

IPS Workshop on Healthcare Financing for the Elderly in Singapore

Wednesday, 29 May 2013

Conference Room, Level 1, Oei Tiong Ham Building

Lee Kuan Yew School of Public Policy

National University of Singapore (*Bukit Timah Campus*)

HEALTHCARE FINANCING FOR THE ELDERLY

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May 2013



OVERVIEW

- Demographic Changes
- Matching of Healthcare Resources to Clinical Need
- An inflow outflow conceptual model

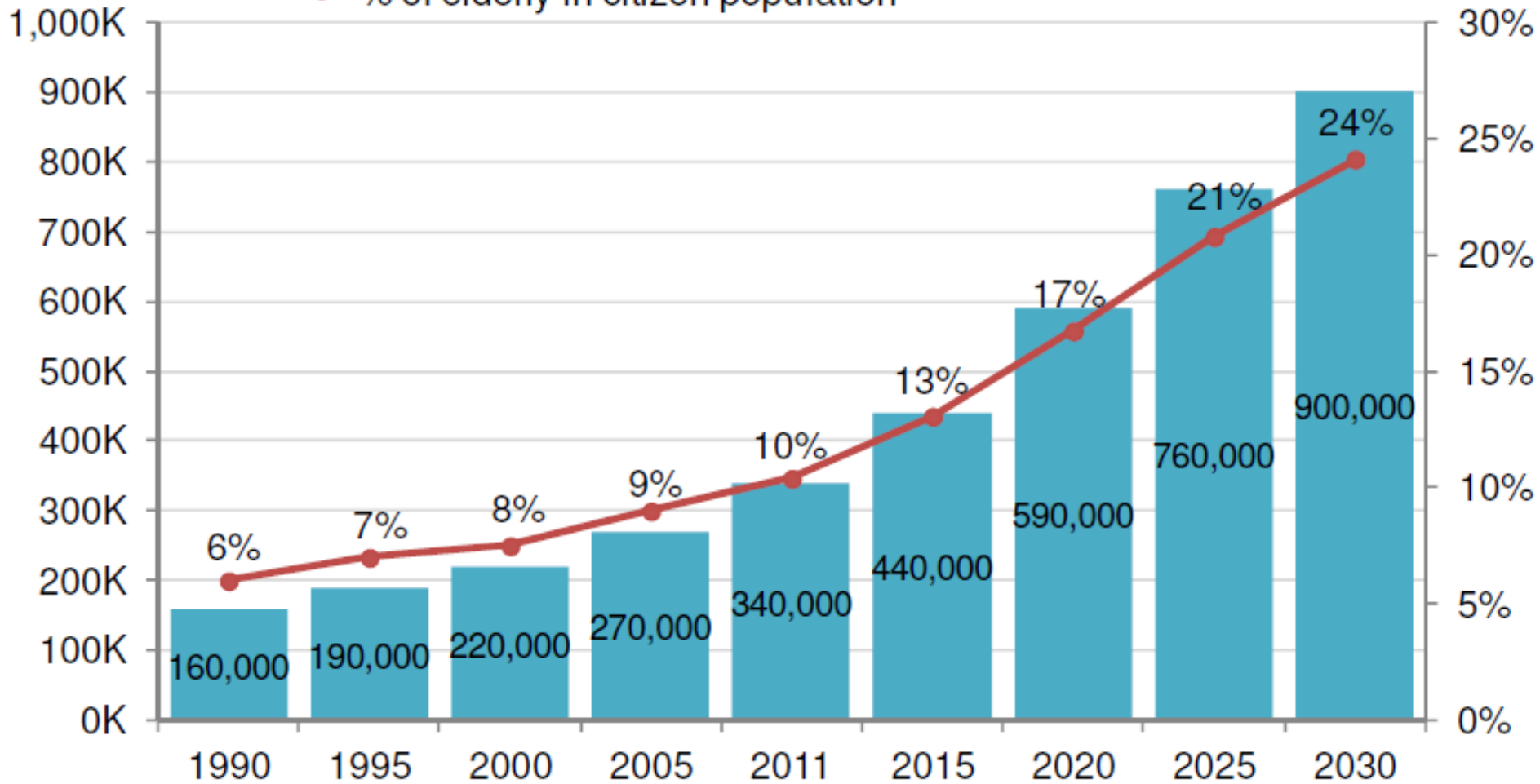
DEMOGRAPHIC CHANGES

Resident Population Profile				
	2012		2030 (projected)	
Age Structure	No. (000s)	Per cent	No. (000s)	Per cent
Below 20 years	885.2	23.2	891.1	19.5
20-64 years	2,554.4	66.9	2,745.7	60.2
65 years and over	378.6	9.9	924.0	20.3
Total	3,817.8	100.0	4,560.8	100.0
Median Age (Years)	38.4		41.5	
Old-Age Support Ratio (persons 20-64 per person 65+)	6.7		3.0	

