Singapore Actuarial Society

Update on Healthcare Provision and Financing

Period: 1 January 2009 – 31 May 2009

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1. IDAPE and ElderShield Claims

Source: Parliamentary Q&A www. MOH.gov.sg 23 Mar 2009

Question No: 174
Question By: Assoc Prof Kalyani K Mehta

To ask the Minister for Health from 2002 to February 2009 (a) how many patients' applications are approved annually for Eldershield and Interim Disability Assistance Programme for the Elderly (IDAPE); (b) what is the rejection rate; and (c) what are the main reasons for rejection.

Reply from MOH

1. From 2002 to 2008, there were 4,583 applications for ElderShield claims. 85%, or 3,912 claims, were successful, giving a rejection rate of 15%.

2. During the same period, there were 9,144 applications for IDAPE claims. 84%, or 8,563 claims, were successful, giving a rejection rate of 16%.

3. Using 2008 figures as an illustration, the number of successful claims was 732 for ElderShield and 618 for IDAPE.

4. ElderShield and IDAPE cover severe disabilities as measured by the patient's inability to perform 3 or more of the 6 Activities of Daily Living. The main reason for rejection was because the applicants could not meet the claim criteria.

2. Enhanced Subsidy Framework for Community Hospitals

Source: Press Releases www. MOH.gov.sg 29 Mar 2009

1. Currently, the Ministry of Health (MOH) provides an operating subvention to the 5 community hospitals (CHs) run by VWOs, so that they can in turn subsidise their lower income Singaporean patients.Government subsidy is significant, at $26 mil last year, and extends to middle income Singaporeans with a family income of up to $5,200 per month (for a family of 4). The highest level of subsidy is available to those with a family income of $1,320 per month (for a family of 4).

2. Patients are grouped in accordance with the income level and the subsidy rendered varies by 25%-points from one income group to the next. This has some times caused financial difficulty to those at the margins. For example, a patient from a family of 4, with a family income of $ 1,200 enjoys a 75% subsidy, whereas a patient from a similar family size with a family income of $1,400 gets a reduced subsidy of 50%. The difference of 25%-points can mean a difference in hospital bill of $700 (for a hospitalisation stay of 30 days).

3. MOH has decided to introduce more income tiers so as to smoothen out the incremental subsidy level. This will benefit the patients.

4. In acute hospitals, the incremental subsidy level is 1%-point. For CHs, such a fine level of incremental change is not necessary, as the cost of running CHs is much less than that of running an acute hospital.

5. MOH has decided to reduce the incremental subsidy level from 25%-points (0%, 25%, 50% and 75%) to 10%-points (e.g. 0%, 10%, 20%…60%, 70% and 75%). Effectively, this means increasing the number of subsidy levels from 4 to 9. MOH is discussing with CHs on the implementation details. We will implement this enhancement as soon as possible, before July 1, so that patients can benefit early.

6. The enhancement and other adjustments will cost MOH more, tentatively estimated at about $4 million a year at the CHs.

7. Together with the liberalization, MOH will also differentiate the subsidy level granted to Singapore permanent residents (PRs). Citizens should enjoy better privileges than PRs. Currently, all foreigners are not subsidized, while PRs are heavily subsidized. In acute hospitals, the subsidy enjoyed by PRs is 10%-points less than that enjoyed by citizens of similar income group. The differentiation was implemented last year.

8. MOH is now ready to implement the differentiation in CHs. The difference will also be set at 10%-points. This change will be introduced together with the enhanced subsidy framework described above.

3. Further Medisave Liberalisation

Source: Press Releases www. MOH.gov.sg 29 Mar 2009

MOH will launch two new initiatives this year, to allow Singaporeans to make greater use of their Medisave accounts:

(a) to cover elective (i.e. non-urgent) hospitalisation in approved hospitals overseas;
(b) to cover home palliative care.

(a) Elective Hospitalisation for Treatment Overseas

2. Medisave is meant to cover treatment in Singapore; but we have allowed the use of Medisave overseas under strict conditions such as emergency treatment (e.g. a heart attack while overseas).

3. Over the years, we have received requests from many Singaporeans about allowing the use of their Medisave for elective hospitalisation overseas. The unionists have asked for this at a public dialogue with the Minister for Health. More recently, the issue was raised in Parliament by several MPs.

4. MOH has decided to allow this. This will give Singaporeans a wider choice of hospitals when considering elective treatment, so as to help them stretch their Medisave dollars and save money. There are however, concerns over ensuring safety and adequate standards, while guarding against fraudulent claims.

