

Public-Private Health Insurance Partnership In Singapore

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Presentation Outline

○ Overview

- CPF's Role in Social Security
- Roles of Partner Agencies in Healthcare
- Healthcare Financing Philosophy

○ Features of CPF-related Medical Schemes:

- Medical Savings : Medisave
- Medical Insurance: MediShield & Integrated Plans
- Long-Term Care: ElderShield

○ Learning Experiences

- Reforming MediShield



CPFB's Role in Social Security

- Central Provident Fund Board (CPFB) set up in 1955
- A comprehensive social security savings plan providing for retirement, healthcare and housing needs
- Every working Singaporean required to contribute part of their income into CPF



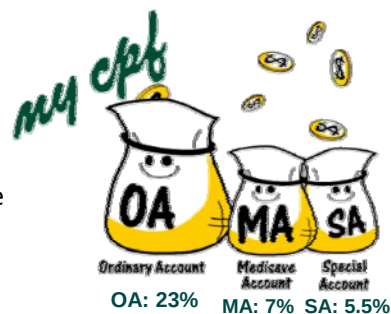
CPF Contribution Rates

Employer's contribution (15.5%*)
Employee's contribution (20%*)

35.5%*

Into employee's
accounts

- Self-employed contribute for healthcare



* For members age 35 & below, with monthly wage $\geq$ S\$1,500



Roles of Partner Agencies in Healthcare



Ministry of Health (MOH)

- **Policymaker & Regulator** of Medical Institutions



CPF Board (CPFB)

- **Administrator** of Medisave & MediShield
- **Facilitator** for Private Medical Insurance & ElderShield



Medical Institutions (MIs)

- Provide treatment and submit Medisave, MediShield & Private Medical Insurance claims on patients' behalf

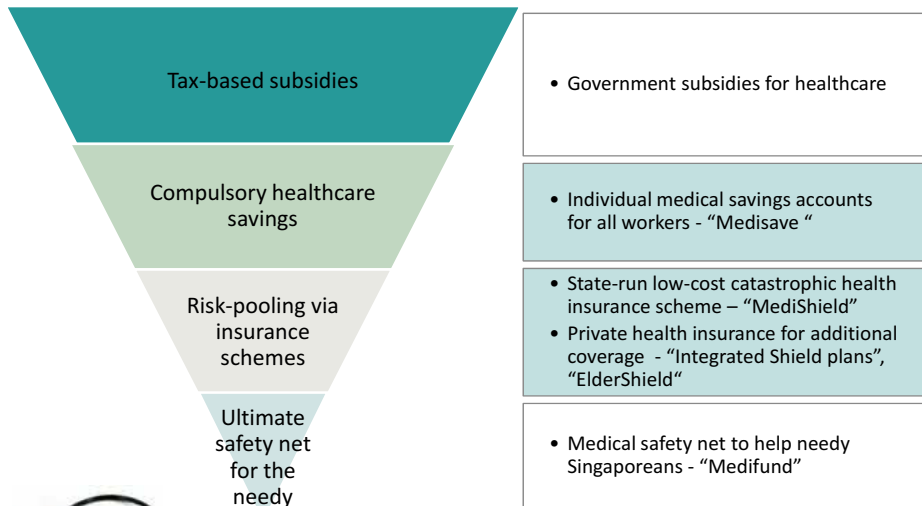


Our Healthcare Financing Philosophy

- **Affordable basic healthcare for all**
 - Through Government subsidies
- **Individual responsibility**
 - Co-payment of medical expenses
- **Mixed financing system**
 - Market-based mechanisms promote competition and transparency



Coverage through multiple layers of protection



Medisave Scheme

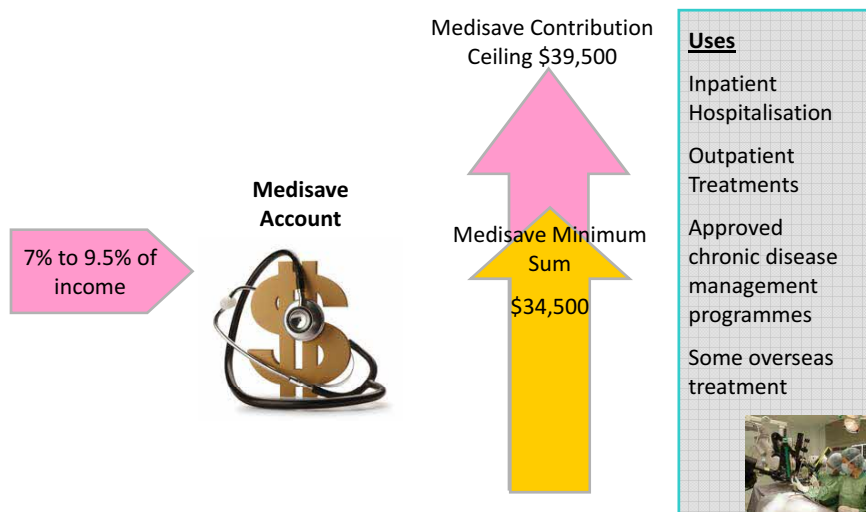


Objective of Medisave

- **National compulsory medical savings scheme**
 - Introduced in 1984
- **Members set aside part of their income into their individual Medisave Account**
 - MA accounts are individual savings
 - Members can also grow their medical savings by making Voluntary Contributions which are tax deductible, and benefit from the higher interest rates
- **Helps to meet personal or dependants' healthcare expenses, especially after retirement**