Sources:
 2012 figures from Department of Statistics' Resident Population profile at: http://www.singstat.gov.sg/statistics/latest_data.html#13;
 2030 figures based on IPS Population Projections (assumptions: TFR remains at 1.24 births per woman from 2005; life expectancy at birth rising from 77.4 in 2005 to 79.7 in 2050 for males and 81.3 to 84.6 over the same period for females; net-migration of 30,000 annually over the projection period).

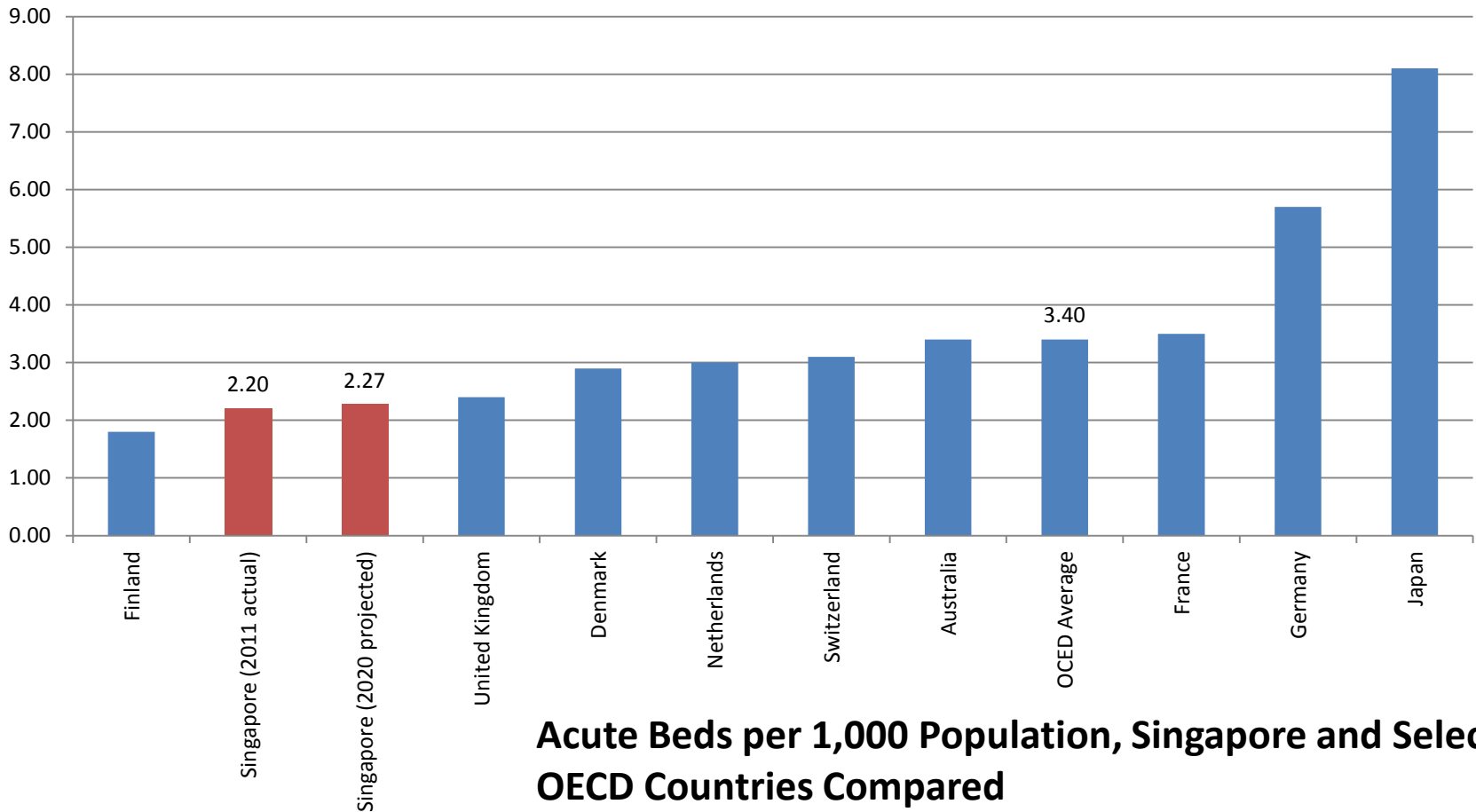
Chart 2: Number and proportion of elderly citizens²