5. We will hence allow this use cautiously, with suitable safeguards. Overseas Medisave use will only be limited to hospitalisations and day surgeries. The overseas hospital should have an approved working arrangement with a Medisave-accredited hospital in Singapore. Medisave claims can only be made through the Singapore hospitals, and subject to the following conditions:

(i) Overseas use of Medisave should be limited to patients normally resident in Singapore;
(ii) The local attending doctor should certify the patient's condition and necessity of medical treatment; and

(iii) The referring local hospitals remain accountable for patient satisfaction and good clinical outcomes for patients referred overseas, at the same standard as if the patients were treated in Singapore.

6. MOH has started discussions with a number of Singapore hospitals who are keen to make this option available to their patients. The scheme will be implemented as soon as they are ready

(b) Home Palliative Care

7. Palliative care provides a programme of coordinated medical and nursing care to the terminally ill. It aims to improve the quality of life for the patients through pain control, symptom relief, nursing care, counselling and bereavement support.

8. Palliative care can be provided at home or in a hospice. Currently, Medisave can be used for inpatient hospice stays, subject to a withdrawal limit of $160 per day. Many patients who do not require inpatient hospice treatment often prefer to spend their last days in their own homes. MOH encourages this and will hence facilitate this by allowing them to use their Medisave for home palliative care. This extension of Medisave will provide the patients with more choice for palliative care.

9. MOH is working with the providers of palliative care on the implementation details such as home palliative protocols and suitable guidelines. The scheme will be implemented as soon as they are ready.

(c) Other Initiatives

10. These two initiatives add to the other Medisave liberalisation initiatives which MOH had earlier announced for implementation this year:

(i) Higher surgical withdrawal limits. The current Medisave limits of $150 to $5,000 will be raised, to range from $250 to $7,550 . This will take effect from 1 June 2009. This would reduce the out-of-pocket expenses of all surgical patients, and will particularly help those in Class A/B1 and private hospitals.

(ii) Extension of CDMP to mental illnesses. The Medisave Chronic Disease Management Programme (CDMP) will be extended to cover the mentally ill patients, starting with schizophrenia and major depression. This will be rolled out in Oct 2009.

11. To gear up for this implementation, MOH has just appointed a Clinical Advisory Committee to help guide the implementation of the programme.

12. The committee will be chaired by A/Prof Wong Kim Eng, Clinical Director of the National Addictions Management Service and former Chair of the Medical Board of the Institute of Mental Health, and comprise experts from both the public and private sectors (see composition in Annex). The Committee would develop treatment guidelines, quality assurance framework and identify suitable indicators to track progress of this programme.

4. More Patients to Benefit from Enhanced Subsidy Framework at Community Hospitals

Source: Press Releases www. MOH.gov.sg 17 May 2009

From 1 July 2009, MOH will enhance the subsidy framework at the community hospitals (CHs) to benefit more patients. Currently, there are 4 income tiers, with incremental subsidy level of 25%-points from one income group to the next (75%, 50%, 25% and 0%). From 1 July, we will expand this to 9 income tiers, reducing the incremental subsidy level from 25 to 10%-points (75%, 70%, 60%, 50%, 40%, 30%, 20%, 10% and 0%). This way, the patients at the margin of each income tier will receive higher subsidies than now.

2. This enhancement will benefit many patients. We estimate that half of the patients will benefit from this change. No patients will be adversely impacted by the change. The savings can be significant; up to hundreds of dollars per hospitalisation (refer to Annex for examples). This is possible as MOH will raise the eligible monthly income cut-offs (for a family of 4) from $5,200 to $5,600 at the upper end, and from $1,320 to $1,440 at the lower end.

3. The changes are summarised in Table 1.

Table 1: Enhanced 9-tier subsidy framework

Total Family Income (based on family of 4)	Subsidy Level for Citizens*
≤ $1,440	75%
$1,441 - $2,200	70%
$2,201 - $3,000	60%
$3,001 - $3,800	50%
$3,801 - $4,600	40%
$4,601 - $5,200	30%
$5,201 - $5,400	20%
$5,401 - $5,600	10%
> $5,600	0%

* Permanent Residents will receive 10%-point less subsidy

4. The enhanced subsidy framework will increase the MOH subvention to CHs by $4 million per year to about $30 million per year. MOH will continue to work with the CHs to ensure patients transit smoothly from the restructured hospitals, receiving the most appropriate care in a cost-effective manner at the CHs.

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ANNEX

Example 1
Mr. Tan, 70 years old, was transferred from a restructured hospital to a community hospital for rehabilitation. He opted for an 8-bedded ward at the community hospital and stayed for a total of 24 days. Mr. Tan has a family of 4 (including himself) and a

total family income of $2,000 a month. From 1 July 2009, this is what he can expect to pay at the community hospital.

