

# Ageing and Long Term Care – A Perspective from Singapore

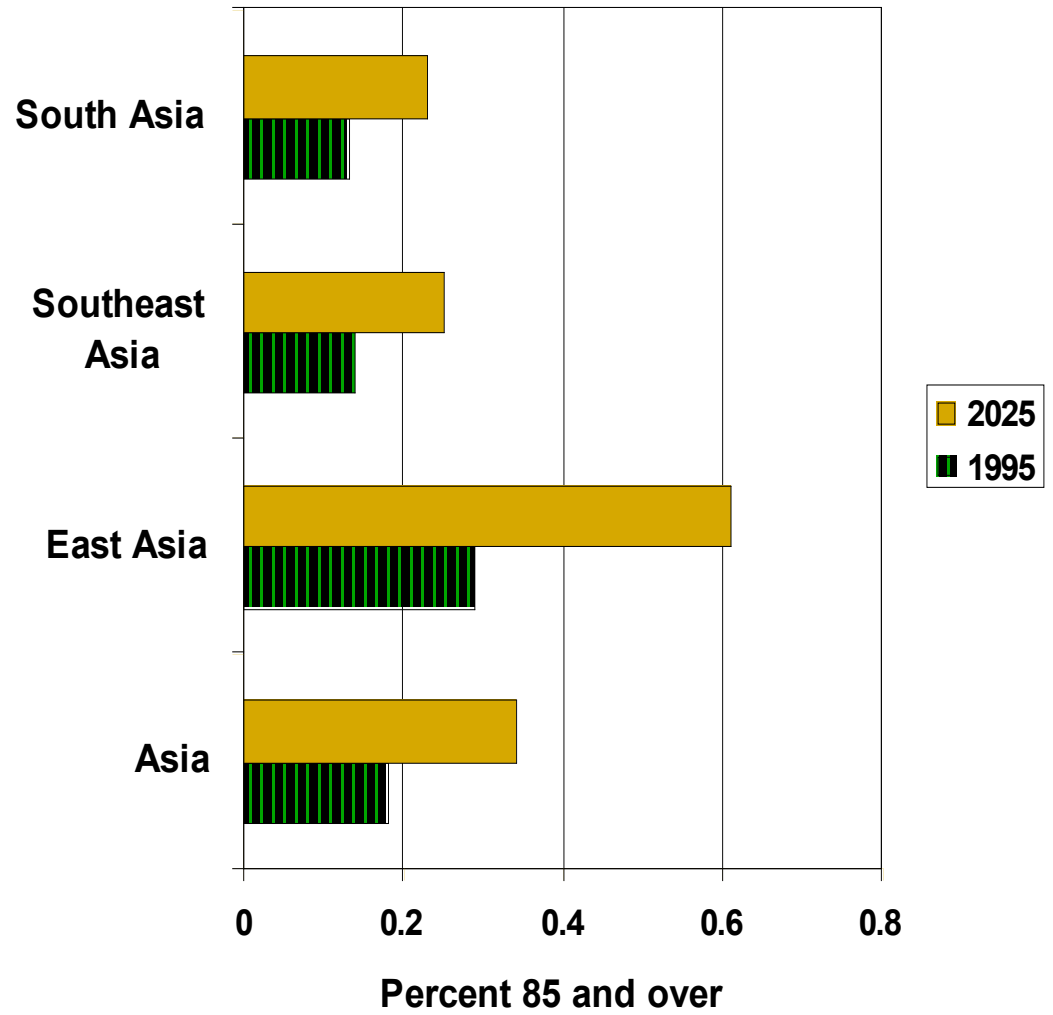
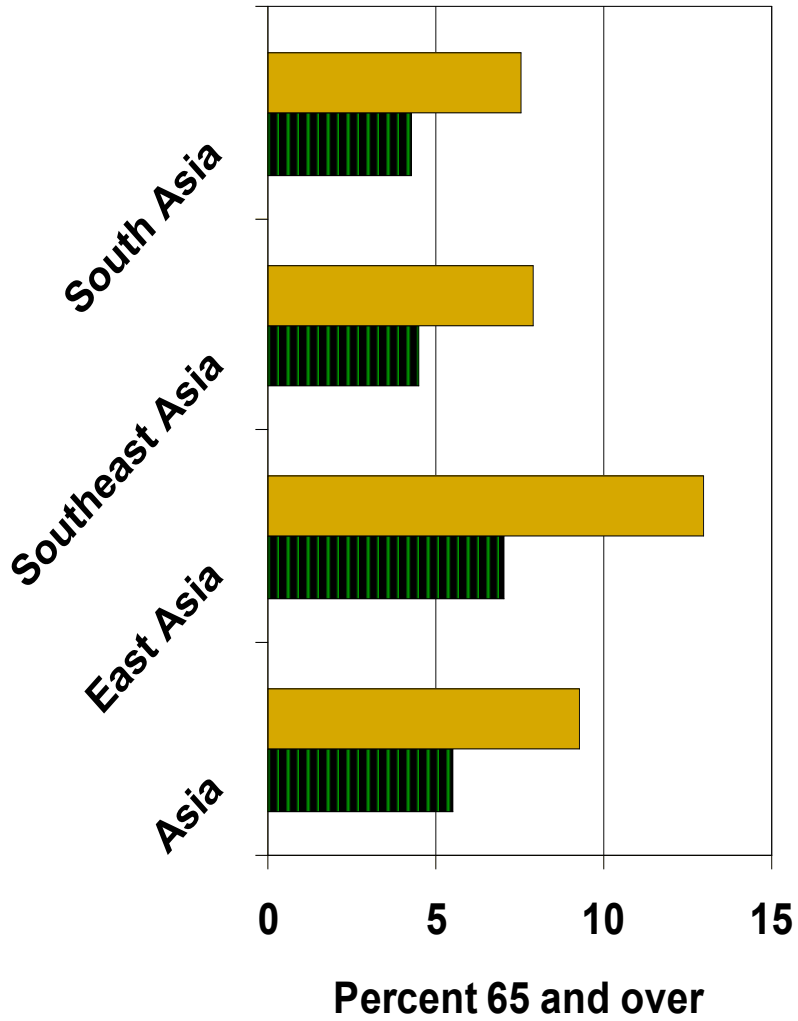
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# Overview

