Recent Changes in the Healthcare Scene in Singapore

Li Shu Chuen
BPharm,CertHealthEcon, GradDipBus(Tech Mgt), MApplSc,MBA,PhD

Recent changes in Singapore that would/might impact on drug use or application of pharmaco economics

• Changes in MediShield
  – from 1st July 2005

• Updating of Standard Drug List
  – Continuing for the past three years

3M Tools in Singapore Health Care Management System

• **Medisave**
  – A *compulsory* savings scheme
  – Employees contribute between 6-8% of their monthly salary

• **Medishield**
  – Low premiums *catastrophic insurance* that complements Medisave program
  – *Not need-based or income-based*

• **Medifund**
  – A government endowment fund from government surplus fund each year
  – Provides a *safety net* for the poor, mainly elderly persons without the benefit of CPF scheme during their employment

### Benefits & Claim Limits (before 1st July 2005)

<table>
<thead>
<tr>
<th>Benefits &amp; Limits</th>
<th>MediShield</th>
<th>MediShield Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plan B</td>
<td>Plan A</td>
</tr>
<tr>
<td>Room</td>
<td>$120/day</td>
<td>$300/day</td>
</tr>
<tr>
<td>ICU</td>
<td>$240/day</td>
<td>$500/day</td>
</tr>
<tr>
<td>Surgical Procedures</td>
<td>$100-$600</td>
<td>$300-$4,500</td>
</tr>
</tbody>
</table>

| Claim Limits                  |            |                |
|                               | Plan B     | Plan A         |
| Per policy year               | $20,000    | $50,000        |
| Per life year                 | $120,000   | $150,000       |
| Last entry age                | 70 years   | 70 years       |
| Maximum coverage age          | 75 years   | 75 years       |

**Changes in MediShield (1)**

Premiums for MediShield up with better cover for certain groups of patients

- Increases in premiums
  – Increase of between $1.50 and $11.25 a month
- Increase in deductibles
  – A $500 rise in the amount patients must pay before insurance cover takes over.
  - Deductibles go up to $1,000 for C-class patients and $1,500 for others
- Subsidized patients with large hospital bills to get more benefit from the changes
  – Deductible to be paid only once every year
  – No deductible for subsequent hospitalization in the same year
Changes in MediShield (2)

- Increase coverage by pushing up the age limit of coverage
  - Increase in last entry age
  - Increase in maximum coverage age
- Increase in discount to mitigate the impact of the increases on the elderly
  - Introduction of a loyalty scheme for those aged 70 to 80.
  - Their premiums will be cut by 10% for every decade since joining MediShield, up to a maximum discount of 40%.
  - To get the full 40% rebate, one must join MediShield before the age of 30.

Changes in MediShield (3)

- Privatization of MediShield Plus Plan
  - Transferring additional cover of all existing 350,000 MediShield Plus policyholders to IncomeShield Plan operated by NTUC Income Insurance Cooperative Ltd.
  - Lowering of premiums for certain groups and option of lifetime cover after the usual maximum age cover.

Benefits & Claim Limits (after 1st July 2005)

<table>
<thead>
<tr>
<th>Benefits &amp; Limits</th>
<th>MediShield</th>
<th>IncomeShield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Plan MB</td>
</tr>
<tr>
<td>Room</td>
<td>$250/day</td>
<td>$300/day</td>
</tr>
<tr>
<td>ICU</td>
<td>$500/day</td>
<td>$640/day</td>
</tr>
<tr>
<td>Surgical Procedures</td>
<td>$150-$1,100</td>
<td>$270-$6,600</td>
</tr>
</tbody>
</table>

Claim Limits

- Per policy year: $50,000
- Per life year: $200,000
- Last entry age: 75 years
- Maximum coverage age: 85 years

*Option of lifetime coverage under other plan offered by NTUC Insurance.

Standard Drug List

- Ministry of Health (MOH) maintains a SDL since 1979
- Modeled on WHO EDL with modification for local conditions
- Contains drugs assessed to be the most cost-effective for use in public sector healthcare institutions and which should be made available to patients at affordable rates.
- Currently contains >620 drug items

Categories of SDL

<table>
<thead>
<tr>
<th>Standard Drug List I (SDL I)</th>
<th>Standard Drug List II (SDL II)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essential &amp; cost effective 1st line drugs required by many patients.</td>
<td>To partially subsidize some expensive 1st line cytotoxic drugs &amp; some other expensive non-cytotoxic drugs.</td>
</tr>
</tbody>
</table>
Level of Subsidy

<table>
<thead>
<tr>
<th>Inpatient Treatment at Public Hospitals</th>
<th>Outpatient Treatment at Government Polyclinics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For drugs in SDL1</strong></td>
<td><strong>For drugs in SDL1</strong></td>
</tr>
<tr>
<td>G-class ward – 80%</td>
<td>Patients are charged the cost of the drugs up to a maximum of $1.40 per item</td>
</tr>
<tr>
<td>B-1 class ward – 20%</td>
<td></td>
</tr>
<tr>
<td><strong>For drugs in SDL2</strong></td>
<td><strong>For drugs in SDL2</strong></td>
</tr>
<tr>
<td>G-class ward – 50%</td>
<td>50% of the costs</td>
</tr>
<tr>
<td>B-1 and B-2 class wards – 30%</td>
<td></td>
</tr>
</tbody>
</table>

Role of Standard Drug List

- To contain the growth in medical expenditure without compromising the quality and accessibility of health care in Singapore.
  - To control pharmaceutical costs through subsidy of drugs in SDL is part of this integral strategy of cost containment

Background

- Between 1995 to 2001 (with the exception of 1996 and 1998), the number of inclusion of drugs per year was relatively low.
- In 2001, MOH has appointed a Drug Cost Review Task Force to identify factors contributing to drug costs in Singapore and recommend strategies to maintain the affordability of drugs in Singapore

Key Recommendations of Drug Cost Review Task Force

- Review of SDL to ensure that it is comprehensive and in line with Clinical Practice Guidelines
- Apply pharmacoeconomic evaluation in the selection of standard drugs

Updating of Standard Drug List

- Recently special annual funding has been promised to upgrade the SDL on a continuous and regular basis.
- Use of more structured and formal pharmacoeconomic approach to assist in the decision of drug inclusion into the SDL:
  - Pharmacoeconomics & Drug Utilization Unit established in the Centre for Drug Administration (CDA), Health Sciences Authority (HSA)
  - Prioritization based on principle of “Cost-effectiveness” and “Need”