

For immediate release

[UPDATE] Industry response to Position Statement on Integrated Shield Plans (IPs) by the Singapore Medical Association (SMA): Focus needs to be on identifying the best way forward together for the benefit of Singaporeans

31 March 2021

Integrated Shield Plans (IPs) impact most Singaporeans and IP insurers have been implementing various measures to manage IP costs appropriately and without compromising needed medical care for policyholders. The main objective of the recommendations put forth by the Health Insurance Task Force (HITF) in 2016¹ was to bring down the rate of claims cost inflation so that premium increases can be moderated and kept sustainable. All recommendations by the Task Force have since been implemented.²

It is the responsibility of all parties involved to be proactive and work collaboratively to ensure the continued accessibility of quality healthcare in Singapore.

Greater transparency required from all parties

We agree that greater transparency will provide more clarity on this matter.

On this end, we recently concluded an update of the LIA Singapore guidelines on panel management. This includes guidance that IP insurers should explain the criteria for selection of panel doctors and is publicly available on the LIA Singapore website³.

Equally, we urge SMA to respond to our repeated calls for greater transparency too. LIA Singapore has requested for clinical quality measures and guidelines to prevent over-treatment on numerous occasions. We ask that SMA respond promptly and positively on this.

Clinical quality measures will enable insurers to make better, evidence-based decisions on admitting doctors into panels. Policyholders will ultimately benefit because they will receive better care.

Expanding panels to include all private specialists may result in the need for further premium increases

IP panels have been implemented for several years now and are not completely new to the IP market. Panels have expanded over time, and LIA Singapore's guidance to IP insurers is that panels should be sufficient to offer a wide range of medical services to policyholders. IP insurers have an interest in

¹ *Managing the Cost of Health Insurance in Singapore (Oct 13, 2016) Health Insurance Task Force, Singapore. Available at https://www.lia.org.sg/media/1521/managingsingaporehealthinsurancecost_hitf_20161013.pdf*

² *Refer to Appendices for a summary of the HITF recommendations and members of the Task Force, Task Force composition, and HITF Terms of Reference. Information extracted from the Report*

³ *Integrated Shield Plans (IP): Updated good practices on panel of preferred healthcare providers (Mar 29, 2021) LIA Singapore. Available at: <https://www.lia.org.sg/industry-guidelines/health-insurance/2021/ip-good-practices-on-preferred-healthcare-providers-panel/>*

ensuring that their panels are comprehensive as this increases panel usage, which helps insurers better manage costs.

SMA is strongly advocating for panels to be expanded to include all private specialists in Singapore, and for all panel doctors to be compensated up to the upper bounds of the MOH fee benchmark range. This needs to be carefully considered as tradeoffs are involved.

The average ratio of upper bound to lower bound for surgeon fee benchmarks is 1.8⁴. As such, proceeding per SMA's suggestion without calibration may lead to cost increases and further premium increases for policyholders.

Striking this balance is critical, and we invite SMA for a discussion on how this can be done in a way that will not disproportionately burden policyholders with higher premiums.

Misleading analysis should be avoided

It is important that organisations put out objective analyses which avoid biased conclusions.

In this regard, we find SMA's analysis of insurers' costs and claims costs to be misleading. Claim increases are the main driver of premium increases. LIA Singapore will fully address this in due course, along with more detailed comments on the rest of SMA's position statement.

Importance of collaboration to achieve our shared goal of affordable, quality healthcare for Singaporeans

Our collective priority must be to focus on finding the best ways to achieve a common goal for the benefit of Singaporeans.

LIA Singapore has always pursued an open, discussive and constructive dialogue to receive feedback and resolve potential issues. Updating of the abovementioned LIA guidelines on panel doctor and, previously, the standard LIA Pre-Authorisation Form⁵ based on SMA's inputs were also actioned on swiftly.

Accordingly, we look forward to greater collaboration amongst all parties with the formation of a trilateral committee, comprising LIA Singapore, SMA and the Academy of Medicine, Singapore already set up by the Ministry of Health (MOH) to discuss and resolve IP-related issues, and to refine the implementation of HITF recommendations together in a constructive manner.

– End –

⁴ Fee Benchmarks for Private Sector Charges (2020) Ministry of Health Singapore. Available at: <https://www.moh.gov.sg/cost-financing/fee-benchmarks-and-bill-amount-information>

⁵ Clarifications to the standard LIA Pre-Authorisation Form regarding information on co-morbidities and specific usage of customer data collected (Jan 13, 2020) LIA Singapore. Available at: https://www.lia.org.sg/media/2392/lia-statement_standard-pre-authorisation-form-and-takeaways-from-dialogue-with-sma_20200113.pdf