Overview of Medisave



Safeguarding Medisave Savings

- **Eligibility to use Medisave Savings are restricted to the member and his dependents**
 - Conditions also imposed on certain treatments or for non-immediate family members
- **Withdrawal limits in place to prevent premature depletion of Medisave savings**



MediShield & Integrated Plans

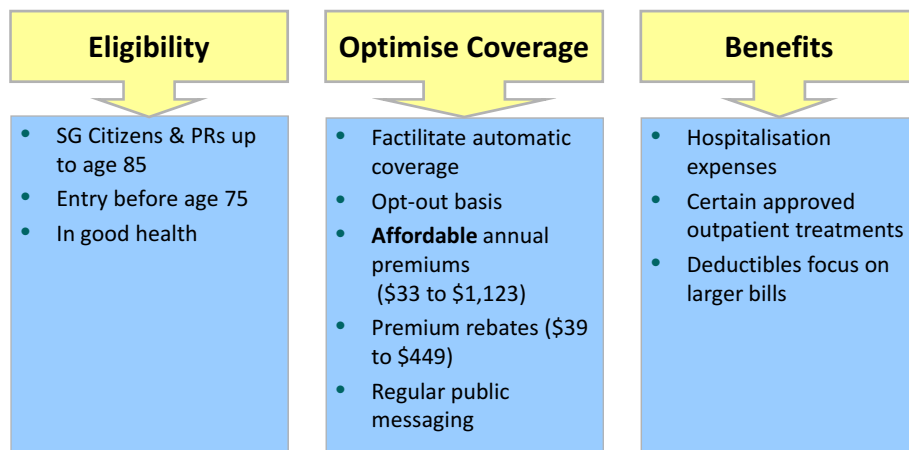


Objective of MediShield

- State run insurance option, incepted in 1990
- **Basic** catastrophic medical insurance scheme
 - Medisave alone is insufficient
 - To smooth volatility through risk-pooling: otherwise over-saving for some, under-saving for others
- Help members co-pay large hospital bills pegged to subsidised class level in accredited medical institutions
 - Keep basic healthcare **affordable**
- Periodic reviews of MediShield after extensive public consultation



Overview of MediShield

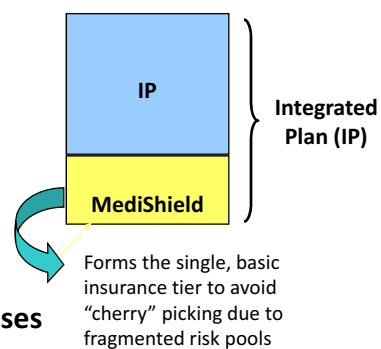


Integrated Plans (IPs)



Objective of Integrated Plans (IPs)

- **Restructured in 2005**
 - Previous Private Medical Insurance Plans (PMIS)
- **IPs offered by 5 private insurers**
- **Medisave can be used to pay IP premiums**
 - Cap of \$800 – \$1,150
- **Portable**
 - Not tied to employer
- **Target coverage of higher ward classes**
- **Subject to a set of minimum guidelines from MOH**



ElderShield Scheme



Objective of ElderShield

- **Severe disability insurance scheme for long term care**
 - Provides monthly income of \$400 for 72 mths when a person is unable to perform 3 out of 6 Activities of Daily Living (ADLs)
- **Opt-out Scheme**
 - Covers Singaporeans and PRs
 - Entry age from 40-64
- **Administered by 3 appointed private insurers**
 - Standardised Basic plan
 - Supplementary plans (payments using Medisave capped at \$600 per insured per calendar year)



Learning Experiences: Medishield



MediShield reform in 2005

- **Return to original purpose as a catastrophic insurance**
 - Cover large bills adequately
- **Remove cherry picking and keep premiums affordable, but retain competitive market**
 - Enlarge the pool of policyholders to maximise economies of scale and keep premiums affordable
 - Restructure Private Medical Insurance (PMIS) plans as Integrated Plans (IPs)



MediShield Enhancement in 2008

- **Objective: Increase MediShield coverage from up to 60% to up to 80% of large bills of subsidised wards**
- **Increase in claim limits for inpatient stay, selected surgeries, implants, outpatient cancer treatment**
- **Further increase in premiums due to increased benefits**



Lessons Learnt:

- **Need for open channels of communications between parties**
- **Managing public expectations on reasons for premium increases**
- **Joint insurance arrangement means all parties must be clear of their respective scope of insurance coverage**



Thank You



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