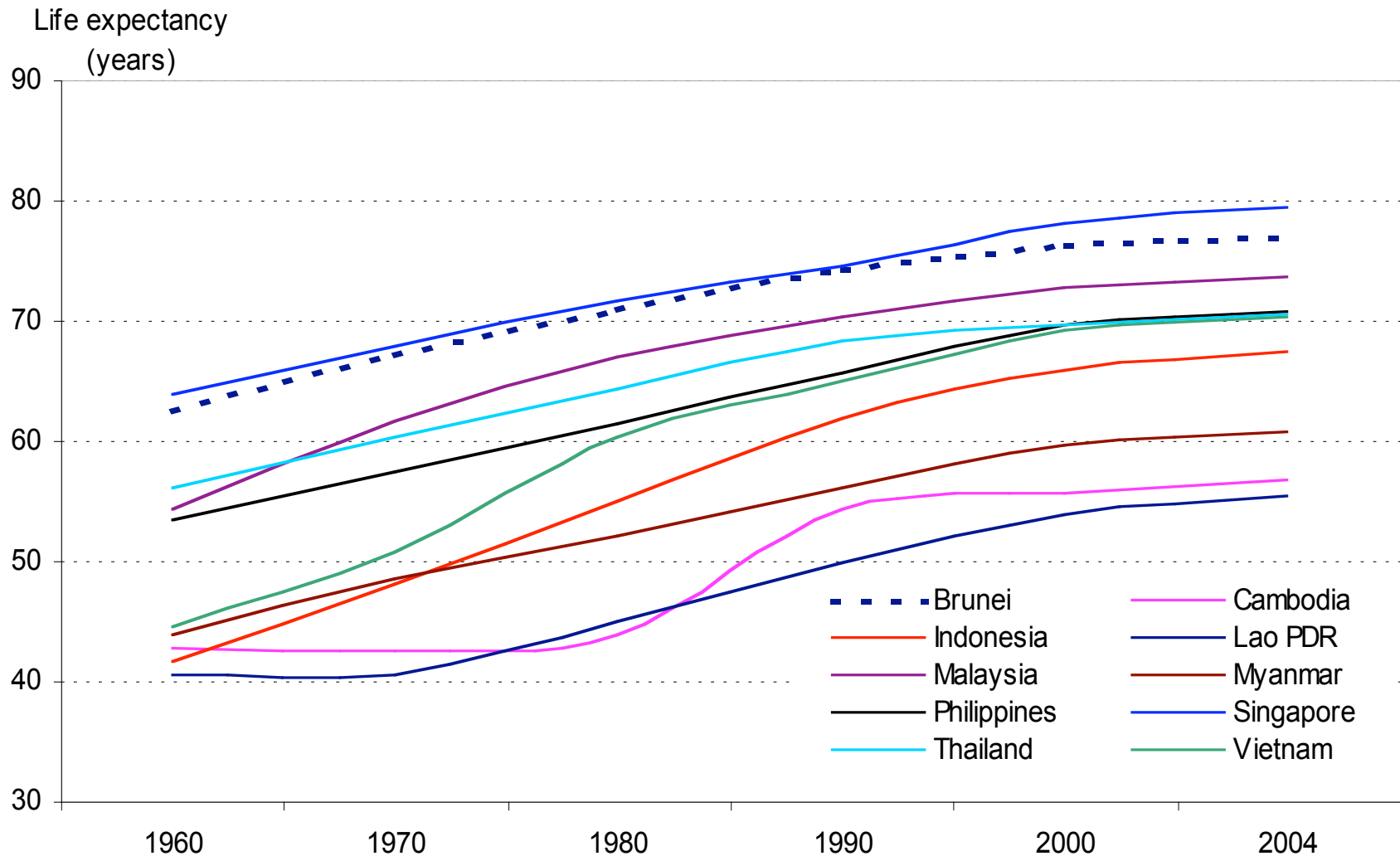
- Introduction
- Population Ageing in East Asia and Singapore
- Population Ageing and Impact on Health
- Health and Long Term Care Financing in East Asia and Singapore
- Policy Implications for East Asia
- Conclusion

