

Singapore Actuarial Society

Annual Report on Healthcare Provision and Financing

Period: 1 July 2007 – 31 Dec 2008

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1. Medishield

1.1 Medishield Changes

From 1 December 2008, MediShield was enhanced to increase payouts of from 60% previously, up to 80% of large class B2 and C bills. This was achieved through increasing the MediShield claim limits and premiums. In order to help elderly Singaporeans pay for their premiums, the Government topped up their Medisave accounts in September 2008. (See Section 1.2 for details.)

Singaporeans can use their Medisave to pay for MediShield premiums for themselves and their dependants. From 1 December 2008, the annual withdrawal limit was increased from \$800 to \$1,150 for policyholders who are above 80 years old.

Changes to MediShield:

	Current	From 1 December 2008
Inpatient/Day Surgery Benefits		
<i>Daily Ward & Treatment Charges</i>		
- Normal ward	\$250 per day	\$450 per day
- ICU ward	\$500 per day	\$900 per day
- Community Hospital	\$250 per day	No change
<i>Surgical procedures</i>		
- Table 1 (less complex procedures)	\$150	No change
- Table 2	\$300	\$360
- Table 3	\$600	\$720
- Table 4	\$720	\$800
- Table 5	\$840	No change
- Table 6	\$960	No change
- Table 7 (more complex procedures)	\$1,100	No change
<i>Implants/approved medical consumables</i>		
- Per treatment	\$2,500	\$7,000
<i>Radiosurgery</i>		
- Per procedure	\$4,800	No change
Outpatient Treatments		
<i>Chemotherapy for Cancer</i>		
- Per 7-day treatment cycle	\$150	\$270
- Per 21- or 28-day treatment cycle	\$700	\$1,240
<i>Stereotactic Radiotherapy for Cancer</i>		
- Per treatment	\$1,000	\$1,800
<i>Radiotherapy for cancer</i>		
- Per treatment day	\$80 - \$160	No change
<i>Kidney dialysis</i>		
	\$1,000/mth	No change
<i>Immunosuppressants for organ transplant</i>		
	\$200/mth	

<i>Erythropoietin</i>	\$200/mth	
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Deductible (From 1 December 2008)			
Age (next birthday)	Ward Class		Day Surgery
	Class C	Class B2 & Above	
Members aged 80 years and below	\$1000	\$1500	
Members aged between 81 – 85 years old	\$2000	\$3000	

Source: Central Provident Fund website (with edits)

As a result of the changes above, some insurers have enhanced their benefits but with only marginal increases in premium rates to remain competitive. Others mentioned that some of their existing products had already provided adequate cover and would review their plans in 2009.

1.2 Additional Medisave Top-up

The Government increased the Medisave top-up for elderly Singaporeans above the age of 81.

Under Budget 2008, the Government had earlier announced that it would provide a one-off top-up to Medisave Accounts to help older Singaporeans pay for their medical bills and MediShield premiums. The top-up would benefit all Singaporeans aged 51 and above. The Medisave top-up would cost the Government \$220 million.

Now that the MediShield premium changes to support the next round of enhanced benefits are known, the Government has decided to raise the Medisave top-up by an additional \$100, from \$450 to \$550 for those aged 81 and above. This will bring the total cost of the Medisave top-up to \$226 million.

The Medisave top-up by age group is summarised below. The top-up took effect in September 2008, as the changes to MediShield enhancements were implemented in December 2008.

Age	Medisave Top-Up Amount
51 to 60	\$150
61 to 70	\$250
71 to 75	\$350
76 to 80	\$450
81 and above	\$550

Source: Ministry of Health News (17 April 2008) (with edits)

1.3 MediShield coverage for newborns and youths

From 1 December 2007, all newborn Singaporeans and Permanent Residents (PRs) will be offered MediShield coverage on an opt-out basis. From mid-2008, the Ministry of Health will also facilitate coverage for Singaporean and PR youths.

Today, MediShield auto-coverage is already offered at the point of a person's first working contribution to CPF, and at the point of marriage registration. In addition, parents today can voluntarily purchase MediShield for their children through the CPF, or through Medisave-Approved Private Integrated Plans offered by private insurers.

