

## MOH move will help curb huge premium increases

Having co-payment for riders helps consumers play active role in choice of treatment: LIA



The move to disallow further sale of full riders for Integrated Shield Plans will help insurers manage claims, reduce the need for significant premium increases and allow IPs and riders to remain viable and sustainable options, said the Life Insurance Association of Singapore. ST PHOTO: ALVIN HO

Significant premium increases may be a thing of the past following the Ministry of Health's decision to disallow further sale of full riders for Integrated Shield Plans (IPs), a move that is set to benefit both consumers and insurers.

In a statement yesterday, the Life Insurance Association of Singapore (LIA), which represents all six insurers offering IPs, said it believes having patients pay a part of the bill would "encourage consumers to play an active role in choosing their medical providers and treatments".

It would also get doctors to "recommend medically appropriate and cost-effective treatments", it said.

As for insurers, the LIA said the move will help them manage claims and reduce the need for significant premium hikes, and allow IPs and riders to remain "viable and sustainable options".

An Aviva spokesman said it is too early to comment on the possible impact, but "welcomes this as part of the efforts to overcome escalating healthcare costs".

Mr Lee Swee Kiang, head of group product management at Great Eastern (GE), said it will come up with new riders to incorporate the 5 per cent co-payment with an annual cap of \$3,000 - the minimum mandated by MOH. There will be no immediate change for existing customers, he added, but GE will "closely review and assess the need to make benefit changes", which it will inform customers of in due time.

He also said it was "too premature to make any definitive comments on the impact of these changes".

Prudential said it already has in place a scheme to "encourage healthy living and more prudent use of medical services". It introduced claims-based pricing last year. Depending on the size of claims, if any, policyholders fall into one of five tiers deciding the premiums they need to pay.

Prudential's chief agency officer Roy Lim said those on this plan "will continue to enjoy first-dollar coverage as the plan's claims-based pricing feature has been shown to encourage more prudent use of medical services".

Ms Mimi Ho, chair of the Health Insurance Task Force, which recommended co-payment as a way to curb rising healthcare costs, was pleased with the move. She said it was an essential step, and will complement others such as fee guidelines and helping insurers surface inappropriate treatments.

## How the proposed change in rider coverage might work

Insurers are asking the Health Ministry to regulate some form of payment by patients with riders. Now, those with full riders and as-charged plans do not pay a cent no matter how big their bills are. They have suggested patients with riders pay a small percentage of their bill, subject to an annual maximum.

### EXAMPLE OF A PATIENT WITH A PRIVATE HOSPITAL INTEGRATED PLAN (IP) WARDED TWICE IN A YEAR, EACH TIME WITH A \$10,000 BILL

1st time	Current		Proposed
	With IP*	With IP* + Rider	With IP* + Rider
Total bill	\$10,000	\$10,000	<b>\$10,000</b>
Insurance pays	\$5,850	\$10,000	<b>\$9,200 to \$9,500</b>
Patient pays	\$4,150	\$0	<b>\$500 to \$800***</b>
<b>2nd time</b>			
Total bill	\$10,000	\$10,000	<b>\$10,000</b>
Insurance pays	\$9,000	\$10,000	<b>\$9,200 to \$9,500</b>
Patient pays	\$1,000**	\$0	<b>\$500 to \$800***</b>
<b>Total patient pays in a year</b>	<b>\$5,150</b>	<b>\$0</b>	<b>\$1,000 to \$1,600***</b>

#### NOTES:

\* Patients have to pay the first \$3,500 (deductible) before insurance kicks in, as well as 10% of rest of the bill (co-insurance)

\*\* Deductible of \$3,500 is cumulative and paid only once in a year

\*\*\* Assuming patient has to pay 5-8% of the bill and total is below the annual maximum (safety net)

Source: MOH STRAITS TIMES GRAPHICS