Singapore health care: a model of prudent, pragmatic, public-private partnership

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1. **Public-private partnership**

partnership between **government** and the **private sector** for the purpose of more effectively providing services and infrastructure traditionally provided by the public sector

(CBS Interactive Business Network Dictionary)
Basic issue:

Who can do the job better?
Who should do it?
PPP in health care:

Who should provide?

Who should pay?

Public  Private

Public

State dominance

Market dominance

PPP in health care:
Public-Private in Partnership Healthcare Finance

% of Total health spending

- Japan
- Taiwan
- S Korea
- Hong Kong
- Singapore

Source: adapted from World Bank
Outpatients: 80% go to Private
20% go to Public

Inpatients 20 % go to Private
80% go to Public
2. Pragmatism

The doctrine that truth is to be tested by the practical consequences of belief.
Black or white, does it matter?
Ways to pay and provide for healthcare

Private insurance

Out of Pocket

Self Reliance

Public insurance

Social insurance

Taxes

Singapore

Hong Kong

Solidarity

Hospitals

Specialist physicians

General practitioners
Finding the right balance

Free Market
Individual responsibility
(out of pocket, pte insurance)
e.g. USA

Egalitarianism
State responsibility
(taxes, social insurance)
e.g. UK

Mixed
Shared responsibility
(Taxes + medical savings accounts + catastrophic insurance)
e.g. Singapore

Go for efficiency, manage the inequity
What do Americans want?

“First, they (Americans) want quality health care, which will cover a wide range of services. Second, they want everyone in the nation, without exception, covered. Third, they want the spiraling costs of health care brought under control. And fourth, they want those physicians and hospitals to be mainly controlled by the private sector.”

- 1993 Harris Poll
Common Values & Principles underpinning all EU healthcare systems.

• “The 4 overarching values are universality, access to high quality care, equity, and solidarity.”

- adopted by EU Ministers of Health, June 2006
In the real world,

Trade-offs must be made
“Singapore believes that welfarism is not viable as it breeds dependency on the government. It has adopted a policy of co-payment to encourage people to assume personal responsibility for their own welfare, though the government does provide subsidies in vital areas like housing, health and education.”
Singapore’s philosophy:

- Personal responsibility
- State as payer of last resort

Formula:

Government: *subsidy* + People: *co-payment*
Health System

Stewardship

Financing
- Revenue collection
- Fund pooling
- Purchasing

Provision
- Personal health services
- Non-personal health services

Resource generation

Source: WHO (adapted)
How essential is public sector involvement in healthcare?

- Stewardship
- Revenue collection
- Fund pooling
- Purchasing
- Provision

Least essential | Most essential
Governments’ role:

“Row Less, Steer More”
3. Prudence

“good judgment in the use of resources”
Prudence in Health care:

No money, no healthcare

Finite Resources

Infinite Demand

Hospitals

Specialist physicians

General practitioners
“Who pays” is not the issue

- Private Insurance
- Social Insurance
- Taxes

(somebody has to…)

Private

Public
Is it sustainable?
Healthcare is inherently inflationary:

Health care expenditure trends:
Selected OECD countries 1965-2000

- U.S.
- Germany
- Canada
- Japan
- U.K.
Singapore bucks the trend…

Health care expenditure trends:
Selected OECD countries 1965-2000

- U.S.
- Germany
- Canada
- Japan
- U.K.
- Hong Kong
- Singapore
5 million people
700 sq km

Singapore Model
Healthcare Finance:

- Private:
  - Self Insurance
  - Private insurance
- Public:
  - Social Insurance
  - Taxes

Countries by degree of Self Reliance:
- Singapore
- Korea
- Taiwan
- Japan
- Hong Kong

Focus: Solidarity
Singapore’s ‘diversification’

- Self-insurance
- Private insurance
- Social insurance
- Taxes
MEDISAVE: compulsory savings plan

MEDISHEILD: catastrophic insurance plan

MEDIFUND: a health endowment fund
# Graded ward subsidy

<table>
<thead>
<tr>
<th>Class</th>
<th>Subsidy</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0%</td>
<td>1-2 bedded, air-conditioned, attached bathroom, TV, Phone, choice of doctor</td>
</tr>
<tr>
<td>B1</td>
<td>20%</td>
<td>4- bedded, air-conditioned, attached bathroom, TV, Phone, choice of doctor</td>
</tr>
<tr>
<td>B2+</td>
<td>50%</td>
<td>5-bedded, air-conditioned, attached bathroom</td>
</tr>
<tr>
<td>B2</td>
<td>65%</td>
<td>6-bedded, no air-condition</td>
</tr>
<tr>
<td>C</td>
<td>80%</td>
<td>&gt;6 beds, open ward</td>
</tr>
</tbody>
</table>
### Your hospital bill

<table>
<thead>
<tr>
<th>Total charges</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: Government grant (healthcare subsidies)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net amount payable by patient</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amount claimable from MediShield</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amount that can be withdrawn from Medisave</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Cash payment</th>
</tr>
</thead>
</table>

### Medishield

<table>
<thead>
<tr>
<th>Ward Class</th>
<th>Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0%</td>
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<tr>
<td>C</td>
<td>80%</td>
</tr>
</tbody>
</table>

### Medisave

<table>
<thead>
<tr>
<th>Benefits</th>
<th>(Basic plan)</th>
<th>Plan B</th>
<th>Plan A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Room and board</td>
<td>$150 per day</td>
<td>$375 per day</td>
<td>$625 per day</td>
</tr>
<tr>
<td>Surgical operation</td>
<td>$120 - $900</td>
<td>$360 - $6,400</td>
<td>$480 - $7,200</td>
</tr>
<tr>
<td>Deductible (per policy per year)</td>
<td>$1,000 (B2 Class &amp; above)</td>
<td>$2,500</td>
<td>$4,000</td>
</tr>
<tr>
<td>Co-insurance</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

### Medifund
Framework for financing healthcare

Medisave: + ElderSave?

