

Singapore Shield - Stakeholders Collaboration for Sustainability

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3.5 years of personal struggle





Challenges common to Hong Kong and Singapore



Low birth rate – 1.19 for Hong Kong (est. 2017) and 1.16 for Singapore



Rising life expectancy – 84.3 for Hong Kong and 82.6 for Singapore



High Medical Insurance Penetration – 44% for Hong Kong¹ and 2 out of 3 for Singapore²



Rising medical inflation – private care medical inflation estimated to be above 8% in 2017 from various sources.

Source:

(1) HKFI Medical Insurance Business Statistics, (2) LIA Study of the Cost of Health Insurance in Singapore, LIA, 13 Oct 2015

Taking the
essence to
enhance
favour

Our Focus Today



Agenda

- Review of Singapore healthcare financing system
- Singapore's experience
 - The Challenge
 - Health Reform
 - Medical Fee Guidelines - Health economics
- Insights for Hong Kong

Singapore Healthcare Financing Background



Health financing in Singapore

“Universal healthcare coverage”¹

“Twin philosophies of individual responsibility and affordable healthcare for all”¹

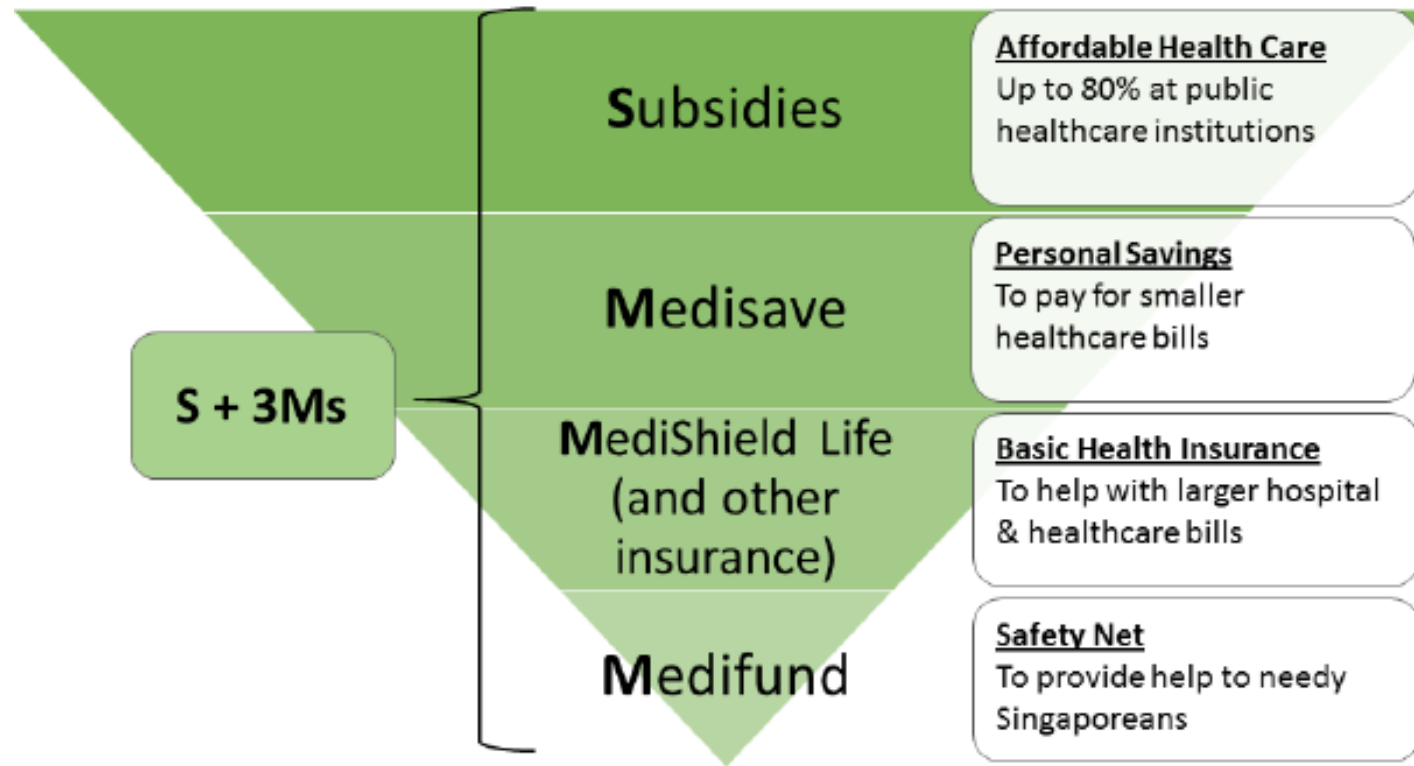


Figure 1: Main Components in Singapore's Healthcare Financing System (MOH)

Source:

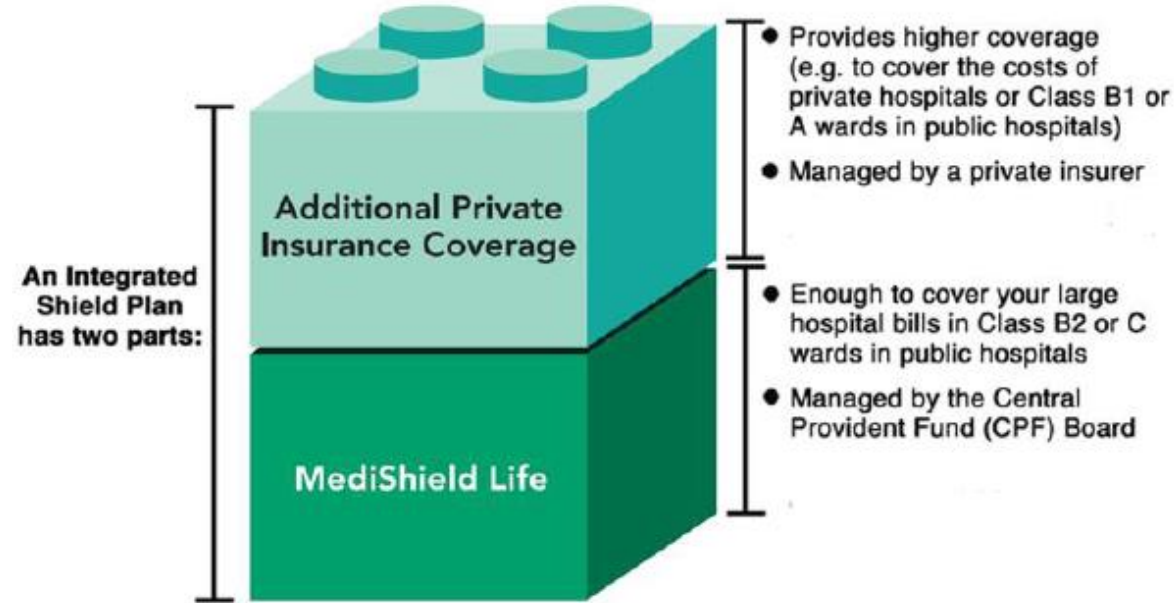
(1) Cost and Financing, Ministry of Health, Singapore, https://www.moh.gov.sg/content/moh_web/home/costs_and_financing.html

(2) Managing the Cost of Health Insurance in Singapore, Health Insurance Task Force (“HITF”), Singapore, October 13, 2016

Commercial health insurance in Singapore

“Supplements MediShield Life”¹

“higher coverage for stays in Class B1 and above wards in public hospitals, as well as in private hospitals”¹



*Diagram is not drawn to scale



Source:

(1) Managing the Cost of Health Insurance in Singapore, Health Insurance Task Force (“HITF”), Singapore, October 13, 2016

Medical fees transparency has been a key focus though the Fee Guideline was withdrawn in 2007

Medical fees transparency in Singapore

Hospital Charges

Total Hospital Bills

- By condition/procedure

Total Operation Fees

- By procedure

Last updated on 23 Oct 2017

Press Statement Issued In Relation to SMA's Withdrawal of Fee Guidelines

(Issued 3 April 2007)

1. The Competition Commission of Singapore (CCS) understands that the Singapore Medical Association (SMA) has received advice from several of its legal advisors that its Guideline on Fees (GOF) may contravene Section 34 of the Competition Act, and has therefore decided to withdraw its GOF with immediate effect.