■ Number of elderly citizens (aged 65 years and above)
● % of elderly in citizen population



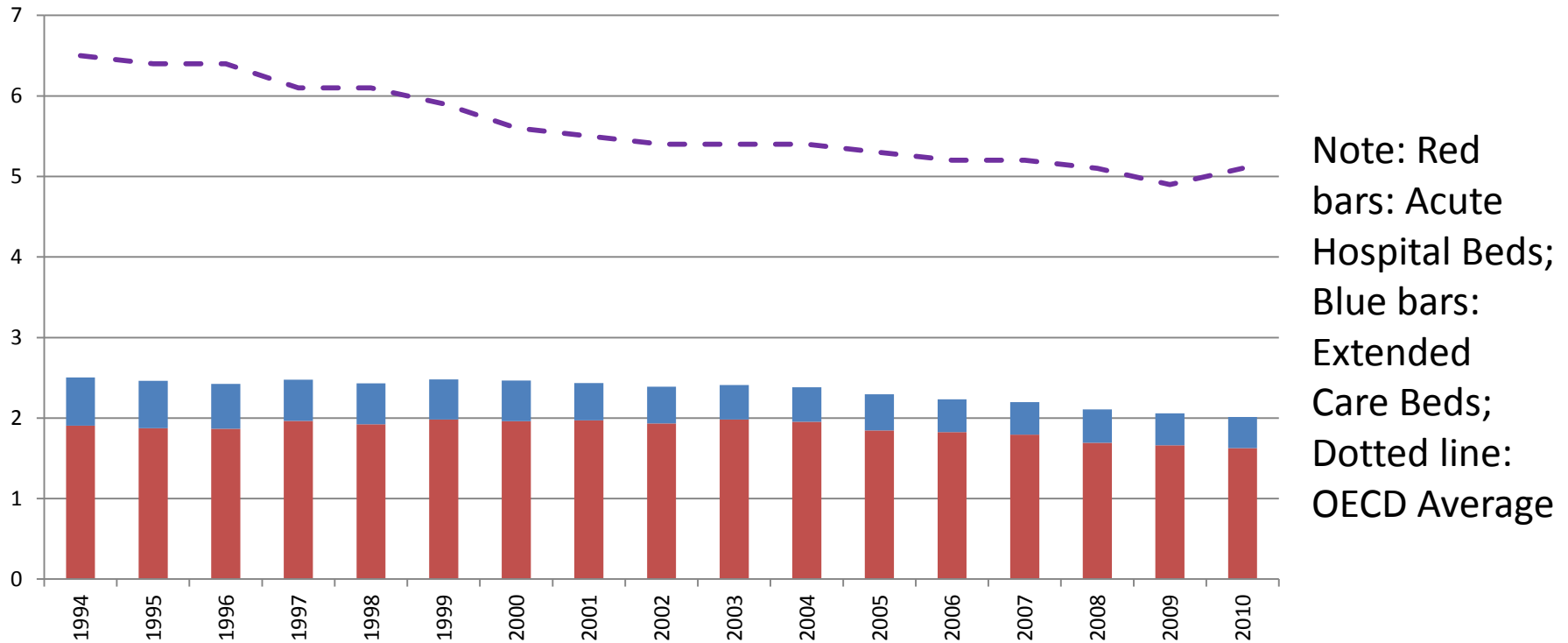
Source; NPTD Occasional Paper. Projection of Foreign Manpower Demand for Healthcare Sector, Construction Workers and Foreign Domestic Workers (Nov 2012)

HEALTHCARE RESOURCES I



Source: OECD data from OECD Stats Extracts. <http://stats.oecd.org/>. Singapore data based on Ministry of Health data available at Ministry of Health (2013). http://www.moh.gov.sg/content/moh_web/home/statistics.html for 2011. Singapore 2020 projected figure calculated by authors based on Population White Paper - A Sustainable Population for a Dynamic Singapore, January 2013.

