83.1 years in 2017.[8]

Figure 1.1: Current and projected resident population structure in 2017 and 2030



Source: Department of Statistics Singapore

[7] Department of Statistics Singapore

[8] Department of Statistics Singapore. Data on Singapore resident life expectancy at birth for 2017 is preliminary.

Rapid ageing will increase Singapore's need for long-term care, as the incidence of chronic diseases and functional disability is higher in old age.[9]

- 1 in 2 healthy Singapore residents aged 65 today could become severely disabled in their lifetime.[10]
- The number of Singapore residents aged 65 and above requiring assistance for at least 3 Activities of Daily Living[11] (ADLs) is expected to more than double from 2014 to 2030 (from 29,000 to 69,000).[12]

There is a wide variation in the duration of severe disability

The duration for which long-term care is needed will vary from individual to individual. For the large majority, this would occur when the individual gets older.

- The median duration that Singapore residents could remain in severe disability is about 4 years. About 3 in 10 could remain in severe disability for 10 years or more.[13]
- It is therefore difficult for each individual to be very precise when planning for his long-term care needs. One cannot tell exactly when severe disability will start and what the duration will be.
- In such a situation, risk-pooling through an insurance scheme can help support Singaporeans to meet part of their future long-term care needs.

Figure 1.2: Variation in the duration of severe disability

[9] Geriatric Education and Research Institute & Centre for Ageing Research and Education (2018). *Background Report on Care for Older Adults in Singapore: the role of families and local and national support systems.* Report prepared for ASEAN+3.

[10] MOH estimates based on local data, supplemented by international data.

[11] The Activities of Daily Living refer to: washing, dressing, feeding, going to the toilet, walking and transferring (i.e. moving from a bed to chair and vice versa).

[12] MOH estimates based on local data.

[13] MOH estimates based on local data, supplemented by international data.

Supporting long-term care needs becomes more difficult as families get smaller

As family units become smaller and the ratio of working-age Singaporeans to elderly decreases, supporting long-term care needs through personal or family savings alone will become more challenging.

- In 2017, the total fertility rate was 1.16[14] compared to the replacement fertility rate[15] of 2.10.
- The ratio of working-age Singapore residents to elderly may be approximately halved by 2030 with around 2.7 working-age Singapore residents for each Singapore resident aged 65 and above in 2030, compared to 5.1 in 2017.[16]
- The number of Singapore residents aged 65 and above living alone, or with their spouse but without children, has grown by more than 50% from 2010 to 2015 (from 94,000[17] to 148,400[18]). This number may increase in future.

Figure 1.3: Ratio of working-age Singapore residents to elderly aged 65 and above

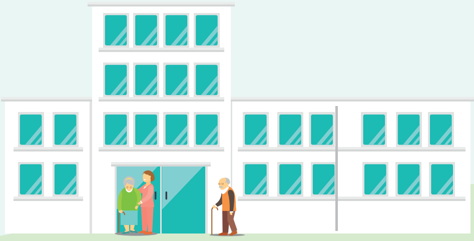
Source: Department of Statistics Singapore

[14] Department of Statistics Singapore.
[15] Defined as the total fertility rate at which a population replaces itself from one generation to the next, without migration.
[16] Department of Statistics Singapore.
[17] Department of Statistics Singapore, *Census of Population 2010.*
[18] Department of Statistics Singapore, *General Household Survey 2015.*

Long-term care needs can be met in various ways

Today, there is a variety of long-term care options that cater to different care needs.

Figure 1.4: Singapore's landscape of long-term care services



- **Nursing Homes** provide residential care for seniors who have limited family support, and/or are unable to be cared for at home or in the community. These seniors would also require significant assistance with their daily activities and/or skilled nursing care on a daily basis.
- **Palliative Care Services** (e.g. Inpatient Palliative Care, Home Palliative Care and Day Hospice Services) for seniors who require terminal or end-of-life care.
- **Centre-based Care Services** (e.g. Day Care, Community Rehabilitation, Centre-based Nursing, etc.) for seniors with some family support, but require care in the day in the vicinity of their home.
- **Home Care Services** (e.g. Home Medical, Home Nursing, Home Therapy, Home Personal Care, etc.) for seniors who need to be cared for at home.

- **Informal Care** by family members and foreign domestic workers, who are often the main caregivers.

Our Committee recognises that the landscape of long-term care services will continue to evolve in tandem with Singaporeans' changing needs:

- **More home and community care to support ageing-in-place.** Many Singaporeans shared that they would prefer to live at home with their families as they grow old. We note that the Government is already growing and developing a diverse range of home and community care options to support seniors to age-in-place. These include home care services, rehabilitation services, day care services, as well as Integrated Home and Day Care packages which provide a flexible mix of home and day care services to cater to the different needs of our seniors.
- **Better access to long-term care services.** Singaporeans can benefit from better access to long-term care services as the number of home care, day care and nursing home places continue to grow.
- **Improving quality of care.** The Government and long-term care providers are enhancing standards of care, and introducing care guidelines as reference for long-term care providers. The design of eldercare facilities in Singapore is also evolving to provide a more conducive environment for seniors. New models of care that focus on rehabilitation and improving the readiness of nursing home residents for home are being piloted. There is also an increasing focus on dementia care and the development of eldercare hubs which integrate residential, centre-based and home care services.

Long-term care costs are supported by a range of sources

Singaporeans have a range of financing sources for their long-term care:

Figure 1.5: Singapore's long-term care financing framework

GOVERNMENT SUBSIDIES FOR LONG-TERM CARE SERVICES

- Around two-thirds of households qualify for means-tested government subsidies of up to 75% and 80% for residential and non-residential long-term care services respectively.

GOVERNMENT ASSISTANCE SCHEMES FOR LONG-TERM CARE NEEDS

- Seniors' Mobility and Enabling Fund (SMF) provides means-tested subsidies to defray the costs of assistive devices and consumables.
- Foreign Domestic Worker Grant (FDWG) and Foreign Domestic Worker Levy Concession (FDWLC) defray the costs of informal care at home.
- Enhancement for Active Seniors (EASE) programme provides means-tested subsidies to make HDB flats elder-friendly.
- Pioneer Generation Disability Assistance Scheme (PioneerDAS) provides support for severely disabled Pioneers through a cash payout of $100/month, for life
- Silver Support Scheme provides support to the bottom 20% of elderly Singaporeans who had low incomes throughout their life and who now have little or no family support.
- Interim Disability Assistance Programme for the Elderly (IDAPE) provides means-tested cash payouts of $200/month or $150/month, for up to 6 years, for severely disabled Singapore Citizens who were not eligible to join ElderShield when it was launched in 2002, as they exceeded the maximum entry age or had pre-existing disability.

COMMUNITY SUPPORT

- Community donations to Voluntary Welfare Organisations (VWOs) providing long-term care services are used to provide financial support to needy Singaporeans using these services. Community donations raised by VWOs are supported by the Government's dollar-for-dollar matching through the Community Silver Trust, and are also eligible for tax relief.

INSURANCE

- ElderShield is a basic long-term care insurance scheme targeted at severe disability, which provides cash payouts of $300/month or $400/month, for up to 5 or 6 years.
- Singaporeans can buy ElderShield Supplements which provide additional benefits.

SAVINGS AND FAMILY SUPPORT

- Personal savings, family support and retirement payouts, e.g. CPF LIFE, a life annuity scheme that provides Singaporeans with monthly payouts in old age for as long as they live.

GOVERNMENT-FUNDED SAFETY NETS

- MediFund and MediFund Silver for subsidised medical related services at accredited long-term care providers, provide discretionary assistance to Singapore Citizens who are unable to pay their remaining bills even after Government subsidies and other means of support.
- ComCare provides assistance to low-income Singaporeans who are unable to meet their basic needs.

ElderShield should be strengthened to become a key pillar of Singapore's social safety net

Financing Singaporeans' long-term care needs is the collective responsibility of a caring and inclusive society. Singaporeans' long-term care needs are supported by a combination of Government and community assistance, personal and family savings, as well as insurance.

Singapore's expenditure on long-term care has been increasing over the years, but the role of insurance is still relatively small.

- Singapore's national expenditure on long-term care increased by almost fourfold from 2011 to 2016, from $280 million to around $1 billion.[19]
- Payouts from ElderShield and ElderShield Supplements made up only a small proportion in 2016, as most ElderShield policyholders are still young, claims will only be realised when they are older.

While Government subsidies, personal savings and family support will continue to provide significant support, insurance should play a more prominent role to help Singaporeans prepare for their long-term care needs, given an ageing population, shrinking family units, and the high variability and uncertainty in the lifetime cost of long-term care.

- Through risk-pooling, insurance schemes like ElderShield can provide Singaporeans with greater peace of mind in affording their long-term care costs.
- A basic long-term care insurance scheme will provide greater assurance to those without sufficient savings and family support, and who may remain in severe disability for a long period of time.

Therefore, our Committee believes ElderShield should be strengthened to become a key pillar of Singapore's social safety net.

As part of our review, we looked at the features of the current ElderShield scheme (Chapter 2), and examined which to enhance, or to retain. We took into consideration the experience of other countries (Chapter 3), as well as the views and ideas from various stakeholders and members of the public that we had engaged (Chapter 4). We decided on the key areas of enhancement (Chapter 5) and developed specific recommendations for each area (Chapters 6 to 9).

[19] Figures may be an underestimate as they do not fully account for long-term care expenditure on informal care. The figure for 2016 is preliminary.

02 ELDERSHIELD TODAY

ELDERSHIELD TODAY

ElderShield was designed as an affordable long-term care insurance scheme targeted at severe disability. Our Committee examined the current ElderShield scheme to understand the basis of its design.

ElderShield was introduced in 2002 and reviewed in 2007

ElderShield was introduced in 2002 to provide basic financial protection for Singaporeans who become severely disabled, especially during their old age. The scheme was introduced in response to the recommendation made in 1997 by the Inter-Ministerial Committee on Healthcare for the Elderly.[20]

When ElderShield was introduced, it provided payouts of $300 per month for up to 5 years upon severe disability. ElderShield was subsequently reviewed in 2007 to provide better benefits. The features of the current ElderShield scheme are as follows:

Figure 2.1: Summary of key features and 2017 statistics of the current ElderShield scheme

1.3 million
Singaporeans covered under ElderShield, comprising 66% of Singaporeans aged 40 to 84[21]

52 years old,
median age of policyholders

15,600
policyholders had claimed since 2002, of which about 6,300 are still actively claiming

67 years old,
median age at which claims were made

WHO IS COVERED?

- All Singaporeans with MediSave Accounts are automatically enrolled at age 40, but may opt out of the scheme
- Those with pre-existing illnesses are covered
- Those with pre-existing disability are not eligible

WHAT ARE THE BENEFITS?

- Coverage is for life
- Cash payouts of $400/month for up to 6 years, upon severe disability (i.e. unable to perform at least 3 out of 6 Activities of Daily Living independently)

HOW MUCH ARE THE PREMIUMS?

- $175/year for males and $218/year for females, payable from age 40 to 65
- Premium payment will stop once a successful claim is made
- Can be fully payable by MediSave

[20] Report of the Inter-Ministerial Committee on Healthcare for the Elderly, 18 Mar 1997.

[21] Singaporeans who exceeded the maximum entry age of 69 in September 2002 when ElderShield was launched were not eligible to join ElderShield. This means most Singaporeans aged 85 and above in 2017 were not eligible to join ElderShield.

Features of the current ElderShield scheme

ElderShield is an optional scheme for Singaporeans aged 40 and above.

- All Singaporeans with MediSave Accounts are automatically enrolled in ElderShield at age 40, unless they opt out. After being enrolled, policyholders may choose to leave the scheme at any time.
- Singaporeans who are auto-enrolled at age 40 are included even if they have pre-existing illnesses.
- Those with pre-existing severe disability are not eligible to join the scheme.

ElderShield provides coverage for life and fixed payouts for a limited duration upon severe disability.

- Policyholders can make a claim at any age after they are enrolled.
- Claimants receive cash payouts of $400 per month for up to 6 years upon being assessed by accredited ElderShield assessors to be severely disabled.
- Severe disability is defined as the inability to perform at least 3 out of 6 ADLs independently.

ElderShield premiums are payable up to age 65 or until a successful claim is made.

- Currently, male policyholders pay a premium of $175 per year while female policyholders pay a premium of $218 per year, from age 40 to 65.[22]
- MediSave can be used for premium payments.
- Premium payment will stop once a successful claim is made.

ElderShield is designed by the Government and administered by private insurers.

- The ElderShield insurers - Income, Great Eastern and Aviva - administer the scheme based on the features and parameters set by the Ministry of Health.
- Policyholders are assigned at random to one of the ElderShield insurers, and have a 3-month period to switch insurer if they wish to do so.

ElderShield insurers also offer ElderShield Supplements that provide additional benefits.

- Since 2007, ElderShield insurers have been allowed to offer ElderShield Supplements that complement the basic ElderShield scheme.
- Policyholders pay additional premiums for ElderShield Supplements. They provide additional benefits in the form of higher monthly payouts, a longer payout duration, less strict claims criteria for disability, or any combination of the above.
- MediSave can be used to pay for the premiums of ElderShield Supplements, up to a limit of $600 per year per person insured.

[22] Premiums are higher for females as they have a longer life expectancy and are more likely to become severely disabled, as well as remain in severe disability for a longer duration.

How does ElderShield work?

ElderShield is a pre-funded insurance scheme. Premiums are collected during policyholders' working years and risk-pooled within each generation, to cover that generation's own current and future claims. This helps to minimise intergenerational transfers and ensures scheme sustainability.

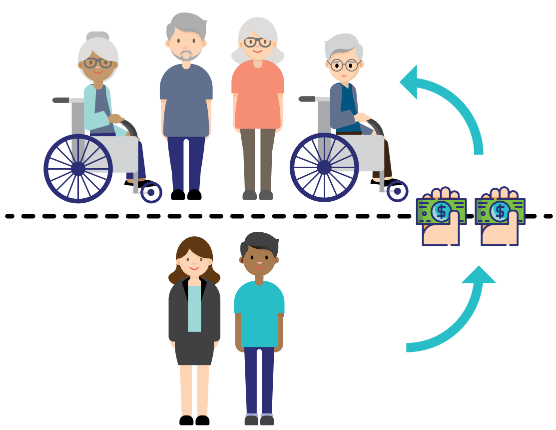
What does pre-funding of ElderShield premiums mean?

Premiums paid by each generation of policyholders during their working years are used to cover the generation's claims, which tend to be incurred when the generation grows old and faces a higher likelihood of severe disability.

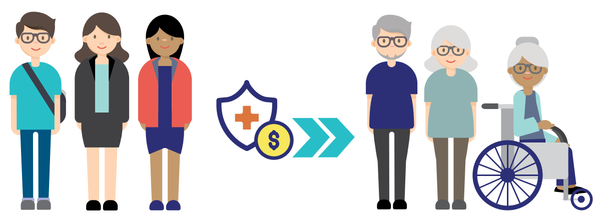
When policyholders are younger, the premiums collected are expected to be much higher than the payouts disbursed as the majority of policyholders are still paying premiums and would not have started making claims. This is because the likelihood of severe disability is low at younger ages. As the generation grows older, premium payment will stop at age 65 while the likelihood of severe disability increases. At that point, more of these older policyholders will start claiming and drawing down on the premiums that their generation had contributed in their working years.

Pre-funding under the ElderShield scheme thus ensures that each generation "saves" when they are young and working, to pay for their own long-term care needs in their old age. This helps to minimise the need for intergenerational transfers.

