

**Forum letter response to The Straits Times: Insurance co-payment key to keeping healthcare affordable  
Attributed to the Life Insurance Association Singapore (LIA Singapore)**

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We refer to the points raised in recent Forum letters (Open insurers' doctor panels to all specialists as long as fees are reasonable (March 2) by Dr Ng Chee Kwan; Long-term patients had to look for new doctor on insurers' approved lists (Feb 22) by Dr Tony Ho; and Give examples of overconsumption of healthcare services (Feb 16) by Mr Wong Bheet Huan).

Dr Ho stated that his patients could not get their costs covered as he was not on their insurers' panels. This is a misconception. Integrated Shield Plans (IPs) still provide coverage even if treatment is given by a non-panel provider.

Policyholders who seek treatment at panel providers may have some benefit enhancements, such as having the co-payment capped without needing to do pre-authorisation, lower deductibles or a longer period of hospitalisation cover.

These benefits would not apply to those who seek treatment from a non-panel provider.

Additionally, IP insurers have an interest in ensuring that their panels are comprehensive, as this increases panel usage, which helps insurers to manage costs. In line with this, IP insurers have continued to expand their panels.

Life Insurance Association Singapore also has guidelines on implementing preferred healthcare panels, which include the need to ensure the network offers a wide range of medical services.

Mr Wong asked for evidence of overconsumption, overservicing and overcharging due to full cover riders (those with no deductible and no co-pay).

IP insurers have found the presence of a full cover rider is associated with a higher likelihood of claiming and a higher average bill size. Growth in claim rate and bill size is also higher for policyholders with such riders.

These effects remain after controlling for factors, like age, that could impact the likelihood of a claim.

This indicates that full cover riders lead to increased healthcare consumption and higher charges. Requiring some form of co-payment is therefore a critical part of moderating the rate of healthcare cost inflation.

Healthcare costs in Singapore are currently rising at many multiples of GDP growth, which is clearly not sustainable.

All parties involved - insurers, policyholders, healthcare providers and the Government - need to play a part to ensure that healthcare can remain affordable for future generations.

**Pauline Lim**

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