Govt studying proposal to take over running of ElderShield

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SINGAPORE — The Government is studying the possibility of taking over the running of ElderShield, following a proposal from a committee reviewing the national insurance scheme for the long-term care sector here.

In a statement yesterday, the ElderShield Review Committee said it “is of the view that there is merit in studying the value and feasibility of government administration of ElderShield, while retaining private insurers’ participation in the provision of long-term care insurance”.

Healthcare experts said they would welcome such a move, suggesting that premiums might be lower with an expanded risk pool across the nation.

The Government will also be better positioned to contain healthcare costs, which may potentially spiral because of the demands of long-term care amid a rapidly ageing population, they added.

Currently, Singaporeans automatically come under ElderShield when they reach the age of 40. They are assigned to one of three private insurers administering the scheme — Aviva, Great Eastern or NTUC Income.

This insurance scheme provides payouts of up to S$400 a month for up to six years, to help with nursing and long-term care needs should a person suffer from severe disabilities.

The Ministry of Health (MOH) said yesterday that it will study the proposal carefully before sharing its findings with the review committee.

“MOH agrees there is merit in looking into the ElderShield Review Committee’s request to study the value and feasibility of having the Government administer ElderShield,” it added.

The ElderShield review was announced by Prime Minister Lee Hsien Loong during the National Day Rally last year.

The committee was initially expected to complete the review and submit its proposals to the MOH by the end of this year. Mr Chaly Mah, who chairs the ElderShield Review Committee, said yesterday its recommendations will be submitted in the first half of next year. Among the issues it had said it would look into are whether the scheme should be made mandatory, and if the current payouts are sufficient.

Mr Christopher Gee, senior research fellow at the Institute of Policy Studies, noted that currently, one of the issues relating to ElderShield is that the three private insurers run their own separate risk pools. “But when the Government takes over and the risk is pooled across the nation, it is more diversified, and the premiums are better managed in the long run.”

He added that when the Government has access to all the data — as opposed to each insurer having access to the medical data of only a third of the policyholders — it could be better analysed.

For instance, with more data on the incidence of disability, risk could be calculated better and the pricing of premiums done more correctly.

“When there is no proper pricing, people are either overcharged, or there is underpricing,” he said.

Dr Loke Wai Chiong, Healthcare Sector Leader (South-east Asia) for consulting firm Deloitte, noted that the Government’s healthcare financing system is now more robust, keeping an eye on long-term sustainability especially with the ageing population. For example, MOH’s Health Technology Assessment system evaluates the cost-effectiveness of treatments and keeps healthcare costs from spiralling out of control.

“For ElderShield, where the patient will suffer a functional disability over an indeterminate length of time, very probably until their death which may be years in the future, it becomes even more important to watch closely whether a particular intervention or treatment will have the desired benefit, i.e. cost-benefit ratio, and if necessary, make the necessary tweaks in policy over time,” he said.

Lee Kuan Yew School of Public Policy professor Phua Kai Hong also noted that the Government will be in a better place to define what long-term care is, and determine which areas should be paid by the state, and which should be co-paid by patients.

He is also of the opinion that like MediShield Life, private insurers should still participate by offering additional shield plans, for instance, for people who want choices.

MediShield Life is the national universal insurance scheme which covers all Singaporeans and helps to offset large hospital bills.

Dr Loke said that the Government may have to bear both administrative and underwriting costs and risks during the transition period. “It’ll be significant costs, but costs may be higher if ElderShield’s coverage is inadequate. Patients may end up in emergency departments, admitted into (expensive) acute hospitals, for instance.”

The review committee also said yesterday that it has set up a Claims Assessment Sub-Committee to look into ways to improve the ElderShield claims process, which might be stressful for caregivers to navigate.

One potential area of improvement could be to make information on the claims process more accessible, given that caregivers have pointed out that patients are often unaware of Eldershield coverage or how to make a claim, the sub-committtee said.

For the past six months, the review committee had heard the views of over 600 Singaporeans during focus group discussions.

It also sought the views of stakeholders such as the long-term care service providers and financial advisers.