At present, MediShield covers nearly 3 out of every 4 Singaporeans and PRs. However, about half of youths below 20 years old are not yet covered by MediShield. Early coverage will benefit youths and their parents, helping them to meet medical expenses in the event of major or prolonged illnesses. Early MediShield coverage is also beneficial as it would be difficult to obtain subsequent coverage if a person develops an illness in his youth.

As an added step to emphasize the importance of having catastrophic illness insurance, the Ministry of Health will systematically facilitate MediShield coverage for the following groups:

Newborn Children

- MediShield coverage will be offered to all Singaporean children whose births are registered on or after 1 December 2007.
- This will be extended to all children of Permanent Residents, where the child is born in Singapore and the parents register their newborn child's permanent residency in Singapore on or after 1 December 2007.
- Mailers with more information will be sent to parents of newborns beginning December 2007.

Children Aged 0 to 6

- Singaporean and Permanent Resident children attending Primary One in mainstream schools in 2008 were provided with opt-out coverage, between May and June 2008.
- This exercise will be repeated for each batch of Primary One pupils over the next 6 years from 2009 to 2014.

Children and Youths Aged 7 to 20

- An exercise was conducted between July 2008 and April 2009 to cover those currently studying in national schools (primary and secondary schools, junior colleges and pre-universities) as at 1 May 2008.
- Those not studying in mainstream institutions will be sent invitational mailers in 2009 to opt-in for MediShield coverage.

Source: Ministry of Health News (28 October, 2007) (with edits)

2. Means testing

The Government wants to continue to provide good and affordable healthcare for all Singaporeans. But as class B2 and C services improve, the differences between them and class A and B1 wards are narrowing. Higher-income patients may then be attracted to class B2 or C wards even though they can well afford the higher ward classes. Means testing is a way to share limited class B2 and C subsidies in a fair manner, by targeting subsidies at the lower-income group. While all patients can still choose their own ward class, the idea is for higher-income patients to co-pay more than lower-income patients, if they choose to stay in subsidised class B2 or C wards.

The Government had conducted many public dialogues to explain the rationale and listen to public concerns. Many were worried that means testing was going to be "mean and demeaning", but this need not be so. The parameters of means testing were revealed by Minister Khaw Boon Wan in Parliament on 3 Mar 08 and going by the discussions at the dialogue sessions, many felt that the parameters announced were more generous than expected.

Means testing in public hospitals began in January 2009.

If you earn \$3,200 or less a month, you will continue to enjoy the full subsidies of 65% for class B2 and 80% for class C. This means a good 60% of all Singaporean workers will not be affected by means testing, and continue to receive full subsidies for both class B2 and C wards.

If you earn more than \$3,200 a month, you will receive slightly less subsidies for class B2 and C, based on a sliding scale. Your monthly income will be based on your total salary received over the last available 12-month period. It will not be based on just the last month's pay.

Those who do not have a monthly income, such as housewives, retirees and children, and live in HDB flats or properties with annual values of \$11,000 or less, will also get full subsidies. Subsidies for permanent residents will be 10%-points less than citizens of the same income level. Patients who feel they are in special circumstances and need additional assistance can speak to the hospital's medical social worker. No patient will be denied treatment because he or she cannot afford it.

Monthly income is defined as average monthly wage based on last available 12-month data.

Table 1 - Parameters for Means Testing in Public Hospitals

Monthly Income¹ of Patient	Class C Subsidy for Citizens	Class B2 Subsidy for Citizens
\$3,200 and below	80%	65%
\$3,201 - \$3,350	79%	64%
\$3,351 - \$3,500	78%	63%
\$3,501 - \$3,650	77%	62%
\$3,651 - \$3,800	76%	61%
\$3,801 - \$3,950	75%	60%
\$3,951 - \$4,100	74%	59%
\$4,101 - \$4,250	73%	58%
\$4,251 - \$4,400	72%	57%
\$4,401 - \$4,550	71%	56%
\$4,551 - \$4,700	70%	55%
\$4,701 - \$4,850	69%	54%
\$4,851 - \$5,000	68%	53%
\$5,001 - \$5,100	67%	52%
\$5,101 - \$5,200	66%	51%
\$5,201 and above	65%	50%

Notes

- Patients who are economically inactive will receive full subsidy (65% for Class B2 and 80% for Class C) unless they live in property with Annual Value exceeding \$11,000. The latter will receive subsidy at 50% (B2) or 65% (C).
- Subsidy for Permanent Residents will be 10%-points less than citizens of equivalent income level.

