ST explainer: How the changes affect you

Q What is the difference between MediShield Life and an Integrated Shield Plan (IP)?

A MediShield Life insures for care at subsidised classes, with premiums entirely payable from your Medisave account.

People who want private treatment need more coverage, which the IPs provide. Premiums can be paid with Medisave, up to a cap based on age. Today, 68 per cent of people here have IPs.

Q How many types of IPs are there?

A Six insurers are allowed to sell IPs, with plans pegged at private hospitals, public hospitals' A class and public hospitals' B1 class.

The Ministry of Health (MOH) requires all IPs to have a deductible of up to $3,500 a year, depending on the ward class.

This is the amount the patient has to pay before insurance kicks in. It is cumulative and can be made up of several bills within the year. On top of that, patients also need to pay 10 per cent of the rest of the bill.

Q What are riders?

A Riders can be bought on top of the IPs. There are two types of riders. About 1.1 million people have full riders that pay the deductible and the co-payment, so patients do not need to pay a cent of their hospital bills. About 200,000 people have partial riders - like the one that MOH will now require - where the patient has to pay a small portion of the bill.

Q Why is MOH making changes to riders?

A People who have riders have bills that are, on average, 60 per cent higher than people who have only IPs without riders.

Some of this comes from over-servicing or over-charging by doctors. The high bills have pushed up premiums for everyone, not just those with riders.

Over the past two years, rider premiums have gone up by up to 225 per cent, while IP premiums have risen by up to 80 per cent, with older people paying more.

Total IP and rider claims rose from $858 million in 2015 to $1.05 billion in 2016. The six insurers have tried to absorb much of the increase. As a result, all suffered underwriting losses in 2016.

This was why they appealed to MOH for help.

MOH fears that should this continue, it would push up health-care costs for everyone, including those who are on only the basic MediShield Life.

This is because all IPs incorporate the basic scheme. Higher IP bills also mean higher payouts from MediShield Life, pushing up its premiums.

Q I already have an IP with rider. What will happen to my plan?

A The new rules do not apply to you. You may continue with your existing coverage. But note that insurers are allowed to change their products. Some may decide to do so as their experience is that people with full riders tend to have higher claims.

You might also be given the choice to switch to new schemes with lower premiums that will be rolled out.

Q So, should I switch?

A Experts say that factors you should consider include your age and health. For example, you might want to see how much you save in premiums each year, and multiply that by the number of years you expect to require few major healthcare treatments.

Although you have to pay 5 per cent of the bill under the new scheme, the maximum you might need to pay in a year is $3,000 or any higher cap your insurer offers.

One consideration is that this amount can come from Medisave, but the premium for your rider cannot, and has to be paid in cash.

Based on 2016 bills, 5 per cent co-payment comes to $670 or less for three in four people who made claims that year.

Dr Jeremy Lim, a partner at consulting firm Oliver Wyman, said: "I am reasonably confident that the difference in premium between the full and 5 per cent rider will continue to widen and, in the years to come, it will become more and more obvious that the full rider will not make sense for the vast majority of Singaporeans."

Q What will the rules mean for new IP rider plans?

A If you are buying a rider from today until March 30, 2019, you can be fully covered until April 1, 2021, when you must switch to the new plan where you pay at least 5 per cent up to a maximum of $3,000 a year – or higher amounts set by your insurer. This payment by you can be paid with Medisave money.

Your insurer must offer the new plan by April 1 next year, so you may choose to switch to the new plan earlier to save on premiums.

Q Does the $3,000 annual cap mean that no matter how big my bill is, that is all I need to pay?

A Yes, but only if you are treated by the insurer's panel of doctors or have received pre-treatment approval from the insurer.

Should you choose to go to a doctor not on the panel, or seek a treatment that has not been pre-approved, the insurer will not cap your contribution at $3,000 a year.

This means that you will have to pay 5 per cent of the bill, no matter how large it is.

Q What if my insurer does not have a preferred panel of doctors or pre-authorises treatment?

A Today, four insurers have these in place. The other two will likely also have them by the 2019 deadline.

But should your insurer not have panels or pre-authorisation, then you will still need to pay 5 per cent of your bills, and there will be no cap to the amount you need to pay.

Q Is it too late to buy a rider plan that covers 100 per cent of my bills?

A Yes. Insurers are no longer allowed to offer full riders. They may only sell riders that convert to partial riders by April 2021.