

Media Release

Integrated Shield Plan (IP) insurers introduce key initiatives to support IP policyholders amid implementation of the Ministry of Health's Cancer Drug List

Initiatives will complement the government's efforts to provide affected IP policyholders more time to adjust to the cancer drug financing changes

Singapore, 2 September 2022 — The Life Insurance Association, Singapore (LIA Singapore) today announced that all seven insurers offering Integrated Shield Plans (IP) will implement key initiatives to provide additional support for IP policyholders amid implementation of the Cancer Drug List (CDL) by the Ministry of Health (MOH)¹. These initiatives will contribute towards greater affordability of cancer treatments for Singapore Residents in the longer term.

The CDL was developed following recommendations of the MediShield Life Council². The CDL comprises clinically proven and more cost-effective cancer treatments that are claimable under MediShield Life and MediSave, and the corresponding limits. This has been implemented from 1 September 2022.

The CDL for IPs will take effect for new IP policyholders who make a purchase from 1 April 2023 onwards. For existing IP policyholders, the CDL will take effect from their respective policy renewal dates on or after 1 April 2023.

Key initiatives by IP insurers to support IP policyholders during this transition are:

- Keeping premium rates for IPs steady from 2 September 2022 to 31 August 2024. This will only apply to IPs, but not IP riders.
- Providing transitional support for patients with IPs until 30 September 2023 whose IPs are renewing between 1 April 2023 and 30 September 2023, and are on a course of cancer drug treatments as of 31 March 2023. This will provide them more time to consider treatment options and adjust to the changes.
- Offering consumers the choice of getting coverage beyond the CDL through optional IP riders from 1 April 2023.

¹ Cancer Drug List (August 2022). Ministry of Health. Available at: <https://www.moh.gov.sg/home/our-healthcare-system/medishield-life/what-is-medishield-life/what-medishield-life-benefits/cancer-drug-list>

² MediShield Life Review. (August 2022). Ministry of Health. Available at: <https://www.moh.gov.sg/home/our-healthcare-system/medishield-life/what-is-medishield-life/medishield-life-review>

Mr Khor Hock Seng, President, LIA Singapore said, “The well-being of our policyholders is the top priority for all Integrated Shield Plan (IP) insurers. As an industry, we are committed to ensuring the continued access to cancer drug treatments in Singapore. We hope that these initiatives will provide IP policyholders with the support and assurance they should have amid this transition period from their IP insurers.”

“As we look to the longer-term, we recognise that IP claims costs are likely to increase due to medical inflation. This will invariably result in the need for increased premiums in future so that IP insurers can continue to offer IPs. Nevertheless, IP insurers will continue to work closely with the Ministry of Health (MOH) and others within the healthcare eco-system to achieve our joint commitment to providing quality and cost-effective treatments for cancer patients,” he added.

IP insurers will announce more details on changes to their respective IPs and IP riders by the end of 2022.

Premium rates for IPs to remain steady until 31 August 2024

To better support policyholders through these changes, IP insurers will not change premium rates for IPs from 2 September 2022 to 31 August 2024. IP policyholders may refer to the MOH’s website³ for the latest premium rates for IPs as of 1 September 2022.

This applies to all IP policyholders, regardless of whether they are currently undergoing cancer treatments or not. However, premium increases will continue to apply when IP policyholders move to higher age bands or when GST rate is revised in future.

The initiative to keep premium rates steady does not apply to premium increases for IPs that were announced by IP insurers prior to 2 September 2022, which will continue till this cycle of premium increases is complete.

This initiative also does not apply to IP riders, including riders which have existing claims-based pricing features where renewal premiums are already subject to certain criteria as defined within the respective policies.

IP insurers are committed to keeping premium rates for IPs steady for this extended period to support IP policyholders throughout this transition period despite rising healthcare costs and higher claims incidence rates associated with numerous factors including Singapore’s ageing population and advancement of medical treatments and technologies.

IP insurers will continue to monitor claim experience over the next two years and when required, make adjustment to premium rates only from 1 September 2024 onwards to ensure the continued feasibility of offering IPs to Singapore Residents.

³Comparison of Integrated Shield Plans (Sep 2022) Ministry of Health. Available at: <https://www.moh.gov.sg/cost-financing/healthcare-schemes-subsidies/medishield-life/comparison-of-integrated-shield-plans>

Transitional support for IP policyholders undergoing cancer treatment

IP insurers will provide transitional support until 30 September 2023 for patients whose IPs are renewing between 1 April 2023 and 30 September 2023, and are actively undergoing cancer drug treatments as of 31 March 2023. These affected patients must have a valid outpatient or inpatient claim for cancer drug treatments they received between 1 January 2023 and 31 March 2023.