Duty of manager of private hospital

11. Every manager of a private hospital shall ensure that every patient be informed, on or before his admission to the private hospital, of the estimated total charges which are likely to be incurred in respect of his hospitalisation and treatment.

Source:

(1) Hospital charges, Cost and Financing, Ministry of Health, Singapore

https://www.moh.gov.sg/content/moh_web/home/costs_and_financing/hospital-charges.html

(2) Private Hospitals and Medical Clinics Regulations, Singapore Statutes Online Plus,

<https://sso.agc.gov.sg/SL/PHMCA1980-RG1#pr11->

(3) Press statement issued in relation to SMA's withdrawal of fee guidelines, Competition & Consumer Commission, 3 April 2007

<https://www.ccs.gov.sg/media-and-publications/media-releases/press-statement-issued-in-relation-to-smas-withdrawal-of-fee-guidelines>

A young child with brown hair, wearing a blue raincoat with white polka dots and red buttons, is playing in the rain. The child is holding a transparent umbrella and has their hands raised, enjoying the rain. The background is a blurred green field. The text "The Challenge & Singapore Health Reform" is overlaid on the left side of the image.

The Challenge & Singapore Health Reform

Deteriorating claims experience

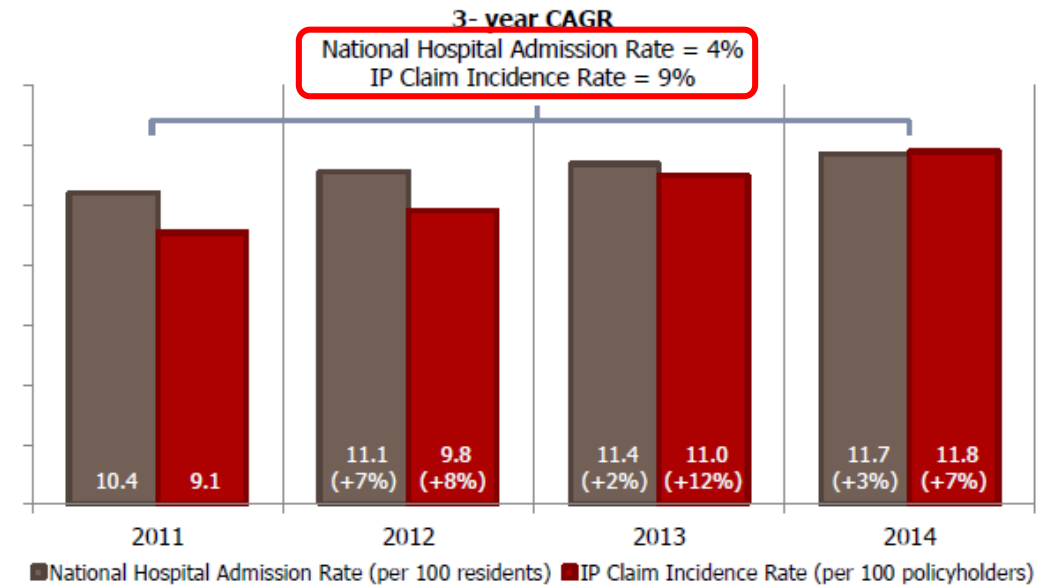
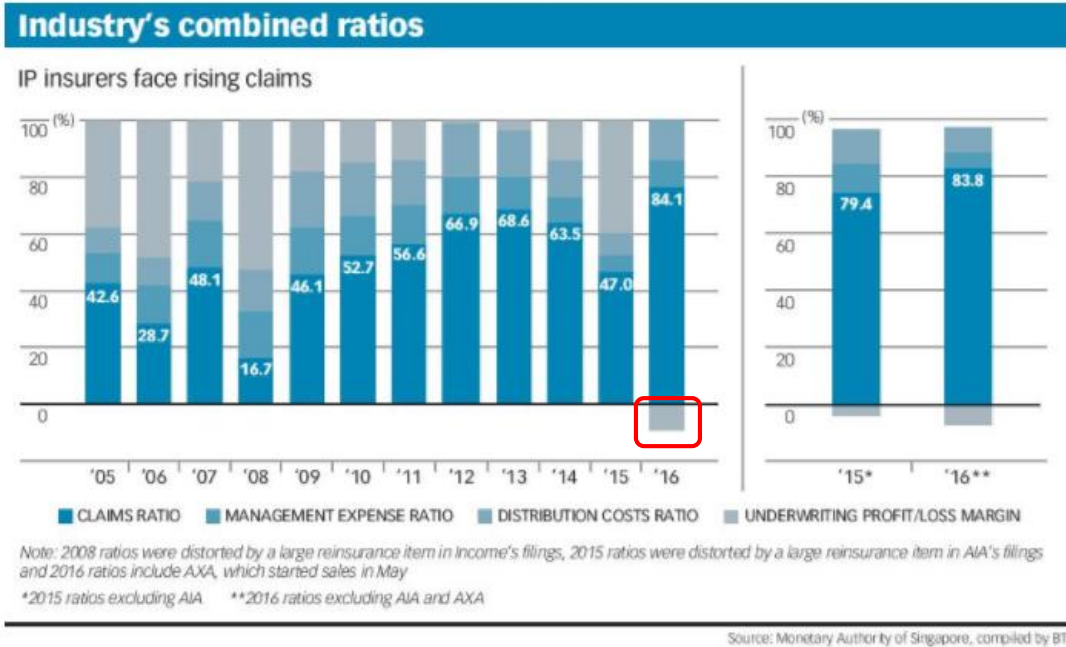


Chart C: National Hospital Admission Rate vs Average IP Claims Incidence Rate