# Comparative Ageing in Asia 1995 and 2025



# Improving Life Expectancies in South East Asia

## South-East Asia



# Population Ageing Issues and Impact on Health

## Complex Inter-relationships

- Socio-economic Development
- Population Dynamics
- Health Status

Rate of Population Ageing

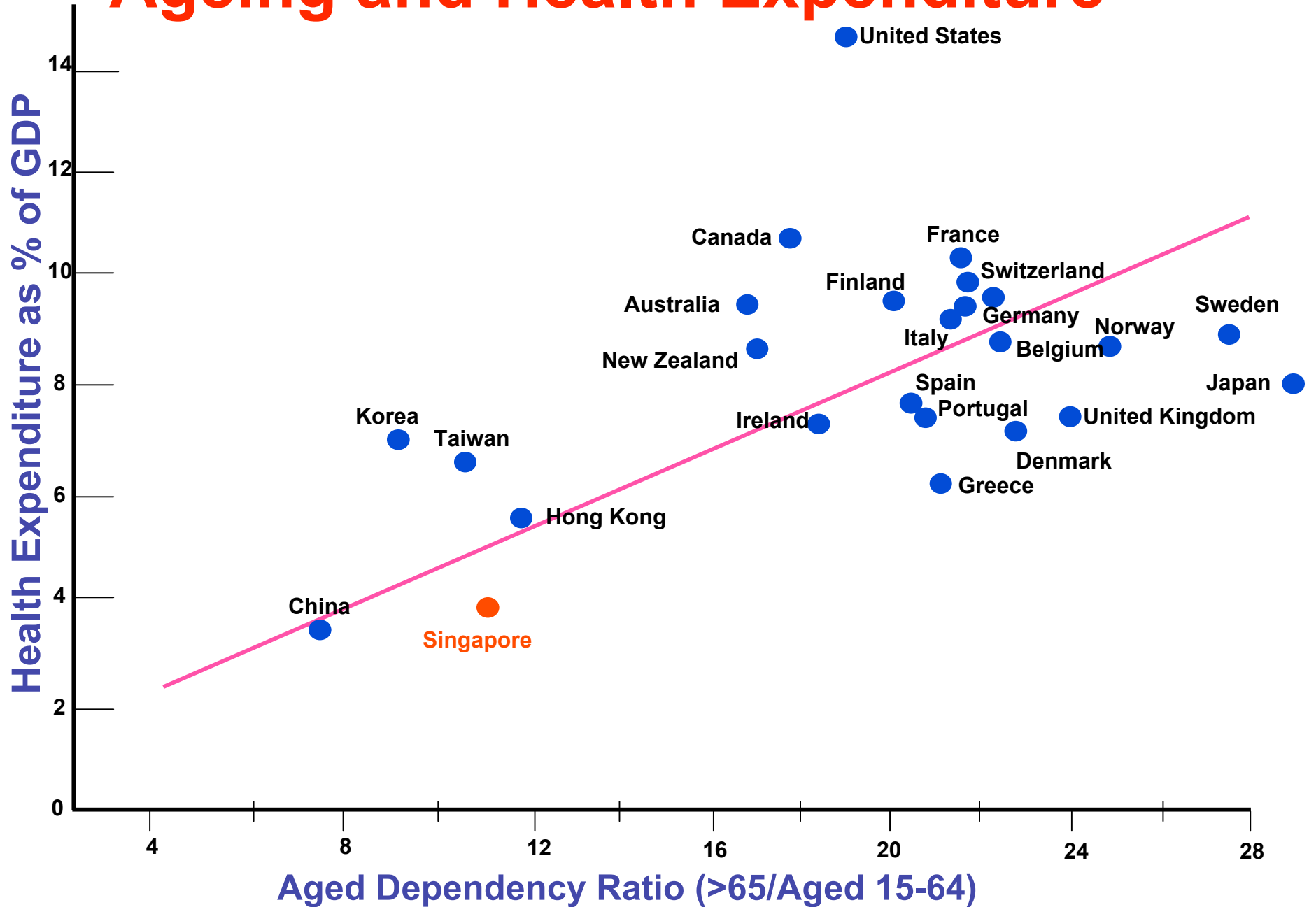
Rate of Health Care Costs



# Population Ageing: Impact on Health Expenditure

- Health expenditure will increase with growing proportion of the aged
- Health expenditure will increase with longer survival of the aged population
- Health expenditure will increase with widening periods of morbidity and disability before death

