



## Policy Brief

# The Singapore Elderly and Healthcare Affordability

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## I. What is the Issue?

Singapore's elderly population has been growing steadily over the decades. In 2018, 13.7 percent of the population was above 65 years old. Population projections have estimated that by 2030, the elderly will have reached 18.7 percent.

With ageing comes chronic diseases. In 2015, a study found that one in four Singaporeans aged above 65 years old developed them. The Singapore Burden of Disease Study published in 2010 reported that individuals aged 65 and above suffered from 35.5 percent of the entire burden of disease. Ischaemic heart disease and stroke were the top two causes in both older men and women.

A salient, targeted element of current policy is "ageing in place". The family has been identified as the primary support system for older persons: housing and health policies reinforce this idea. By extension, government policies mandate that an elderly person depends on his/her family in times of a health crisis; thus, health policies are designed such a way that an elderly person's financial expenses should be borne by family members. In cases where the family is unable to provide care for the older person, the community would step in if needed; failing that after which the government becomes the last resort.

In Singapore, no one is ever denied healthcare access. By extension, the government has protected every older person's "right to health" by mandating that each individual take up a health insurance plan and, in turn, undertake the expenses incurred for healthcare services he/she might have utilised. A percentage of the costs or premiums is borne by the government. The rationale underlying health policies for the elderly is to enable access to appropriate health and social care; but individual responsibility for out-of-pocket spending still occurs, in keeping with state policy which does not support welfarism.

Several schemes are in place to enable older persons to access healthcare. Medisave, a national savings plan to which all employed individuals contribute during their years of employment, has restrictions on how the monies in this scheme may be utilised. Because of withdrawal limits, the likelihood is great that individuals end up having to use savings to cover the shortfall or be forced to rely on the savings of immediate family.

Then there is Medishield Life, a low-cost catastrophic medical insurance scheme. In some cases, payouts were insufficient to cover the entire cost of a procedure, leaving the individual to rely on savings. Currently, the government is reviewing the payout limits although stating that removing the payout limits would increase premiums by at least 30 percent.

For long-term care, ElderShield, a non-mandatory severe disability insurance scheme, was rolled out in 2002, providing a fixed cash benefit of S\$300-400 per month. In 2020, CareShield will expand coverage and enhance benefits. It allows for a fixed cash benefit of S\$600 per month with two percent increases over time as premiums rise until the policyholder turns 67, or until a claim is encashed. Cash benefits are not intended to cover the full costs of providing long-term care, implying that individuals will have to rely on their savings or those of their relatives.

Medifund, a medical endowment fund for poorer Singapore residents, was set up to assist payment of medical bills. In 2017, there were 1,180,000 applicants to Medifund, up from 1,136,000 applicants in 2016, indicating the growing numbers struggling to cover healthcare expenses.

In recent years, the government introduced the Pioneer Generation Package, a scheme which provides subsidies at participating CHAS (Community Health Assist Scheme) General Practitioners, polyclinics, Specialist Outpatient Clinics; as well as Medisave top-ups of S\$200-800 annually for life and special premium subsidies for the Pioneers' MediShield Life Premiums. Since these schemes only partially cover any medical expenses incurred, the onus rests on the elderly person to undertake the rest of the payment.

### **2. Are the Recent Healthcare Reforms for the Elderly Effective?**

Currently, most schemes targeting the elderly provide coverage for outpatient care for acute and minor illnesses as well as the management of chronic diseases, but tend not to cover chronic illnesses such as cancer. This influences the elderly poor's healthcare access behaviour, in particular, avoiding seeking timely and relevant treatment since many of whom cannot afford health insurance plans.

While Singapore has a healthcare system akin to that in any first world country, affordability continues to be an issue, since many elderly are forced to rely on savings because they no longer work. There have been reports stating that medical inflation levels outpace the general inflation of one percent and is well above the global average of eight percent in 2019, a trend which takes a greater hit at the elderly because of limited resources. That increasing numbers of poorer elderly are turning to government for assistance is indicative of the struggles they are facing in keeping with rising healthcare costs. Because older persons often find themselves having to undertake out-of-pocket spending for healthcare, more effective measures need to be rolled out to enable them to take advantage of the health system in place.

### **3. What should Policymakers Do?**

- *Keep healthcare costs affordable:* the government has to ensure that healthcare costs are kept at an affordable rate. Affordability in this case might be linked to Singapore's spending on healthcare. As a percentage of GDP, Singapore's health expenditure in 2016 at 4.47 percent was far short of the global average of 10.021 percent. The question then to ask is: does the government want to shoulder a greater proportion of the burden borne by the elderly?
- *Increase health literacy rates:* it is crucial to strengthen the dissemination of relevant, current health information targeting older people: which might cover dementia, heart disease, vision loss, hearing loss, cancer and so forth.
- *Role of preventive medicine:* while preventive care is crucial for the general population, it becomes even more important for the elderly because of the greater risk of chronic illnesses then. In that case, preventive health services, including health screening tests, vaccinations, and health advice should be made available at no cost to those above 60 years of age. Early diagnosis and treatments are cost effective.

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