This transitional support will provide affected IP policyholders more time to deliberate on their treatment plans and adjust to the change by switching to suitable alternatives on the CDL, where appropriate. It is critical that treatment decisions are made only upon adequate consultation and discussions with doctors on the way forward. Policyholders are also encouraged to engage their IP insurers to seek clarifications, if required, before commencing treatments.

IP insurers will provide more details on the transitional support for their IP policyholders by the end of 2022.

IP riders providing consumers choice for treatments beyond the CDL

IP riders are optional supplementary plans or add-ons designed to provide additional coverage on top of the IPs.

While IPs will no longer be able to provide coverage for treatments beyond the CDL from 1 April 2023, IP insurers may continue to offer choices to consumers through these IP riders.

From 1 April 2023, IP riders will be re-designed to offer cancer coverage beyond the CDL, among other benefits. IP riders will provide varying levels of coverage at different premium rates to meet the diverse needs and budgets of IP policyholders. More information on IP rider coverage will be announced by individual IP insurers by the end of 2022.

Accordingly, LIA Singapore has developed a 'Non-CDL Classification Framework'⁴; a standardised classification for the different cancer drug treatments not on the CDL. The standardised classification groups cancer drug treatments according to regulatory approvals and clinical guidelines. IP insurers will make reference to the Framework and decide which classes of Non-CDL treatments will be covered within their respective IP riders. The Framework aims to provide greater clarity and facilitate a common understanding of Non-CDL treatments by all stakeholders, e.g. consumers, healthcare providers and practitioners, and IP insurers.

The Framework has been prepared with input and support from the Chapter of Medical Oncologists, College of Physicians, Academy of Medicine, Singapore, and the Singapore Society of Oncology.

⁴ Non-CDL Classification Framework (Sep 2022) Life Insurance Association, Singapore. Available at: <https://www.lia.org.sg/industry-guidelines/health-insurance/framework/2022/Non-CDL-Classification-Framework>

Joint efforts required to manage expected increase in IP claims costs

These initiatives by IP insurers aim at supporting IP policyholders by ensuring smooth implementation of the CDL, while providing choice to those who prefer to purchase additional coverage.

Implementation of the CDL is likely to help moderate the growth in cancer claims in the long run but - in the short term - it is likely to contribute only a slight and temporary decrease in IP claim costs.

Currently, cancer claims form approximately 25% of all IP claims. The national crude cancer incidence continues to increase with Singapore's ageing population⁵. This, combined with an increase in survival rates and longer treatment durations, will increase IP claim costs for cancer treatments alone. The remaining 75% are non-cancer IP claims and these are also expected to increase due to the increasing prevalence of chronic diseases.

Medical inflation in Singapore continues to remain high and is expected to reach 8.8% in 2022, compared to 8.1% in 2021, and 5.8% in 2020⁶. The rate is expected to be higher for the private healthcare sector. These rates are significantly higher than the increased projection of 3.0 – 4.0% Core Inflation in 2022 by the Monetary Authority of Singapore (MAS)⁷.

Medical inflation in Singapore can primarily be attributed to the increasing cost of new treatments and medical advancements leading to increased frequency and level of claims, increased demand for medical attention by an ageing population, as well as increased wages to hire and retain talent amid a shortage of healthcare staff here.

To ensure the continued accessibility of healthcare in Singapore overall, it is critical for all parties within the eco-system to play their part to tackle the challenges of medical inflation and rising IP claim costs.

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⁵ 50 years of cancer registration. Singapore cancer registry. (2017) Ministry of Health. Health Promotion Board, Available at: https://www.nrdo.gov.sg/docs/librariesprovider3/default-document-library/thespore-cancerregistry_commerativebook_1.pdf?sfvrsn=231fce6e

⁶ Mercer Marsh Benefits report highlights gap in mental health coverage and outpaced healthcare costs vs inflation in Asia (March 2022). Mercer. Available at: <https://www.mercer.com.sg/newsroom/mental-health-coverage-gap-and-outpaced-healthcare-costs-vs-inflation.html#:~:text=Mr%20Neil%20Narale%2C%20MMB%20Leader,2020%20to%208.1%25%20in%202021.>

⁷ MAS Monetary Policy Statement – July 2022. (July 2022). Monetary Authority of Singapore. Available at: <https://www.mas.gov.sg/news/monetary-policy-statements/2022/mas-monetary-policy-statement-14jul22>

Life Insurance Association, Singapore (LIA Singapore)

Established in 1962, the Life Insurance Association, Singapore (LIA Singapore) is a 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

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

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