Intergenerational transfers, where the current working population funds the needs of the current elderly, are not sustainable with an ageing population.



ElderShield helps each generation set aside funds in their working years for their own future long-term care needs, minimising the need for intergenerational transfers.



ElderShield provides lifetime coverage, which supports the long-term care costs of severely disabled policyholders in old age, when disability is more likely to occur. This is unlike other private disability insurance products, which play a different role as described in the box below.

How is ElderShield different from other private disability insurance products?

There are other private insurance products besides ElderShield and ElderShield Supplements that provide protection against disability, such as:

- Disability income protection insurance, which replaces a portion of the policyholder's missing income and provides some financial stability, in an event of disability which prevents the policyholder from working temporarily or permanently.
- Total and Permanent Disability insurance, which provides a lump-sum benefit for immediate to longer-term financial assistance, in the event of disability which stops the policyholder from working.

The different benefit structures of the various disability insurance products also entail different premiums. Most of these products also provide coverage only during an individual's working years, with coverage ceasing between age 60 and 70. Hence, they do not offer protection for individuals against the risk of becoming severely disabled when they grow older.

03

DESIGN OF LONG-TERM CARE INSURANCE SCHEMES IN OTHER COUNTRIES

DESIGN OF LONG-TERM CARE INSURANCE SCHEMES IN OTHER COUNTRIES

Our Committee examined the challenges, practices and experiences of other countries in designing their national and private long-term care insurance schemes.

Long-term care financing is a challenge globally

Long-term care is a growing need globally, as many countries have populations which are ageing. These countries also face the challenge of financing long-term care in a sustainable manner.

The Organisation for Economic Co-operation and Development (OECD) found that most individuals are unable to save enough money to meet the financial uncertainty associated with long-term care costs.[23] Mechanisms for risk-pooling, such as insurance, are important to protect individuals against large long-term care costs.

Many countries have national long-term care insurance schemes to help their citizens finance their long-term care needs. Such insurance may be administered by the Government, or by the private sector as a complement to the public schemes. Our Committee studied how other countries have designed their long-term care insurance schemes, to learn from their best practices and challenges.

National long-term care insurance schemes in other countries

Our Committee examined the national long-term care insurance schemes in Japan, South Korea, Germany and Switzerland in detail. These countries were chosen for their well-established national insurance schemes that cover long-term care.

The following are our key observations (Annex B provides more detailed information):

Coverage is universal to ensure all individuals have basic financial protection against long-term care costs.

- In Japan and South Korea, coverage is universal for those age 40 and above, while in Germany and Switzerland, coverage is universal from birth.

[23] For this chapter, our Committee looked at the Organisation for Economic Co-operation and Development's (OECD) study on long-term care, to understand how long-term care insurance is designed in other countries. Referenced Colombo, F. et al. (2011), *Help Wanted? Providing and Paying for Long-Term Care*, OECD Health Policy Studies, OECD publishing. http://dx.doi.org/10.1787/9789264097759-en

- To help with affordability, contributions to the scheme are based on a percentage of income in Japan, South Korea and Germany, so that the lower-income pays lower contributions. In Switzerland, lower-income individuals are given the choice of a cheaper plan with lower coverage.
- In addition, these countries provide means-tested Government subsidies for individuals who have difficulty paying their contributions. They also impose penalties on individuals who have the means but refuse to pay their contributions.

Benefits can be provided either as cash payouts or as reimbursement for long-term care services.

- In South Korea, Germany and Switzerland, individuals can decide if they wish to have their benefits as cash payouts or as service reimbursements. Cash payouts tend to be more popular, even though they are usually of a lower amount than service reimbursements.
- Japan only provides service reimbursements.

Benefits do not cover the full cost of long-term care, and a minimum co-payment is required for reimbursement schemes.

- The co-payment ranges from 10% (Japan) to 25% (Germany) of long-term care bills, and is generally paid for with pension benefits and individual savings.
- In Japan, the co-payment is waived on an appeal basis for the low-income.

Benefits last for as long as long-term care is required.

- Individuals receive benefits as long as care is assessed to be required. There is no cap on the duration of benefits.
- However, individuals need to undergo regular reviews and re-assessments to continue receiving benefits.

The long-term care insurance schemes are administered on a not-for-profit basis.

- In Japan, South Korea and Germany, schemes are administered by the Government. In Switzerland, it is administered by private insurers on a not-for-profit basis. They regard long-term care insurance as a form of social insurance, where contributions collected should be used solely for the benefit of policyholders.
- For-profit private insurance plans are also available in Japan, Germany and Switzerland to complement the coverage of national long-term care insurance schemes.

The long-term care insurance schemes are operated on a pay-as-you-go basis.

- In a pay-as-you-go system, current contributions by younger working individuals pay for the benefits of the current older individuals who are claiming.
- This results in intergenerational transfers, and is not sustainable for countries with ageing populations.
- Japan is considering measures to improve the sustainability of its scheme, such as raising the co-payment from 10% to 20% and tightening the claims criteria.[24]

[24] Curry, N., Holder, H., Patterson, L. (November 2013). *Caring for an Ageing Population.* The Nuffield Trust.

The private long-term care insurance market in the United States

In the United States, long-term care insurance is provided by the private sector and there is no national long-term care insurance scheme. Our Committee studied the private long-term care insurance market in the United States as it is relevant to Singapore's current private insurer administration model for ElderShield. Our key observations are as follows:

Universal coverage cannot be achieved if long-term care insurance is left to the private market.

- Private insurers will not cover individuals with pre-existing conditions, as it is not commercially viable to do so. In addition, individuals who are unable to afford premiums will not be covered.
- Individuals are unlikely to purchase long-term care insurance on their own, as most tend to underestimate the likelihood of requiring long-term care in their lifetime and the costs involved. Without Government subsidies, the lower-income may also face financial difficulty in purchasing long-term care insurance.
  - For Americans who were not eligible for Medicaid, the national means-tested assistance scheme in the United States, only an estimated 16% of those above age 65 and 5% of those aged between 45 and 65 had long-term care insurance coverage.[25]
  - The majority who purchased private long-term care insurance were older and had higher income.[26]

For pre-funded long-term care insurance schemes, a key challenge is projecting disability and longevity trends far in advance.

- Private insurance schemes are pre-funded and premiums are collected in advance of claims. However, for long-term care insurance, where claims typically occur decades after premiums are collected, it is difficult to accurately project disability and longevity trends.
- Private insurers in the United States have found it increasingly challenging to sustain their long-term care insurance schemes because claims have risen more than expected, with more individuals living longer and requiring long-term care.
- Several large insurance companies have exited the long-term care insurance market due to unsustainable losses, while those that remained have sharply increased premiums and tightened their underwriting criteria.

Key learning points

Our Committee's study of the models adopted in other countries has helped to guide our deliberations. One key takeaway was the need for the enhanced scheme to be universal, to achieve better inclusivity. Other important learning points included the need to ensure that the enhanced scheme can provide better protection while keeping premiums affordable, and the need to regularly review premiums and payouts to ensure that it remains sustainable.

[25] National Association of Insurance Commissioners and the Center for Insurance Policy and Research. (2016). *The State of Long-Term Care Insurance: The Market, Challenges and Future Innovations*, CIPR Study Series 2016-1.

[26] Based on a study prepared for the America's Health Insurance Plans in 2005, more than 60% of buyers of long-term care insurance in the United States were between 55 and 70 years of age, and about 60% were college-educated. More than 70% had reported income above USD 50,000 a year and total liquid assets of USD 100,000 and over. (Source: Colombo, F. *et al.* (2011). *Help Wanted? Providing and Paying for Long-Term Care*, OECD Health Policy Studies, OECD publishing. http://dx.doi.org/10.1787/9789264097759-en.)

04 VIEWS FROM STAKEHOLDERS

VIEWS FROM STAKEHOLDERS

Our Committee sought to understand from Singaporeans how a long-term care insurance scheme like ElderShield could be enhanced to better meet their needs. We engaged the public, key stakeholder groups and experts over 26 focus group discussions, to gather a wide representation of views from over 800 Singaporeans.

Who our Committee engaged

Our Committee invited Singaporeans from all walks of life to share their personal experiences on long-term care, and offer ideas on how the current ElderShield scheme can be improved to provide assurance and peace of mind.

Our Committee also engaged specific groups (e.g. caregivers of severely disabled Singaporeans, healthcare professionals, academics, insurers and financial advisors, and representatives from Voluntary Welfare Organisations, community groups and unions) to understand their unique perspectives and took into consideration their views.

A total of 26 focus group discussions, involving over 800 Singaporeans were held between November 2016 and January 2018.

Figure 4.1: Who did the Committee engage?

PUBLIC	COMMUNITY PARTNERS	PROFESSIONAL GROUPS
• Singaporeans who shared their views through focus group discussions, email, or other channels • ElderShield claimants and their caregivers • Singaporeans who opted out of ElderShield	• CDAC, MENDAKI, SINDA, Eurasian Association • Grassroots Leaders (through People's Association) • Health Ambassadors and Coordinators • Community Organisations • Unions (through National Trades Union Congress) • National Youth Council and People's Association Youth Movement	• Insurers and Re-insurers • Financial Advisors (through Insurance and Financial Practitioners Association of Singapore) • Long-term Care Providers • Healthcare Professionals • Academics

What our Committee heard

Improve awareness of ElderShield and the need to plan ahead for long-term care

Many participants left the discussions with greater awareness of the importance of planning ahead for their long-term care needs, and the usefulness of risk-pooling through long-term care insurance schemes such as ElderShield.

- Initially, many participants shared that they had not given much thought about their future long-term care needs as they did not think disability would strike them. Some felt that they had sufficient private insurance, savings and family support to rely on if the situation arose.
- Through the discussions and personal stories from participants who cared for loved ones with severe disability, many came to realise the importance of the need to plan for their own long-term care.
- A number of participants also expressed anxiety that the likelihood of disability significantly increases with age, and that the costs involved for long-term care could be high.
- There was general acknowledgement that risk-pooling through insurance schemes like ElderShield could help mitigate the impact of large long-term care costs.

Many participants noted that public understanding of long-term care issues is currently low and suggested that it was necessary to have more outreach to educate the public on the need to plan ahead for long-term care, as well as the value and relevance of ElderShield.

- Many participants were unfamiliar with the features of ElderShield and did not realise they were covered for life even after premium payment stops at age 65. Some participants were not sure if they had ElderShield coverage.
- Participants were also unaware of how ElderShield complemented other healthcare financing schemes such as Government subsidies, MediSave, MediShield Life, and MediFund, to cover different healthcare and long-term care costs.
- A number of participants also suggested changing the name of the ElderShield scheme. Participants felt that the name should reflect its role in supporting long-term care needs and be more intuitive and relatable to younger Singaporeans.

"Singaporeans are unlikely to think about long-term care costs, as they think that disability will not happen to them."

"The key idea of insurance is to reduce uncertainty in the case of an adverse life event. These events often come with significant economic costs that an individual may not be able to shoulder on his own."

"I've heard of MediShield, but not ElderShield. Given that we should plan early, how about letting young people know earlier?"

"This topic is very relevant to us, but many of us only consider it when we experience disability."

Support for universal coverage for inclusivity

Participants recognised the value of having universal coverage for ElderShield, but expressed concern about the affordability of premiums and potential duplication of coverage with other insurance plans.

- Participants felt that universal coverage would prevent Singaporeans from inadvertently opting out of the scheme, either because they can not afford the premiums or they do not fully understand the benefits of ElderShield. Such individuals will not be financially protected in the event of severe disability.
- Participants also felt that universal coverage would be more inclusive since Singaporeans with pre-existing disability will be covered, though some were concerned about how such an arrangement would impact premiums.
- There were some participants who preferred for ElderShield to remain optional as they had already made plans to cover their expenses in the event of severe disability, e.g. through private insurance or personal savings.
- Some participants were also concerned if they could afford ElderShield premiums on top of MediShield Life's premiums and other medical costs. They were especially concerned for the lower-income and those with unstable incomes who may have low and irregular MediSave contributions.

"I would pay slightly higher premiums...we are all a society, if we can pool [risks] together to help each other, why not?"

"Some patients who are illiterate simply replied to the the ElderShield letter to opt out, and now they [the severely disabled] are stuck."

"We should be inclusive, and I believe the population who is disabled before 40 is not very big."

"There are other insurance schemes that we can tap on. People should be given a choice."

Enhance ElderShield benefits for better protection

Participants unanimously felt that the current ElderShield benefits should be enhanced. However, there were differing views on what enhancements would be most useful in supporting Singaporeans with their long-term care costs in the event of severe disability.

- Many participants suggested for payouts to extend beyond the current 6 years and last as long as the policyholder remained severely disabled, to provide better peace of mind for claimants and their family.
- Other participants felt that they were unlikely to survive for long upon becoming severely disabled and preferred receiving higher monthly payouts instead. Suggestions for higher payouts generally

ranged between $500 and $1,500 per month, to help cover a greater proportion of long-term care expenses (e.g. consumables, transport arrangements, hiring a domestic helper and nursing home expenses).

- Some participants felt that payouts should increase over time to protect its real value as claims would likely only happen much later, during old age.
- A few participants were also keen on having an initial lump-sum payout to aid the transition into severe disability. However, there was concern that claimants or their caregivers might mismanage the lump-sum payout if it was too large.
- Some participants suggested relaxing the claims criteria so that those with moderate disability (e.g. unable to perform 2 out of 6 Activities of Daily Living)) or cognitive impairments such as dementia could qualify.

"There is no predictability of the length of disability, so lifetime payouts give certainty and guarantee."

"If I start paying at age 40, and I don't claim until much later, then the payout might not be enough if it doesn't increase over time."

"A higher payout is more worthwhile than lifetime payouts. Life expectancy for a severely disabled older individual is not likely to be more than 6 years."

"Those inflicted with dementia usually regress very fast, and before you know it, they are simply unable to take care of themselves anymore."

Ensure that premiums of the enhanced ElderShield scheme are affordable and manageable

Most participants recognised that enhancements to ElderShield would require higher premiums.

- Participants felt that a basic scheme would keep premiums affordable. They agreed that Singaporeans who wanted additional benefits could purchase ElderShield Supplements from the private insurers.
- Participants also felt that the Government should help lower-income individuals with their premiums so that they are able to afford the enhanced scheme and will not lose coverage.

Participants also gave feedback on the premium payment period and premium structure, to improve the affordability of premiums.

- Some participants suggested to start premium payment earlier so that premiums could be spread over a longer duration. Suggestions ranged between age 25 and 35 as they felt that Singaporeans would have started working and achieved some financial stability by then. However, a few participants preferred to retain the start age at 40 as they felt financial commitments were usually heavier before age 40.

- Others suggested to raise the age at which premium payments ended (e.g. to the re-employment age), as life expectancies increase and more Singaporeans extend their working years. However, a few participants still preferred for premium payment to end at age 65 as not all Singaporeans would be re-employed or be able to continue working beyond age 65.
- While there were some suggestions for premiums to increase with age to help younger individuals manage their premiums, others suggested for premiums to decrease with age so that premiums would be lower at the older ages when the risk of unemployment is higher.
- Many participants preferred to pay a fixed quantum of premiums annually, similar to the current arrangement, because they valued certainty and predictability.

There were mixed views on whether premiums should remain gender-differentiated, though participants understood that women currently pay higher premiums due to their longer life expectancy and higher risk of severe disability.

