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Global Perspectives on Long Term Care:  
Singapore and Australia  
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Sponsored by the International Actuarial Association Health Section (IAAHS) and  
Singapore Actuarial Society (SAS)

# Long term care webinar series

Today's webinar is the last in the series, featuring:  
**Singapore and Australia**

Previously we had introduced LTC systems in:  
Canada, France, Germany, the US, Hong Kong and Japan.

# Presenters



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# Disclaimer

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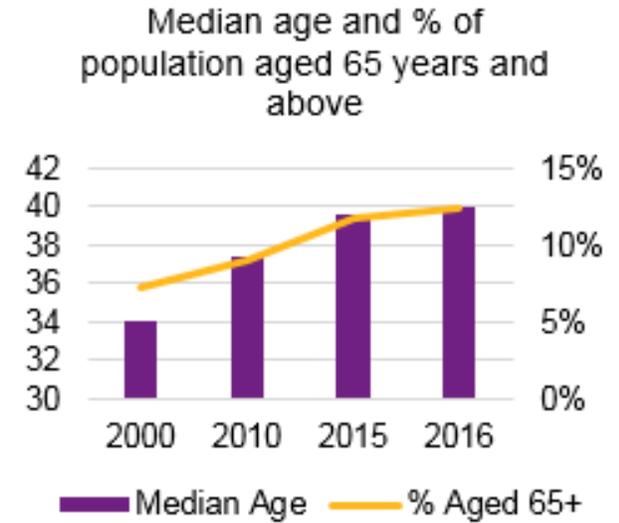
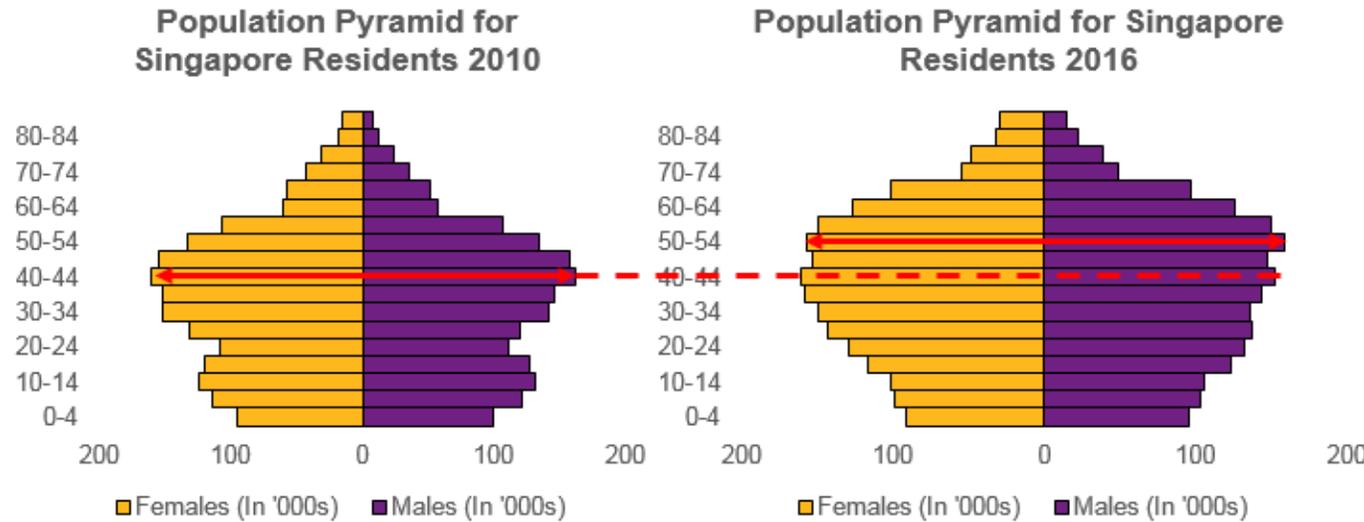
Global Perspectives on Long Term Care:  
Singapore ElderShield

Choo Oi San, FIA, FSAS, CiD

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# The history to establishing ElderShield - Singapore demographics