Year	Average Inpatient Bill Sizes		Average Day Surgery Bill Sizes		Average Outpatient Bill Sizes		Overall Average Bill Sizes	
	Private Hospital Wards	Public Hospital A Wards	Private	Public Hospital	Private	Public Hospital	Private	Public Hospital
2012	10,367	5,647	3,251	845	4,483	1,728	5,893	2,070
2013	11,426	5,515	3,437	864	4,441	1,654	6,431	2,048
2014	12,105	5,955	3,684	894	5,090	1,670	6,962	2,095
2-Year CAGR (%)	8.1	2.7	6.5	2.9	6.6	-1.7	8.7	0.6

Table 1 – Average bill sizes incurred of IPs broken down by bill types and hospital Wards

Source:

(1) Six IP insurers stung by underwriting losses as claims surge, The Business Times, Claire Huang, 6 Sep, 2017

<https://www.businesstimes.com.sg/government-economy/six-ip-insurers-stung-by-underwriting-losses-as-claims-surge>

(2) LIA Study on the Cost of Health Insurance in Singapore, Life Insurance Association, Singapore, 13 Oct, 2015

Health Insurance Task Force



Recommendations¹:

- (1) Introducing Medical Fee Benchmarks or Guidelines
- (2) Clarification on Existing Process to Surface Inappropriate Medical Treatment
- (3) Enhancing Insurance Procedures and Product Features
- (4) Educating Consumers

Insurance industry initiative

To recommend measures to bring about moderation in the escalation of health insurance premiums in Singapore

Source:

(1) Managing the Cost of Health Insurance in Singapore, Health Insurance Task Force ("HITF"), Singapore, October 13, 2016

