

MediShield Life: Will there be moral hazard with universal coverage?

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WHEN I attended the press conference of the MediShield Life Review Committee last week, I quipped to one of the committee members that they had done such a good job, the Ministry of Health should appoint them to become a standing committee.

After all, I added, there were so many outstanding issues to be resolved. MediShield Life was really just the beginning of a longer journey towards transforming healthcare.

The member laughed. An official remarked that this was a very hardworking committee. A feature in *The Straits Times*' Insight on July 5 quoted two committee members saying they had each spent over 100 hours on the committee's work, and had grilled the secretariat and probed its figures.

As it turns out, others had a similar idea. Two Institute of Policy Studies researchers Christopher Gee and Yap Mui Teng said there was a case for a permanent committee with an expanded role, to look at healthcare issues.

Approaches to managing health-care costs in Singapore

They identified issues this committee could look at: review premiums and benefits regularly; assess if MediShield Life and private plans are fair from an actuarial point of view; collect medical bill data.

My own list of issues such a standing committee should look at in the near-term are:

1. How will private integrated plans be streamlined with MediShield Life?

One can argue that since MediShield Life coverage has expanded to include the very old, and its payouts have increased, that premiums for integrated plans should fall accordingly. But will this be the case, without an independent panel looking at the issue?

A related issue here is how to organise the B1 tier of Integrated Shield Plans. The committee recommended that private insurers offer a standardised B1 plan. But without some pushing from a third-party regulator or coordinator, it remains to be seen how private insurers can get together to do this.

Make standard B1 coverage available for all Singaporeans

2. Will there be moral hazard with universal coverage?

Several commentators have warned of escalating costs with universal health coverage.

This was the warning from Professor Phua Kai Hong, a veteran health economist in his piece here.

Warnings about premium rises are common. But to geriatrician Carol Tan, the bigger issue is whether people realise that we all have a part to play in making MediShield Life work.

MediShield Life reform: Three-legged stool for peace of mind

She calls it a three-legged stool. Insurers form one leg. Doctors and health providers are the second leg. They have to be prudent, not over-treat or over-test. This keeps claims down. Third, patients need to take care of their health, to keep healthcare spending down.

The moral hazard problem is a very real one, if everyone sees MediShield Life as a free buffet to feast upon. Rather than ask what MediShield Life can do for you, ask what you can do to help make MediShield Life affordable, she suggests.

That is the hardest part of a universal health insurance scheme - making everyone understand that it's not a buffet that one has paid for, but more like that proverbial pot of soup in the village: everyone adds what he has, and drinks from it when he needs it - just enough but not too much - and everyone has enough.