HEALTHCARE RESOURCES II

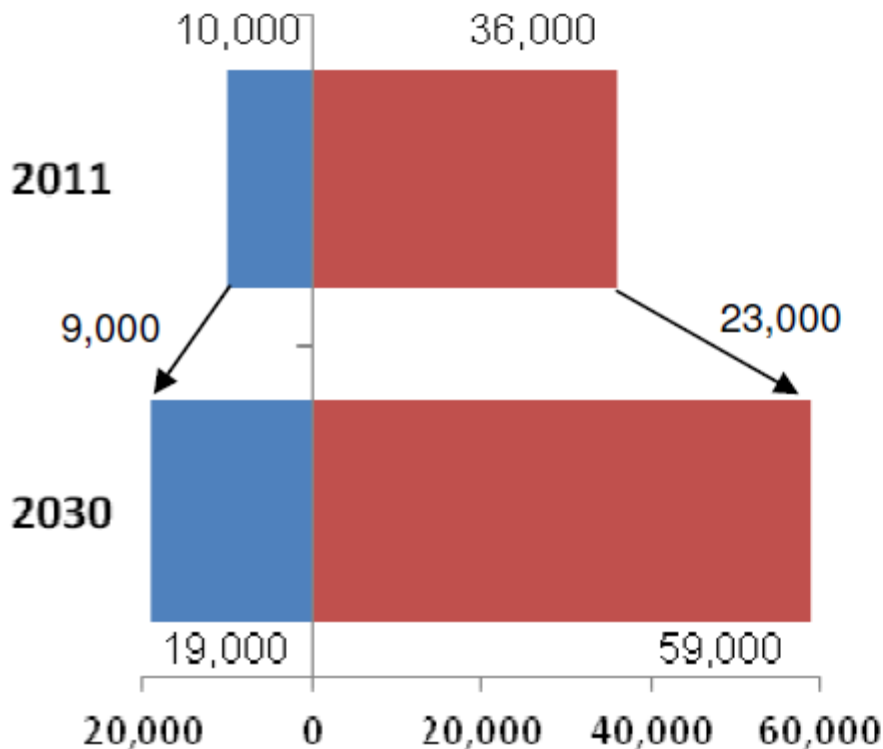


Source: OECD data from OECD Stats Extracts. <http://stats.oecd.org/>. Singapore data based on Ministry of Health data collected from the Department of Statistics' Yearbook of Statistics for the relevant years