Singapore healthcare reform (1)

Singapore

Ministry of Health to introduce fee benchmarks for medical procedures



Set by a committee comprising public and private healthcare institutions and government officials¹



Reference point but not a guide – doctors can still charge higher but benchmark will be used as point of reference in case of disciplinary action¹



Complex task by supported by the Singapore Medical Association¹

“coming up with the range of fees will not be an easy task for the committee”¹

Source:

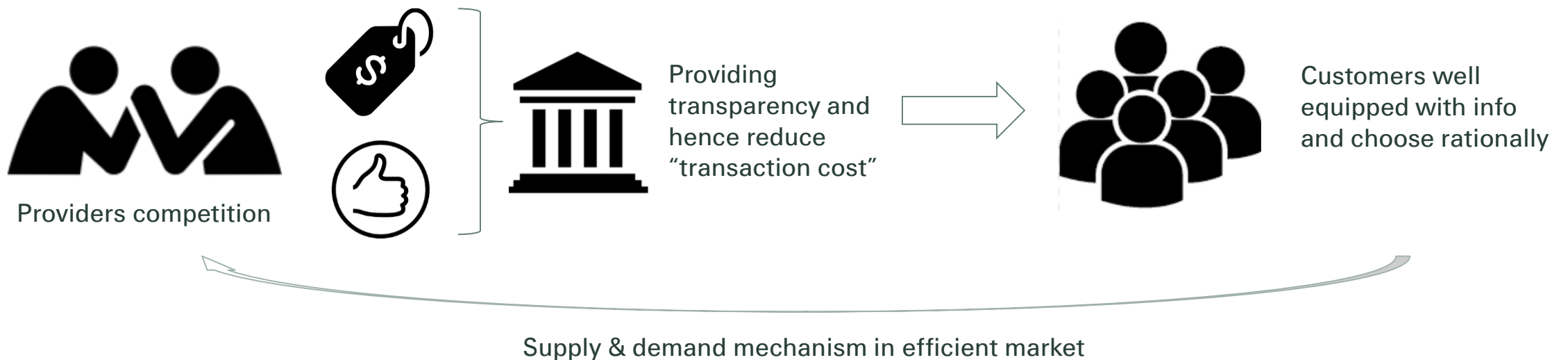
(1) Ministry of Health to introduce fee benchmarks for medical procedures, Channel NewsAsia, Chan Luo Er, 30 Nov, 2017
<https://www.channelnewsasia.com/news/singapore/ministry-of-health-to-introduce-fee-benchmarks-for-medical-9455528>

Medical fee guideline – health economics perspective

The revisiting journey?

	Guideline of Medical Fees	Medical fee guideline
Key dates	Withdrawn in 2007	To be introduced by phases in 2018/19
Set by	Singapore Medical Association	Ministry of Health
Reasons	Withdrawn due to anti-competition concern	Introduced to moderate medical inflation