- Some participants felt that premiums should not be gender-differentiated since women earn less on average than men, and may not be able to afford the higher premiums under the enhanced scheme.
- Others felt that it was fair for women to pay higher premiums to reflect their higher risk, but premium support should be available to Singaporeans who are unable to afford their premiums.

Participants unanimously agreed that allowing the use of MediSave for premiums would make premium payment more manageable.

"25 years old is when most people start working. You should take responsibility and start paying [ElderShield premiums] for yourself."

"Premiums should stop at 65 since not many employers will continue their staff's employment."

"ElderShield was meant to supplement and not replace one's outlay for the costs of care."

"You are using your MediSave and not coming up with your own cash. So that's good."

"I don't think the mass population will argue that males are subsidising females. Instead, it makes premiums more affordable for females."

Review the role of Government in the administration of ElderShield

Participants were in favour of having the Government administer ElderShield, similar to MediShield Life.

- Participants felt that private insurers should not profit from a national scheme, and the Government would be able to administer ElderShield on a not-for profit basis and better protect the interests of Singaporeans.
- Some participants also felt that while having 3 private insurers administer ElderShield ensures that there is competition, having a single administrator would be less confusing for the public.
- In addition, there were suggestions to integrate ElderShield with other schemes such as MediShield Life, or CPF LIFE to simplify public communications and make it easier to understand the various national insurance schemes.

> "The Government should remove the profit-making elements of ElderShield by administering ElderShield, similar to MediShield Life."

> "Combine ElderShield with MediShield Life into a "One Life, One Plan" scheme. There's no need to confuse the public with different schemes for different needs."

Simplify the ElderShield claims process

Figure 4.2 provides an overview of the current claims process. Caregivers and long-term care providers generally felt that the current claims process was tedious and challenging to navigate, and suggested ways to simplify the process.

- They felt that long-term care providers and community touchpoints could play a bigger role in helping policyholders and their caregivers navigate the claims process.
- Many also felt that the ElderShield disability assessment needed to be more accessible and convenient.
  - They suggested allowing qualified healthcare professionals (e.g. Physiotherapists) conduct the ElderShield disability assessment, especially if the policyholder was already under their care.
  - They also suggested accepting other forms of disability assessments that may have already been done, instead of calling for a fresh disability assessment using the ElderShield Assessor Statement.
- Some suggested that the ElderShield disability assessment fee should be waived regardless of claims outcome. They felt that the upfront fee deterred policyholders, especially the lower-income, from going for the disability assessment, as there was a risk that they would not be reimbursed if the claim was unsuccessful.

- Some also felt that periodic re-assessments caused unnecessary inconvenience to claimants, since they were unlikely to recover given the strict claims criteria. However, others disagreed, and felt that the periodic re-assessment was a useful measure to check for recovery. They were of the view that claimants who recover should not continue to receive payouts.

"Community touchpoints must have access to information so they can help the people apply for ElderShield [claims]."

"I had to call all 3 insurers to find out if the patient was on ElderShield so that I could assist the patient in making a claim."

"Predicting whether the patient can qualify is most difficult, as they may not be able to claim the assessment fee, so they don't want to try to claim."

"Is it necessary for insurers to request for regular reviews of claimants' disability status, especially when the claim threshold is already set at a stringent permanent 3 ADL?"

Figure 4.2: Overview of Current Claims Process

Policyholder becomes disabled

Check on ElderShield Coverage

- If policyholder or the caregiver does not remember policy details, he/she will have to call Central Provident Fund Board (CPFB), log in to policyholder's CPF account, or contact all 3 ElderShield insurers.

Prepare ElderShield Claim Form

- Download ElderShield claim form from respective insurer's website or request for insurer to mail a copy of form
- Complete claim form

Schedule Assessment

- Schedule assessment with an ElderShield assessor, from a list of over 100 assessors
- Assessment fee is reimbursed upon successful claim

Disability Assessment

Assessment at Clinic:

- For more mobile but severely disabled policyholders
- Assessment fee is $50

Assessment at Home or Non-Clinic Settings e.g. Nursing Homes:

- For bedridden and more severely disabled policyholders
- Assessment fee is $150

Submit Claim to Insurer

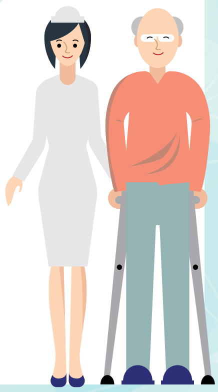
- Assessor fills in disability assessment and helps to submit claim form directly to insurer
- Policyholder or caregiver to check status directly with insurer

Payout

- Outcome will be determined ~14 working days after receipt of form. Payouts will start if claim is successful.

Periodic Re-assessment

- Insurer may request to review disability status
- Payouts will stop for those who recover



What were the views of younger participants?

Our Committee made an extra effort to engage younger Singaporeans below the age of 40, since they would have more time to financially prepare for their future long-term care needs and the ElderShield review will likely have the biggest impact on them.

3 focus group discussions were organised for younger Singaporeans. They provided the following views:

- Many of them shared that other priorities, such as marriage, family and career, took precedence over financial planning for their future long-term care needs. They did not see the need for ElderShield at their age, nor did they consider the likelihood of severe disability in the future.
- They expressed a strong desire to be financially independent should they become severely disabled in old age, so as to not burden their family. Over the course of the discussion, many of them came to recognise that they should start preparing early for their old age if they wanted to be financially independent in the event of severe disability.
- They also valued choice, and preferred to have the flexibility to decide on the level and type of insurance coverage they needed. However, they acknowledged that having universal and basic ElderShield coverage would provide all Singaporeans with better peace of mind.

"I think for someone like myself who's 24 this year, I'd never ever see the need for something like that until something really dire hits me."

"I think [ElderShield's] a good social programme just because it reduces the social burden on the entire society. Because in a sense, you're still taking care of yourself by paying the premium."

"I don't want to be a hassle to them. I want to be independent enough such that if something happens, I can manage my own life. I can get my own care."

"Now people are more savvy, know how to protect themselves well. ElderShield may not be the only option to protect themselves and they can go for other means."

"The people who opt out might be the ones who need it most and might need to be taken care of in another way. It'd be better to make it mandatory."

The views garnered at the focus group discussions with different groups of Singaporeans were extremely useful in helping our Committee derive and design our recommendations. We would like to thank all participants for sharing their views.

05 KEY AREAS OF ENHANCEMENT

KEY AREAS OF ENHANCEMENT

Taking into account Singapore's ageing population, the design of the current scheme, observations from other countries' long-term care insurance schemes, and insights from our Committee's public engagements, we identified several key areas for enhancement for ElderShield.

Inclusivity

The current ElderShield scheme is optional, which means that some Singaporeans are not protected. These include vulnerable groups such as those with pre-existing severe disability (they are not able to join ElderShield) and the lower-income who may drop out because they are unable to pay their premiums.

Therefore, our Committee believes that providing protection to all, regardless of financial ability or health, should be a key principle in the enhanced scheme. Universality is also a key feature of the national long-term care insurance schemes in other countries that we studied.

The enhanced scheme should provide universal and basic long-term care support for all future cohorts of Singaporeans, i.e. those aged 40 and below when the enhanced scheme is launched. This ensures that those with pre-existing severe disability and those who face financial difficulties can be included and will be supported through the scheme.

While some participants at the focus group discussions preferred to keep the enhanced scheme optional, many were supportive of universal coverage. They supported the inclusivity and collective responsibility such a scheme represented, and the assurance it provided to all Singaporeans, especially those from lower-income families.

Figure 5.1: ElderShield's lapse and opt-out rates

38% Initial opt-out rate in **2002**

5% Opt-out rate for cohort that turned age 40 in **2017**

8% Overall policy lapse rate from **2002 to 2017** mainly due to non-payment of premiums

Singaporeans above age 40 in existing cohorts, including those who are enrolled in the current ElderShield scheme, should be allowed to join the enhanced scheme. However, it may not be feasible for every one of them to do so. Some may have already made arrangements for their care needs or have developed severe disabilities. Others could find the cost of joining too high, as they would have a shorter duration to pay their premiums. Our Committee felt that the needs of Singaporeans above age 40 in existing cohorts may be better supported in other ways, and their participation in the enhanced scheme should be optional.

Better protection

ElderShield benefits were last reviewed in 2007. There was unanimous agreement among the participants at the focus group discussions that the benefits should be enhanced to play a larger role in covering the cost of basic long-term care, while ensuring that premiums remain affordable.

The national long-term care insurance schemes in other countries which our Committee studied cover a portion of costs, while retaining an element of personal responsibility through co-payment for scheme sustainability. This was an important feature we took into account.

The benefits of the current ElderShield scheme should therefore be enhanced, and complement other sources of support such as Government subsidies, personal savings and family support, to enable Singaporeans to better afford their basic long-term care needs.

Our Committee felt that Singaporeans who wish to have additional benefits should have the option to purchase additional private insurance and ElderShield Supplements on their own.

Affordability

Our Committee recognised that improvements to the scheme would have to be funded by higher premiums, and there should be a balance between better protection and premium affordability. These considerations were similarly discussed amongst participants at the focus group discussions.

An important feature of the current ElderShield scheme that helps with affordability is the ability to fully pay premiums using MediSave. Many participants at the focus group discussions felt that this should continue, to keep the enhanced scheme affordable. In assessing the benefits of the enhanced scheme, a key consideration our Committee kept in mind was whether Singaporeans' annual MediSave contributions would be sufficient for their enhanced scheme's premiums.

Government support through premium subsidies could further ensure affordability among lower- and middle-income Singaporeans, so that no Singaporean loses coverage due to financial difficulties.

Sustainability

The enhanced scheme must be sustainable over the long-term. It should be designed to minimise intergenerational transfers, and adjusted regularly to take into account longevity and disability trends as well as claims experience.

The Organisation for Economic Co-operation and Development (OECD) highlighted that a pay-as-you-go scheme would be unsustainable for ageing populations, as expenditure would grow while the number of working adults shrinks.

The current ElderShield scheme is already designed to minimise intergenerational transfers. Policyholders pay premiums during their working years that will be used to support their generation's claims and long-term care needs when they age. Many participants at the focus group discussions agreed that each generation should save for its own long-term care needs.

Our Committee also observed from the experience of private insurers in the United States that projecting claims experience decades in advance is challenging and prone to inaccuracy. For the scheme to remain sustainable over the long-term, it is necessary to regularly review claims experience and build in flexibility to progressively adjust premiums and benefits in response to changes in longevity and disability trends.

Administration, Experience and Awareness

Our Committee felt there were also other aspects of the ElderShield scheme that could be enhanced.

Our Committee recognised that there is merit for the Government to administer the enhanced scheme, which is how many long-term care insurance schemes are administered in other countries. Government administration would be on a not-for-profit basis, and would facilitate the provision of premium support and future scheme enhancements. Many participants at the focus group discussions also felt that a single administrator, instead of the current 3 ElderShield administrators, would lead to greater simplicity in scheme management.

Our Committee agreed that the claims and periodic re-assessment process should be simplified, taking into account views shared by participants at the focus group discussions on the challenges faced with the current process. However, the robustness in claims assessment and sustainability of the scheme should not be compromised.

Our Committee also found the level of public awareness and understanding of long-term care financing and long-term care insurance low. Planning for long-term care needs in the future was not salient for most individuals as they focused on current demands. We believe that awareness should be improved so that Singaporeans will start planning for their long-term care needs early and be better prepared for their needs in old age.

Our Committee's recommendations in the rest of the report support these key areas of enhancement.

06

EXPANDING COVERAGE FOR GREATER INCLUSIVITY

EXPANDING COVERAGE FOR GREATER INCLUSIVITY

The enhanced scheme should serve as a key pillar of Singapore's social safety net. It is essential to look into how coverage of the enhanced scheme can be expanded, to ensure more Singaporeans have basic financial protection against their long-term care costs.

Our Recommendations

Recommendation 1: The enhanced scheme should be universal for future cohorts of Singapore residents[27], starting from age 30. Cohorts aged 30 to 40 will be enrolled upon launch of the enhanced scheme, with subsequent cohorts enrolled when they turn 30.

A universal scheme promotes greater collective responsibility and leaves no one behind. It enables basic long-term care protection for everyone, regardless of pre-existing disability or financial status.

Our Committee discussed giving future cohorts of Singaporeans the choice to opt out of the enhanced scheme, as some may prefer to make their own preparations for their long-term care needs. We concluded that universal coverage would help to strengthen Singapore's social compact and is consistent with our values as an inclusive and caring society. We noted that many Singaporeans whom we engaged in our focus groups discussions recognised its merit and supported this approach.

For future cohorts, those with pre-existing disability can be covered without a significant impact on premiums, as the prevalence of severe disability at the younger ages is low. They will be able to make claims from the enhanced scheme once they are enrolled.

As part of collective responsibility, all future cohorts, including those with pre-existing disability, should contribute to the enhanced scheme. **However, the Government should provide premium support for the low-income and those in financial difficulty, and claims should be paid regardless of their ability to pay premiums.** No Singaporean should lose their coverage due to financial difficulties (more details on premium support can be found in Chapter 8).

Starting earlier at age 30 allows premium payment to be spread over a longer duration, and improves premium affordability (more details can be found in Chapter 8). Our Committee did not recommend lowering the starting age further as the priority of the scheme is to provide protection during old age, when Singaporeans are most likely to need long-term care. Various Government support schemes are available for disabled Singaporeans below the age of 30 and their caregivers. More information on these schemes are in Annex C.

[27] Singapore residents refer to Singapore Citizens and Permanent Residents

The enhanced scheme should be universal for Singapore residents in future cohorts who are residing overseas, similar to those residing locally. They would benefit from the cash payouts to meet their costs of long-term care, even when residing overseas. Similar to the current ElderShield scheme, the enhanced scheme should continue to allow overseas Singaporeans to pay their premiums, make claims and receive the cash payouts should they become severely disabled. There should be no suspension of premium collection while they are overseas, unlike MediShield Life where payouts are tied to hospitalisation claims made at healthcare institutions in Singapore.

Recommendation 2: Existing cohorts of Singapore residents should be encouraged to join the enhanced scheme, but it will remain optional for them.

Existing cohorts (defined as Singapore residents aged above 40 when the enhanced scheme is launched) should be encouraged to join the enhanced scheme for better protection. However, it should remain optional as it is not feasible for everyone in existing cohorts to do so.

Many Singaporeans in existing cohorts would have made decisions about their ElderShield coverage when they were auto-enrolled at age 40. Some have previously opted out of the scheme, while others may have made other plans for their long-term care needs, e.g. about one-third of the current ElderShield policyholders have bought ElderShield Supplements from the ElderShield insurers.

Older Singaporeans in existing cohorts will also need to pay higher premiums, as they will be joining the enhanced scheme at an older age, and have a shorter duration to pay the premiums needed to support the enhanced benefits.

Nonetheless, **healthy Singaporeans in existing cohorts should be encouraged to join the enhanced scheme** through measures such as:

- Outreach efforts.
- Incentivising early participation in the enhanced scheme.
- Auto-enrolling suitable groups of Singaporeans in existing cohorts, with a period to opt out if they wish to.

Singaporeans in the existing cohorts who choose to join the enhanced scheme should receive similar premium support as future cohorts, and there should be no lapses in their coverage under the enhanced scheme.