¹ Monthly income is defined as average monthly wage based on last available 12-month data.

Source: 1) Annexes to Ministry of Health's Committee of Supply Speech (3 March 2008)

3. Reduced hospital subsidies for non-citizens

The Ministry of Health, Singapore (MOH) announced its decision to revise healthcare subsidy levels for non-citizens so as to provide a clear distinction in health benefits between (a) Singapore citizens, (b) Permanent Residents (PRs) and (c) other foreigners, including foreign workers.

Subsidy Adjustment for Non-Citizens

From January 1, 2008, non-PR foreigners have not received any healthcare subsidy. PRs have continued to be subsidised for hospital services, but at 5 percentage points less than citizens.

From July 1, 2008, another 5 percentage-point reduction has been applied.

Emergency Services

However, for emergency services at hospital Emergency Departments, all patients will continue to be charged the same fees, regardless of nationality.

Please see below table for details.

Revision of subsidy for PRs

Type of Ward Class/Service	Citizen subsidy level	PR subsidy level	
		Jan 2008	Jul 2008
Class B1	20%	15%	10%
Class B2	65%	60%	55%
Class C	80%	75%	70%
Day Surgery	65%	60%	55%
Specialist Outpatient Clinic (SOC)	50%	45%	40%

Source: Ministry of Health News (11 December, 2006) (with edits)

4. Results Of The Public Consultation On Proposed Amendments To The Human Organ Transplant Act

A public consultation exercise was conducted by the Ministry of Health (MOH) from 14 November to 15 December 2008 to seek the public's views and feedback on the following proposed amendments to the Human Organ Transplant Act (HOTA):

- a) Should HOTA be amended to lift the upper age limit for presumed consent for cadaveric organ donation?
- b) Should HOTA be amended to allow paired matching for exchange of organs between donor-recipient pairs?
- c) Should HOTA be amended to provide reasonable compensation to support the welfare of living donors?
- d) Should HOTA be amended to increase the penalties for organ trading syndicates and middlemen?

The public was invited to send their views via e-mails, post, faxes and online discussion/e-consultation managed by REACH and MOH. The consultation paper was also sent to 10 medical, professional, and other non-government organisations for comments. MOH had received 55 responses from the public and written feedback from 9 organisations. There was also a public dialogue session held on 2 December 2008 in collaboration with the People's Association and an opinion survey was conducted after the session. 162 participants from the dialogue session responded to the written survey.

The responses received from the public, medical, professional and non-government organisations showed that Singaporeans were supportive of the proposed amendments to HOTA. A summary of the views received is as follows:

(a) More than 85 per cent of respondents were in support of:

- i) Lifting the upper age limit for cadaveric organ donation (93%)
- ii) Allowing donor-recipient paired matching for exchanges of organs (96%)
- iii) Increasing penalties for organ trading syndicates and middlemen (96%)
- iv) Some form of payment to living organ donors (86%)

(b) There were however some reservations on the use of the word "compensation" which could be misunderstood as payment for the organ and that it could amount to an inducement to people to donate an organ, and discourage altruistic organ donation. Many however agreed that reimbursing and defraying cost should be provided to living donors to cover direct expenses (e.g. transport and accommodation), indirect losses (e.g. loss of time and earnings) and future expenses (e.g. anticipated costs of medical follow-up).

(c) For the written survey conducted during the dialogue session, 76 per cent of the survey respondents felt that a reasonable payment level should exceed \$50,000. It is also notable that 96 per cent of respondents were positive towards donating their own organs after death to help organ failure patients.

The Ministry is mindful of the sensitivities of payment for organ donation and reaffirms our commitment to prohibit organ trading in Singapore. That is why it is proposing to raise the penalty on middleman and syndicates involved in organ trading. The Ministry will follow international practices and guidelines in working out a legally and ethical scheme to cover the costs and expenses incurred by living donors so as to remove financial disincentives to organ donation. The Ministry will take into account the feedback that the word "compensation" is best avoided.

Source: Ministry of Health News (12 January, 2009)

Please note that the amendments to the HOTA were passed by Parliament on 24 March

2009. Details of the amendments will be provided in the next Annual Report.