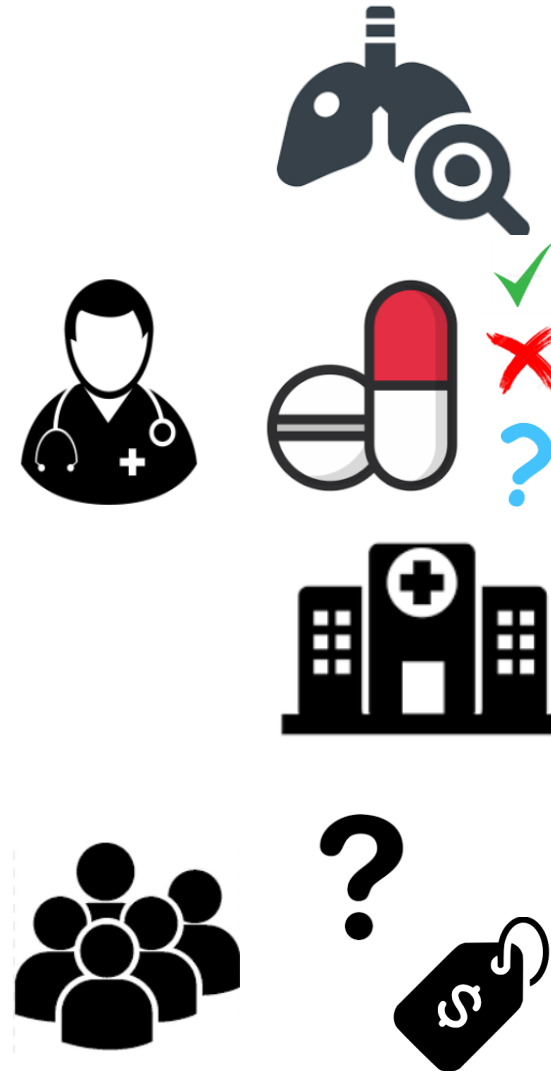
Competition and market efficiency



Information asymmetry

Knowledge Check

- Myocardial infarction
- (a) Brain
 - (b) Heart ✓
 - (c) Lung
- Pneumothorax
- (a) Lung Infection
 - (b) Coughing up blood
 - (c) Collapsed lung ✓
- Sternutate
- (a) Sneeze ✓
 - (b) Hangover
 - (c) Muscle twitch



“both parties are aware of this informational inequality, and their relation is coloured by this knowledge”

Nobel Prize Economics laureate Kenneth Arrow

“Quality” of healthcare

How do you choose your doctor in case of serious illnesses?

- (a) Ask Google / Consult an online forum
- (b) Word of mouth from people around (e.g. family)
- (c) Price that doctors charge – positive linkage between cost and quality
- (d) Referral by another doctor
- (e) Recommendation from insurance company



“Unfortunately, there is no single definition of quality in the management, marketing, and health care fields.”

Reeves and Bednar, 1994

When another one pays....

A la carte versus Buffet



Healthcare with Insurance



Healthcare decision,
advice, pricing and
purchase decision



Insurer being
payer not
limited
decision
making
influence

“Third-party payers (insurance companies and governments) reimburse for procedures performed rather than outcomes achieved”¹

Singapore healthcare reform (2)

Parliament: Patients who buy new riders for Integrated Shield Plans will have to pay 5 per cent of hospital bills

	Average bill for private hospital plans	Percentage of people on private hospital plans who made claims in 2016
IP with no rider	\$6,270	5.9%
IP with full rider	\$9,975	9.1%



Over the past two years premiums have gone up by

up to **80%** for Integrated Shield Plan (IP)

up to **225%** for full riders

“co-payment is an integral part of healthcare schemes since zero payment dilutes the personal responsibility to choose appropriate and necessary care”²

Source:
 (1) Parliament: Patients who buy new riders for Integrated Shield Plans will have to pay 5 per cent of hospital bills, The Straits Times, Salma Khalik, 7 Mar, 2018
<https://www.straitstimes.com/politics/parliament-patients-who-buy-new-riders-for-integrated-shield-plans-will-have-to-pay-5-per>
 (2) Health Minister Gan Kim Yong, Singapore

Recap - Health Insurance Task Force



Recommendations¹:

- ✓ (1) Introducing Medical Fee Benchmarks or Guidelines
- ✓ (2) Clarification on Existing Process to Surface Inappropriate Medical Treatment
- ✓ (3) Enhancing Insurance Procedures and Product Features
- ✓ (4) Educating Consumers