Need for Expansion of Healthcare Workforce

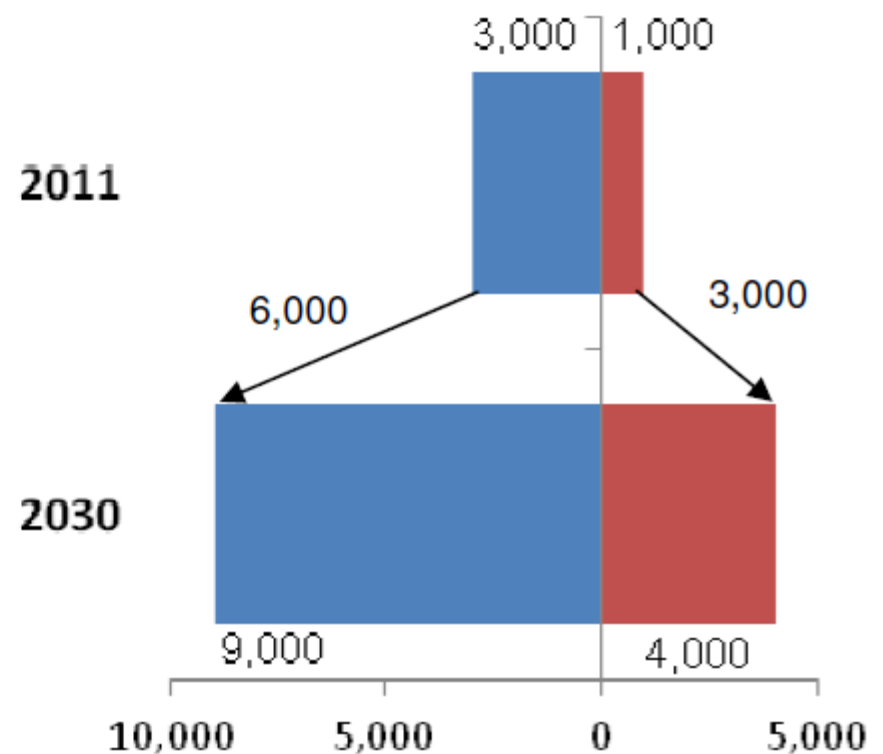
Healthcare Professionals

■ Foreigners ■ Residents



Support Care

■ Foreigners ■ Residents



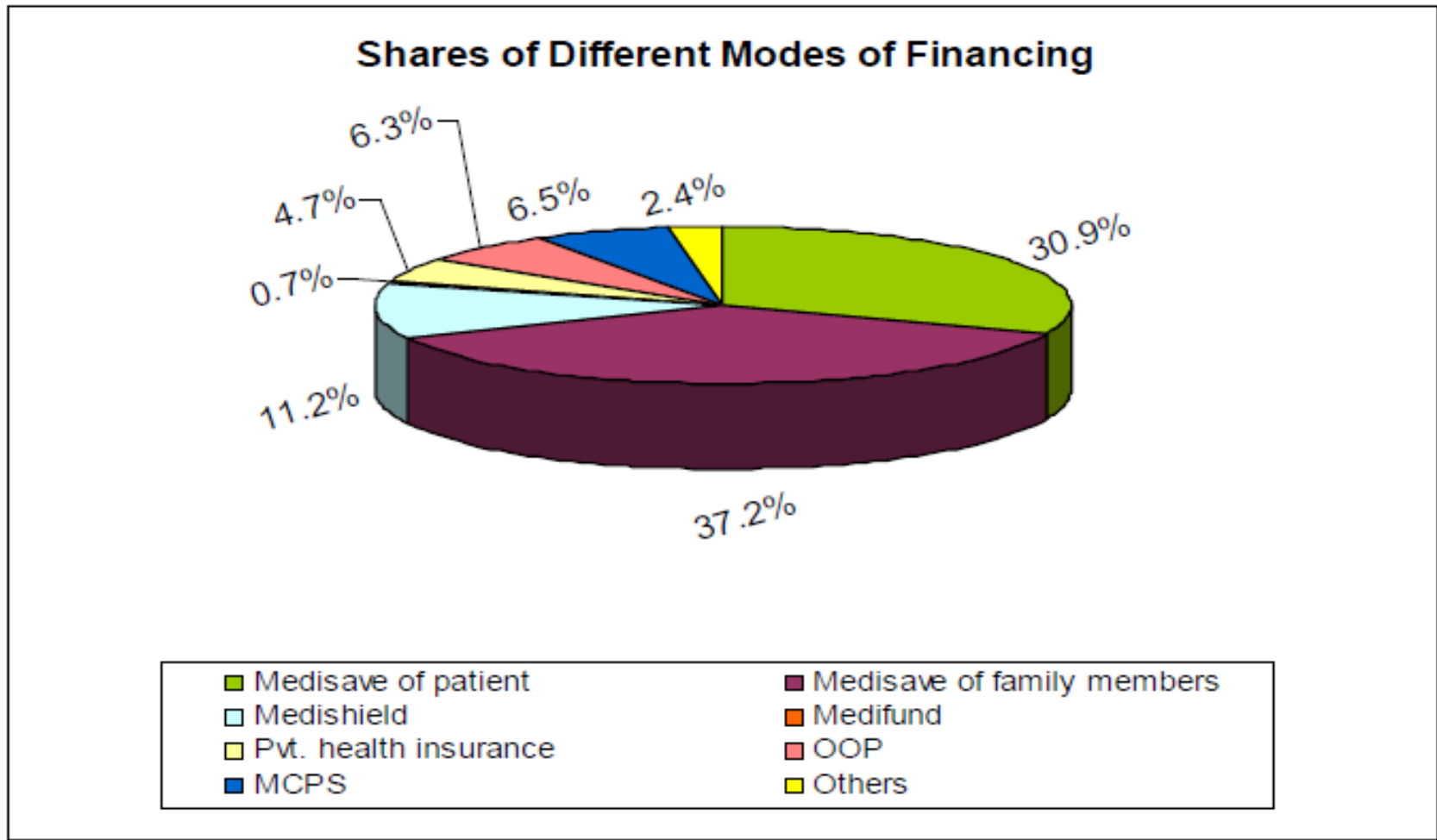
HEALTHCARE UTILIZATION

Ministry of Health:

“... the elderly require longer lengths of stay (6.8 days versus 5.8 days [general population]) “and the “elderly account for 9% of population and 40% of total inpatient days”

Sources: Singapore Parliamentary Reports No.12, Session 1, Volume 90, 12 March 2013, Dr Lee Chien Earn, The Changing Face of Healthcare: The Asia Pacific (Singapore) Story, 19 September 2012.

