



General Insurance Association
of Singapore



Life Insurance Association

TRANSFERABLE MEDICAL INSURANCE SCHEME (TMIS)

A Why Have TMIS?

1 Background

As the Singapore economy evolves over time, it is apparent that employment patterns are changing. Lifetime employment with a single employer is no longer common, instead the average employee will have changed jobs several times during his career life.

Employees may not enjoy continuity of inpatient/hospitalisation cover traditionally provided under group hospital and surgical insurance schemes. This problem is further compounded by the more frequent periods of “in-between employment” of the modern worker.

To meet the needs of changing employment trend, two alternative arrangements have been proposed for employers’ consideration:

- Portable Medical Benefits Scheme (PMBS) and
- Transferable Medical Insurance Scheme (TMIS)

In the 2003 Budget, the Government announced that employers could continue to enjoy tax deductibility for medical expenses of up to 2% of payroll if any one of the above arrangements is adopted from April 2004.

2 What is PMBS?

PMBS is a scheme that rides on the Medisave/MediShield framework. Employers, in lieu of existing inpatient benefits, make additional Medisave contribution of at least 1% of employee’s salary, subject to a minimum amount of 1% of Employment Act salary limit and a maximum amount of 1% of CPF contribution ceiling. Employees will be responsible for their inpatient/hospitalisation expenses or they can use their CPF Medisave Accounts to purchase the CPF Medisave approved insurance products. These products offered by private insurers are structured on the same basis as MediShield.

3 What is TMIS?

A TMIS policy is an employer sponsored group hospitalisation and surgical insurance program with two key features: transferability and continuation coverage. The coverage applies when:

- a. Employees move from one employer to another;
- b. Employees are in-between employment for whatever reasons, including retrenchment, resignation and medical grounds up to a maximum period of 12 months.

(please refer to “How TMIS works” for details)

4 What is in it for your company to adopt TMIS?

- I. Your company continues to enjoy tax deductibility up to 2% of payroll; and
- II. Pre-existing conditions exclusion will be waived if your employees have been insured under a TMIS policy continuously for 12 months or more.

5 How much will it cost your company to adopt TMIS?

- a) If you have an existing group H&S insurance

To convert your existing group H&S insurance policy to a TMIS policy, the current premium will be increased to provide for the additional TMIS Benefits. The average premium of a TMIS policy will remain at about 0.5% to 1.5% of annual payroll. If you are a large company, the amount is likely to be lower. The additional premium for TMIS policy can be partially offset by the tax deductibility (up to 2% of annual payroll) if more than 50% of your local employees are provided with TMIS Benefits.

- b) If your H&S benefits are currently self-funded

Depending on your employees' age-profile, group size, claims experience and benefit level, the premium for a group H&S insurance policy may range from 0.5% to 1.5% of your total annual payroll.

The advantage is that the premium paid for TMIS policy will be offset by the 2% tax deductibility, whereas only 1% tax deductibility is allowed if your company continues with the self-funded benefits.

6 Difference between PMBS and TMIS

Although your company will enjoy the 2% tax deductibility by implementing PBMS, the features of both schemes should be studied to decide which scheme serves your company needs better.

Under PMBS, the employees use the additional Medisave contributions to purchase Medishield or other CPF Medisave approved insurance products offered by private insurers. These products provide medical coverage during the lifetime of the employee up to the age of 80 years old. They continue to be available when employees are between jobs as well as when they remain out of jobs.

These CPF Medisave approved products have deductibles and co-payment features, which will not reimburse in full the actual medical expenses incurred. Treatment for pre-existing illnesses is also typically excluded in these products.

Most TMIS policies do not have such deductible and co-payment features. Pre-existing conditions are waived when employees change job and where both employers have introduced TMIS Benefits. Under TMIS, your company continues to have full control over the H&S policy and the level of benefits can be structured in accordance with your corporate Employee Benefit philosophy.

7 Who are the insurers that offer TMIS?

TMIS policies are available from the following insurers:

Allianz Insurance Co of Singapore Pte Ltd
American International Assurance Co Ltd
Asia Insurance Co Ltd
Asia Life Assurance Society Ltd
Aviva Ltd
AXA Insurance Singapore Pte Ltd
Great Eastern Life Assurance Co Ltd
HSBC Insurance (Singapore) Pte. Limited
Liberty Insurance Pte Ltd
NTUC Income Insurance Co-op Ltd
Prudential Assurance Co Singapore (Pte) Ltd
QBE Insurance (International) Ltd
UOB Life Assurance Ltd

Please contact the above insurers or your insurance brokers/agents for assistance.

You may refer to the write-up on “How TMIS works” for more information.

B How TMIS works?

1 What is TMIS?

TMIS is a private hospitalisation insurance arrangement among participating insurance companies which provides continuous insurance coverage to an employee in the event:

- An employee's employment is terminated by the employer or on his/her own accord, and
- The employee commences employment with another employer after the termination.

2 Which insurance plan qualifies to be included in the TMIS?

It must be a group hospitalisation insurance plan which:

- Insures a minimum of 11 employees [as at policy inception or at renewal],
- Provides basic in-patient medical expense reimbursement benefits,
- Is wholly sponsored by the employer, with the employer paying 100% of the premium for the plan for employees during their employment. Employers may make arrangement to recover the premium for continuation benefits after the termination of employment, in whole or part from the employees based on their agreements, and
- Is non-optional in nature, i.e. an employee cannot choose whether to be insured under the plan or not.

