



Singapore Actuarial Society

Annual Report on Healthcare Provision and Financing

Period: 1 June 2009 to 31 July 2010

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1. High Growth in Sales of Health Insurance Policies

Despite financial market uncertainties, the health insurance sales increased by 31% in 2009. Health insurance sales continue to grow at double-digit rate for the first half of 2010 (by 10%) over the same period last year. According to Life Insurance Association (LIA), the high growth rate reflects consumers' personal concern and keen awareness of the need for medical coverage in times of increasing medical costs.

Sales period	Premium	% Growth over the same period previous year
Jan 09 to June 09	S\$70m	+40%
Jan 09 to Sep 09	S\$106m	+26%
Jan 09 to Dec 09	S\$146m	+31%
Jan 10 to Mar 10	S\$41m	+69%
Jan 10 to June 10	S\$77m	+10%

Source: <http://www.lia.org.sg/industry/performance>
The Straits Times – 13 February 2010, *Health insurance sales in the pink last year*

2. Government Health Expenditure

Singapore's health expenditure is considered low compared to other developed countries. However, it is expected to increase with aging population.

	FY07	FY08	FY09 (est)
Recurrent Health Expenditure (S\$m)	2,020	2,379	3,009
Development Health Expenditure (S\$m)	185	337	733
Government Health Expenditure/GDP (%)	0.8	1	1.4
Government Health Expenditure/Total Government Expenditure (%)	6.7	7.1	8.7
Government Health Expenditure per person ¹ (S\$)	615	745	1,002

Notes:

¹Singapore Residents

Source: <http://www.moh.gov.sg/mohcorp/statistics.aspx?id=5972>

3. High Penetration Rate of MediShield

MediShield now covers around 70% of Singaporeans below age 21. Newborns have been automatically included under MediShield from birth since December 2007. Only 2% opted out of the scheme. For adults above the age of 20, around 90% are insured under MediShield. Overall, 84% of Singapore's population is insured under MediShield, and MOH aims to increase this to 90%.

Almost 60% of those who have MediShield also own a Private Integrated Shield plan. The yearly growth rate of people taking up MediShield and Private Integrated Shield plans is around 7% to 8%.

	2007	2008	2009
No. of Medisave Accounts (million)	2.8	2.9	2.9
MediShield & Integrated Shield Plans			
- No. of MediShield Policyholders ('000)	2,870	3,076	3,299
- No. of MediShield Policyholders with Private Integrated Shield plans ('000)	1,660	1,790	1,930
ElderShield			
- No. of ElderShield Policyholders	788,554	835,452	882,000
- No. of ElderShield Policyholders with Supplements ¹	11,890	76,472	127,000

Notes:

¹ElderShield Supplements were implemented from Oct 2007

Source: *The Straits Times* - 10 February 2009, *MediShield: Over 8 in 10 covered*, <http://www.moh.gov.sg/mohcorp/statistics.aspx?id=23750>

4. Severity of H1N1

The status for the H1N1 pandemic was lowered to a green alert in Singapore around mid February 2010. It is estimated that more than 415,000 people here have been infected with the H1N1 virus and more than 420,000 residents have had the H1N1 vaccine jab since it was made available in November.

The World Health Organisation (WHO) has declared an end to H1N1 worldwide pandemic around mid August 2010. More than 18,000 deaths resulting from infection had been confirmed around mid August, according to WHO statistics.

The following compares the severity of pandemic events over the past century:

- 1918 Spanish Flu, about 50m deaths worldwide, 5.3 per 1000 deaths in US
- 1957 Asian Flu, about 2m deaths worldwide, 0.4 per 1000 deaths in US
- 1968 Hong Kong Flu, about 1m deaths worldwide, 0.2 per 1000 deaths in US
- 2003 SARS, <800 deaths worldwide, around 0.01 per 1000 deaths in Singapore (around 30 deaths)
- 2009 H1N1, 18k deaths worldwide, around 0.004 per 1000 deaths in Singapore (around 20 deaths)

WHO was criticised heavily for its handling of this pandemic which turned out to be milder than expected in most countries. Fears about the severity of H1N1 flu and a harmful mutation resulted in hundreds of millions of dollars worth of cost of developing vaccines and public health precautions.

