

EMBARGOED TILL OCTOBER 13, 2016 AT 17:00

Media Release

Health Insurance Task Force puts forth recommendations to address escalating IP claims costs in Singapore

Singapore, 13 October 2016 - The Life Insurance Association, Singapore (LIA Singapore) announced today that the Health Insurance Task Force (HITF) set up in February 2016 has released a recommendation paper to address the issue of escalating claims costs for Integrated Shield Plans (IPs), which continues to place upward pressures on health insurance premiums.

The 11-member Task Force is chaired by Ms Mimi Ho of Regulatory Professionals Pte Ltd with members from the Consumer Association of Singapore (CASE), the Life Insurance Association, Singapore (LIA Singapore), and the Singapore Medical Association (SMA)¹, and supported by the Ministry of Health (MOH) and the Monetary Authority of Singapore (MAS). The HITF highlighted the pressing need for closer collaboration amongst the multiple stakeholders within Singapore's healthcare eco-system to ensure that healthcare and medical coverage remains affordable for all.

The average IP claims incidence rate² has been growing at approximately nine per cent per annum, and the overall average bill sizes incurred by IP insurers has increased at approximately 0.6 to 8.7 per cent per annum³ depending on the medical provider chosen. The statistics taken from '**LIA Study on the Cost of Health Insurance in Singapore**' also showed that IP insurers paid out claims amounting to \$488 million in 2014 alone.

Titled '**Managing the Cost of Health Insurance in Singapore**', the HITF paper provides recommendations on how to better manage the escalation of IP claims in Singapore so that the rising IP premiums can be moderated. The recommendations involve all relevant stakeholders with the following Terms of Reference (TOR)⁴.

- Measures that increase the transparency of health services charging
- Measures conducive to the provision of appropriate care at appropriate cost by healthcare professionals; and
- Educational measures to help consumers make prudent choices of health services, and to raise the awareness of healthcare providers of measures conducive to the provision of appropriate care at appropriate cost.

¹ Refer to Appendix for a complete list of HITF members.

² Based on 3 years (2011 to 2014) CAGR

³ Based on 2 years (2012 to 2014) CAGR

⁴ Refer to HITF Recommendation Paper 'Appendix B: HITF Terms of Reference (Page 25)' for more details

HITF's recommendations*

1. Introducing medical fee benchmarks or guidelines

The HITF believes that the adoption of published fee benchmarks or guidelines to provide a range of professional fees is paramount to improving the transparency of medical costs in Singapore. It will help bridge the information asymmetry gap which currently exists between healthcare providers and consumers, mitigate cases of over-charging by providers and empower insurers to detect inflated claims and take an active approach towards claims adjudication.

Similar approaches have been implemented in many other countries and are an important element in achieving quality healthcare at an affordable cost.

2. Clarification on existing process to surface inappropriate medical treatment

The HITF notes that insurers play an active role in supporting patients' medical treatments as they have access to extensive health insurance claims data and are well placed to identify potential anomalies in medical treatment through their review of claims. Insurers can refer cases to the Singapore Medical Council (SMC) if there are concerns of over-charging and inappropriate medical intervention amounting to professional misconduct. It is thus critical for insurers to be aware and utilise this process when necessary.

The HITF recommends that MOH works with SMC and LIA Singapore to clarify and refine the existing process which allows insurers to raise cases of inappropriate and excessive medical interventions to the relevant authorities while keeping the impact on affected policyholders to a minimum.

3. Enhancing insurance procedures and product features

a. Panel of preferred healthcare providers

The HITF notes that charging practices vary across different medical professionals and that panels of preferred healthcare providers is common practice locally and internationally for insurers providing employee benefits insurance to manage the variation in fee charging behaviour.

The HITF recommends that insurers consider the use of preferred healthcare provider panels, where appropriate, to manage medical costs. Such arrangements should be made known to the policyholders.

IP insurers should make clear to policyholders that their choice of healthcare providers is not restricted to the existence of the panel although their coverage may be affected. The use of preferred healthcare provider panels should not compromise the standard of care received by policyholders.

b. Co-insurance and deductibles

The introduction of as-charged IPs and IP riders that result in zero co-payment coverage may have contributed to the escalation of IP claims. Adoption of co-insurance and/or deductible features will encourage consumers to play a more active role in managing their medical care costs as they are more acutely aware of the medical charges incurred.

The HITF recommends that all life and general insurers offering medical insurance consider co-insurance and/or deductibles in their product design. However, insurers should take efforts to ensure any changes in product design of IPs and IPs riders will not put existing policyholders at a disadvantage.

c. Pre-approval of medical treatment

The HITF notes that a “pre-authorisation” framework is commonly used by health insurers internationally and can be beneficial to all stakeholders.

Firstly, it allows insurers to assess the medical necessity of the treatment and ensure that the cost of treatment is covered by the policy’s terms and conditions. Secondly, it can give patients or policyholders peace of mind to know that their treatment is covered by their insurance. Thirdly, it gives clarity to healthcare providers on the type of procedures covered by insurance so as to better advise their patients prior to the actual procedure.

The HITF encourages IP insurers to adopt a “pre-authorisation” framework, where appropriate, to help consumers manage the costs of hospitalisation based on the type of IP purchased.

