

Ensuring health care is affordable for all



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■ How do we determine if health care here is affordable for all? How can we keep it affordable in the future?

THERE are several ways to measure the affordability of health care. These include tracking the inflation rates of medical expenditure through the consumer price index and monitoring household expenditure across different income groups, with particular attention paid to low-income households.

However, such surveys usually pick up only the average amount that families fork out for primary care. The population samples used may not capture the rarer and larger expenses for catastrophic illness and chronic care.

Singapore has an impressive track record when it comes to keeping health expenditure low despite high economic growth. Health spending has been held at around 3 per cent to 4 per cent of the gross domestic product (GDP).

But this will not be possible as the population ages and Singapore develops further as a medical hub providing high-quality and specialised services. It will be necessary to raise the national health expenditure to at least 5 per cent of GDP, and even more in the future.

To make sure that health care here stays affordable, adjustments will have to be made to keep up with inflation. But attention should also be paid to the schemes that finance health care, as well as subsidies and the transparency of the medical fee structure.

The Government on Monday announced an expansion in subsidies for outpatient care and some medication. This is a good start. In addition, the basic financing framework also needs updating.

While too frequent changes to the 3M – Medisave, MediShield and Medifund – and ElderShield schemes may confuse Singaporeans trying to work out which scheme will help them pay for what, these schemes should be tweaked more regularly to reflect changing medical practices and rising prices.

Take ElderShield, for instance. The scheme is meant to give basic financial protection to those who need long-term care. But increasing the monthly payouts from \$300 to \$400 will not help the severely disabled and their families much, when average nursing home costs in Singapore today range from over \$1,000 to \$5,000 a month.

The large out-of-pocket payments should gradually be reduced by strengthening the 3M system, especially the insurance components in MediShield and ElderShield. It may not be efficient to accumulate too much savings in Medisave. Perhaps the funds in Medisave could be used to pay higher premiums to boost ElderShield and MediShield, which helps to cover the expenses from major illnesses and disabilities.

Another area to consider is subsidies

for the low-income group. This is achieved through heavily subsidised C-class beds and Medifund, which helps needy Singaporeans pay their medical bills.

The current system tempts hospitals into pushing patients into the higher-class, more expensive wards as this increases their revenue. But this may end up depleting patients' Medisave accounts.

There needs to be better allocative efficiency: correct pricing and subsidy levels for all bed classes, and an improved balance between paying and subsidised beds.

As for Medifund, the Government announced in February that it would raise the target size of the fund's endowment from \$2 billion to \$3 billion. However, it would be better to reduce the need for larger Medifund spending by focusing more on Medisave, MediShield and other parts of the health-care system.

The safety net is also widened by community hospitals and voluntary welfare organisations that provide step-down care. But they will increasingly need greater government subsidies as scarce labour and increasing demand push costs up.

Developing the health-care industry and medical tourism may bring economic benefits, but it also leads to higher prices. Thus, more social protection and financial aid programmes that help Singaporeans without creating a culture of welfare dependency may be needed.

Another way to ensure that health care stays affordable is to make the fee structure transparent.

Physician charges in the private sector can be rather arbitrary, especially after the Singapore Medical Association's schedule of fees was discarded in 2007.

How is the public to know the relative costs of complex medical procedures and judge the quality of clinical services? Are charges by doctors in the private sector monitored and reported like the average bill sizes of public hospitals are?

As the health-care industry develops, more may have to be done to protect the vulnerable members of society from its vagaries. Perhaps doctors should be required by law to declare their fees, with a display of prices as done in many developed countries, and censured for unreasonably high bills. But if this is too intrusive and difficult to administer, there may be a case for bringing back the old fee schedule that served us well in the past.

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