# Ageing and Health Expenditure

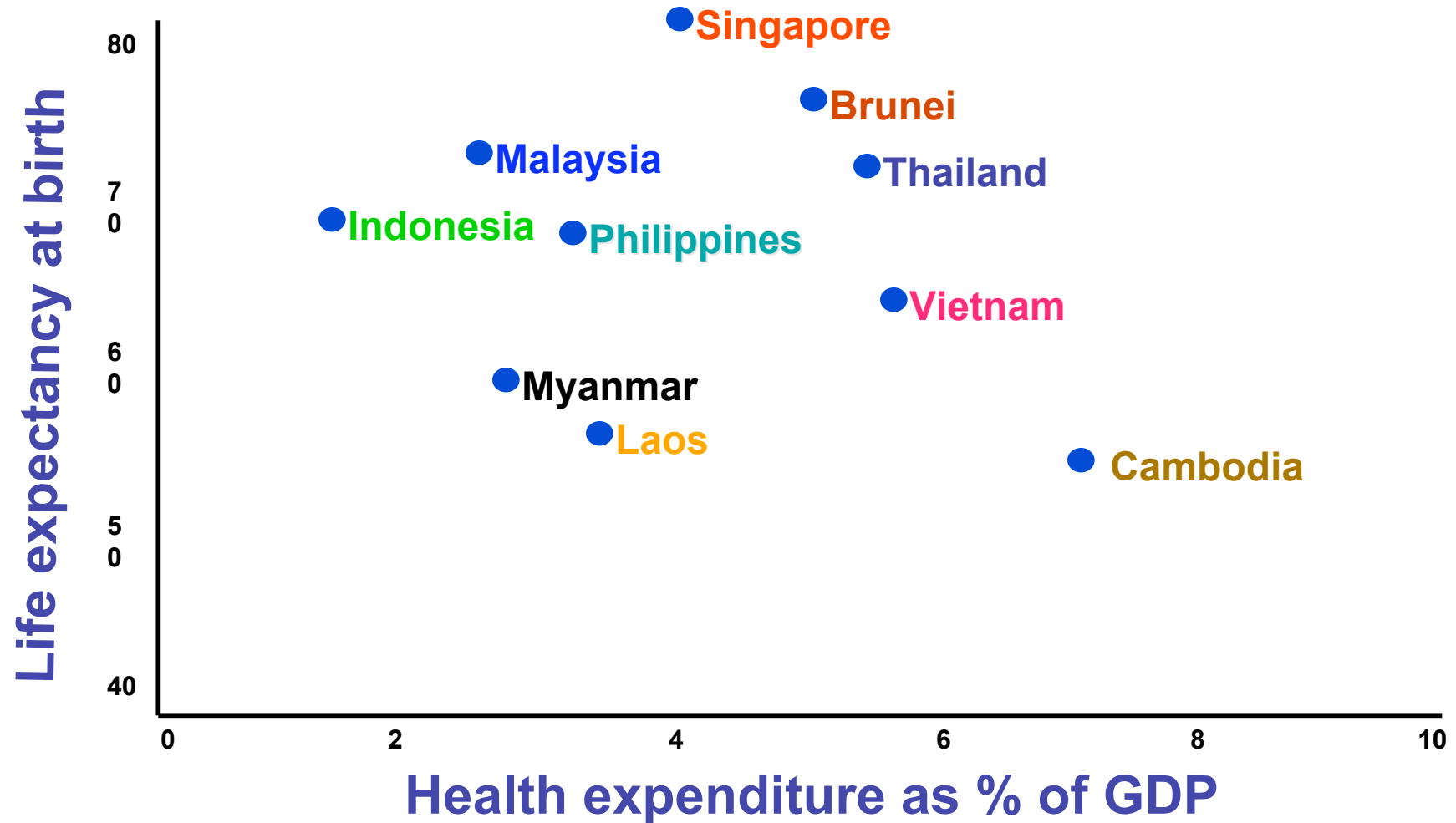


# Comparative Health Expenditure and Ageing in Asia

	<b>\$/capita</b>	<b>(Int \$)</b>	<b>Public/Total</b>	<b>%GNP</b>	<b>%Pop&gt;60</b>	<b>DALE</b>
<b>Japan</b>	<b>2373</b>	<b>(1759)</b>	<b>80.2</b>	<b>7.1</b>	<b>22.6</b>	<b>74.5</b>
<b>Singapore</b>	<b>843</b>	<b>(750)</b>	<b>35.8</b>	<b>3.1</b>	<b>10.3</b>	<b>69.3</b>
<b>Korea</b>	<b>700</b>	<b>(862)</b>	<b>37.8</b>	<b>6.7</b>	<b>10.2</b>	<b>65.0</b>
<b>China</b>	<b>20</b>	<b>(74)</b>	<b>24.9</b>	<b>2.7</b>	<b>10.0</b>	<b>62.3</b>
<b>Brunei</b>	<b>-</b>	<b>(857)</b>	<b>40.6</b>	<b>5.4</b>	<b>5.0</b>	<b>64.4</b>
<b>Malaysia</b>	<b>110</b>	<b>(202)</b>	<b>57.6</b>	<b>2.4</b>	<b>6.5</b>	<b>61.4</b>
<b>Thailand</b>	<b>133</b>	<b>(327)</b>	<b>33.0</b>	<b>5.7</b>	<b>8.5</b>	<b>60.2</b>
<b>Philippines</b>	<b>40</b>	<b>(100)</b>	<b>48.5</b>	<b>3.4</b>	<b>5.6</b>	<b>58.9</b>