4. Educating consumers

Equipping consumers with information that is useful in their healthcare decision-making process will encourage consumers to actively manage their health and healthcare cost.

The HITF recommends that CASE works with SMA, LIA Singapore and MOH to ensure that information useful in helping consumers in their healthcare decision-making process be made readily accessible and easily comprehensible. Useful information may include the types of medical facilities and treatment options, appropriateness of treatment and charges, avenues to seek resolution on disputes as well as the healthcare financing options available to consumers.

With the information asymmetry gap bridged, consumers will be encouraged to actively manage their health and healthcare costs.

Conclusion

“Recommendations put forth by the Health Insurance Task Force are practical first steps to maintain the affordability of health insurance premiums and, more importantly, to sustain the accessibility of quality healthcare for all Singapore Residents. While we recognise that it might take some time to fully realise the benefits of the recommendations, these initiatives will set the foundation for a sound and sustainable insurance-based healthcare financing system as we face the challenges of an ageing population,” said Ms. Mimi Ho, Chairperson of the HITF.

Note to Editor: Please refer to the HITF recommendation paper titled ‘Managing the Cost of Health Insurance in Singapore**’ for more details. The report is attached and also made available at www.lia.org.sg*

Quotes from other HITF members

Dr. Khoo Kah Siang, President of LIA Singapore: *This is a step in the right direction, breaking down silos and bringing together different parties along the healthcare value chain to find even better ways to manage increasing claims costs. In the long-term, this will also result in improved efficiencies and cost savings within the healthcare eco-system will allow life insurers to continue providing IPs for Singapore Residents in a way that is sustainable for both insurers and the public.*

Mr. Lim Biow Chuan, President of CASE: *It's an opportune time that the HITF brings together the different industry stakeholders to address this issue, especially when Singapore's population ages and there is an increase in use of healthcare services. We believe that consumer education and greater transparency in healthcare costs is a great step forward in ensuring that all Singapore residents are equipped to make informed choices, while enjoying access to quality healthcare that is affordable.*

Dr. Wong Tien Hua, President of SMA: *As healthcare professionals, it is our priority to ensure that all patients get access to the best medical treatments possible. It is also our responsibility to help them make informed decisions in order to avoid over-consumption and help arrest the issue of escalating claims costs. We look forward to a future of healthcare where patients, caregivers and healthcare providers are equipped to make more informed decisions on treatments.*

Appendix

Health Insurance Task Force Composition

Name	Designation
Ms Mimi Ho (Chairman)	Principal, Regulatory Professionals Pte Ltd
Dr Khoo Kah Siang	President, Life Insurance Association, Singapore
Mr Richard Wyber	Deputy Convenor, Health Insurance Subcommittee, Life Insurance Association, Singapore
Mr Lim Biow Chuan	President, Consumers Association of Singapore
Mr Seah Seng Choon	Executive Director, Consumers Association of Singapore
Dr Wong Tien Hua	President, Singapore Medical Association
Dr Wong Chiang Yin	Council Member, Singapore Medical Association
Mr Chin Chee Kiat	Director (Finance Policy), Ministry of Health, Singapore
Ms Jasmin Lau	Deputy Director (Finance Policy), Ministry of Health, Singapore
Ms Lee Keng Yi	Director & Department Head (Insurance), Monetary Authority of Singapore
Ms Tan Siew Yen	Director & Division Head (Insurance), Monetary Authority of Singapore

Industry experts

Name	Designation
Dr Leow Yung Khee	Head of Group Insurance and Claims, The Great Eastern Life Assurance Company Limited and The Overseas Assurance Corporation Limited
Mr Martin Ho	Chief Administrator, Singapore Medical Association

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Life Insurance Association, Singapore (LIA)

Established in 1962, the Life Insurance Association, Singapore (LIA) is the not-for-profit trade body of life insurance product providers and life reinsurance providers based in Singapore and licensed by the Monetary Authority of Singapore (MAS).

Vision and Mission

The vision of member companies is *to provide individuals with peace of mind and to promote a society where every person is prepared for life's changing cycles and for those situations unforeseen.*

They are *committed to being a progressive life insurance industry by collectively enhancing consumer understanding, promoting industry best practices, and through the association fostering a spirit of collaboration and mutual respect with government and business leaders.*

Values underpinning the association and its members

Unified	in our resolve to deliver innovative solutions where every individual's needs are best met.
Professional	in the way we conduct ourselves and in the counsel we give.
Ethical	in ensuring our policyholders' interests are managed with utmost integrity.
Fair	in how we strive to provide favourable outcomes to both our policyholders and shareholders.
Open & honest	in all that we do to build an environment of trust and transparency.
Proactive	in the steps we take to give our people the skills and knowledge to provide sound solutions at all times.

For further media enquiries, please contact:

Pauline Lim (Ms.)
Executive Director, LIA, Singapore
Tel: +65 6438 8900 / +65 9648 6407
Email: pauline.lim@lia.org.sg

Vanessa Ho (Ms.)
Ogilvy Public Relations
Tel: +65 6213 7908 / + 65 9369 5460
Email: vanessa.ho@ogilvy.com

Q Akashah (Ms.)
Ogilvy Public Relations
Tel: +65 6213 7881 / +65 9825 1944
Email: akashah.q@ogilvy.com