Government is set to review the scheme next year, but observers call for urgent revamp of a ‘completely inadequate’ scheme

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SINGAPORE — A prominent professor here has warned that the Republic’s financing scheme for the intermediate- and long-term care (ILTC) sector will not be enough for Singaporeans to meet basic costs for such services, as the clock ticks down on the silver tsunami which will hit the Republic by 2030.

Lee Kuan Yew School of Public Policy Professor Phua Kai Hong, an authoritative figure in the region on healthcare policy and management, first voiced his concern about ElderShield, which is the sole national insurance scheme for intermediate and long-term care, at a closed-door discussion earlier this month.

Speaking to TODAY, he reiterated that the scheme is “completely inadequate”. Said Prof Phua: “People are calling our hospitals a First World sector, but that our long-term care is Third World standard. Besides the over-reliance on voluntary welfare organisations, patients’ families and cheap labour, the financial structure in this sector needs to be thoroughly re-looked.”

He added that Singapore’s existing 3M framework — Medisave, MediShield and MediFund — are “rigged towards hospital care”.

Among other appointments, Prof Phua had undertaken healthcare consulting assignments for international organisations such as the World Bank and the World Health Organization, as well as the health ministries of various countries including Singapore.

Prof Phua’s concerns were unanimously shared by industry players and Members of Parliament. Mr Tony Tan spoke to, with one of them describing the situation as a potential time bomb even as the Government is ramping up the infrastructure in the sector and raising subsidies especially for low- and middle-income households.

Adding that the issue is “right at (the) doorstep”, NTUC Eldercare general manager Lim Sia Hoe cautioned: “The Government must show urgency. We don’t have the luxury of time. The longer we wait, the more difficult it is.”

The Ministry of Health (MOH) had announced previously that it is reviewing the ElderShield scheme next year.

In response to TODAY’s queries, an MOH spokesperson said it recognises that “the cost of caring for the elderly over a period of time can be significant”.

On the increased subsidies, the spokesperson noted that around two-thirds of the population “will benefit from some form of financial assistance” when the changes take effect in the third quarter.

Among other measures, the MOH will also absorb goods and services tax for healthcare services for all subsidised ILTC patients, while cash payouts and qualifying income for the Interim Disability Assistance Program for the Elderly will also be increased for low-income disabled elderly who were unable to join ElderShield at its inception.

Nevertheless, the spokesperson acknowledged that insurance coverage “also plays an important role in ensuring the sustainability of our healthcare financing system”.

She said: “MediShield and ElderShield provide a basic level of protection against severe illnesses and disability. Those who wish to obtain higher coverage may purchase ElderShield Supplements provided by private insurance providers ... We will continue to refine our aged care financing framework to make care more affordable for our elderly.”

The ElderShield scheme was launched in 2002 as an affordable severe disability insurance scheme that provides basic financial protection to those who need long-term care.

In 2007, the Government increased the monthly payout from S$300 to S$400, and the maximum payout period from 60 to 72 months.

Singapore citizens and permanent residents with Medisave accounts are automatically covered under ElderShield at the age of 40, unless they opt out.

According to industry players, the ElderShield payout is insufficient: Patients’ bills are at least twice that amount.

Calling for the cap on the payout period to be abolished, they said that the scheme should also cover not only those who are severely disabled and unable to perform three activities of daily living.

Said former Nominated MP and private orthopaedic surgeon Kanwaljit Soin: “The payout should be as long as the person is alive. It will even out in the end as some people will die earlier and others, later.”

There should also be more flexibility in the scheme — for example, the amount of payout should be pegged to the level of care needed.

Sengkang West MP Lam Pin Min, who chairs the Government Parliamentary Committee for healthcare, said that the payout should be reviewed regularly, taking into account inflation.

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ElderShield under fire

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Higher payouts will entail higher premiums, and Dr Soin suggested that co-payment from Singaporeans be capped at 20 to 30 per cent — a level that Prof Phua concurred was optimal according to past studies.

Most observers TODAY spoke to felt the Government should take the lead in this area, even though private insurers should ultimately come into the picture. Said Prof Phua: “It is a relatively new issue so a lot of private insurers are waiting for the Government to come in and set directions.” He noted that the Government has to make projections and set a basic package on how much is needed for long-term care.

Former NTUC Income CEO Tan Kin Lian pointed out that consumers’ interest is best protected by the Government being involved in setting the framework to determine the eligibility for a claim. Said Mr Tan: “The insurance company can be quite strict in interpreting the eligibility to the detriment of the consumer.”