

Proposed MediShield Life changes offer 'social care' for more people, help Govt save costs in long run, experts say

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- Experts said that medical costs are rising all over the world and it is insurance premiums are expected to rise correspondingly, though the increases are steep especially if government subsidies are not included.
- Health experts said it is timely to review and expand Medishield Life scheme
- They approve of offering protection to people seeking treatment from attempted suicide or drug and alcohol addiction
- Aside from being a form of social care, it could potentially save on large expenses in future, they reasoned
- However, the Life Insurance Association Singapore is concerned that the changes may affect Integrated Shield Plan premiums

SINGAPORE — Taking a long-term view on medical and social costs as well as preventive care, health experts gave a supporting nod to the proposal to extend the Medishield Life insurance scheme to cover patients seeking treatments arising from attempted suicide, self-harm, substance abuse and alcoholism.

The experts interviewed by TODAY also recognised that the related premiums have to go up due to rising healthcare costs and for the insurance plan to be sustainable.

Players from the insurance sector, however, said that the authorities should proceed with caution because they foresee that costs of claims will go up for other policies and, in turn, the corresponding premiums.

As it is, many insurers have been seeing a net loss since the launch of MediShield Life, they added.

On Tuesday (Sept 29), the Medishield Life Council called for a major review of the insurance scheme to provide expanded coverage and set higher premiums.

This included covering patients seeking treatments arising from attempted suicide, intentional self-injury, drug addiction and alcoholism. They are excluded from the scheme for now.

Dr Jeremy Lim, an associate professor at the National University of Singapore (NUS) Saw Swee Hock School of Public Health, regarded the expansion to cover this group as a good move that could help the authorities save money in the future.

Alcoholism, for example, is a major risk factor for liver cirrhosis and later, cancer.

“Investing in treating addiction early would simply be an example of funding preventive care and potentially saving large expenses downstream,” Dr Lim said. He counts health systems and policy among his research interests.

Dr Phua Kai Hong, an adjunct senior research fellow at the Lee Kuan Yew School of Public Policy in NUS who shares similar research interests as Dr Lim, agreed.

He said that covering this group of patients under MediShield Life will allow for them to be “right-sited” — that is the provision of appropriate medical care wherever cost is the lowest possible.

What this means is that these patients could potentially be rehabilitated at community hospitals, rather than being warded in an acute hospital for a social problem. This will not only help them avoid hefty specialist fees, but save valuable space at the acute hospitals.

When asked about the potential moral hazard, the experts said they did not see anything wrong with the proposed expanded coverage.

Moral hazard refers to the thinking that people tend to behave in a way or expose themselves to risks when the consequences and cost of their risk-taking and poor decisions are borne by others.

On Tuesday, comments posted on TODAY’s Facebook page were largely not in favour of the move to cover this new group of patients.

Some readers questioned why care should be extended to alcoholics and drug users, while others labelled self-induced injury or addiction as “one's bad choices”.

To these, Dr Phua said: “I don’t see it as controversial. If you look at it.. it is a (form) of social care.”

Senior research fellow Christopher Gee, from the Institute of Policy Studies at NUS, said that to see the move as something controversial could be deemed as a value-judgement.

“It may be controversial for some people, but my feeling is that it is a growing problem,” said Mr Gee, who focuses on healthcare and retirement adequacy as research topics, among others.

Dr Lim reiterated: “MediShield Life covers Singaporeans, and we should support each other.”

The MediShield Life Council oversees the administration of the insurance scheme under the Central Provident Fund (CPF) Board. It is available to all citizens and permanent residents, and helps them pay for large hospital bills and selected costly outpatient treatments such as chemotherapy for cancer.

In its consultation paper, the council explained that there is growing recognition that proper treatment is the appropriate approach when dealing with patients who self-harm.

It added that addiction is a chronic medical disease that involves complex interactions among brain circuits, genetics, the environment and an individual’s life experiences.

It therefore believes that prevention efforts and treatment approaches for addiction are generally as successful as those for other chronic diseases.

There is a public consultation to gather views on these proposals from now to Oct 20, with changes to the scheme expected to take effect early next year.

RISING MEDICAL COSTS

In general, the experts also agreed that it is timely to relook the cost of the MediShield Life premiums.

Dr Phua said that medical costs are rising all over the world, and it is to be expected that the premiums will rise correspondingly.

However, Dr Lim said that the premium increases are steep especially if government subsidies are not part of the equation.

“But there is little choice if these are needed to keep MediShield Life financially sustainable,” he added.

Still, Mr Gee is worried that any increase in premiums may put a strain on MediSave savings for CPF members, which in turn affects the ability to use the national savings scheme for other medical expenses.

Dr Lim said it is important to know the medical loss ratio for MediShield Life to determine if it is on a sound financial footing.

The ratio refers to how much the scheme pays out in claims for every premium dollar paid.

“It’s been five years (since the scheme was launched) and it is worth tracking whether this has changed year-on-year,” he said, adding that the ratio should be 90 per cent at least.

“(There is) no right number, but (the ratio) shouldn’t be too low or it’ll mean that the premiums are too high relative to the claims.”

GIVING FEEDBACK ON IMPACT

The Life Insurance Association Singapore (LIA) said that if the proposed changes are implemented, it could lead to a further escalation of claims costs for the Integrated Shield Plan (IP), an optional health coverage partly provided by private insurance companies and partly by CPF — which is the MediShield Life component.

This, in turn, could raise IP premiums, the association said in a statement issued in response to the council’s consultation paper.

“All the changes need to be carefully assessed in totality to determine the final impact on claims costs and IP premiums, if any,” it said.

LIA intends to study the proposed changes carefully alongside IP insurers before it gives feedback to the council.

While the association said that its priority is to ensure access to affordable quality healthcare, this must remain financially sustainable for IP insurers with the added coverage provided by IPs.

IPs continue to see significant claim cost increases, which are putting upward pressure on IP premiums, it added.

“Most IP insurers continue to make a net loss since the launch of MediShield Life in November 2015. This is despite numerous measures that have been implemented to manage health insurance costs in Singapore.”

Both Dr Phua and Mr Gee said that given the current economic climate, if IP premiums are increased, it is possible that customers may decide to forgo it if they cannot afford to pay.

However, Mr Gee said the upside is that improving the Medishield Life coverage means Singaporeans will be better insured with just the basic scheme if that is all they can afford.

The Government has given its assurance that no one will lose their Medishield Life coverage, even if they cannot afford it because they can apply for more financial aid.