	Government Subsidy	Total Bill	MediShield	MediSave	Cash
Today	50%	$1,800	$640	$1,160	0
1 July 09 onwards	70%	$1,080 (savings of $720)	$64	$1,016	0

Example 2
Mrs. Wong, 65 years old, was transferred to a community hospital from a restructured hospital to continue her recovery. She opted for an 8-bedded ward at the community hospital and stayed for a total of 28 days. Mrs. Wong has a family of 4 (including herself) and a total family income of $4,000 a month. From 1 July 2009, this is what he can expect to pay at the community hospital.

	Government Subsidy	Total Bill	MediShield	MediSave	Cash
Today	25%	$2,500	$1,200	$1,300	0
1 July 09 onwards	40%	$2,000 (savings of $500)	$800	$1,200	0

Example 3
Mr. Lim, 75 years old, was transferred to a community hospital from a restructured hospital to continue her recovery. She opted for an 8-bedded ward at the community hospital and stayed for a total of 28 days. Mr. Lim has a family of 4 (including himself) and a total family income of $5,300 a month. From 1 July 2009, this is what he can expect to pay at the community hospital.

	Government Subsidy	Total Bill	MediShield	MediSave	Cash
Today	0%	$3,500	$2,025	$1,475	0
1 July 09 onwards	20%	$2,800 (savings of $700)	$1,440	$1,360	0

Note: MediShield coverage is applicable only if the patient was discharged from an acute care hospital (both public and private) for further treatment. The MediShield payout is subject to the usual deductible and co-insurance components. If a patient was discharged from an acute care hospital, his hospital bill would have contributed towards the meeting of the MediShield deductible and patients would likely see a higher MediShield payout amount than shown in the above examples

5. Patients To Benefit From Higher Medisave Withdrawal Limits For Surgical Operations

Source: Press Releases www. MOH.gov.sg 31 May 2009

From 1 June 2009, MOH will increase the Medisave withdrawal limits for surgical operations. This will reduce the out-of-pocket expenses of all surgical patients, and will especially help those in Class A/B1 and private hospitals as current limits are already sufficient to cover most Class B2/C bills. We estimate that up to 300,000 patients will potentially benefit annually from this enhancement.

2. Surgeries fall into 21 tables, running from Table 1A, 1B, 1C through to 7A, 7B, 7C, in ascending order of complexity. The Medisave withdrawal limits for surgical operations will be raised substantially to between $250 for Table 1A procedures to $7,550 for Table 7C procedures. See Annex A for examples of the amount of out-of-pocket cash which patients could save.

Table 1: Revised Medisave Surgical Withdrawal Limits

Table of Surgical Procedures	Existing Withdrawal Limits	Revised Withdrawal Limits (w.e.f. 1 June 09)
1A 1B 1C	$150 $200 $250	$250 $350 $450
2A 2B 2C	$350 $450 $600	$600 $750 $950
3A 3B 3C	$800 $1,000 $1,200	$1,250 $1,550 $1,850
4A 4B 4C	$1,400 $1,600 $1,800	$2,150 $2,600 $2,850
5A 5B 5C	$2,000 $2,200 $2,400	$3,150 $3,550 $3,950
6A 6B 6C	$2,800 $3,200 $3,600	$4,650 $5,150 $5,650
7A 7B 7C	$4,000 $4,500 $5,000	$6,200 $6,900 $7,550

ANNEX

Example 1: Cataract Operation* on the Right Eye (Table 4A operation)

	Before	After
Bill size (Private Day Surgery)	$2,768	$2,768
Medisave pays	$1,700 *[$300** for hospital charges + $1,400 for surgical operation (based on current Table 4A limits)]*	$2,450 *[$300** for hospital charges + $2,150 for surgical operation (based on revised Table 4A limits)]*
Out-of-pocket cash	$1,068	$318
Out-of-pocket cash savings	$750	

* Cataract Operation is a day surgery procedure
** The Medisave withdrawal limit for day surgery is $300

Example 2: Right Knee Replacement (Table 6B operation)

	Before	After
Bill size (Class A)	$13,518	$13,518
Length of stay	6 days	6 days
Medisave pays	$5,900 *[$450 per day x 6 days for hospital charges + $3,200 for surgical operation (based on current Table 6B limits)]*	$7,850 *[$450 per day x 6 days for hospital charges + $5,150 for surgical operation (based on revised Table 6B limits)]*
Out-of-pocket cash	$7,618	$5,668
Out-of-pocket cash savings	$1,950	

Example 3: Gall Bladder Removal (Table 4A operation)

	Before	After
Bill size (Class B1)	$3,802	$3,802
Length of stay	2 days	2 days
Medisave pays	$2,300 *[$450 per day x 2 days for hospital charges + $1,400 for surgical operation (based on current Table 4A limits)]*	$3,050 *[$450 per day x 2 days for hospital charges + $2,150 for surgical operation (based on revised Table 4A limits)]*
Out-of-pocket cash	$1,502	$752
Out-of-pocket cash savings	$750	

6. Do you know?

As at March 2009, there are 64 nursing homes in Singapore?