Our Committee decided against including Singaporeans who were already severely disabled in existing cohorts in the enhanced scheme. The impact on premiums would be significant as severe disability is more likely at older ages. They should be supported through other Government assistance schemes and subsidies (such as those mentioned in Chapter 1). We recommend that the Government reviews these schemes and ensures that Singaporeans in existing cohorts who are not able to benefit from the enhanced scheme receive support for their basic long-term care costs.

07

ENHANCING BENEFITS FOR BETTER PROTECTION

ENHANCING BENEFITS FOR BETTER PROTECTION

ElderShield benefits need to be enhanced to provide Singaporeans the assurance and peace of mind that they have basic protection against future long-term care costs. However, benefit enhancements need to be balanced against premium increases, to ensure that premiums remain affordable.

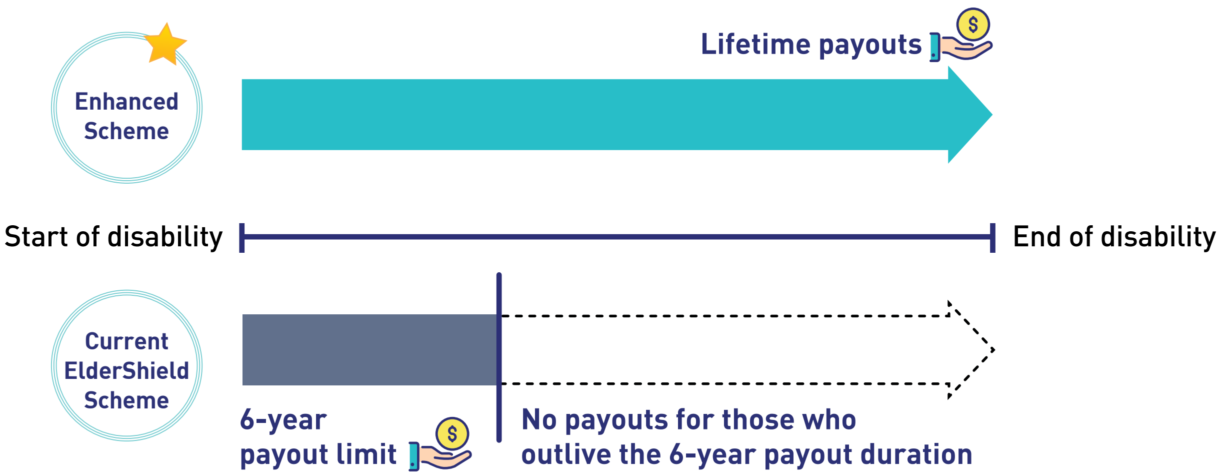
Recommendation 3: Lifetime payouts should be provided for as long as the claimant remains severely disabled.

Today, ElderShield claimants remain in severe disability for a median duration of 2.8 years. As mortality rates improve, it is expected to increase to about 4 years. However, about 3 in 10 severely disabled Singapore residents could remain in severe disability for 10 years or more.[28]

This means that a significant number of policyholders could require payouts beyond the 6-year limit under the current ElderShield scheme.

Lifetime payouts that continue as long as the claimant remains severely disabled under the enhanced scheme will provide better protection and greater assurance for claimants and their families.

Figure 7.1: Payouts under the enhanced scheme are for life, compared to payouts under the current ElderShield scheme which are capped at 6 years



[28] MOH estimates based on local data, supplemented by international data.

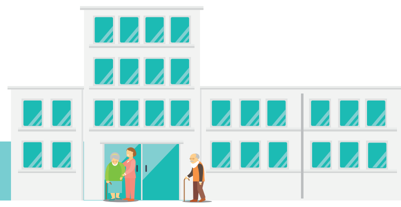
Recommendation 4: Increase initial cash payouts from $400 per month to $600 per month, with regular increases in payouts over time. For the enhanced scheme to remain sustainable, the higher payout will have to be funded by regular premium adjustments.

Long-term care costs vary depending on an individual's needs, desired care arrangements and financing means. In reviewing the payout quantum for the enhanced scheme, our Committee considered the long-term care needs and financing means of lower- and lower-middle-income Singaporeans, to keep the enhanced scheme basic and affordable. We took into account available Government subsidies and assistance schemes for long-term care services, as well as the portion of costs that could be covered through personal savings and family support.

Increasing initial payouts of the enhanced scheme to $600 per month is a 50% increase from the current ElderShield payout of $400 per month. Figure 7.2 shows how the enhanced scheme's payouts complement Government subsidies, personal savings and family support for the long-term care needs of a lower-middle-income Singaporean.

There are 2 profiles illustrated – one where care is provided at a nursing home, and the other, where care is provided at home and in the community. **Having payouts in cash** will provide claimants and their caregivers the flexibility to decide on their desired care arrangements and long-term care services.

Figure 7.2: Illustration of how the enhanced scheme's payouts support the basic long-term care costs of a lower-middle-income Singaporean receiving care in a nursing home, or in the home and community care setting



NURSING HOME

Estimated monthly basic nursing home costs for severely disabled
which consist of
- Disability care
- Room and board

$2,400*

Monthly contribution by

60% Government subsidy for nursing home care for lower-middle-income Singaporeans	$1,400
Payouts from the enhanced scheme	$ 600
Personal savings / family support	$ 400

* Median nursing home fees for VWO nursing homes, for severely disabled patients.

HOME AND COMMUNITY CARE

Estimated monthly basic home and community care costs for severely disabled
which consist of

- Enrolment in Package 3 of Integrated Home and Day Care (IHDC) programme^
- Transport to day care centre
- Consumables

$3,100*

Monthly contribution by

• 75% Government subsidy for IHDC, 80% transport subsidy, and 50% consumables subsidy for lower-middle-income Singaporeans	**$2,300**
• Payouts from the enhanced scheme	**$ 600**
• Personal savings / family support	**$ 200**

^ The IHDC programme helps clients with complex long-term care needs remain in the community. The service scope is flexible, including but not limited to personal care, meals delivery, social and recreational activities, medical assessment and review, caregiver education and training, case management, home assessment, nursing support, maintenance rehab and medication review. There are three packages, with Package 3 designed for clients with high care needs.

* Median IHDC programme Package 3, transport and consumable fees.

Higher-income Singaporeans will qualify for lower subsidies for their long-term care costs, and may need to draw more from other financing sources such as their personal savings, or tap on Supplements from private insurers. Some lower-income Singaporeans may need additional support as they may have very little personal savings or family support. Safety nets such as MediFund and ComCare can provide additional assistance if they are unable to afford their cost of care even after means-tested Government subsidies and the proposed payouts from the enhanced scheme.

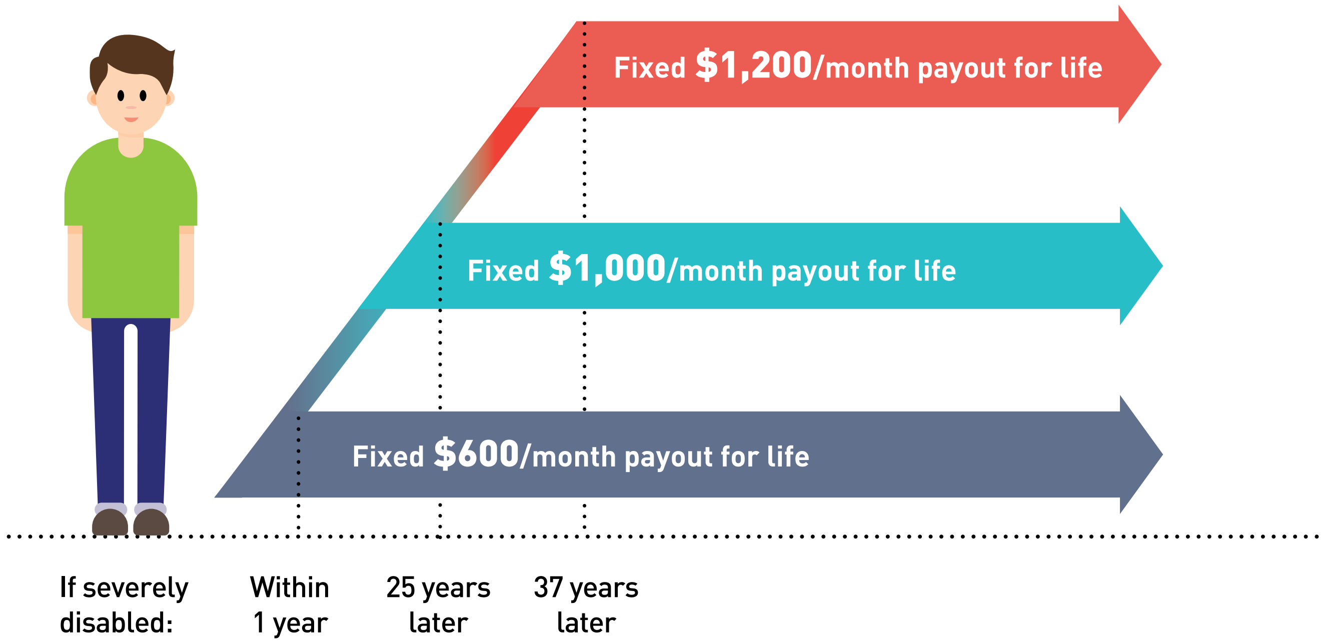
Designing payouts to increase regularly will help protect its real value over time. Our Committee believes that it is crucial for payouts to remain relevant years after Singaporeans are enrolled in the enhanced scheme, as severe disability is more likely to happen in old age. The increase in payouts should be meaningful, but not excessive. It should take reference from general inflation.[29] There is a need to strike a balance because higher payout escalation will have to be funded by higher premiums.

Payout increases should be supported by regular premium adjustments to ensure the enhanced scheme remains actuarially sound and sustainable over time. We propose that payout increases should cease[30] once premium payment stops. This would happen at the end of the premium payment term (which we have proposed to be at age 67 in Chapter 8), or when a successful claim is made, whichever is earlier, as shown in Figure 7.3. A detailed estimated payout schedule can be found in Annex D.

[29] Our Committee referenced the Monetary Association of Singapore's (MAS) Core Inflation. From 2007 to 2017, MAS Core Inflation was an average of 1.8%.

[30] If a policyholder makes a claim before age 67 and subsequently recovers, payouts will stop and premium payment will resume until age 67, or whenever another successful claim is made, whichever earlier. Potential payouts will continue to increase until the policyholder makes a claim.

Figure 7.3: Estimated monthly payouts^ for a 30-year-old policyholder at scheme launch who becomes severely disabled within 1 year, 25 years later or 37 years later



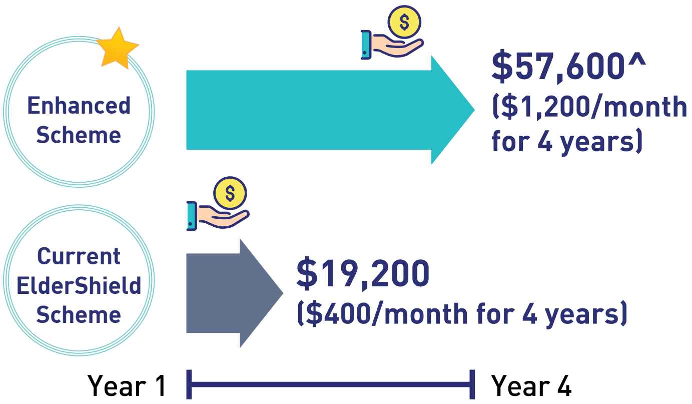
Note: Monthly payout figures are rounded to the nearest hundred.

^ Payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a payout increase of 2% per year. Actual future payouts will vary depending on the regular adjustments.

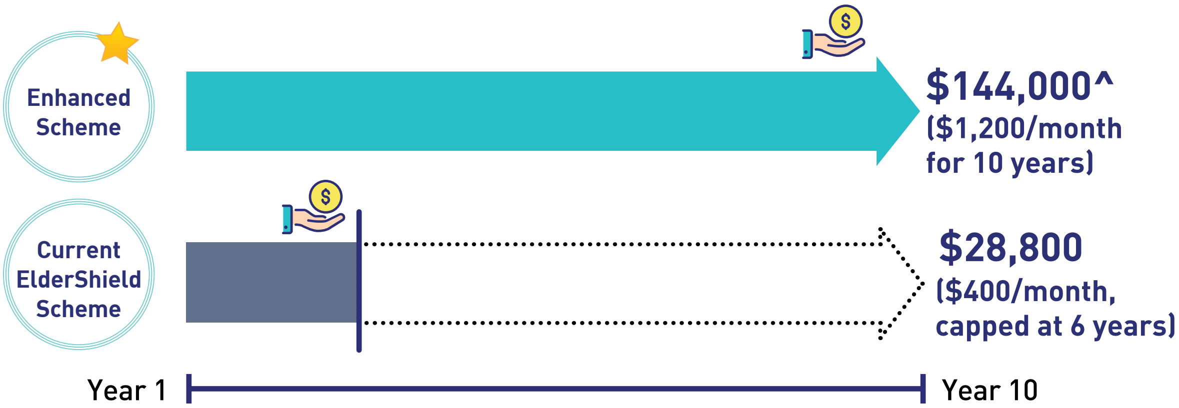
Taking Recommendations 3 and 4 together, claimants and their families will receive higher total payouts under the enhanced scheme, compared to the current ElderShield scheme. This is shown in Figure 7.4.

Figure 7.4: Comparison of total estimated payouts for a 30-year-old policyholder at scheme launch who becomes severely disabled after age 67 under the current ElderShield scheme and the enhanced scheme

IN SEVERE DISABILITY FOR 4 YEARS
For those who live 4 years in severe disability, the enhanced scheme could provide **3 times** the payouts compared to the current ElderShield scheme



IN SEVERE DISABILITY FOR 10 YEARS
For those who live 10 years in severe disability, the enhanced scheme could provide **5 times** the payouts compared to the current ElderShield scheme



Note: Monthly payout figures are rounded to the nearest hundred.
^ Payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a payout increase of 2% per year. Actual future payouts will vary depending on the regular adjustments.

Some participants at the focus group discussions suggested other benefit enhancements, such as an initial lump-sum payout, or payouts upon mild/moderate disability instead of upon severe disability. We considered these suggestions, but prioritised critical benefit enhancements to the payout duration and quantum so that the enhanced scheme is kept affordable for all Singaporeans. Benefits beyond those recommended for the enhanced scheme can be provided by the private sector through Supplements, to encourage diversity in product offerings to meet the different needs of Singaporeans.

08

KEEPING PREMIUMS AFFORDABLE AND SCHEME SUSTAINABLE

KEEPING PREMIUMS **AFFORDABLE** AND SCHEME **SUSTAINABLE**

With enhancements to ElderShield benefits, corresponding premiums will increase. Our Committee looked into ways to improve premium affordability for Singaporeans, while ensuring the enhanced scheme remains sustainable in the long-term.

Recommendation 5: Premiums should be actuarially priced and adjusted regularly to take into account changes in payout quantum and claims experience.

Premiums should be priced based on actuarial principles. This ensures that premiums collected are able to support the expected claims from the enhanced scheme and that the scheme remains sustainable over the long-term. To minimise intergenerational transfers, premiums should be risk-pooled within generations, to cover a generation's current and future claims.

The pricing of premiums should take into account factors such as:

- The benefits of the enhanced scheme, including the regular adjustments in payouts, and lifetime payouts.
- Claims experience, and changes in longevity and disability trends.
- Differences in life expectancy, and the likelihood and duration of severe disability between men and women. Gender-differentiated premiums accurately reflect these differences and ensure the enhanced scheme remains sustainable regardless of the mix of men and women who join.
- Investment returns on the insurance fund.