Appendix 1: Summary of HITF recommendations

Recommendations	Impact on Stakeholders
<p><u>Introducing Medical Fee Benchmarks or Guidelines</u></p> <ul style="list-style-type: none"> - To have a set of medical fee benchmarks or guidelines to provide a range of professional fees. Benchmarks or guidelines should be calibrated to ensure the appropriate involvement and adoption by stakeholders - To address the issue of information asymmetry by providing stakeholders access to information on appropriate charges - To mitigate cases of over-charging by providers 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Provides an approximation of charges and allows consumers to manage their personal healthcare financing <p>Healthcare Providers</p> <ul style="list-style-type: none"> • Enhances the financial counselling process conducted by healthcare providers as consumers are aware of the possible charges • Provides greater transparency on charges to promote trust and to improve the patient-doctor relationship <p>Payers (IP insurers)</p> <ul style="list-style-type: none"> • Provides a reference for insurers to review size of claims and develop appropriate product features (e.g. charges are within claim limits) • Addresses cases of inflated claims
<p><u>Clarification on Existing Process to Surface Inappropriate Medical Treatment</u></p> <ul style="list-style-type: none"> - To clarify the existing escalation process which allows insurers to raise cases of inappropriate and excessive medical intervention to the relevant authorities - To clarify on the practices amongst insurers when dealing with such claims so as to minimise the impact on policyholders whose cases are subject to investigation - To increase awareness of the existing avenue for insurers to raise cases of inappropriate and excessive medical intervention noted in their review of claims 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Ensures impact on policyholders' claims is managed by insurers • Provides assurance of a robust and accountable process when claims are denied on the basis that treatments were not medically necessary <p>Healthcare Providers</p> <ul style="list-style-type: none"> • Emphasises the importance of providing medically necessary treatment and discourages medical professionals from malpractices <p>Payers (IP insurers)</p> <ul style="list-style-type: none"> • Provides greater clarity and awareness of the escalation process • Allows insurers to play a more active role in supporting medically necessary treatments

<p><u>Enhancing Insurance Procedures and Product Features</u></p> <ul style="list-style-type: none"> • Panel of Preferred Healthcare Providers <ul style="list-style-type: none"> - To suggest that insurers consider the use of preferred healthcare provider panels, where appropriate, to manage medical costs through fee agreements. IP insurers should make clear to their customers that their choice of healthcare providers is not restricted by the existence of the panels, although the coverage may be affected - To enhance and ensure transparency of the arrangement (e.g. disclosures on the healthcare provider selection process) - To suggest that insurers consider, during the appointment of preferred healthcare providers, TPAs, and intermediaries, whether their fee arrangements are in line with SMC's ECEG 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Provides assurance that charges by panel healthcare providers are appropriate and correspondingly, out-of-pocket costs in the form of deductible and co-insurance are appropriate • Provides clarity on the potential implications of using a non-panel healthcare provider in terms of making insurance claims <p>Healthcare Providers</p> <ul style="list-style-type: none"> • Emphasises the importance of providing required standard of care to patients and discourages medical professionals from fee arrangements that may influence the objectivity of their clinical judgement in their management of patients <p>Payers (IP insurers)</p> <ul style="list-style-type: none"> • Encourages insurers to influence their preferred healthcare providers, TPAs, and intermediaries to have fee arrangements with medical professionals that are in line with SMC's ECEG • Ensures leakage of claims costs is minimised as claims are based on agreed medical fee charges and treatment
<p><u>Enhancing Insurance Procedures and Product Features</u></p> <ul style="list-style-type: none"> • Co-insurance & Deductibles <ul style="list-style-type: none"> - To encourage insurers to include co-insurance and/or deductible features in product design to ensure consumers' interest are aligned with managing healthcare costs - To address the risks of overconsumption due to poor product features 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Encourages consumers to play a more active role in managing their medical care costs • Encourages consumers to be more responsible for their lifestyle habits <p>Healthcare Providers</p> <ul style="list-style-type: none"> • Increases pressure to provide medically effective and cost efficient treatment • Encourages communication between consumer and healthcare provider on type and cost of medical care recommended and, improves the patient-doctor relationship

	<p>Payers (IP insurers)</p> <ul style="list-style-type: none"> • Aligns product features with consumers’ interest for long term sustainability of IP premiums • Ensures better claims cost management
<p><u>Enhancing Insurance Procedures and Product Features</u></p> <ul style="list-style-type: none"> • Pre-approval of Medical Treatment <ul style="list-style-type: none"> - To encourage insurers to approve claims for medical treatment and estimated bill size prior to the actual procedure, which provides certainty to patients on what can be claimed from their insurance policy - To address the risks of inappropriate treatment and high medical charges 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Provides a peace of mind as policyholders know their procedure is within insurance coverage when actual treatment is sought • Protects consumers as insurers would not endorse and providers are unlikely to recommend procedures that are not medically necessary <p>Healthcare Providers</p> <ul style="list-style-type: none"> • Decreases disputes with payers and consumers over medical treatment and bills • Encourages greater communication between payer and provider <p>Payers (IP insurers)</p> <ul style="list-style-type: none"> • Provides greater control over cost of medical bills
<p><u>Educating Consumers</u></p> <ul style="list-style-type: none"> - To educate the public on the available options, such as the types of hospitals and wards, and the corresponding costs of their medical treatments - To address the issue of information asymmetry by ensuring information on medical charges is readily accessible and easily comprehensible by consumers 	<p>Consumers (or Patients)</p> <ul style="list-style-type: none"> • Educates consumers to assess the available information and make informed healthcare choices

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Appendix 2: 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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Appendix 3: HITF Terms of reference

To recommend measures to bring about moderation in the escalation of health insurance premiums in Singapore, including, but not limited to:

- 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.

Life Insurance Association, Singapore (LIA Singapore)

Established in 1962, the Life Insurance Association, Singapore (LIA Singapore) 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 more information, please contact:

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