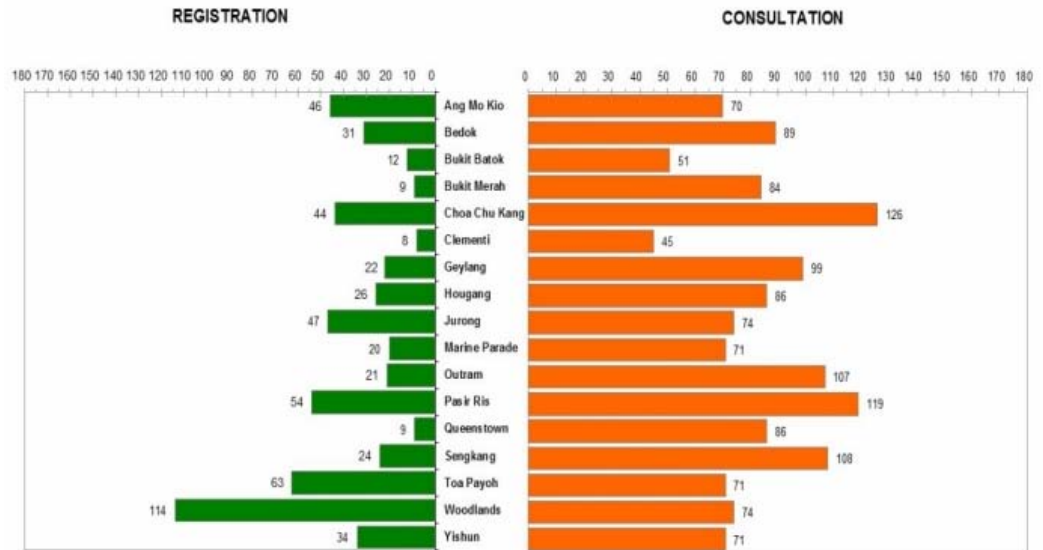
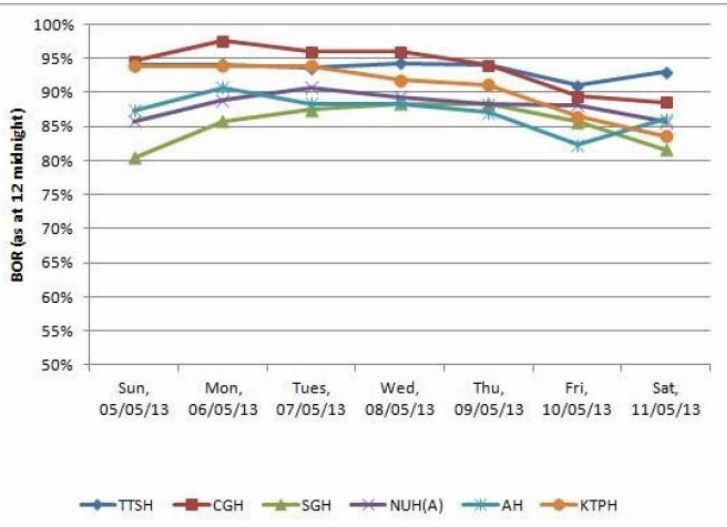
CURRENT HEALTHCARE FINANCING



Source: Abeyasinghe, Agarwal and Lim, Singapore's Healthcare System: Some Challenges, a presentation at the Singapore Economic Policy Conference 2009, (MCPS: Medical Claims Pro-ration and Processing System; OOP: Out-of-pocket payments)

BOTTOM LINE

- Number of >65 years will triple between now (340,000) and 2030 (900,000)
- Healthcare workforce needs to be expand by 32,000; Care Support workforce by 9,000
- Current infrastructure already stretched
- Elderly as a group have limited financial resources dedicated to healthcare



Footnote:
There is no wait time for Tampines Polyclinic as it is currently under renovation from Feb 2013 to June 2013.