Why are MediShield Life premiums gender-neutral and ElderShield premiums gender-differentiated?

MediShield Life premiums are gender-neutral while ElderShield premiums are gender-differentiated due to the way the schemes are designed.

MediShield Life is a hospitalisation insurance scheme that is designed to provide lifetime coverage and requires policyholders to pay premiums for life. This means that it does not need to insure against the different life expectancies of each gender, as premiums are payable for every year of coverage. Over a lifetime, while women may make more claims since they have a longer life expectancy, they would also have paid more years of premiums compared to men.

On the other hand, ElderShield is a severe disability insurance scheme that is also designed to provide lifetime coverage, but only requires policyholders to pay premiums from age 40 to 65. Given that ElderShield premiums are paid by men and women for the same number of years, but provides lifetime coverage, women would need to pay higher premiums to reflect their longer life expectancy. In addition, the risk of severe disability differs between men and women, especially beyond age 65, when premium payment has stopped. Thus, ElderShield premiums are gender-differentiated to reflect the difference in risks.

It is challenging to accurately project claims experience, longevity and disability trends decades in advance. Thus, regular reviews and adjustments to premiums and payouts are necessary to ensure scheme sustainability.

An independent council should be set up to regularly review and recommend premium and payout adjustments to the Government, in accordance with an actuarially sound adjustment framework to ensure the enhanced scheme remains sustainable.

- If claims experience is better than expected, the council could recommend adjustments to future payouts and premiums (e.g. slow down premium increases or accelerate payout increases) or to return surpluses to policyholders as a premium rebate.
- Conversely, if the claims experience is worse than expected, the council could recommend adjustments to strengthen the sustainability of the enhanced scheme (e.g. accelerate premium increases or slow down payout increases).
- It is the council's role to make recommendations to ensure that the enhanced scheme remains sustainable, and their recommendations should be made publicly available.

The Government should adopt appropriate measures to ensure social responsibility in the payment of premiums for the enhanced scheme, for its long-term sustainability. Any default in premiums that is not recovered will become a bad debt to the enhanced scheme, and will be shouldered by other policyholders in the form of higher premiums. Therefore, suitable premium recovery measures and penalties should be considered for policyholders who choose to default on their premiums, even though they are able to afford the premiums. This is consistent with the approach for other similar schemes overseas.

Recommendation 6: Premium payment should be spread over a longer duration during Singaporeans' working years, from age 30 to 67

Lengthening the duration of premium payment lowers annual premiums and helps to keep premiums more affordable.

ElderShield premiums are currently paid from age 40 to 65. Under the enhanced scheme, our Committee recommends that **premiums be paid from age 30, and continue until the current re-employment age, at age 67. With this, coverage should also start at age 30.**

A number of participants at the focus group discussions supported this change, as premiums will still largely be paid during Singaporeans' working years.

- At age 30, most Singaporeans would have started working and be making regular contributions to their MediSave accounts.[31]
- At age 67, the current re-employment age, a significantly larger proportion of Singaporeans are working compared to a decade ago, and our Committee expects this trend to continue for future cohorts of Singaporeans.[32] Among those at the current re-employment age of 67, most would have a positive MediSave account balance.[33]

The premium payment end age for the enhanced scheme can be reviewed in the future should the re-employment age change.

Premium payment should be spread over a minimum of 5 to 10 years, even if it extends beyond age 67, for older Singaporeans in existing cohorts who decide to join the enhanced scheme. This is a reasonable and effective design to lower the annual premiums payable, so that more Singaporeans in existing cohorts would consider joining the enhanced scheme.

Recommendation 7: The Government should continue to allow policyholders to use MediSave to pay for the full amount of premiums under the enhanced scheme.

Premiums for the enhanced scheme should continue to be fully payable from MediSave, similar to premiums for the current ElderShield scheme, as existing ElderShield policyholders have found this to be assuring.

Premiums for the enhanced scheme can be paid for entirely from the annual MediSave contributions of most working households in future cohorts. This includes lower-income households, after taking into account Government subsidies.

Family support continues to be important. **Immediate family members should continue to be allowed to use their MediSave to pay the premiums** of the enhanced scheme on behalf of their loved ones.

[31] In 2017, the Labour Force Participation Rate for Singapore Residents aged 30 to 34 was 91.8%% (Source: Ministry of Manpower and Department of Statistics Singapore), and about 99% had positive balances in their MediSave accounts.

[32] In 2017, the Labour Force Participation Rate for Singapore residents aged 65 to 69 was 43.4%, compared to 26.6% in 2007. (Source: Ministry of Manpower and Department of Statistics Singapore.)

[33] About 99% of Singapore residents aged 67 had positive balances in their MediSave accounts.

Our Committee noted concerns from some participants at the focus group discussions that premiums of the enhanced scheme will be an added burden on top of MediShield Life premiums. We recommend that the Government ensures all households are able to afford the premiums of their basic healthcare insurance schemes (i.e. MediShield Life and the enhanced scheme) from their annual MediSave contributions, and that sufficient support is provided to Singaporeans who face financial difficulties.

Recommendation 8: The Government should provide means-tested premium subsidies under the enhanced scheme.

Singaporeans in financial need may require assistance to pay their premiums for the enhanced scheme. Government support for premiums for lower- and middle-income Singaporeans will be an important feature of the enhanced scheme to ensure that all Singaporeans can afford their premiums.

Our Committee welcomes **the Government's commitment to support lower- and middle-income Singaporeans with their premiums** under the enhanced scheme through:

- **Permanent means-tested premium subsidies of up to 30% to help lower- to middle-income Singaporeans**. The detailed subsidy rates are in Annex E.
- **Transitional subsidies for the first 5 years from scheme launch for future cohorts of Singapore Citizens**, to ease their transition into the enhanced scheme.
- **Additional Premium Support for Singaporeans** who are unable to pay their premiums under the enhanced scheme even after premium subsidies, so that no one will lose coverage.

With the Government's support, the estimated monthly premiums for 30- and 40-year-olds, before and after premium subsidies, are shown in Figure 8.1. While premiums are paid annually, we have illustrated the premiums as monthly premiums as this can be easily compared against a person's monthly MediSave contributions and the monthly benefit payouts upon severe disability.
The full indicative annual premium schedules for 30- and 40-year-olds are in Annex E.

Figure 8.1 Estimated monthly premiums for Singapore Citizens, age 30 and 40 at scheme launch, for selected monthly per capita household income (PCHI) groups

Male (Age 30 at scheme launch)

Policy year	Monthly premium[a] before subsidies (S$)	Monthly premium after permanent[b] and transitional subsidies[c] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	17	6	11
Y2	17	7	12
Y3	18	8	14
Y4	18	9	15
Y5	19	10	16
Y6[d]	19	13	19

Female (Age 30 at scheme launch)

Policy year	Monthly premium[a] before subsidies (S$)	Monthly premium after permanent[b] and transitional subsidies[c] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	21	9	15
Y2	21	10	16
Y3	22	11	18
Y4	22	12	19
Y5	23	13	20
Y6[d]	23	16	23

Male (Age 40 at scheme launch)

Policy year	Monthly premium[a] before subsidies (S$)	Monthly premium after permanent[b] and transitional subsidies[c] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	25	11	19
Y2	25	13	20
Y3	26	14	21
Y4	26	15	23
Y5	27	16	24
Y6[d]	27	19	27

Female (Age 40 at scheme launch)

Policy year	Monthly premium[a] before subsidies (S$)	Monthly premium after permanent[b] and transitional subsidies[c] (S$)	
		Monthly PCHI $1,100 or less	Monthly PCHI $2,601 or above
Y1	30	15	25
Y2	31	17	26
Y3	32	18	28
Y4	32	19	29
Y5	33	21	30
Y6[d]	34	24	34

Note: For reference, the monthly premiums at age 40 for the current ElderShield scheme are $15 and $18 for males and females respectively.

[a] Premiums will increase over time, alongside regular increases in payouts. Figures shown here assume a premium increase of 2% per year, alongside payouts that are assumed to increase at a rate of 2% per year. Premiums and payouts will be reviewed regularly and may be adjusted to account for claims experience and long-term changes in disability and longevity trends.

[b] Applicable to Singapore Citizens living in properties with an Annual Value (AV) of $13,000 or less. For those with monthly PCHI between $1,101 - $2,600 and/or AV above $13,000, please refer to Annex E. Permanent Residents will receive half of the applicable permanent subsidies for Singapore Citizens.

[c] Transitional subsidies will be given to Singapore Citizens who are enrolled within the first 5 years upon launch of the enhanced scheme, to offset annual premiums ($70 in Year 1, $60 in Year 2, $50 in Year 3, $40 in Year 4 and $30 in Year 5).

[d] Transitional subsidies will phase out by Year 6.

Figure 8.2 and Figure 8.3 illustrate the premium impact after Government subsidies for 2 households, compared against their MediSave contributions. More illustrations are in Annex F.

Figure 8.2: Premium impact on a household with a sole breadwinner, aged 30, with monthly per capita household income (PCHI) $1,100 or less

Mr Teo (Singapore Citizen, aged 30 at scheme launch) is single and lives with his elderly mother. He is the sole breadwinner with an income of $2,200/month (monthly PCHI $1,100).

The net enhanced scheme premium for Mr Teo cost $6/month in Year 1, which is about 4% of his monthly household MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Mr Teo's premium net of subsidies[b] for the enhanced scheme
Year 1	$176/month	$6/month
Year 6[c]		$13/month

[a] Assumes prevailing MediSave contribution of 8% for those aged below 35.
[b] Mr Teo's premium is shown on a per month basis but are payable per year. Premiums are net of permanent subsidies (30% of premiums for Singapore Citizens with monthly PCHI $1,100 or less) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

Figure 8.3: Premium impact on a couple, both aged 40, with monthly per capita household income (PCHI) $1,100 or less

Mr Singh and his wife (both Singapore Citizens, aged 40 at scheme launch) are married with 2 children. Mr Singh and his wife each have an income of $2,200/month (monthly PCHI $1,100).

The total net enhanced scheme premiums for Mr Singh and his wife cost $27/month in total in Year 1, which is about 7% of the monthly household MediSave contribution.

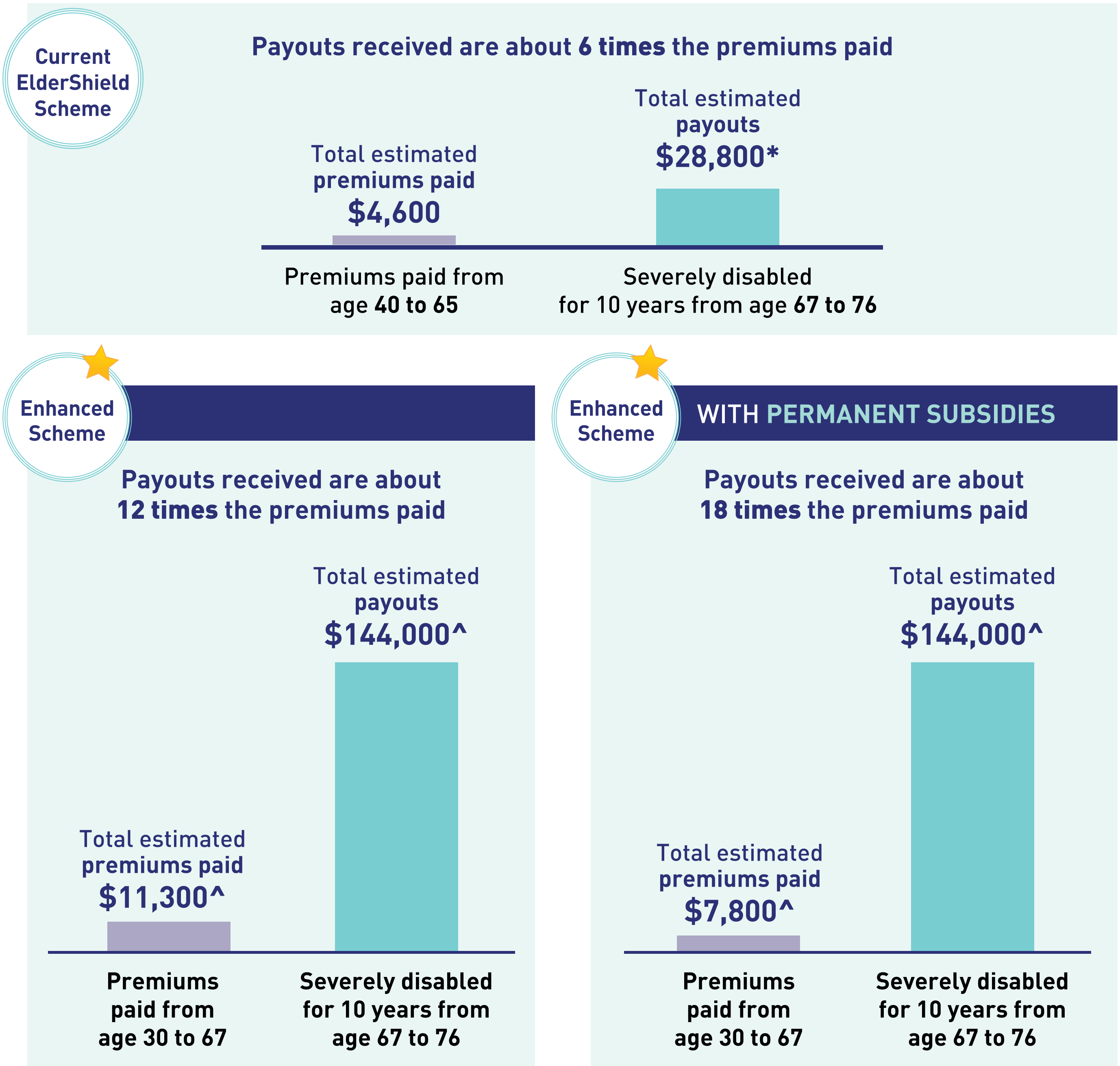
Year upon scheme launch	Household MediSave contribution[a]	Their total premiums net of subsidies[b] for the enhanced scheme
Year 1	$396/month	$27/month
Year 6[c]		$43/month

[a] Assumes prevailing MediSave contribution of 9% for those aged 35 to below-45.
[b] Their total premiums are shown on a per month basis but are payable per year. Premiums are net of permanent subsidies (30% of premiums for Singapore Citizens with monthly PCHI $1,100 or less) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

With the enhanced scheme's payout and premium design, a 30-year-old male who enrols in the enhanced scheme at scheme launch and becomes severely disabled for 10 years at age 67, would receive about $144,000 in payouts, or about 12 times what he would have paid in premiums. Under the current ElderShield scheme, he would receive $28,800 in payouts, or about 6 times what he would have paid in premiums.

Permanent subsidies provided under the enhanced scheme also helps to lower premiums for lower- to middle-income policyholders. Under the same scenario, a lower-income male policyholder would receive about 18 times what he would have paid in premiums. This is because of the Government subsidies applied on his premiums. Figure 8.4 provides an illustration.

Figure 8.4: Comparison of total estimated payouts received and premiums paid by a 30-year old male policyholder who becomes severely disabled for 10 years at age 67



Note: Premium and payout figures are rounded to the nearest hundred.

* Payouts of the current ElderShield scheme are capped at 6 years.

^ Premiums (before subsidies) and payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a premium and payout increase of 2% per year. Actual future premiums and payouts will vary depending on the regular adjustments.