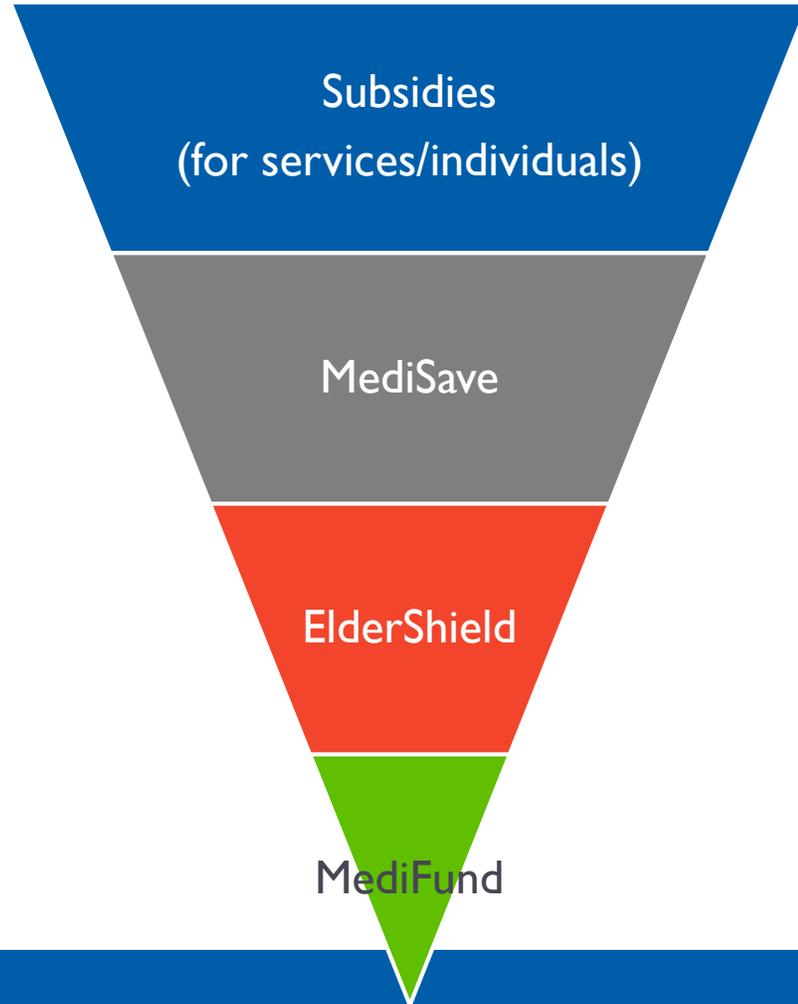
Recognising this trend of an aging population, the Singapore government had implemented a financing model for long term care.

# Why focus on strengthening role of insurance in long-term care?

- ▶ **Variable costs of caring for a severely disabled person**
  - ▶ **Incidence: 1 in 2 Singaporeans who are healthy at the age of 65 is at risk of having a long-term disability over their lifetime.\***
  - ▶ **Length of severe disability: Varies; Median length is 2 to 3 years, but some may live for 10 years or more.\***
- ▶ **Family structures are changing – Smaller families to share the costs of caring for disabled family members**
- ▶ **Population profile is changing – Fewer working adults to support each elderly person in future**
- ▶ **Insurance allows us to finance old age severe disability more sustainably.**
  - Risk-pooling
  - Paying premiums during working age

\* MOH statistics

# The history to establishing ElderShield in Singapore – Financing model for LTC



- Subsidies for services: Up to 2/3 of the population qualify for subsidies of up to 75% and 80% for residential and non-residential services respectively.
- Subsidies for individuals: For example, Senior's Mobility Fund, Foreign Domestic Worker Grant, Pioneer Generation Disability Assistance Scheme
- MediSave use currently limited to day rehabilitation and palliative care.
- ElderShield is a basic severe disability insurance scheme
- ElderShield Supplement plans for those who want additional coverage (offered by private insurers)
- Medifund is a safety net for needy Singaporeans
- Disbursed through service providers (e.g. nursing homes)

*As long term care may also involve room and board/care in a home setting, additional financing sources can include CPF LIFE payouts and the Silver Support Scheme.*

# The history to establishing ElderShield in Singapore



The ElderShield scheme was introduced in 2002 in Singapore as an affordable severe disability insurance scheme, providing basic financial protection to those who need long-term care, especially during old age.

The scheme was reviewed in 2007, and the basic product was upgraded to ElderShield 400 (ESH 400).

The ElderShield Review Committee was formed to look into enhancing the ElderShield scheme to better address the needs of Singaporeans who become disabled during their old age.

# The history to establishing ElderShield in Singapore – Scheme Benefits



ESH 300 provides monthly cash payouts of \$300 for up to 60 months upon severe disability\*. ESH 300 is administered by two insurers – Great Eastern and NTUC Income.

At the launch of ESH 300, the Government also undertook to separately assist the highest-risk groups, namely all elderly aged 70 and above, and those with pre-existing disabilities, under the Interim Disability Assistance Programme for the Elderly (IDAPE).

ESH 400 provides monthly cash payouts of \$400 for up to 72 months upon severe disability\*. ESH 400 is administered by three insurers – Aviva, Great Eastern, and NTUC Income.