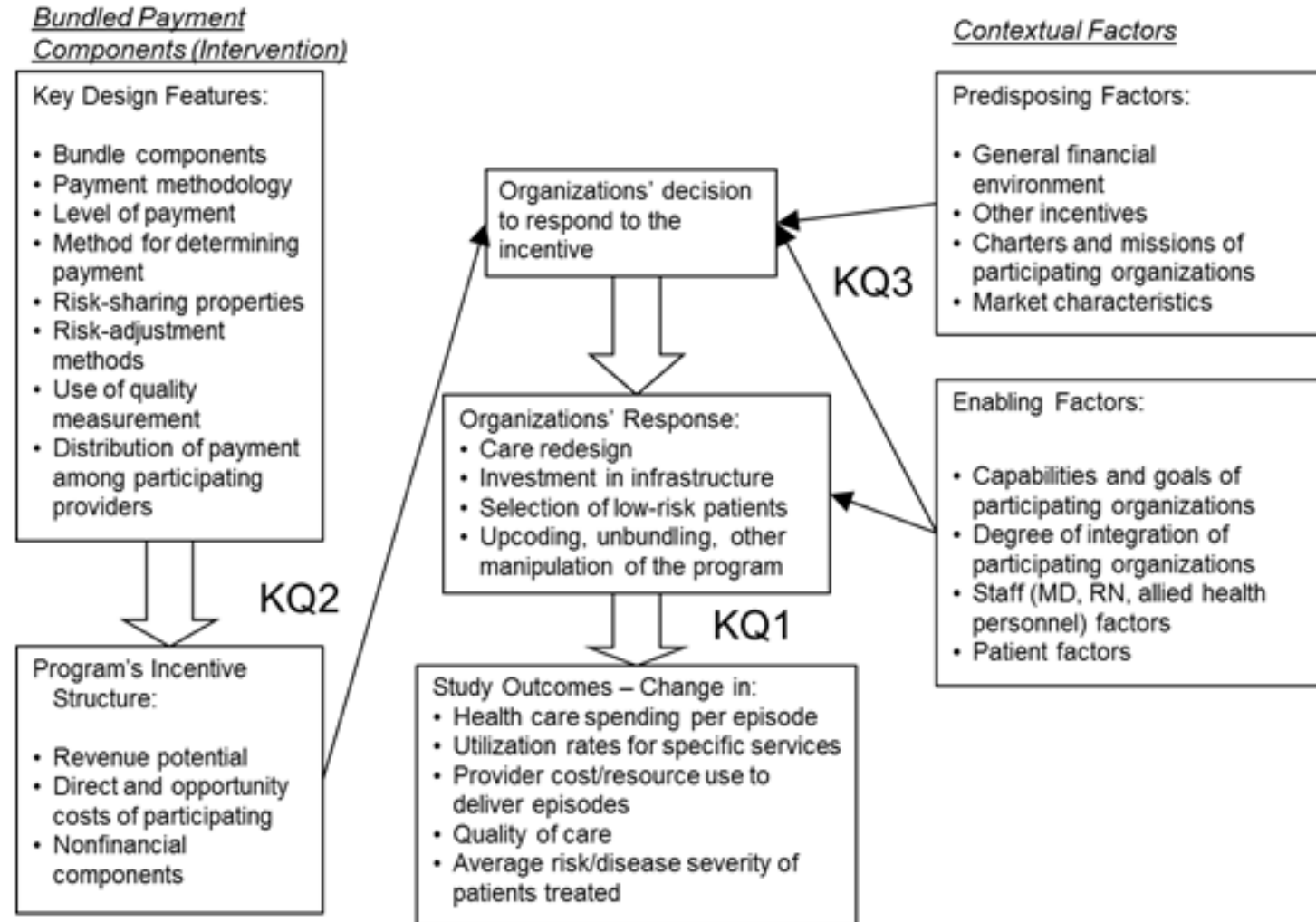
“We do need to provide **greater support for older Singaporeans**, particularly in healthcare and for their retirement needs. That's something which we want to do. And we have to go about it in a way that doesn't lead us to the problems we see in Europe and the United States or Japan, **go about it in a way that's sustainable**. And it means that **subsidies do have to be targeted**, they can't be across the board, including for the upper middle income group or upper income individuals, they have to be targeted at the middle and lower end of our retirees. It does mean that **some co-payment is necessary** because that leads to individual responsibility. But, very importantly, it means also shifting the balance of our spending in healthcare so that over time, we place **greater priority on preventive care and primary care** and not just on what happens in the acute hospitals. So it's not just what happens when you end up in hospital but it's about managing diseases well and preventing diseases from growing. So that's a very important strategy long-term as well.”