Half of them are located in the heartlands, close to the community and are accessible by public transport.

As our population ages, MOH plans to set up more nursing homes. Based on current projection, MOH will need to increase the capacity from the current 9,000 to 14,000 beds over the next 10 years. Within the next 2 years, MOH plans to set up 5 new nursing homes which will provide 1,300 more beds. They will be sited in housing estates.

Source: www.moh.gov.sg / Forum/ March 09

MediShield does cover costs of rehabiliation at community hospitals?

MediShield already covers costs of rehabiliation at community hospitals. In fact, most bills at community hospitals can be fully paid for under Medisave and MediShield.

While our healthcare subsidies are principally targeted at lower income groups , middle-income groups are not left out. For example, Singaporean families with household incomes of up to $5,200 per month (for a family of 4) can get as much as 25% government subsidy for bills incurred at community hospitals. For lower-income Singaporeans, they will qualify for as much as 75% subsidy and there are safety nets like Medifund to help those with additional financial needs.

Source: www.moh.gov.sg / Forum/ April 09

By design, community hospitals (CHs) cost less to run than acute hospitals?

1. They are less capital, manpower and skills intensive. This does not compromise care because the patients admitted there do not require the intensive treatment offered by acute hospitals. The cost of running the CH is about a third that of an acute hospital.

2. MOH subsidises many patients for their CH care. Our subsidy extends up to middle income Singaporeans, say with monthly income of up to $5,200 per month for a family size of 4. Patients can use Medisave to help pay their bills and Medishield also covers CH hospitalisation for those who subscribe to it. For patients who still have financial difficulty paying the bills, Medifund provides the safety net. In addition, the CHs run by charities raise funds, as part of their social mission, to help provide financial assistance to patients in need.

3. Last year, MOH increased the subvention to the CHs to help them and their patients cope with the economic slowdown. We will do more, if necessary.

4. I have explained before why means-testing in CHs and acute hospitals are not identical though both share the same objective of wanting to help the low income group. However, we will be flexible to any patient who gets missed out at the margin.

5. Patients who no longer need acute hospital care and can benefit from CH care will save money if they transfer to a CH. We set up the Agency for Integrated Care (AIC) last year to strengthen discharge planning and facilitate transfers. As a result, the number of admissions to CHs has increased steadily. We are also getting acute hospitals to collaborate closely with CHs to make the transfers hassle free. TTSH and Ren Ci CH formalized such a collaboration recently; we encourage other hospitals to do the same.

Source: www.moh.gov.sg / Parliamentary QA/ 23 March 09

The number of patients seeking psychiatric/psychological help in hospitals in the recent months?

Last year, there were 17,000 new attendances at public psychiatric clinics, an increase of 900 compared with 2007. This increase was consistent with the trend seen in the past 10 years.

Source: www.moh.gov.sg / Parliamentary QA/ 24 March 09

How much do you know about IDAPE?

1. About 2,600 means-tested elderly Singaporeans, who were not eligible for ElderShield coverage when it was launched in 2002, are currently on the Interim Disability Assistance Programme for the Elderly (IDAPE).

2. We now have 74 doctors acting as medical assessors for the IDAPE scheme and are open to accept more. Those who are interested can approach MOH for information on how to join the scheme.

Source: www.moh.gov.sg / Parliamentary QA/ 24 March 09

Co-funding for Assisted Reproductive Technology such as IVF was introduced in Aug 2008?

From September to December 2008, 335 couples have benefited from it. They accounted for 65% of the total fresh IVF cycles conducted in the restructured hospitals. 70% of them enjoyed the maximum co-funding of $3,000 per IVF cycle. As the scheme is still new, the vast majority of them were on their first IVF cycle.

Source: www.moh.gov.sg / Parliamentary QA/ 24 March 09

What does the number 3,656 stands for?

1. We have been increasing the number of subsidised beds to cope with rising demand as a result of expanding population and ageing. For example, we added 133 subsidised beds in 2007, and another 125 in 2008. This year, we will add another 34 subsidised hospital beds. This will give us a total stock of 3,656 subsidised hospital beds.

2. The pressure for subsidised beds will be further relieved when Khoo Teck Puat Hospital opens next year as it will add another 330 subsidised beds, almost 10% of our current stock of beds.

3. For patients requiring emergency surgery, there is no waiting. They are promptly attended to upon triage at the A&E.

4. As for subsidised patients requiring elective surgery, the waiting time varies with the speciality. Almost all elective surgeries are carried out within 40 days, which is not bad.

Source: www.moh.gov.sg / Parliamentary QA/ 24 March 09