<b>Indonesia</b>	<b>18</b>	<b>(56)</b>	<b>36.8</b>	<b>1.7</b>	<b>7.3</b>	<b>59.7</b>
<b>Vietnam</b>	<b>17</b>	<b>(65)</b>	<b>20.0</b>	<b>4.8</b>	<b>7.5</b>	<b>58.2</b>
<b>Myanmar</b>	<b>100</b>	<b>(78)</b>	<b>12.6</b>	<b>2.6</b>	<b>7.4</b>	<b>51.6</b>
<b>Cambodia</b>	<b>21</b>	<b>(73)</b>	<b>9.4</b>	<b>7.2</b>	<b>4.8</b>	<b>45.7</b>
<b>Laos</b>	<b>13</b>	<b>(53)</b>	<b>62.7</b>	<b>3.6</b>	<b>5.2</b>	<b>46.1</b>

Source: World Health Report 2000, WHO

# Life Expectancy and Health Expenditure



But general health indicators reflect socio-economic and living conditions and not just health expenditure!

# Health Care Financing Reforms in East Asia

- JAPAN

Universal health insurance (1922/1939)

NHI Law amended (1984/1990)

Long term care insurance (1997/2000)

- KOREA

Universal health insurance (1976/1989)

Health Care Reform Committee (1994/1997)

Long term care insurance (2008)

- SINGAPORE

National Health Plan (1983)

Medisave/Medishield/Medifund (1984/1990/1993)