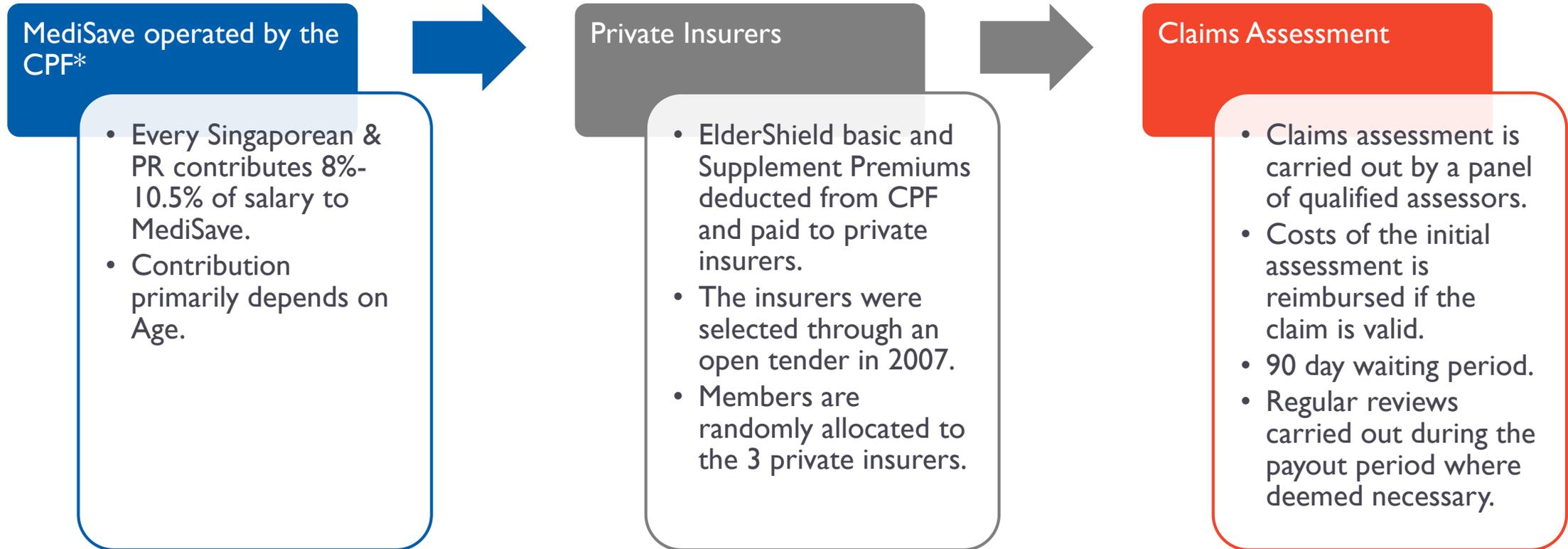
ElderShield supplements were launched to provide optional additional cover.

\* Unable to perform 3 out of 6 defined Activities of Daily Living.

# Key features of current ElderShield Schemes

<b>Coverage</b>	<ul style="list-style-type: none"><li>• SC/PRs are auto-enrolled at age 40, with option to opt out</li><li>• No exclusions for pre-existing illnesses during auto-enrolment</li><li>• Does not cover pre-existing severe disabilities</li><li>• Insured for life</li></ul>
<b>Benefits</b>	<ul style="list-style-type: none"><li>• ESH 300: \$300 per month for up to 5 years</li><li>• ESH 400: \$400 per month for up to 6 years</li></ul>
<b>Premiums</b>	<ul style="list-style-type: none"><li>• Level premiums, payable from age 40 to 65</li><li>• For ESH 400, premiums at age 40 is \$175/year (M) and \$218/year (F)</li></ul>
<b>Claims criteria</b>	<ul style="list-style-type: none"><li>• Inability to perform 3 out of 6 Activities of Daily Living (ADLs) independently</li><li>• Disability assessment by certified ESH Assessors (mainly GPs)</li></ul>
<b>Administration</b>	<ul style="list-style-type: none"><li>• 3 private insurers (Great Eastern, NTUC Income, Aviva) awarded through an open tender, also allowed to sell ESH supplements</li><li>• Insurers are responsible for policy servicing and ensuring the scheme remains solvent</li></ul>

# Current ElderShield 400 Scheme Operations



\* CPF is the Central Provident Fund of Singapore.

# Role of Actuaries in the ElderShield Scheme

**Both from the private insurers, Ministry of Health and the CPF Board**

- ▶ Product design of the Basic plan by MOH
- ▶ Product design and pricing of Basic plan & supplements by the private insurers
- ▶ Regular valuation by all

## **Many Challenges:**

- ▶ Insufficient disability data in Singapore as ElderShield policyholders are still relatively young and thus make fewer claims.
  - ▶ Have to partially rely on overseas disability data at older ages for premium pricing.
- ▶ Services within the LTC industry is diverse: home-care versus nursing homes.