MediShield: + ElderShield

Medifund: + ElderCare Fund

“No one will be denied needed health care because of lack of funds” - Prime Minister Goh, 1993
## Efficiency of healthcare systems: WHO Rankings 2000

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Health spending as % of GDP</th>
<th>Per capita spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>9.8%</td>
<td>$2,369</td>
</tr>
<tr>
<td>2</td>
<td>Italy</td>
<td>9.3%</td>
<td>$1,855</td>
</tr>
<tr>
<td>3</td>
<td>San Marino</td>
<td>7.5%</td>
<td>$2,257</td>
</tr>
<tr>
<td>4</td>
<td>Andorra</td>
<td>7.5%</td>
<td>$1,368</td>
</tr>
<tr>
<td>5</td>
<td>Malta</td>
<td>6.3%</td>
<td>$551</td>
</tr>
<tr>
<td>6</td>
<td>Singapore</td>
<td>3.1%</td>
<td>$876</td>
</tr>
<tr>
<td>7</td>
<td>Spain</td>
<td>8.0%</td>
<td>$1,071</td>
</tr>
<tr>
<td>8</td>
<td>Oman</td>
<td>3.9%</td>
<td>$370</td>
</tr>
<tr>
<td>9</td>
<td>Austria</td>
<td>9.0%</td>
<td>$2,277</td>
</tr>
<tr>
<td>10</td>
<td>Japan</td>
<td>7.1%</td>
<td>$2,373</td>
</tr>
</tbody>
</table>

37. U.S.A. | 13.7% | $4,187
Hospital Restructuring

MOH → Management Responsibility → HCS → Hospitals
1985 National University Hospital Pte Ltd
1988 National Skin Centre Pte Ltd
1989 Singapore General Hospital Pte Ltd
1990 Kandang Kerbau Hospital Pte Ltd
1990 Toa Payoh Hospital Pte Ltd
1990 Singapore National Eye Centre Pte Ltd
1992 Tan Tock Seng Hospital Pte Ltd
1993 Ang Mo Kio Community Hospital Pte Ltd
1997 National Dental Centre Pte Ltd
1998 National Heart Centre Pte Ltd
1998 National Cancer Centre Pte Ltd
1999 National Neuroscience Institute Pte Ltd
2000 Institute of Mental Health Pte Ltd
2000 Alexandra Hospital Pte Ltd
2000: “Clustering”

Western Cluster
- Tertiary Hospitals
- Regional Hospitals
- Polyclinics

Eastern Cluster
- Tertiary Hospitals
- Regional Hospitals
- Polyclinics

National Healthcare Group

SingHealth
Singapore’s hospital restructuring:

- **Autonomy** - free from civil service constraints.
- **Integration** – seamless healthcare
- **Accountability** – cost and quality indicators
- **Competition** - clusters
Focus on value for money:

Financing
- Revenue collection
- Fund pooling
- Purchasing

Consistent with values?

Getting value for money?
Measure outcomes

Financing
- Revenue collection
- Fund pooling
- Purchasing

Value for money?
Quality & safe?
What might happen...
Change the way Medicine is practiced

Integrated Health Care

Low Risk → High Risk → Early Chronic → Late Chronic

Cost
Irreversibility

Time

Personalized Health Plan

- Personal Lifestyle Plan
- Risk Modification
- Disease Management
Towards a tri-partite system of checks and balances
- informed consumers choose healthcare providers on the basis of the quality (and price) of care provided.
Looking ahead:
The Coming Silver-haired Tsunami
By year 2030:
1 in 4 > age 65
Can Asia’s aging tigers rise to challenges?
Economic miracle: Asian “Tigers”

Real income per capita (PPP), Four Asian Tigers 1950-2001
British colonies

Singapore

Hong Kong

140 yrs

155 yrs
Healthcare systems: Why different paths?

Singapore: Mixed

Hong Kong: Tax-based
Sovereignty

1965  1997

32 year lead time
Contrasting styles of Government

Intervention

laissez-faire
Solve problems before they arise!

Why fix something not broken?
Policy consequences

Public and Private share of Total Health Expenditure
Summary: Singapore’s advantages:

- **Strong economy**: GDP (PPP) per capita of US$50,299 (World Bank 2007)

- **Efficient healthcare system**: 6th out of 191 countries in overall health systems performance (WHO 2000).

- **No “entitlement” culture**: population conditioned to cost-sharing,

- **Policies** encourage demand-side responsibility while discouraging supply-side waste

- **Strong, stable government** (since 1959) – continuity in policymaking; willing to make hard decisions;
Strong economy:
- GDP (PPP) per capita of US$50,299 (World Bank 2007)

Efficient healthcare system:
- 6th out of 191 countries in overall health systems performance (WHO 2000).

Strong, stable government:
- continuity in policymaking; willing to make hard decisions;
- No entitlement culture – population conditioned to cost-share;

PPP in healthcare financing:
- demand-side responsibility;

PPP in healthcare provision:
- supply-side competition (price & quality).

Summary:
Thank you!