Source:

The Straits Times - Feb 13, 2010 *Singapore lowers H1N1 status to green* by Joan Chew

The Straits Times - Aug 11, 2010 *WHO declares an end to H1N1 flu pandemic virus*

5. Measures to contain increase in medical costs

Boost the use of community hospitals

Subsidies for patients at community hospitals will go up. Patients can also use more of their Medisave funds to pay for treatments at these hospitals from the middle of this year. In addition, community hospitals will be geared up to deal with patients recovering from more serious conditions, such as hip fractures and urinary tract infections.

By doing so, they will help to lower costs as community hospitals are cheaper to run. At the same time, it will free up beds in acute hospitals for other patients.

Private Hospitals to publish price list

THE full cost of treatments at private hospitals will be made known from 2011. The Ministry of Health (MOH) is getting tough on the hospitals to share the sizes of their bills, by requiring that they state the full bill if patients want to make Medisave claims. This means that patients will be able to compare prices between both the private and public hospitals, which already supply information on bills for 70 procedures. Private hospitals now provide sizes of bills for only about a dozen treatments.

Source:

The Straits Times - Mar 10, 2010 budget debate Moves to boost use of community hospitals

The Straits Times - May 4, 2010 Private hospitals must also post price lists

This allows patients to compare prices, says Health Minister

6. Impact of Means Testing

Means testing is a way to focus limited resources for needy Singaporeans, by channeling it to those who need it most. Means testing has been implemented at the government-funded nursing homes since 2000 and at the other intermediate and long term care facilities since 2001. Lower-income patients receive more subsidies than the higher-income patients at these facilities.

As subsidized wards become more enhanced and better furnished with amenities, patients who previously selected Class A or B1 may choose Class B2 or C wards now. This would crowd out the lower-income patients, who cannot afford higher class wards and have no choice but to seek treatment in subsidised wards. Means testing will help ensure that the lower-income still have access to subsidised wards and are not crowded out by those who could afford private care.

Means testing assesses patients' financial status by their income over the last 12 months, or the annual value of their home if they have no income. The better-off get lower subsidies than the needy when they choose the C- and B2-class wards in public hospitals.

Since means testing has been implemented, more than 90% of patients still received the full subsidy of the ward classes they chose after means testing was implemented. This shows that Singaporeans do choose wards that are appropriate to their income levels.

Source: *The Straits Times 10 Feb 2009 MediShield: Over 8 in 10 covered*

7. Reduction in Permanent Residents subsidy

To further sharpen the distinction between citizens and PRs, MOH will reduce the current healthcare subsidy for Permanent Residents (PRs) for public hospitals (Class B2 and C wards) and intermediate and long term care sector (i.e. community hospitals, nursing homes etc) by 10%. The reduction will be implemented in stages over next two years (first reduction in 1 Jan 2011), to ease the adjustments for the PRs affected by this policy. By 2012, there will be a 20 percentage-point differential in healthcare subsidies between citizens and PRs.

Ward Class/ Service Type	Citizen Subsidy Level	PR		
		Current	Fr 1 Jan 2011	Fr 1 Jul 2011
Class B2	65%	55%	50%	45%
Class C	80%	70%	65%	60%
Day Surgery Specialist Outpatient Clinic	65%	55%	50%	45%
	50%	40%	35%	30%

Source: <http://www.moh.gov.sg/mohcorp/pressreleases.aspx?id=23746>
http://www.moh.gov.sg/mohcorp/uploadedFiles/News/Press_Releases/2010/Press%20Release_subsidy%20distinction_annex.pdf

8. Changes in Medisave

Minimum sum for Medisave accounts and Medisave contribution ceiling

The minimum sum for Medisave accounts and Medisave contribution ceiling have been increased with effect from July 1, 2010.