Insurance
industry
initiative

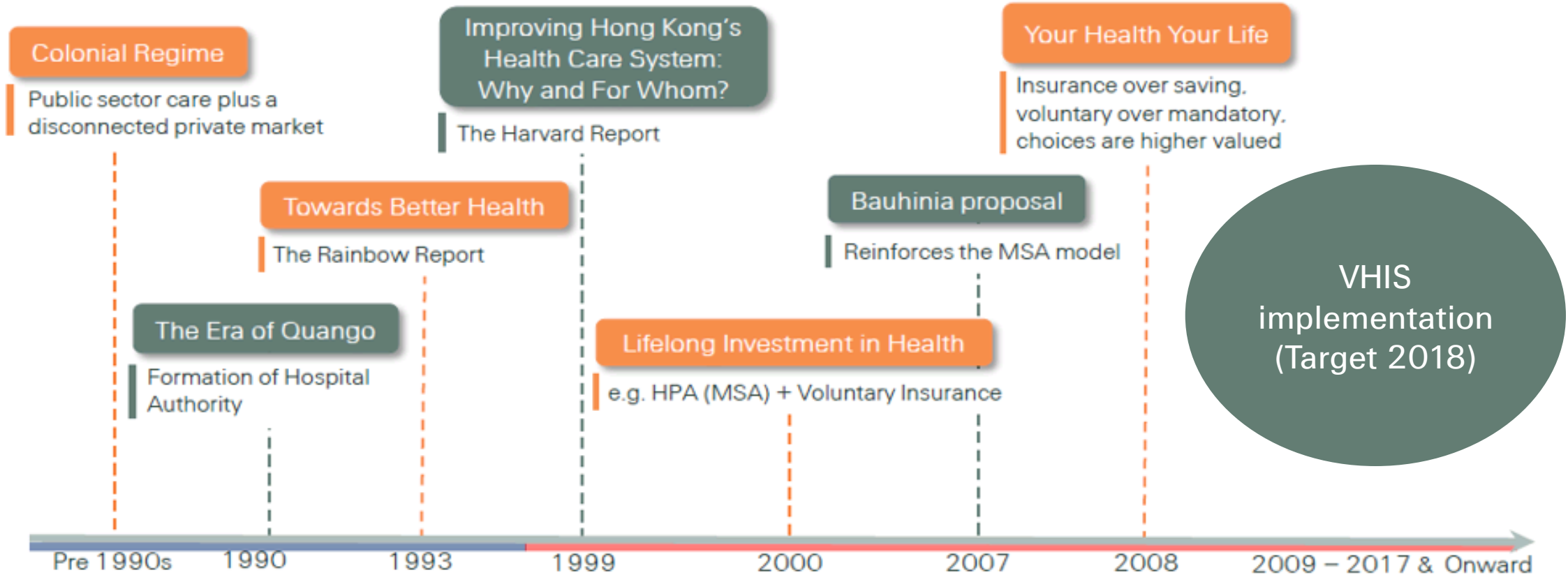
Source:

(1) Managing the Cost of Health Insurance in Singapore, Health Insurance Task Force ("HITF"), Singapore, October 13, 2016



Insights for Hong Kong

Hong Kong Health Reform – fruit of perseverance



HK Health Reform - Strong foundation we built

“The Government plans to implement the Voluntary Health Insurance Scheme in 2018

...offer tax incentives

...procure such health insurance products”

HK Chief Executive, Oct 2017



(1) Outlining and enhanced minimum requirement

(2) Standard T&C

(3) Tax incentives

Private Healthcare Facilities Bill (being scrutinized by Legco)

- Updated requirements for providers
- Price transparency (Oct 2016 pilot program)

Medical Reform Bill passed in March 2018

Similarities of Health Reform in HK and Singapore

Direction	HK	SG
Medical fee transparency / Guideline	Price transparency (Oct 2016 pilot program)	Medical Fee Guideline (Previous GOF)
	Private Healthcare Facilities Bill	Estimated total charge by private hospitals
Enhancement of Insurance Procedures & Features	VHIS minimum requirement	New Shield riders features
	Standard T&C, Code of Practice	Pre-approval & Network providers
Clarification on Existing Process to Surface Inappropriate Medical Treatment	Medical Reform Bill	Medical Fee Guideline used as reference
Educating Customers	✓	✓



Insurance
as leader
for change



Adapting to
the dynamic
market





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