CONCEPTUAL MODEL

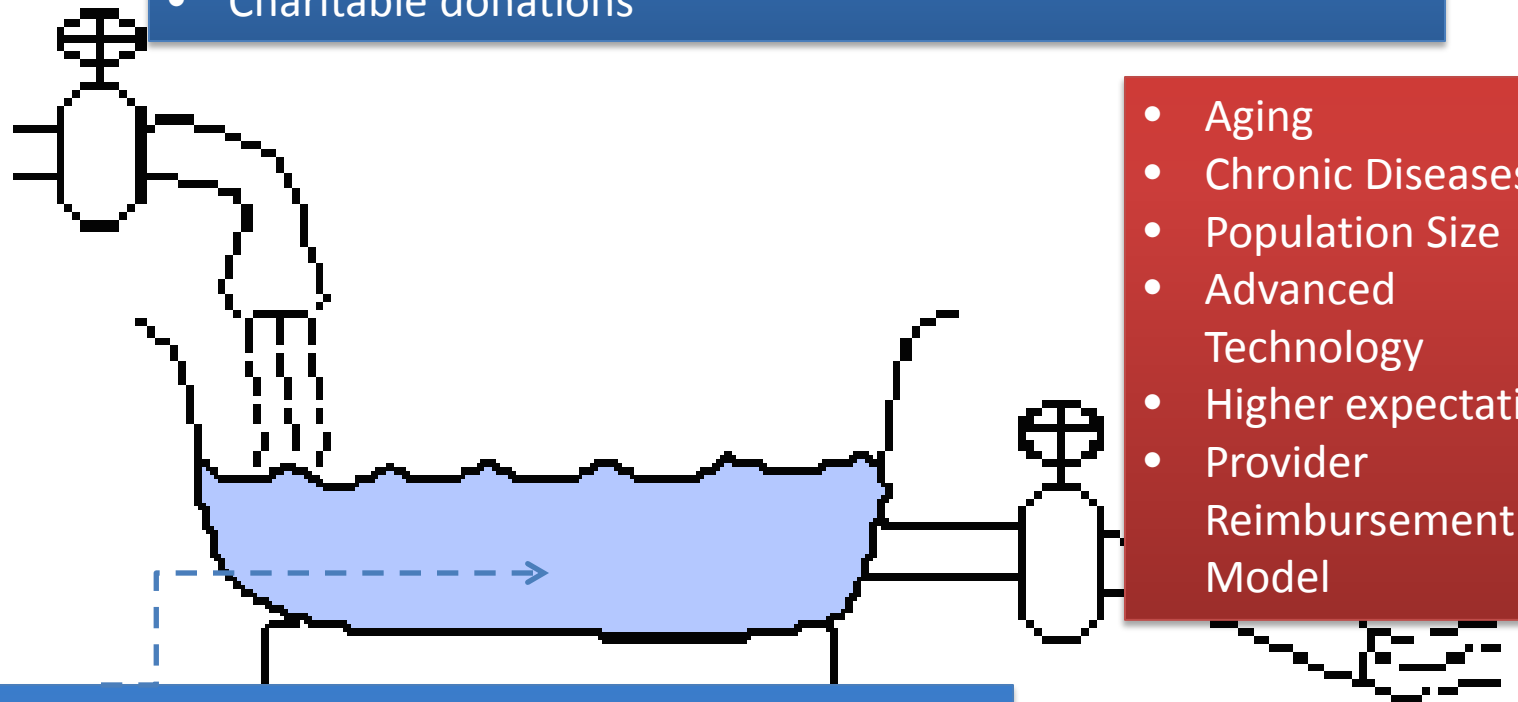
- Drivers of Healthcare Spending
 - Aging
 - Chronic Diseases
 - Population Size
 - Adoption of Advanced Technology
 - Higher expectations
 - Provider Reimbursement Model
- Generation of Financial Resources
 - ~~Old Age Dependency Ratio~~
 - Age of retirement and Employer Benefits
 - Savings at point of retirement including Medisave and setting of MMS
 - Government Budget Allocation: subsidies and Medifund
 - Health Insurance: MediShield, ISP and private insurance

PROVIDER INCENTIVES



CONCEPTUAL MODEL OF ELDERLY HEALTHCARE FINANCING

- Age of Retirement and Employer Benefits
- Government Budget Allocation: subsidies and Medifund
- Special allocations: Ad hoc Medisave top ups
- Charitable donations



- Healthcare earmarked savings at point of retirement including Medisave and setting of MMS
- Health Insurance: MediShield, ISP and private insurance

- Aging
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