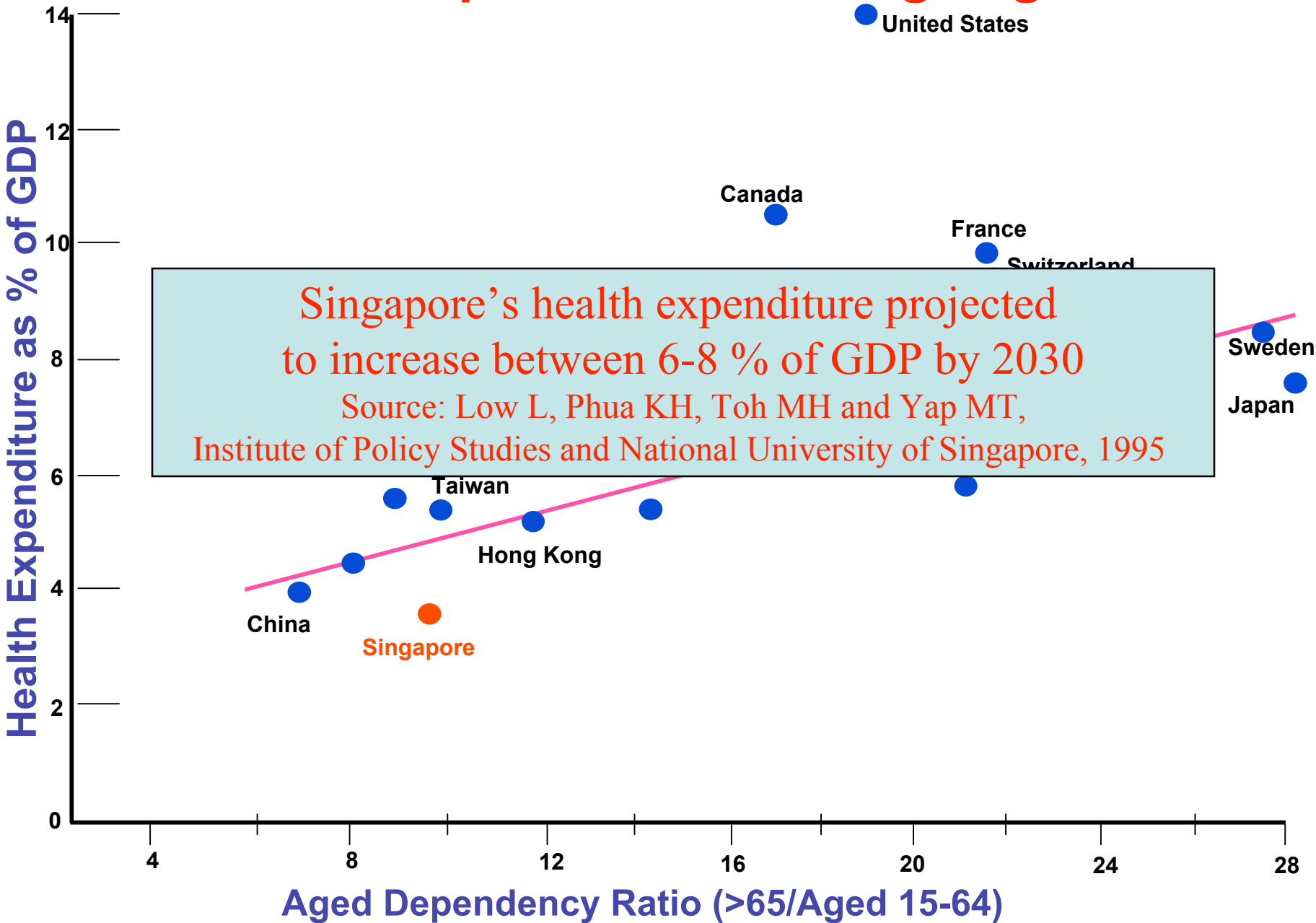
Eldercare Fund/Eldershield (2000/2002)

# **Singapore Health Statistics**

## **- Past and Present**

	<b>1980</b>	<b>2005</b>
• <b>Life expectancy</b>	<b>70 years</b>	<b>80 years</b>
• <b>Infant mortality</b>	<b>12/`000</b>	<b>2/`000</b>
• <b>Aged/total population</b>	<b>5 %</b>	<b>9 %</b>
• <b>Public hospital mix</b>	<b>85 %</b>	<b>80 %</b>
• <b>Health expenditure/GDP</b>	<b>3 %</b>	<b>4 %</b>
• <b>Health expenditure/ government budget</b>	<b>6 %</b>	<b>7 %</b>
• <b>User fees recovered / public expenditure</b>	<b>3 %</b>	<b>60%</b>