3 What are the medical expenses eligible for TMIS special benefits?

The following expenses that are reimbursed under a typical group hospitalisation insurance plan are eligible for TMIS benefits:

- Daily room and board
- Intensive care unit
- Miscellaneous hospital services
- In-hospital doctor's visit
- In-patient and outpatient surgery

All pre/post hospitalisation outpatient, emergency outpatient accident and outpatient kidney dialysis/cancer treatment expenses are not eligible for TMIS benefits even if they can be reimbursed under the TMIS plan.

4 Who are eligible for TMIS benefits?

An employee who is:

- Below the statutory retirement age,
- A Singaporean or Permanent Resident based in Singapore,
- Working full-time with the same employer, and
- On a permanent employment contract, or on a temporary employment contract of term 24 months or more

is eligible for TMIS benefits.

An employee who is:

- Above the statutory retirement age, or
- Not a Singaporean or Permanent Resident, or
- A part-time employee, regardless of whether on permanent or temporary contract, or
- On a temporary contract with less than 24 months' term.

is not eligible for TMIS benefits, even if the employee is insured under a TMIS plan.

5 Must all employees be provided with TMIS benefits?

An employer does not have to provide TMIS benefits to 100% of its eligible workforce. TMIS benefits can be provided to pre-defined categories of employees, e.g. rank-and-file employees or executives who satisfy the TMIS benefit eligibility requirements under para. 4 above.

Although an employer is allowed to select categories of employees, individual selection of employees for TMIS benefits will not be allowed.

6 What are the TMIS benefits?

When an eligible employee who is insured under a TMIS plan leaves his/her employer, he/she will be entitled to the following benefits:

- Continuation Benefits, and
- Transferability Benefits.

6.1 Continuation Benefits

When the eligible employee's employment is terminated, he/she enjoys continuous hospitalisation insurance coverage from the termination date for up to maximum of 12 months.

6.2 Transferability Benefits

If after terminating employment with Employer A, an employee joins Employer B, where both Employers A and B provide TMIS benefits, he/she is entitled to:

- Group hospitalisation insurance under Employer B without having to provide evidence of good health, and
- Waiver of any exclusion of pre-existing medical conditions, provided he/she has been continuously insured under one or more TMIS plans for 12 months before joining Employer B. If he/she has not been continuously insured under TMIS plans for at least 12 months before joining Employer B, he/she will be entitled to the waiver when he/she has been insured under Employer B's plan for a duration which completes the 12 months' continuous coverage under the TMIS.

However, if the employee is hospitalised for treatment of a condition which is pre-existing when he/she joins Employer B, within the first 12 months of insurance while employed by Employer B, he/she is eligible to the lower of the:

- a) Benefit entitlement under the current (Employer B's) TMIS plan
- OR**
- b) Benefit entitlement under the prior (Employer A's) TMIS plan.

An example to illustrate:

Date of Termination with Employer A - 31 Dec 2003

Date of Employment with Employer B - 15 Jan 2004

The employee is hospitalised for an illness which he/she contracted while in Employer A's employment, for which the benefit entitlement under the two employers' TMIS plans are:

Benefit Entitlement	Employee A	Employer B
Daily Room & Board	\$240/day	\$360/day
Total of Eligible Benefits	\$3,000	\$4,000

Assuming that the employee was hospitalised on:

- i) 1 Mar 2004, total claim payable will be \$3,000 (lower of \$3,000 or \$4,000)
- ii) Mar 2005, total claim payable will be \$4,000

Important Note:

The Transferability Benefit will not be available when the employee moves from an employer with a non-TMIS group hospitalisation insurance plan to an employer with a TMIS plan, and vice versa.

7 From which employer's insurance plan will TMIS benefit claims be payable?

Claims for Continuation Benefits will be payable from the previous employer's TMIS plan.

Claims for Transferability Benefits on or after the employee has joined the new employer, will be payable from the new employer's TMIS plan.

8 How do insurers verify eligibility of an employee under the TMIS?

The employer will issue a Transferable Medical Insurance Certification (TMIC) to the employee upon his termination of employment. The TMIC must be submitted to the insurer when the employee submits a claim for Continuation Benefit, or to the new employer's insurer should a claim arising from a pre-existing condition be made within 12 months of joining the new employer.

The blank TMIC is available on the Life Insurance Association and General Insurance Association websites: www.lia.org.sg and www.gia.org.sg

9 How will the premiums for TMIS benefits be charged?

A participating insurer will charge a loading on the premium for a group hospitalization insurance plan without TMIS benefits, but otherwise, providing the same benefits as the TMIS plan.

When an eligible employee terminates employment with an employer which has a TMIS plan, the employer will pay premiums for 12 months of insurance for the leaving employee, at the prevailing premium rate for the employee's benefits under the TMIS plan, including the loading noted above.

All premiums chargeable for TMIS benefits will be included in the usual group insurance premium invoice to be billed and paid by the employer. Insurers will not collect premiums directly from the employees.

10 Which are the insurance companies participating in the TMIS?

There are currently 13 insurance companies participating in the TMIS. This list is posted on the websites of both the Life Insurance Association and General Insurance Association.

Any participating insurer wishing to withdraw from the TMIS must give at least 12 months' notice to all the other participating companies, as well as to all their TMIS plan policyholders. They are not allowed to terminate any existing TMIS plan until the policy expires. Until such time, the policy remains a TMIS plan.

11 When will the TMIS be available?

TMIS policies or conversion of existing medical policies into TMIS will be available for all policies inception or renewed from 1 January 2004.