09

IMPROVING ADMINISTRATION, EXPERIENCE AND AWARENESS

IMPROVING ADMINISTRATION, EXPERIENCE AND AWARENESS

Our Committee recognised that there were other aspects of the ElderShield scheme that could be enhanced. We put together a set of recommendations that would improve the administration, claims process, and awareness of the enhanced scheme to enable this scheme to better support the long-term care needs of Singaporeans.

Recommendation 9: The Government should administer the enhanced scheme.

Government administration will better support the enhanced scheme as a key pillar of Singapore's overall social safety net.

Administration by the Government on a not-for-profit basis ensures that premiums paid are fully used to support policyholders. It will also facilitate the provision of premium support to Singaporeans who need help to pay their premiums, and offer more flexibility for the Government to make future scheme enhancements.

A single administrator will also simplify scheme administration for policyholders and ensure consistent policy servicing compared to the current administration by 3 private administrators.

- Currently, policyholders are allocated randomly to the ElderShield insurers and may not remember their insurer. As a result, they might need to call all 3 ElderShield insurers to find out who they are insured with when they want to make a claim.

Agencies such as the **Central Provident Fund Board (CPFB) and the Agency for Integrated Care (AIC), which have experience in insurance administration and claims assessment for disability schemes respectively, should be tapped on to implement the enhanced scheme.** While this may involve a few agencies performing different functions, policyholders should be serviced seamlessly through channels such as a single hotline or website.

- CPFB already administers various national insurance schemes (e.g. MediShield Life, CPF LIFE, Home Protection Scheme, etc.). It can possibly draw on its experience and leverage existing processes to aid in policy administration and payout disbursement of the enhanced scheme.

- AIC already administers various old-age disability assistance schemes (e.g. Pioneer Generation Disability Assistance Scheme (PioneerDAS), Interim Disability Assistance Programme for the Elderly (IDAPE), etc.). It can tap on its existing capabilities to assess claims for the enhanced scheme. As one of the main touchpoints for Singaporeans requiring long-term care, AIC is well-positioned to provide holistic support for claims, grants and services that are not limited to the enhanced scheme.

Our Committee also recommends the following:

- **The Government to consider administering the current ElderShield schemes.** Our Committee believes that there is value for all policyholders, whether on the current or enhanced scheme, to be serviced by the same administrator. However, should the current ElderShield schemes continue to be managed by the private insurers, the Government should facilitate the upgrading of current ElderShield policyholders to the enhanced scheme.
- **The Government to continue allowing the private sector to offer Supplements.** Supplements can play a role in offering additional benefits to meet the varying long-term care needs of Singaporeans, on top of the enhanced scheme.

Recommendation 10: The claims and periodic re-assessment process should be simplified.

The claims and periodic re-assessment process should be simplified to help severely disabled policyholders and their caregivers cope better with their challenging circumstances, without losing robustness in claims assessment or compromising on scheme sustainability. Figure 9.1 shows an overview of the improvements to the claims process.

- **Staff at healthcare institutions, long-term care providers, AIC and other care touchpoints should be better enabled to assist clients with the claims process.** Our Committee observed that most severely disabled individuals would have passed through hospitals, long-term care providers or contacted AIC at some point. Staff can help clients who are ElderShield policyholders in their claims application process, if given access to their ElderShield coverage information. Adequate governance measures will need to be put in place to protect policyholders' privacy.
- **The impact of cognitive impairments on functional ability should be explicitly considered in the disability assessment framework for claims.** While the current ElderShield disability assessment already states that cognitive capacity should be taken into consideration when assessing policyholders' ability to physically perform the Activities of Daily Living (ADLs), it is not clear how ElderShield assessors should do so. This can lead to inconsistent outcomes for policyholders with cognitive impairments. The assessment framework should thus be modified to provide explicit guidance for ElderShield assessors to consider policyholders' ability to initiate a task, plan, and finally complete an ADL effectively and safely. This will allow cognitively impaired policyholders with higher care needs to consistently qualify for claims.
- **Equivalent assessments robustly conducted by qualified healthcare professionals should be accepted in lieu of the ElderShield disability assessment.** Other well-recognised functional assessments (e.g. Resident Assessment Form (RAF), Modified Barthel Index (MBI) and Functional Independence Measure (FIM)) that may have been done for policyholders by care providers as part of their care planning process, should be accepted for claims so that they need not

schedule a separate disability assessment by an ElderShield assessor. However, the appropriate threshold for admitting claims using these other functional assessments should be mapped to the claims criteria defined within the ElderShield disability assessment. Regular audits should also be conducted to ensure that the assessments are conducted with a high degree of rigour and consistency across the assessors.

- **Expand ElderShield assessor accreditation to include Occupational Therapists, Physiotherapists and Nurses** who are trained to assess functional ability. This helps to enlarge the pool of assessors to meet the expected increase in claims as Singapore's population ages, which makes it easier for policyholders to schedule a disability assessment.

- **Increase the fees for the ElderShield disability assessment.** The current disability assessment fees are $50 and $150 for clinic and non-clinic based assessments respectively, and were last reviewed in 2012. Fees should be adjusted to reflect the adjustment of salary norms over time, as well as the increase in complexity of the ElderShield disability assessment to take into account the impact of cognitive impairments on functional ability.

- **First-time disability assessment fees for claims should be waived so that eligible policyholders, especially the lower-income, are not deterred from making a claim.** Having to pay the fee upfront and the fear of having to absorb it if the claim is unsuccessful may pose a barrier to claim for some policyholders, especially the lower-income. However, to limit the risk of repeated assessments that are unnecessary or premature, subsequent fees for unsuccessful claims should not be reimbursed.

- **Fees for all successful claims should continue to be reimbursed, as per current practice.** This gives assurance to all severely disabled policyholders that they would not incur additional costs to make a claim.

- **Periodic re-assessments to determine continued eligibility of payouts should be better targeted, so that clearly permanently severely disabled claimants are exempted.** Periodic re-assessments play an important role in ensuring that payouts are not disbursed to claimants who have recovered from their severe disability. However, applying it bluntly may create unnecessary inconvenience. Currently, most claimants are required to go for yearly re-assessments, but only a small proportion are found to have recovered. By making better use of existing information on claimants' care settings and medical conditions, it is possible to determine how often claimants should be re-assessed in a more targeted manner.

Figure 9.1: Overview of Improvements to the Claims Process

CURRENT CLAIMS PROCESS MAY BE CHALLENGING

"I do not know how to make a claim or who to seek help from.

"The assessor list is small, and I am worried about the cost of the assessment.

"I just underwent assessments as part of my care journey, and was assessed to be severely disabled. Why do I need to do a separate ElderShield assessment?

"I am permanently severely disabled, why do I need to go for periodic re-assessments?

CLAIMS PROCESS WILL BE SIMPLIFIED

Check coverage and prepare claims form

- Severely disabled policyholders can seek advice from staff at healthcare institutions or long-term care providers

Schedule and undergo disability assessment

- Equivalent assessments done for care planning by qualified healthcare professionals can be used for ElderShield claims assessment
- Assessor accreditation to be expanded to include Occupational Therapists, Physiotherapists and Nurses
- First-time disability assessment fee to be waived, regardless of outcome. Fees for subsequent assessments that result in successful claims will also be reimbursed
- Impact of cognitive impairment explicitly considered in disability assessment
- Assessment fee paid to assessors to be increased

Submit claim, receive payouts, undergo periodic re-assessment

- Periodic re-assessments will be better targeted, e.g. those who are permanently severely disabled will be exempted

Recommendation 11: The enhanced scheme should be renamed CareShield Life to better reflect its objective, and the Government should further raise Singaporeans' awareness on the need to plan for long-term care.

Greater awareness of the need to plan for long-term care, and better understanding of long-term care financing and long-term care insurance, would help Singaporeans to be better prepared for old age.

- **A name change would help to raise awareness of the enhanced scheme, especially if the new name resonates more directly with younger Singaporeans.** Participants at the focus group discussions gave feedback that the scheme should be renamed to more directly convey the purpose of the scheme. Some had misunderstood that the scheme was for the elderly and thus had opted out of the scheme. We considered several options, and recommend the name "**CareShield Life**" which signals the scheme's intent to protect against long-term care costs. It also incorporates the "Shield" and "Life" branding associated with Singapore's national healthcare insurance schemes, and provides the assurance that the enhanced scheme protects Singaporeans for life.

- **Information on CareShield Life and long-term care financing should be more easily accessible.** Convenient access to information (e.g. consolidating information in a single website) enables Singaporeans to increase their level of understanding on their own if they wish to do so. Information that will be useful includes the range of possible long-term care options, costs and financing sources, key features of the enhanced scheme and the current ElderShield scheme, and statistics on severe disability.

- **Public education and awareness initiatives on the enhanced scheme and long-term care planning should be stepped up**. The Government should also reach out and actively engage Singaporeans to strengthen their awareness and interest in the issue through:

  - Partners which have a wide reach on the ground such as CPFB, AIC (which includes the Silver Generation Office), and the National Youth Council (NYC).

  - Utilising digital media, beyond conventional media platforms, to engage younger Singaporeans as they tend to consume more information online.

  - Talks and workshops, such as those conducted by the MoneySENSE-SP Institute for Financial Literacy.

- **Overall, Singapore's national insurance schemes (e.g. CareShield Life, MediShield Life, CPF LIFE, etc.) should be communicated in a more integrated manner to improve clarity and understanding on the ground**. More effort should be put in to explain how Singapore's national insurance schemes work together to provide assurance and protection for Singaporeans' healthcare, retirement and long-term care needs. Information on the various financing sources shown in the long-term care financing framework in Chapter 1 should also be communicated in a consolidated manner. These will help Singaporeans better understand the financing options and support for various needs.

APPRECIATION

THANK YOU for your contributions!

The ElderShield Review Committee would like to thank all members of the public who took the time to share their experiences and suggestions with us. They have enabled us to make recommendations for the enhanced scheme that will support the future long-term care needs of Singaporeans.

We would also like to thank all our partners who helped us reach out to Singaporeans from all walks of life, various stakeholders who provided meaningful inputs for our review, and all the volunteer facilitators and note-takers who supported our focus group discussions.

Finally, we would like to express our appreciation to the Secretariat for their support in the course of our work.

Partners for our Public Consultations
Association of Women for Action and Research (AWARE)
Caregivers Asia
Chinese Development Assistance Council (CDAC)
Government Parliamentary Committee for Health
Health Promotion Board (HPB)
Institute for Financial Literacy (IFL)
Insurance and Financial Practitioners Association of Singapore (IFPAS)
Lien Foundation
Ministry of Social and Family Development (MSF)
National Arts Council (NAC)
National Council of Social Service (NCSS)
National Trades Union Congress (NTUC)
National Youth Council (NYC)
PAP Seniors Group
People's Association (PA)
REACH
RSVP Singapore – The Organisation of Senior Volunteers
Silver Generation Office (SGO)
Singapore Council of Women's Organisation (SCWO)
Sport Singapore (SportSG)
Singapore Indian Development Association (SINDA)
The Eurasian Association (EA)
Yayasan MENDAKI

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ELDERSHIELD INSURERS

Aviva

Great Eastern Life Assurance

Income

OTHER INSURANCE STAKEHOLDERS

SCOR

Munich Re

Swiss Re

Reinsurance Group of America (RGA)

ACTUARIAL ADVISORS

Milliman Limited

Deloitte Actuaries & Consultants

ALL PARTICIPATING HEALTHCARE PROFESSIONALS

Allied Health Professionals

Doctors

Healthcare administrators

Medical Social Workers

Nurses

All participating Healthcare and Long-term Care Providers

All Government Agencies who have provided support

All Facilitators, Note-takers and other individuals and organisations who shared their views with Committee members formally or informally

ANNEXES

ANNEX A

ElderShield Review Committee Composition

Name	Designation
Mr Chaly Mah (Chairperson)	Chairman, Singapore Accountancy Commission Chairman, Singapore Tourism Board
Mr James Tan	Executive Secretary, Chemical Industries Employees' Union
Mr Koh Juay Meng	President, RSVP Singapore (The Organisation of Senior Volunteers)
Mr Mohamed Faizal Mohamed Abdul Kadir	Deputy Chief Prosecutor, Criminal Justice Division, Attorney-General's Chambers
Dr Thinesh Lee Krishnamoorthy	Consultant, Department of Gastroenterology & Hepatology, Singapore General Hospital
Claim Assessment Sub-Committee	
Dr Loh Yik Hin (Sub-Committee Chairperson)	Chief Executive Officer, St Andrew's Community Hospital
Ms Diana Chia	Immediate Past President, National Trades Union Congress
Dr Ng Wai Chong	Chief, Clinical Affairs, Tsao Foundation
Mdm Rahayu Mohamad	President, Singapore Muslim Women's Association
Government Administration Sub-Committee	
Ms Chan Chia Lin (Sub-Committee Chairperson)	Director, Holywell Pte Ltd
Mr Anthony Tan	Deputy Chief Executive Officer, Singapore Press Holdings
Ms Choo Oi San	Head of South Asia and Emerging Markets, Insurance Consulting and Technology, Willis Towers Watson
Ms Fang Eu-Lin	Partner, PricewaterhouseCoopers LLP Singapore
Dr Yusuf Ali	Assistant Professor, Lee Kong Chian School of Medicine, Nanyang Technological University, Singapore

ANNEX B

International Comparison of National Long-term Care Insurance Schemes[34]

	SINGAPORE	JAPAN	SOUTH KOREA	GERMANY	SWITZERLAND
Long-term Care (LTC) Financing Landscape					
How LTC is financed?	Subsidies, savings, insurance and Government-funded safety nets.[35]	LTC insurance finances a significant portion of LTC costs for the disabled, with a minimum co-payment of 10% for Japan. Co-payments may be further subsidised or waived for the lower-income. LTC insurance is funded by insurance contributions (paid by individuals and employers) and general taxes (20%).	LTC insurance finances a significant portion of LTC costs for the disabled, with a minimum co-payment of 15% or 20% for Korea.[36] Co-payments may be further subsidised or waived for the lower-income. LTC insurance is funded by insurance contributions (paid by individuals and employers) and general taxes (50%).	LTC insurance finances around 50% of LTC costs for the disabled, with a minimum co-payment of 25%. Government-funded safety nets support the low-income.	Compulsory, not-for-profit private health insurance which covers LTC services (e.g. home care and physiotherapy), disability income pensions and Government-funded safety nets.
LTC Insurance					
What is/are the LTC insurance programme(s) called?	ElderShield	Long-term care insurance system	National Health Insurance for the Elderly	Long-term care insurance	Mandatory health insurance (LAMal) Law on Disability Insurance (LAI) Law on Old Age and Survivors' Insurance (AVS)

[34] Data accurate as of end-2016 unless otherwise stated.
[35] Refer to Chapter 1, "Long-term Care Financing for an Ageing Population", for details on Singapore's long-term care financing framework.
[36] Co-payment is 20% if care is provided in an institution and 15% if care is provided at home.

