Life Insurance Association Singapore
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8 January 2018

INTEGRATED SHIELD PLANS
GOOD PRACTICES ON PRE-AUTHORISATION FRAMEWORK/PROCESS

INTRODUCTION

1. A paper issued by the Health Insurance Task Force (HITF) in October 2016 made various recommendations on how to better manage the escalation of Integrated Shield (IP) claims in Singapore so that the rising IP premiums can be moderated.

2. One of the HITF recommendations relates to the enhancement of insurance procedures via the adoption of a "Pre-authorisation" framework. The HITF has noted that the framework is commonly used by international health insurers, where the insurer would approve the medical treatment and estimated bill size prior to the actual procedure. This framework provides benefits to all three stakeholders – the payer (insurer); the patient (policyholder) and the healthcare service provider.

3. This paper sets out some good practices as guidance to IP insurers who provide pre-authorisation for their IPs and its complementary riders.

4. These practices will be regularly reviewed and updated for relevancy and appropriateness in light of experience gained, and in response to changing regulatory rules and market conditions.

PRE-AUTHORISATION AND ITS BENEFITS

5. Pre-authorisation is a process by which the policyholder obtains a review and approval of a medical treatment from the insurer prior to the actual procedure.

6. Through pre-authorisation, an insurer will be able to better advise policyholders on their costs of hospitalisation based on the IP benefits that they are covered for, and consequently address the underlying factors contributing to the rising IP claims cost.

7. From the policyholder's perspective, he will have peace of mind as it will provide an affirmation whether the treatment charges are within the scope of insurance coverage, thereby avoiding any unexpected out-of-pocket expenses. He will also be able to better manage his expectations, if there is a possible denial of claim.

8. From the healthcare provider's perspective, they will have clarity on the type of procedures covered by IP insurers to better advise their patients prior to the actual procedure.

9. Lastly, from the insurer's perspective, the pre-authorisation process allows insurers to ensure that the treatment being provided or being requested are medically necessary and appropriate for the conditions covered under the claimant's policy.

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GOOD PRACTICES

10. An insurer should seek to make the following information available to its policyholders before the start of the pre-authorisation review, where applicable:

    (1) Terms and conditions relating to pre-authorisation, including whether getting a pre-authorisation prior to hospital admission is compulsory or not;

    (2) The benefits and risks of going / not going through the pre-authorisation process, if any;

    (3) Step-by-step guide on the pre-authorisation process, including the documents required to be submitted for the pre-authorisation to take place; and

    (4) Expected service timelines for a pre-authorisation review outcome to be provided to the policyholder / patient;

    (5) Where Letter of Guarantee may be offered following a pre-authorisation review, insurers reserve the right to issue, decline, withdraw or limit such guarantees.

11. An insurer should set out clearly the services that are within and outside of the scope of pre-authorisation.

12. An insurer should inform and obtain the consent of the policyholder or the patient prior to commencing a pre-authorisation review. The policyholder should further be informed that the consent will serve as an authorisation (by the policyholder or the patient) for the release of the insured person's information (which includes, but not limited to, medical and policy information) to the parties administering the review.

13. An insurer should define and communicate the minimal lead time necessary for a pre-authorisation review process to be carried out. For instance, the insurer may seek to receive all completed documents necessary for a full pre-authorisation review at least three business days before the admission date.

14. An insurer should aim to complete each pre-authorisation review request that has been submitted by its policyholders. However, for circumstances when material information of the insured's medical history is unavailable, it is understandable that it will be difficult for the insurer to complete the review, in which case, it may be handled on a best-effort basis.

15. While pre-authorisation applies mainly to planned admissions, an insurer may choose to apply pre-authorisation in situations where it is deemed that a review of the treatment plan and cost can help to manage risk of over-utilization and over-charging.

    Example
    An insurer may choose not to apply this when policyholder admits into restructured hospitals, where there is strict governance on the medical cost and treatment for their patients.

    In view of the nature of emergency treatments (i.e. requiring immediate medical attention), they are excluded from the pre-authorisation process.

16. Where pre-authorisation has been approved by the insurer, but subsequent information obtained during claim review changes this decision, the insurer should communicate fully to the policyholder at the first available opportunity.

17. As the concept of a pre-authorisation review is relatively new, an insurer should continually carry out education efforts to its policyholders (customers) with a focus on the benefits of pre-authorisation; the process for submitting pre-authorisation requests; and the required documents, to promote and encourage greater utilisation.

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