# Health Expenditures and Ageing



# Healthcare Cost-Sharing Strategies in Singapore

**Instill personal and family responsibility**

**+**

**Ensure future sustainability with ageing  
(Savings)**

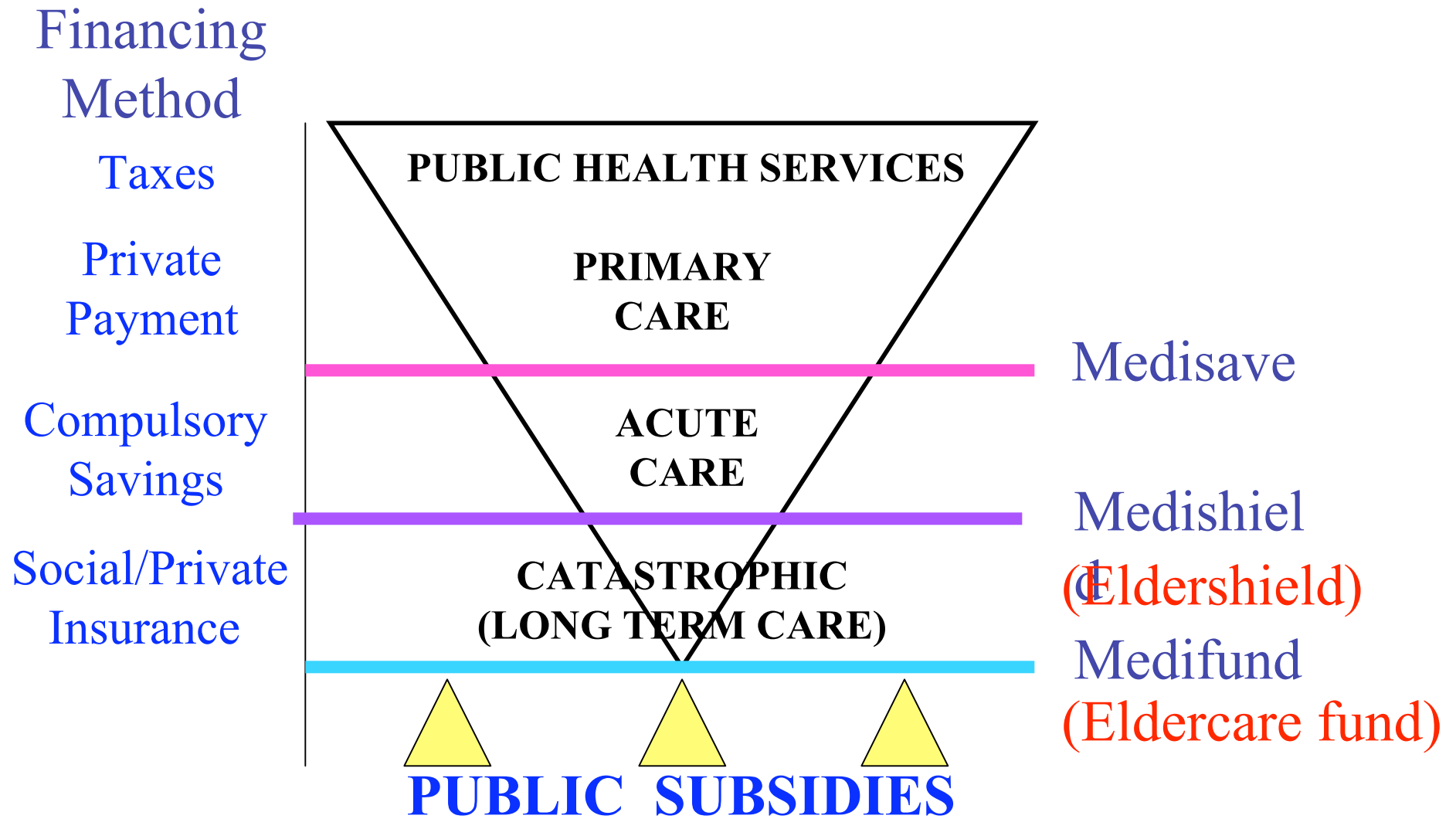
**+**

**Enhance risk-pooling and social protection  
(Insurance)**

**+**

**Target subsidy and equitable distribution  
(Taxation)**

# Health Care Financing in Singapore



Source: Dr. Phua Kai Hong

# The Unfinished Agenda - Health Care Financing Reforms

- 1983 Blue Paper - National Health Plan
- 1984 Medisave
- 1990 Medishield
- 1993 Medifund
- 1993 White Paper - Affordable Health Care
- 2000 Eldercare Fund
- 2002 Eldershield
- 2005 Enhanced Medishield/Private Insurance
- ? Enhanced Eldershield/Private Insurance

# Health and Long Term Care Financing in Singapore

## FINANCING METHOD

- Personal savings
- Compulsory savings
- Catastrophic insurance
- Disability insurance
- Endowment
- Taxation

## 3-M SYSTEM + 2E

- MEDISAVE (1984)
- MEDISHIELD (1990)
- + ELDERSHIELD(2002)
- MEDIFUND (1992)
- + ELDERCARE FUND (2000)