	SINGAPORE	JAPAN	SOUTH KOREA	GERMANY	SWITZERLAND
Coverage					
Is coverage universal?	Opt-out basis	Universal Means-tested premium assistance may be available for those who cannot afford premiums, and penalties are imposed for those who can afford but do not pay their contributions.	Universal Means-tested premium assistance may be available for those who cannot afford premiums, and penalties are imposed for those who can afford but do not pay their contributions.	Universal Means-tested premium assistance may be available for those who cannot afford premiums, and penalties are imposed for those who can afford but do not pay their contributions. Possible to opt out of the LTC insurance and opt for private LTC insurance if income exceeds the contribution threshold.	Universal Means-tested premium assistance may be available for those who cannot afford premiums, and penalties are imposed for those who can afford but do not pay their contributions. Individuals can also choose a cheaper plan with higher co-insurance/deductible.
Who is covered?	All Singaporeans who turn age 40, unless they opt out, or have pre-existing severe disability.	All individuals aged 40 and above. However, individuals aged 40 to 64 can only receive benefits for ageing related diseases (e.g. Parkinson's, Alzheimer's Disease).	All individuals aged 40 and above. However, individuals aged 40 to 64 can only receive benefits for ageing related diseases (e.g. Parkinson's, Alzheimer's Disease).	All individuals regardless of age.	All individuals regardless of age.
Benefits					
What type of benefits?	Cash payout	Reimbursement for services	Choice of cash payout, or reimbursement for services. Amount of cash payout is based on services needed/ severity of disability.	Choice of cash payout, or reimbursement for services. Amount of cash payout is based on services needed/ severity of disability.	Choice of cash payout, or reimbursement for services. Amount of cash payout is based on services needed/ severity of disability.

	SINGAPORE	JAPAN	SOUTH KOREA	GERMANY	SWITZERLAND
How much are the benefits?	$300 per month for up to 5 years, or $400 per month for up to 6 years.	Benefits cover 90% of expenses for institutionalised care, home care services, community-based services and care preventive services. (Co-payment of 10%, but will be waived for the low-income on an appeal basis.)	Tiered payouts depending on care needs: **If cared for in an institution** Benefits cover up to S$1,446-S$1,785 per month depending on care level. (A minimum co-payment of 20%.) **If cared for at home** Benefits cover up to S$940-S$1,357 per month, depending on care needs. (A minimum co-payment of 15%.)	Tiered payouts depending on care needs: **If cared for in an institution** Benefits cover up to S$1,562- S$2,929 per month, depending on care level. (A minimum co-payment of 25%.) **If cared for at home** Benefits cover up to S$120-S$2,367 per month, with additional yearly benefits for caregivers.	Tiered payouts depending on care needs: Disability income pension benefits cover up to S$1,642-S$3,286 per month, depending on last earned income. If institutionalised, the amount of benefit is halved. Disabled individuals with children or widowers receive additional payouts. Health insurance covers up to 60 hours of care services a week (e.g. home health care, physiotherapy). (Has a deductible and minimum co-payment of 10%.)
How long do the benefits last for?	Up to 5 or 6 years	No cap on payout duration, but regular reviews of disability status are required for payouts to continue.	No cap on payout duration, but regular reviews of disability status are required for payouts to continue.	No cap on payout duration, but regular reviews of disability status are required for payouts to continue.	No cap on payout duration, but regular reviews of disability status are required for payouts to continue.
Premiums					
When are premiums paid?	Age 40 to 65	Age 40 onwards for life	Age 40 onwards for life	Age 0 to retirement (i.e. when no longer economically active)	Age 0 to retirement (i.e. when no longer economically active)
How much are premiums?	Fixed premiums from age 40 to 65; $152 or $175 per year for males, and $194 or $218 per year for females, depending on the ElderShield plan.	Premiums reviewed and set every 3 years. For age 65 and above, premiums are about $550- $2,000 per year per person, for households with a total income of $11,000-$94,000 per year. For age 40 to 64, premiums are 1% of income, split equally between employee and employer.	Linked to the National Health Insurance (NHI) contribution, which is tied to income. As of 2014, LTC insurance premiums were 6.55% of NHI insurance (or 0.35% of income).	As of 2017, LTC insurance premiums were 2.55% of income, split equally between employee and employer where applicable. Those who have no children pay an extra 0.25% of income. (Child dependants are covered under their parents' coverage.)	**Private health insurance** Premiums depend on the insurer, insurance plan, age and gender. The average annual premium in 2015 was $5,386. **Disability income pensions** Premiums are 1.4% and 8.4% of income for invalid pension, and old-age and survivor pension respectively. Premiums for both pension plans are split equally between employee and employer where applicable.

	SINGAPORE	JAPAN	SOUTH KOREA	GERMANY	SWITZERLAND
Claims Criteria and Assessment Process					
What is the claims criteria and assessment process?	Assessed by an ElderShield assessor to be unable to perform at least 3 of the 6 Activities of Daily Living (ADLs).	An 85-item questionnaire to assign to 1 of the 7 needs levels, and the results are reviewed by the Care Needs Certification Board. This is the most lenient claims criteria across countries compared, as an individual may be eligible for claim even if only some assistance to maintain independence and prevent deterioration is required.	ADLs assessed by agents from the National Health Insurance Corporation (NHIC), and eligibility for claim is decided by the Assessment Committee, consisting of doctors, nurses, etc., after a needs assessment based on physical condition such as physical/ mental function, extent of dependence, ability to carry out essential tasks of daily living.	Assessed by care staff or doctors from the Medical Review Board to require at least some impairment to independence on physical and mental conditions, on a long-term basis of at least 6 months. Must have paid at least 2 years' worth of premiums in the decade preceding the claim application to be eligible to claim.	**Private health insurance** Eligible for claim if individual is assessed to require LTC services (e.g. palliative care). **Disability income pension** Eligible for claim if there is a drop in income of at least 40% before and after disability (with rehabilitation), with a waiting period of 1 year. Alternatively, an elderly individual with no income must require assistance with ADLs.
Sustainability					
What are the concerns with scheme sustainability?	Concerns with sustainability of the LTC financing system as it is currently weighted towards Government subsidies and personal/family savings, which will be unsustainable as the population ages. The role of insurance needs to be strengthened.	Concerns with scheme sustainability due to its pay-as-you-go system and lenient claims criteria. The Government is exploring measures such as raising co-payment from 10% to 20%, and tightening the claims criteria.	Concerns with scheme sustainability due to its pay-as-you-go system. Current percentage of income for premiums could potentially be raised to balance costs and revenue.	Concerns with scheme sustainability due to its pay-as-you-go system. Current percentage of income for premiums could potentially be raised to balance costs and revenue.	A pay-as-you-go system, but less concern about scheme sustainability at the moment as average annual premiums are high (around $5,000 in 2015). However, there are concerns with premium affordability. The Government expects to play a larger role in financing LTC costs in future.

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ANNEX C

Existing Government Support Schemes for Younger Persons with Disabilities

Younger persons with disabilities and their parents/caregivers can tap on the following schemes to support their care.

Government Subsidies for Services and Programmes	• **Early Intervention Programme for Infants and Children (EIPIC) and Development Support Programme (DS)** provide parents of children receiving early intervention under these programmes a monthly base subsidy and additional means-tested subsidies. • **Enhanced Pilot for Private Intervention Providers (Enhanced PPIP)** helps parents defray the cost of enrolling their children with developmental delays in selected private intervention centres. • **Child Development Programme in the KK Women's and Children's Hospital (KKH) and National University Hospital (NUH)** provides medical diagnoses and therapy services for pre-school children with a range of developmental needs.
Government Assistance Schemes	• **Special Education Financial Assistance Scheme (SPED FAS)** provides financial assistance (e.g. waiver of school fees, free textbooks and school attire, meal subsidies and transport credit) for needy Singaporean students in Government-funded Special Education (SPED) schools. • **Caregiver Training Grant (CTG)** provides subsidies for caregivers to enhance their capabilities in caregiving. • **Foreign Domestic Worker Grant (FDWG) and Foreign Worker Levy Concessions (FWLC)** defray the costs of hiring a foreign domestic worker to care for the person with disability at home. • **Public Transport Concession Scheme for Persons with Disabilities, VWO Transport Subsidies, Taxi Subsidy Scheme (TSS), and Disabled Persons Scheme (DPS)** lower the cost of transport to work, school or training for eligible persons with disabilities. • **Assistive Technology Fund (ATF)** provides subsidies for eligible persons with disabilities to purchase assistive technology devices such as wheelchairs to aid early intervention, education, training, employment, therapy, rehabilitation and/or independence in daily living. • **ComCare** provides assistance to low-income Singaporeans who are unable to meet their basic needs.

Financial Planning for Savings	• **Special Needs Savings Scheme (SNSS)** enables parents of persons with disabilities to set aside CPF savings for their children's long-term care, and nominate their children to receive regular, fixed payouts upon their demise.

For more details on:

- The Child Development Programme at KKH and NUH, please contact the respective healthcare institutions.
- The SPED FAS scheme, please refer to https://www.moe.gov.sg/education/special-education/what- financial-support-is-available-for-sped-school-students.
- The remaining schemes, please refer to www.msf.gov.sg/assistance.

ANNEX D

Estimated Schedule of Payouts Under the Enhanced Scheme

Year X from Scheme Launch	Estimated Payouts[a] for Policyholders who Become Severely Disabled in Year X	
	Monthly Payouts	Annual Payouts
Year 1	$600	$7,200
Year 2	$612	$7,344
Year 3	$624	$7,491
Year 4	$637	$7,641
Year 5	$649	$7,794
Year 6	$662	$7,949
...	...	...
Year 26	$984	$11,812
...	...	...
Year 38	$1,248	$14,981

[a] Payouts under the enhanced scheme will increase until age 67 or when a successful claim is made, whichever is earlier. The above illustration assumes a payout increase of 2% per year. Payouts will be reviewed regularly and may be adjusted to account for claims experience and long-term changes in disability and longevity trends. The payout quantum is fixed while the policyholder is actively claiming.

ANNEX E

Subsidies and Premiums for the Enhanced Scheme

Figure E.1: Permanent means-tested premium subsidies for Singapore residents[a]

Type of Premium Subsidy	Monthly PCHI $1,100 or less	Monthly PCHI $1,101 - $1,800	Monthly PCHI $1,801 - $2,600[b]
Subsidy Rates for Singapore Citizens[c]	30%	25%	20%

[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 $13,001 to $21,000 will receive 10 percentage points less than these subsidy rates. Those with Annual Value of above $21,000 will not receive these subsidies.

[b] Individuals with monthly PCHI above $2,600 will not receive these subsidies.

[c] Permanent Residents receive half of the subsidy rates applicable to Singapore Citizens.

Figure E.2: Schedule of transitional subsidies for Singapore Citizens in future cohorts[a]

Age in Year 1 of Scheme Launch	Years from Scheme Launch						Total Transitional Subsidy
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
26[a]	-	-	-	-	$30	N.A. (end of transitional subsidy)	$30
27	-	-	-	$40	$30		$70
28	-	-	$50	$40	$30		$120
29	-	$60	$50	$40	$30		$180
30 – 40	$70	$60	$50	$40	$30		$250

[a] Transitional subsidies are only available to Singapore Citizens who are enrolled within the first 5 years from launch of the enhanced scheme, i.e. those who are aged between 26 and 40 at scheme launch.

Estimated annual premium schedule for the enhanced scheme for cohorts age 30 to 40 at scheme launch

Figure E.3: Estimated annual premiums for male Singapore Citizens of various monthly per capita household income (PCHI) groups

Age upon Scheme Launch	Annual premium[a] (S$), in Year X from scheme launch, before subsidies						Annual premium (S$), in Year X from scheme launch, after permanent[b] and transitional[c] subsidies: Monthly PCHI $1,100 or less						Monthly PCHI $1,101 - $1,800						Monthly PCHI $1,801 - $2,600						Monthly PCHI $2,601 or above					
	Y1	Y2	Y3	Y4	Y5	Y6[d]	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6
30	206	210	214	218	223	227	74	87	100	113	126	159	84	97	111	124	137	170	95	108	121	135	148	182	136	150	164	178	193	227
31	212	217	221	225	230	234	79	92	105	118	131	164	89	102	116	129	142	176	100	113	127	140	154	188	142	157	171	185	200	234
32	219	224	228	233	237	242	84	97	110	123	136	169	94	108	121	135	148	182	105	119	133	146	160	194	149	164	178	193	207	242
33	227	231	236	241	245	250	89	102	115	128	142	175	100	113	127	140	154	188	111	125	139	152	166	200	157	171	186	201	215	250
34	235	239	244	249	254	259	94	108	121	134	148	181	106	119	133	147	160	194	118	131	145	159	173	207	165	179	194	209	224	259
35	244	248	253	259	264	269	101	114	127	141	155	188	113	126	140	154	168	202	125	139	153	167	181	215	174	188	203	219	234	269
36	252	257	263	268	273	279	107	120	134	148	161	195	119	133	147	161	175	209	132	146	160	174	189	223	182	197	213	228	243	279
37	262	267	272	278	283	289	113	127	141	154	168	202	126	140	154	168	183	217	139	154	168	182	197	231	192	207	222	238	253	289
38	272	277	283	288	294	300	120	134	148	162	176	210	134	148	162	176	191	225	147	162	176	191	205	240	202	217	233	248	264	300
39	282	288	294	300	306	312	128	142	156	170	184	218	142	156	170	185	199	234	156	170	185	200	215	249	212	228	244	260	276	312
40	295	301	307	313	320	326	137	151	165	179	194	228	151	166	180	195	210	245	166	181	196	211	226	261	225	241	257	273	290	326

[a] Premiums will increase over time, alongside regular increases in payouts. Figures shown here assume a premium increase of 2% per year, alongside payouts that are assumed to increase at a rate of 2% per year. Premiums and payouts will be reviewed regularly and may be adjusted to account for claims experience and long-term changes in disability and longevity trends.

[b] Permanent subsidy rates in Figure E.1 were used, and are applicable to Singapore Citizens living in properties with an Annual Value (AV) of $13,000 or less. Those with an AV of between $13,101 to $21,000 will receive 10 percentage points less than the permanent subsidy rates in Figure E.1. Those living in properties of above $21,000 will not receive permanent subsidies. Permanent Residents will receive half of the applicable subsidy rates for Singapore Citizens.

[c] Transitional subsidies will be given to Singapore Citizens who are enrolled within the first 5 years upon launch of the enhanced scheme, to offset annual premiums ($70 in Year 1, $60 in Year 2, $50 in Year 3, $40 in Year 4 and $30 in Year 5).

[d] Transitional subsidies will phase out by Year 6.

Figure E.4: Estimated annual premiums for female Singapore Citizens of various monthly per capita household income (PCHI) groups

Age upon Scheme Launch	Annual premium[a] (S$), in Year X from scheme launch, before subsidies						Annual premium (S$), in Year X from scheme launch, after permanent[b] and transitional[c] subsidies																							
							Monthly PCHI $1,100 or less						Monthly PCHI $1,101 - $1,800						Monthly PCHI $1,801 - $2,600						Monthly PCHI $2,601 or above					
	Y1	Y2	Y3	Y4	Y5	Y6[d]	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6	Y1	Y2	Y3	Y4	Y5	Y6
30	253	258	263	268	274	279	107	121	134	148	162	195	120	133	147	161	175	209	132	146	160	175	189	223	183	198	213	228	244	279
31	261	266	272	277	283	288	113	127	140	154	168	202	126	140	154	168	182	216	139	153	167	182	196	231	191	206	222	237	253	288
32	270	275	281	287	292	298	119	133	147	161	175	209	133	147	161	175	189	224	146	160	175	189	204	239	200	215	231	247	262	298
33	279	285	291	296	302	308	126	139	153	168	182	216	140	154	168	182	197	231	153	168	183	197	212	247	209	225	241	256	272	308
34	289	295	301	307	313	319	132	147	161	175	189	224	147	161	176	190	205	240	161	176	191	206	220	255	219	235	251	267	283	319
35	300	306	313	319	325	332	140	154	169	183	198	232	155	170	184	199	214	249	170	185	200	215	230	265	230	246	263	279	295	332
36	312	318	324	331	337	344	148	162	177	191	206	241	164	178	193	208	223	258	179	194	209	225	240	275	242	258	274	291	307	344
37	324	330	337	343	350	357	157	171	186	200	215	250	173	188	203	218	233	268	189	204	219	235	250	286	254	270	287	303	320	357
38	336	343	350	357	364	371	165	180	195	210	225	260	182	197	212	228	243	279	199	215	230	246	261	297	266	283	300	317	334	371
39	350	357	364	372	379	387	175	190	205	220	235	271	193	208	223	239	254	290	210	226	241	257	273	309	280	297	314	332	349	387
40	366	373	380	388	396	404	186	201	216	232	247	283	204	220	235	251	267	303	222	238	254	270	287	323	296	313	330	348	366	404

[a] Premiums will increase over time, alongside regular increases in payouts. Figures shown here assume a premium increase of 2% per year, alongside payouts that are assumed to increase at a rate of 2% per year. Premiums and payouts will be reviewed regularly and may be adjusted to account for claims experience and long-term changes in disability and longevity trends.

