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MediShield Life can be made more effective. Its review holds the key

We must incentivise outpatient treatment and accept that, in some cases, personalised medicine can save lives.

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Singapore's Health Minister Ong Ye Kung announced earlier in 2024 that the MediShield Life Council would undertake a comprehensive review of the scheme. It would look at expanding the coverage of this basic, mandatory health insurance plan, including funding for innovative treatments such as cell, tissue and gene therapy products (CTGTP). A review is most timely as the last review was in 2020 and so much has changed in these intervening years.

Healthier SG is one such major change. In 2022, Mr Ong described the need for a "fundamental reorientation and reform of our healthcare system, to focus on preventive care instead of curative care, emphasise health instead of sickness, shift the centre of gravity of care away from hospitals into the community".

Advances in technology, especially in the field of artificial intelligence (AI) also create opportunities to improve healthcare. At the Milken Institute Asia Summit in September, Mr Ong highlighted the potential of AI in precision medicine and predictive preventive care, tailoring health and healthcare approaches to the individual based on genomics, healthcare, lifestyle and socio-economic data, and declared that Singapore would launch such initiatives nationally in the next one-to-two years.

What principles should guide this review and future reviews? There are myriad considerations, but I would put forward especially four design factors and one ideological caution.

LET THE DOG WAG THE TAIL

The aphorism "Don't let the tail wag the dog" comes to mind here. For too long, patients have been admitted to hospital needlessly because the claim limits are more favourable compared with outpatient settings. Funding and financing should be servants to the appropriate care model and not the other way around, and MediShield Life, in combination with other government financing levers of MediSave and subsidies, can be a powerful lever for change. What would this look like in practice?

MediShield Life traditionally covers inpatient bills. However, with the shifting of care provision from hospitals to the community, it should preferentially finance care delivered in an outpatient setting. Advances in medical technology furthermore permit more and more surgery to be performed without the need for hospitalisation. For example, simple gallbladder removal surgeries can now be done as day procedures, saving the patient and the health system monies from avoiding an overnight hospitalisation. The Ministry of Health website lists an outpatient gallbladder surgery as costing $7,500 while an inpatient surgery can cost as much as $21,000!

We could replace gallbladder surgery with single compartment knee replacement, vascular treatment for enlarged prostates or any number of procedures that now can be safely and effectively performed in an outpatient setting.

MediShield Life coverage rules should promote outpatient over inpatient surgery, given the overall cost savings. In fact, given the imperative for all of us to contribute to managing healthcare spending prudently, perhaps penalising inappropriate and unnecessary use of inpatient facilities could even be considered.

INCENTIVES MATTER

Economist Stephen Landsburg, author of The Armchair Economist, famously observed that economics can be summed up in four words: "people respond to incentives". The rest, he said, is commentary. As MediShield Life is reviewed, schemes should be designed to ensure incentives are aligned for patients and providers to do the right things.

Just to build on the example of the gallbladder surgery described above: Patients going home on the day of the surgery would need a caregiver, at least for that day. Mundane matters like food also need to be addressed. Should MediShield Life permit some funds to be provided for these? Overall, there would still be significant savings for the system and a modest incentive of say, $200 to $300, would be useful in persuading patients to choose the outpatient option. Likewise for providers and facility operators, the claim amounts should be calibrated to promote the most appropriate care setting.

On becoming a preventive health-focused health system, incentives matter too. Just as Singaporean males can enjoy an eight-week reduction in national service if they attain good results in the Pre-Enlistee Individual Physical Proficiency Test, perhaps MediShield Life premium discounts should be considered for those dutifully undergoing health screenings and maintaining healthy cholesterol, blood sugar and blood pressure levels.

PERSONALISED MEDICINE, PERSONALISED COVERAGE

Personalising medicine and individual risk can be very powerful in changing behaviours and intervening early to avoid future health catastrophes. However, MediShield Life coverage and claim limits are designed for entire populations and not individuals. What happens to individuals who are predicted to be at high risk for a specific disease?

Mr Ong at the Milken event cited an example of an individual predicted to be at high risk for a stroke in the next decade, with his doctor being able to proactively prescribe medicine to prevent the future stroke. But what if the medicine is not covered by MediShield Life or MediSave for the general population? The medicine might not have been approved because it was deemed "not cost-effective" at population level but for this individual at high risk, it would certainly be very cost-effective!

What about patients for whom "precision medicine" analytics point to a specific therapy which is not covered but would be life-saving for the individuals? Say a patient has a specific genetic marker that makes her cancer very responsive to a certain immunotherapy, but the drug is not covered under MediShield Life because it is "not cost-effective". Again, "not cost-effective" might be a reasonable conclusion for the general population but not for this specific patient!

MediShield Life usage rules have to be applied broadly to the entire population but we also need to have a mechanism to manage these "precision medicine" and "predictive preventive care" (Mr Ong's term) outliers proactively so that individual MediShield Life coverage decisions can be made in a timely fashion and avoid poor health outcomes. I do hope that as the MediShield Life Council releases its recommendations, it takes into account the practical mechanics to address the minority of outliers who may feel let down by the system.

FINANCIAL PROTECTION FOR ALL?

How well does MediShield Life protect us from financial hardship? Currently, the Ministry of Health reports "average proportion of post-subsidy bill amount paid by MediSave and MediShield Life for Class B2/C bills" with separate reporting for bills larger than $10,000 and targets of more than 90 per cent and 85 per cent respectively.

In layman speak, a $5,000 post-subsidy bill should have 90 per cent or $4,500 of the bill covered by MediSave and MediShield Life with the remaining $500 to be paid in cash. For a $100,000 post-subsidy bill, MediSave and MediShield Life should cover most of it with the remaining $15,000 to be paid through other means.

The amount covered by MediShield Life is of course important, but it does not tell us about the effects of paying the remaining bill – whether it be $500 or $15,000 – on the affected individuals or their families. There is no data about individual or household financial hardship due to medical bills.

The World Health Organisation advocates measuring "catastrophic health spending as the proportion of the population with out-of-pocket health spending exceeding 10 per cent of the household's total consumption or income". Singapore should do so too and report how adequately MediShield Life provides for this group and what supplementary mechanisms exist to protect them and their families from financial hardship.

Finally, an ideological caution about fixating on financials and financial sustainability. As we review the scheme, it is important to never forget that MediShield Life is more than just healthcare; it is more than just premiums and coverage.

As Singapore awaits the outcomes of the MediShield Life review, it is pertinent to recall the words of then Health Minister and now Deputy Prime Minister Gan Kim Yong when he advocated for MediShield Life: "The idea of MediShield Life goes beyond healthcare and insurance. It is in fact a reflection of the kind of society we want to build: A more inclusive society – where we pool our resources together to help the vulnerable and the sick among us. And a more caring and progressive society – where those who are able will play their part while those who are needy receive more help."

Singaporeans rightly expect continued high quality of healthcare and timely access even as our population ages. We also expect MediShield Life coverage to keep pace with technological advances so Singaporeans can enjoy the life-transforming benefits of these technologies. The recommendations, when released, will almost certainly include premium increases, but these are necessary for the additional benefits and coverage. We will not like the higher premiums, we will complain bitterly about the hikes, but I hope we will ultimately accept them as the price for a better Singapore for ourselves as individuals and for all of us collectively.

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