# Similar Approaches to Old Age Security and Health Care Financing

## World Bank`s 3 Pillars for Old Age Security

- Redistribution
- Savings
- Insurance

## Singapore`s 3M for Health Care Financing

- Savings (avoids inter-generational transfers)
- Insurance (pools risks for catastrophic care)
- Taxation (subsidizes the poor and indigent)

# Past Financing System for Long Term Care

Community care / long term care

- Direct payment by individuals and families
- Community assistance
  - Voluntary Welfare Organizations` fund-raising  
(Up to 50% or more of recurrent expenditure)
- Government funding
  - Grants-in-aid or subventions
    - Capital funding (up to 90%)
    - Recurrent funding (up to 50% of cost norms;  
75% for public assistance cases)

# Inter-Ministerial Committee on Health Care for the Elderly 1998

- VWOs to include middle-income clientele, charge higher fees and raise quality of care
- Government funding for 90% of capital costs does not differentiate types of residential care
- Government funding for recurrent costs does not differentiate the case-mix and affordability
- Difficulties in administering means test
- Subventions for home medical care/nursing services not yet available
- Lack of incentives for private sector participation

# **Inter-Ministerial Committee on the Ageing Population 1999**

- Social Integration of the Elderly
- Health Care
- Financial Security
- Employment and Employability
- Housing and Land Use
- Cohesion & Conflict in an Ageing Society

# IMC on the Ageing Population - Sub-Committee for Resource Funding

Roles of the Public, Private and People Sectors  
in providing and financing healthcare for the elderly

- Impact of IMC on Health Care for the Elderly  
recommendations on Government`s expenditure
- Financial capabilities of VWOs
- New approaches/options for cost-effective and  
sustainable provision of health care for the elderly
  - structural strengthening of the voluntary sector
  - VWOs as partially private rather than charities
  - role of private sector operators
- Financial planning for long term care

# Recommendations of IMC on the Aged Population - Health Care

- Study further health care needs
- Review standards for service delivery
- Strengthen service providers
- Develop appropriate manpower
- Financing health care for Senior Citizens
  - Government funding for VWO step-down care and insurance for severe disabilities
  - Public education on insurance scheme with research and evaluation
  - Consider extending subsidies to lower-income

# Community Eldercare Model in Singapore

- Involvement of voluntary welfare organizations
- Co-financing from government of 3:1 ratio, based on piece-rate and program funding
- Within grassroots structure of local government
  - Community Development Councils (CDC)
- Multi-service centres to be co-located with existing Community Clubs and Centres (CC)
- Networks of neighbourhood Residents Activity Centres (RAC) & Seniors Activity Centres (SAC)

# Report on the Ageing Population 2006

Committee on Ageing Issues (CAI) formed in 2004

Vision: Successful Ageing for Singapore

- Individuals to assume personal responsibility
- Government policies and programs to empower Singaporeans to lead meaningful lives in old age
- Outcome 1: Elder-Friendly Housing
- Outcome 2: Barrier-Free Society
- Outcome 3: Holistic Affordable Health/Eldercare
- Outcome 4: Active Lifestyles and Well-Being

# Recent Population Ageing Policies

- Appointment of Minister for Ageing Issues
- Extend working age from 60 to 65
- Raise savings and interest rates
- Proposal for annuity or longevity insurance
  - opposite of health insurance
  - integrated with provident funds (CPF Life)
  - public vs private management?
  - compulsory or voluntary?
  - defined contributions or benefits?

# Policy Implications - Financing the Levels of Care

- Family support for home care
- Personal savings and community services for primary health care
- Compulsory savings for hospitalization and acute care
- Insurance and institutional support for catastrophic and long term care
- Taxation and state welfare as safety net

# **Policy Implications - Towards Cost-effective Care**

- Avoid hospitalization and institutions
- Provide substitutes and alternatives  
eg. day care, home nursing, hospice, etc
- Develop community-based services
- Strengthen family support and home care
- Improve housing and living arrangements

# The Future of Eldercare?

## The `many helping hands` approach in communitarian community care:

- Public, Private & People (3P) Partnerships
- Joint responsibilities of the individual and family, community and the state
- Shift from state welfarism to greater cost-sharing by a more diversified mix of financing methods, e.g. prepayment, savings, insurance, annuities and targeted subsidies (means-test)

# Special Conditions in Asia

- Fastest pace of socio-economic transition
- Highest rates of population ageing and population growth
- Great propensity for savings and sharing
- Strong traditional social support systems

Health and social care reform policies must contend with such considerations

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