

Statement on the release of 2020 MediShield Life public consultation paper

29 September 2020

The Life Insurance Association, Singapore (LIA Singapore) and Integrated Shield Plan (IP) insurers will go through the MediShield Life public consultation paper once it is made available. We will study the proposed changes closely and provide feedback to the MediShield Life Council as part of the public consultation.

Our priority is to ensure that Singaporeans continue to have access to affordable quality healthcare with the additional coverage provided by IPs, and that it remains financially sustainable for IP insurers to continue offering these policies.

We note that some of these proposed changes, should they be implemented, may lead to the further escalation of claims costs for IPs and, consequently, IP premiums. All the changes need to be carefully assessed in totality to determine the final impact on claims costs and IP premiums (if any).

IPs continue to experience significant claim cost increases which are putting upward pressures on IP premiums. Most IP insurers continue to make a net loss since the launch of MediShield Life in November 2015¹. This is despite numerous measures that have been implemented to manage health insurance costs in Singapore. (Refer to appendix for more details on initiatives implemented by IP insurers).

Healthcare inflation is a complex issue that cannot be addressed through actions on the part of IP insurers alone. All stakeholders – doctors, hospitals, patients, government, and IP insurers – have a part to play in ensuring that healthcare in Singapore remains affordable and accessible for all.

Appendix: Initiatives implemented to keep IP premiums affordable and accessible following recommendations of the Health Insurance Task Force

- **Incorporation of co-payment into IP riders** for all seven IP insurers from April 2019, to encourage consumers and providers to choose cost-effective treatments, and reduce the buffet syndrome which arises when there is no out-of-pocket cost.
- **Introduction of the LIA Pre-Authorisation Form** to help standardise the process for policyholders to obtain approval from their IP insurer for a medical treatment and its estimated bill size prior to the actual procedure. Implementation of the Form was from October 2019, and has since been rolled out by all relevant IP insurers since 31 March 2020.

Pre-authorisation is an important measure for our healthcare system to bring healthcare cost inflation under control in the long term. LIA Singapore is committed to working with providers to improve this process over time.

¹*Note: Majority of IP insurers were also making losses prior to the introduction of MediShield Life in November 2015. "Integrated Shield scheme insurers nursing their results back to health" (Sep 16, 2019). The Business Times. Genevieve Cua. Available at: <https://www.businesstimes.com.sg/banking-finance/integrated-shield-scheme-insurers-nursing-their-results-back-to-health>*

- **Introduction of preferred specialist doctors**, establishing a panel of doctors with whom IP insurers have agreed upon acceptable fees and charges.

With the use of a panel of preferred healthcare providers for IP plans with fees ascertained upfront, claims can be kept within a reasonable range and policyholders can have the assurance that their claims will be covered by their IP insurer.

IP insurers with panels aim to have a sufficient network of preferred healthcare providers who can offer a wide range of medical services to their customers.

- **MOH's development of benchmarks of fees for surgical procedures**, the first tranche of which were published in Nov 2018. These serve to provide a guide to private healthcare providers when assessing how reasonable their charges are, and to insurers when assessing claims and setting panel fee schedules.