# Update on the ElderShield review in Singapore – Terms of Reference

- ▶ To review the current ElderShield design parameters and make recommendations on them, so as to ensure that ElderShield can provide adequate, affordable and sustainable old-age severe disability coverage for Singaporeans.
- ▶ In reviewing the ElderShield parameters, to consider key issues and trade-offs, such as the balance between benefit enhancements and premium levels.
- ▶ To engage with citizens, key stakeholder groups and experts, and take into account their views in conducting the review.

# Update on the ElderShield review in Singapore – Public comments

- ▶ Conducted 24 focus group discussions in addition to the regular committee meetings.
- ▶ Published comments include:
  - ▶ **People's Action Party (PAP) Seniors Group, March 2016 TNP, Jan 2017 Today:**
    - ▶ *“Peg ElderShield payouts to inflation or review it every three years to ensure the payouts keep pace with rising costs and make the payouts last until the end of the beneficiary's life, instead of the current maximum of six years.”*
    - ▶ *The group wants ElderShield — which now covers about two in three people in the applicable age group — to cover everyone.*
    - ▶ *“It excludes those who were 70 years old in 2002 as well as those with pre-existing illnesses, the very people that would really need the scheme as they are the ones who are more likely to face serious disabilities and may end up in nursing homes or day care centres,”*
    - ▶ *Instead of three private insurers, which fragments the risk pool, the PAP Seniors Group wants the Government to administer ElderShield, in the same way the Central Provident Fund Board administers MediShield Life, the national insurance plan that protects against large hospital bills.*
  - ▶ **Minister of State for Health Chee Hong Tat, Jan 2017, Straits Times:**
    - ▶ *“One view was that a risk-pooling scheme such as ElderShield should be mandatory in order to work. But if so, the question is how to ensure low-income Singaporeans still benefit.”*
  - ▶ **Healthcare analyst Jeremy Lim, Jan 2017 Today:**
    - ▶ *ElderShield may need to evolve to become mandatory for all, providing for lifetime benefits with the Government providing help to those with limited means.*
    - ▶ *“Firstly, the criteria for payouts are deliberately set high ... However, those with lesser degrees of disability may require assistance too, and it seems counter-intuitive to provide funding only when disabilities progress and become severe enough,”*
  - ▶ **Insurance economist Joelle Fong, Jan 2017 Today:**
    - ▶ *“Of course, it will allow Singaporeans greater peace of mind if coverage is lifelong rather than for a fixed term, but the crux of the question is whether persons who suffer from long-term-care disabilities really need lifelong coverage.”*

# Update on the ElderShield review in Singapore – Likely timelines

- ▶ The Committee is in the midst of finalising the recommendations, and will target to table them in 1H 2018.
- ▶ The Government will then study these recommendations, before providing a response and the likely implementation date later on.

# Appendix 1: MediSave Contribution Rates

Employee's age (years)	Allocation Rates from 1 Jan 2016 (for monthly wages ≥ \$750)		
	Ordinary Account (% of wage)	Special Account (% of wage)	Medisave Account (% of wage)
35 and below	23	6	8
Above 35 to 45	21	7	9
Above 45 to 50	19	8	10
Above 50 to 55	15	11.5	10.5
Above 55 to 60	12	3.5	10.5
Above 60 to 65	3.5	2.5	10.5
Above 65	1	1	10.5

Source: <https://www.cpf.gov.sg/employers/employerguides/employer-guides/paying-cpf-contributions/cpf-contribution-and-allocation-rates>

# Appendix 2: Summary of Government financial assistance schemes for long-term care

- ▶ Interim Disability Assistance Programme for the Elderly (IDAPE):
  - ▶ Introduced in 2002 to provide financial assistance to a closed group of Singaporeans who were not able to join ElderShield because they exceeded the maximum entry age (born before Sep 1932), or had pre-existing severe disabilities.
  - ▶ Means-tested, and provides up to \$250 monthly cash payout.
- ▶ Pioneer Generation Disability Assistance Scheme (PioneerDAS)
  - ▶ Introduced in 2014 as part of the Pioneer Generation Package.
  - ▶ Provides Pioneers who have disabilities with \$100 per month in cash for life, which they can use for expenses.
- ▶ Seniors' Mobility and Enabling Fund (SMF)
  - ▶ Provides means-tested subsidies to seniors for (a) assistive devices like walking sticks and wheelchairs; (b) home healthcare items like wound dressings; and (c) transport to and from community-based care centres.
- ▶ Foreign Domestic Worker Grant (FDWG)
  - ▶ Supports households who need to hire a foreign domestic worker to care for their loved ones who are disabled.
  - ▶ Means-tested, and provides a \$120 monthly cash payment which can be used to offset the cost of hiring a foreign domestic worker.
- ▶ Medifund
  - ▶ Safety net for patients who face financial difficulties with their remaining bills after receiving Government subsidies and drawing on other means of payments (e.g. ElderShield, Medisave, cash).