The Medisave Minimum Sum (MMS) will be raised to \$34,500 from \$32,000. The Medisave Contribution Ceiling (MCC) or the maximum balance of the Medisave Account will be increased correspondingly to \$39,500, from \$37,000. The MCC is fixed at \$5,000 above MMS.

The sum is increased because people are living longer and the use of funds in the national health savings programme has been liberalised.

Medisave can be used in a dozen of Malaysian hospitals

From March 2010, Medisave can be used to pay for private hospital care at 12 hospitals and medical centres in Malaysia. These facilities are owned by two Singapore health-care groups (Health Management International and Parkway Holdings) and could cost half of what it does here.

Patients who opt for the Malaysian hospitals must be referred by the Singapore groups' centres first. They can use money from their Medisave accounts only for day surgery or in-hospital admissions.

Restricting the use of Medisave to hospitals that have formal arrangements with a Singapore operator would give some assurance of quality of care and prevention of abuse.

Source:
Business Times - 15 May 2010 Minimum sum raised for CPF, Medisave accounts
The Straits Times - Feb 16, 2010 Benefits of Medisave use abroad
The Strait Times - Feb 11, 2010 Medisave can be used in 12 Malaysian hospitals
The Straits Times – May 14, 2010 Medisave sum to be raised, reasons include rising health-care costs, longer life expectancy: MOH

9. Reimbursement for kidney donors

From 1 Nov 2009, needy kidney donors who are Singaporeans and permanent residents can apply to be reimbursed for their medical and insurance expenses and be paid up to \$5,000 for loss of income from National Kidney Foundation (NKF).

The reimbursement mainly covers post-operation costs such as health checks, laboratory tests, surgery, hospitalisation and follow-up visits, as well as loss of income due to the donation. Donors have to be referred by restructured hospitals and must meet the foundation's means test criteria.

The \$5,000 cap was derived from the national salary average of \$2,500 a month for a period of two months. It will also pay for hospitalisation and surgical insurance premiums, which will be capped at CPF Basic MediShield amounts and the premiums for a new insurance plan put up by NKF and NTUC Income. The \$100,000 policy will cover the donor against death, total and permanent disability, and 30 critical illnesses as a result of the organ donation.

*Source: Sunday Times: Nov 1, 2009 | Up to \$5,000 for kidney donors | Amount will cover loss of income; NKF fund will help with medical and insurance costs | By Tan Dawn Wei
http://www.nkfs.org/index.php?option=com_content&task=view&id=350&Itemid=141*

10. Do you know?

The inflation of health care cost almost double the general inflation rate in the last decade

Annual health inflation was 2.9% and annual consumer price index increases at an average of 1.5%.

Source: The Straits Times – May 14, 2010 Medisave sum to be raised, Reasons include rising health-care costs, longer life expectancy: MOH

Quick facts about HIV infection in Singapore

In 2009, another 463 residents were newly reported with HIV infection (incidence rate around 0.12 per mille compared to 0.07 per mille in 2002). About 90% of the new cases were males. The total number of HIV infected residents as of end 2009 is around 4,400 (prevalence rate 1.2 per mille). 97% of HIV transmission is due to sexual transmission and 2% is due to intravenous drug use.

Source: <http://www.moh.gov.sg/mohcorp/pressreleases.aspx?id=24284>

Improving mortality rates in Singapore

Singapore adult mortality has reduced by around 1% per annum over the past 4 decades. Adult mortality rates between the ages of 15 and 60 years old has reduced by around 64%-68% between 1970 and 2010. Singapore ranks 16th for men and 14th for women in 2010 (from 72nd for men and 62nd for women in 1970) in terms of lowest adult mortality globally.

Source: <https://www.moh.gov.sg/mohcorp/publicationsinfopapers.aspx?id=24478>