[b] Permanent subsidy rates in Figure E.1 were used, and are applicable to Singapore Citizens living in properties with an Annual Value (AV) of $13,000 or less. Those with an AV of between $13,101 to $21,000 will receive 10 percentage points less than the permanent subsidy rates in Figure E.1. Those living in properties of above $21,000 will not receive permanent subsidies. Permanent Residents will receive half of the applicable subsidy rates for Singapore Citizens.

[c] Transitional subsidies will be given to Singapore Citizens who are enrolled within the first 5 years upon launch of the enhanced scheme, to offset annual premiums ($70 in Year 1, $60 in Year 2, $50 in Year 3, $40 in Year 4 and $30 in Year 5).

[d] Transitional subsidies will phase out by Year 6.

ANNEX F

Premium Impact on Various Households

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

A sole breadwinner, aged 30, with monthly per capita household income (PCHI) $1,101 - $1,800

Mr Tan (Singapore Citizen, aged 30 at scheme launch) is single and lives with his elderly mother. He is the sole breadwinner with an income of $3,000/month (monthly PCHI $1,500).

The net enhanced scheme premium for Mr Tan cost $7/month in Year 1, which is about 3% of his monthly household MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Mr Tan's premium net of subsidies[b] for the enhanced scheme
Year 1	$240/month	$7/month
Year 6[c]		$14/month

[a] Assumes prevailing MediSave contribution rate of 8% for those aged below 35.
[b] Mr Tan's premium is net of permanent subsidies (25% of premiums for Singapore Citizens with monthly PCHI $1,101 - $1,800) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

A sole breadwinner, aged 30, with monthly per capita household income (PCHI) $1,801 - $2,600

Mr Rizwan (Singapore Citizen, aged 30 at scheme launch) is single and lives with his elderly mother. He is the sole breadwinner with an income of $4,000/month (monthly PCHI $2,000).

The net enhanced scheme premium for Mr Rizwan costs $8/month in Year 1, which is about 2% of his monthly household MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Mr Rizwan's premium net of subsidies[b] for the enhanced scheme
Year 1	$320/month	$8/month
Year 6[c]		$15/month

[a] Assumes prevailing MediSave contribution rate of 8% for those aged below 35.
[b] Mr Rizwan's premium is net of permanent subsidies (20% of premiums for Singapore Citizens with monthly PCHI $1,801 - $2,600) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

A sole breadwinner, aged 30, with monthly per capita household income (PCHI) $2,600 or above

Mr Raju (Singapore Citizen, aged 30 at scheme launch) is single and lives with his elderly mother. He is the sole breadwinner with an income of $5,400/month (monthly PCHI $2,700).

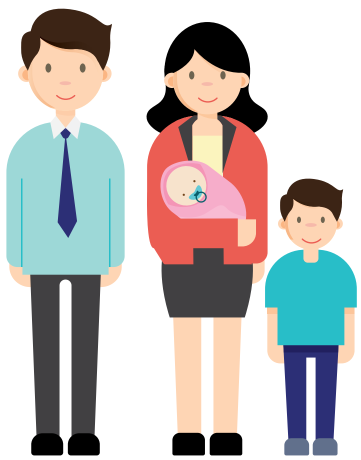
The net enhanced scheme premium for Mr Raju costs $11/month in Year 1 upon scheme launch, which is about 3% of his household monthly MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Mr Raju's premium net of subsidies[b] for the enhanced scheme
Year 1	$432/month	$11/month
Year 6[c]		$19/month

[a] Assumes prevailing MediSave contribution rate of 8% for those aged below 35.
[b] Mr Raju's premium is net of transitional subsidies ($70 in Year 1). No permanent subsidies apply for Singapore Citizens with monthly PCHI $2,601 or above.
[c] Transitional subsidies will phase out by Year 6.

A couple, both aged 40, with monthly per capita household income (PCHI) $1,101 - $1,800

Mr Lee and his wife (both Singapore Citizens, aged 40 at scheme launch) are married with 2 children. Mr Lee and his wife each earn an income of $3,000/month (monthly PCHI$1,500).



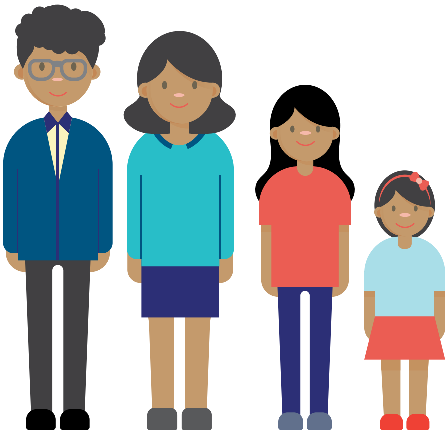
The total net enhanced scheme premiums for Mr Lee and his wife cost $30/month in Year 1, which is about 5% of their monthly household MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Their total premiums net of subsidies[b] for the enhanced scheme
Year 1	$540/month	$30/month
Year 6[c]		$46/month

[a] Assumes prevailing MediSave contribution rate of 9% for those aged 35 to below-45.
[b] Thier total premiums are net of permanent subsidies (25% of premiums for Singapore Citizens with monthly PCHI $1,101 - $1,800) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

A couple, both aged 40, with monthly per capita household income (PCHI) $1,801 - $2,600

Mr Hassan and his wife (both Singapore Citizens, aged 40 at scheme launch) are married with 2 children. Mr Hassan and his wife each earn an income of $4,000/month (monthly PCHI $2,000).



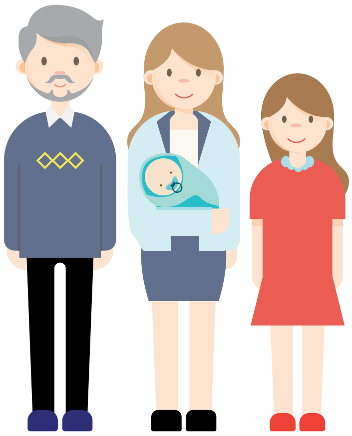
The total net enhanced scheme premiums for Mr Hassan and his wife cost $32/month in Year 1, which is about 4% of their monthly household MediSave contribution

Year upon scheme launch	Household MediSave contribution[a]	Their total premiums net of subsidies[b] for the enhanced scheme
Year 1	$720/month	$32/month
Year 6[c]		$49/month

[a] Assumes prevailing MediSave contribution rate of 9% for those aged 35 to below-45.
[b] Their total premiums are net of permanent subsidies (20% of premiums for Singapore Citizens with monthly PCHI $1,801 - $2,600) and transitional subsidies ($70 in Year 1).
[c] Transitional subsidies will phase out by Year 6.

A couple, both aged 40, with monthly per capita household income (PCHI) $2,601 or above

Mr De Souza and his wife (both Singapore Citizens, aged 40 at scheme launch) are married with 2 children. Mr De Souza and his wife each earn an income of $5,400/month (monthly PCHI $2,700).



The total net enhanced scheme premiums for Mr De Souza and his wife cost $43/month in Year 1, which is about 4% of their monthly household MediSave contribution.

Year upon scheme launch	Household MediSave contribution[a]	Their total premiums net of subsidies[b] for the enhanced scheme
Year 1	$972/month	$43/month
Year 6[c]		$61/month

[a] Assumes prevailing MediSave contribution rate of 9% for those aged 35 to below-45.
[b] Their total premiums are net of transitional subsidies ($70 in Year 1). No permanent subsidies apply for Singapore Citizens with monthly PCHI $2,601 or above.
[c] Transitional subsidies will phase out by Year 6.

Glossary of Terms

Please note that explanations here are geared towards achieving an effective understanding of ElderShield and may not be comprehensive.

Term	Meaning
Activities of Daily Living	In the context of the current ElderShield scheme, the Activities of Daily Living refer to: • **Washing:** Ability to wash in the bath or shower (including getting into and out of the bath or shower) or wash by other means. • **Dressing:** Ability to put on, take off, secure and unfasten all garments and, as appropriate, any braces, artificial limbs or other surgical medical appliances. • **Feeding:** Ability to feed oneself food after it has been prepared and made available. • **Going to the Toilet:** Ability to use the lavatory or manage bowel and bladder function through the use of protective undergarments or surgical appliances if appropriate. • **Walking or Moving Around:** Ability to move indoors from room to room on level surfaces. • **Transferring:** Ability to move from a bed to an upright chair or wheelchair, and vice versa.
Actuarial Pricing	Pricing of risks in insurance to determine the amount of premiums that are needed to cover the benefits provided by that particular insurance policy. In a long-term care insurance scheme, the risks considered include mortality risk (the risk of dying) and morbidity risk (the risk of becoming disabled).
Cognitive Impairment	Defined as a decline in an individual's ability to remember, think, judge and learn. The decline can range from mild to severe. Severe cognitive impairment could affect a person's ability to carry out day-to-day activities.
Co-payment	The remaining portion of the bill that a policyholder needs to bear, after insurance payouts.
CPF LIFE	A life annuity scheme that provides CPF members with monthly payouts in old age for as long as they live. This enables CPF members to receive a regular stream of income during retirement and enjoy peace of mind.
Deductible	A fixed minimum amount that a policyholder needs to pay before an insurance policy starts paying out.

Term	Meaning
Deferment Period	A typical insurance practice where a policyholder is required to wait for a period of time before any claim payout is made. For the current ElderShield scheme, the deferment period is 90 days from the date that a policyholder is assessed to be Severely Disabled (as defined below).
Disability/ Functional Assessment	In this report, this refers to a comprehensive review of an individual's need for assistance in their Activities of Daily Living (as defined above). Currently, a few different assessments are available and are used in different care settings for the purposes of care planning or application of Government assistance schemes.
ElderShield	A basic long-term care insurance scheme targeted at severe disability which provides monthly cash payouts of $300 or $400 for up to 5 or 6 years. The scheme is currently administered by 3 private insurers – Aviva, Great Eastern, and Income.
ElderShield Supplement	Optional plans sold by private insurers that complement the basic ElderShield plans by providing additional benefits (e.g. higher payouts, longer payout duration, and/or lower claims criteria). Only existing ElderShield policyholders can purchase Supplement plans. Premiums for Supplement plans can be paid by cash or using MediSave, up to a limit of $600 per year per person insured.
Existing Cohorts	This refers to all Singaporeans who are aged above 40 upon the launch of the enhanced ElderShield scheme.
Future Cohorts	This refers to all Singaporeans who turn age 30 on or after the launch of the enhanced ElderShield scheme, and all Singaporeans who are aged 31 to 40 upon the launch of the enhanced ElderShield scheme.
Home Protection Scheme	A mortgage-reducing insurance that protects insured members and their loved ones against losing their HDB flat in the event of death, terminal illness or total permanent disability. Insured members are covered until age 65 or until their housing loans are paid up, whichever is earlier.
Intergenerational Transfer	In this report, this refers to the transfer of the burden of long-term care costs from one generation to another generation.
Long-term Care	The personal and medical care needed by individuals who need assistance with their daily activities for a prolonged duration, due to frailty or adverse health conditions.

Term	Meaning
Means-testing	Means-testing is used to determine the amount of subsidies each person is eligible for. Persons from lower-income households will be granted higher subsidies under the means-testing framework.
MediFund	A Government safety net to help needy Singaporeans with their healthcare expenses, so that no one will be denied essential healthcare because of the inability to pay.
MediSave	A national medical savings scheme to help Singaporeans prepare for their healthcare expenses, especially after retirement. MediSave can be used for hospital stays and selected outpatient treatment, as well as to pay premiums for MediShield Life, Integrated Shield Plans, ElderShield, and ElderShield Supplements. An individual can use his/her MediSave for his/her and his/her family's medical expenses and premiums.
MediShield Life	A basic national health insurance scheme that covers all Singaporeans for life, including those with pre-existing conditions. It is sized for subsidised treatment in public hospitals, and helps to pay for large hospital bills and selected costly outpatient treatments.
Not-for-profit	In this report, this means that all premiums collected are fully used to cover the cost of both current and future claims and costs incurred in administering the insurance scheme.
Per Capita Household Income	The gross income of an individual, his/her spouse and all family members living in the same household, divided by the total number of family members living in the same household.
Periodic Re-assessments	In this report, this refers to the regular disability assessments ElderShield claimants may be required to go for while their claims are still active to ensure that payouts are only given to those who are severely disabled. Payouts will cease for claimants who are found to have recovered from their Severe Disability (as defined below).
Pre-existing Condition	A medical condition that an individual already has before he is covered under an insurance plan. 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 (e.g. risk-loading premiums) to manage the risks from these conditions.

Term	Meaning
Pre-existing Severe Disability	Severe Disability (as defined below) that an individual suffers from before the individual is covered under the insurance plan.
Pre-funding	In the context of the existing ElderShield scheme, pre-funding means that policyholders set aside premiums during their working years for their future claims that are more likely to happen in their old age, after premium payment has stopped.
Premium Rebate	In the context of the existing ElderShield scheme, the premium rebate is a feature that provides for the 3 insurers that administer ElderShield to return 50% of any accumulated surplus to existing ElderShield policyholders, if the actual claims experience turns out to be better than what was projected. Premium rebates are considered once every 5 years.
Premiums	Amount paid by an individual to purchase insurance coverage.
Risk-pooling	In insurance, risk-pooling refers to the spreading of risks across a large group of people called policyholders. A small premium is collected from each policyholder and these premiums are then combined together in a common "pool". The "pool" of premiums then pays out to the policyholders who make claims.
Severe Disability	For the ElderShield scheme, this refers to the inability of an individual to perform at least 3 of the 6 Activities of Daily Living (as defined above) independently, with or without mobility aids.
Subsidies for Long-term Care Services	Financial support provided by the Government to pay part of the cost for long-term care services, thereby reducing patients' fees. In Singapore, Government subsidies are given for non-residential and residential long-term care services. Most of these services are provided by Voluntary Welfare Organisations (VWOs) and Build-Own-Lease operators, and approved private healthcare institutions working with the Ministry of Health.
Underwriting	A process whereby an insurer uses an individual's health information to evaluate if it should accept or reject an application for an insurance scheme.
Universal Coverage	In this report, universal coverage refers to the provision of long-term care insurance protection for all Singaporeans in Future Cohorts (defined above), regardless of his/her disability, health or financial status.