

## Introduction

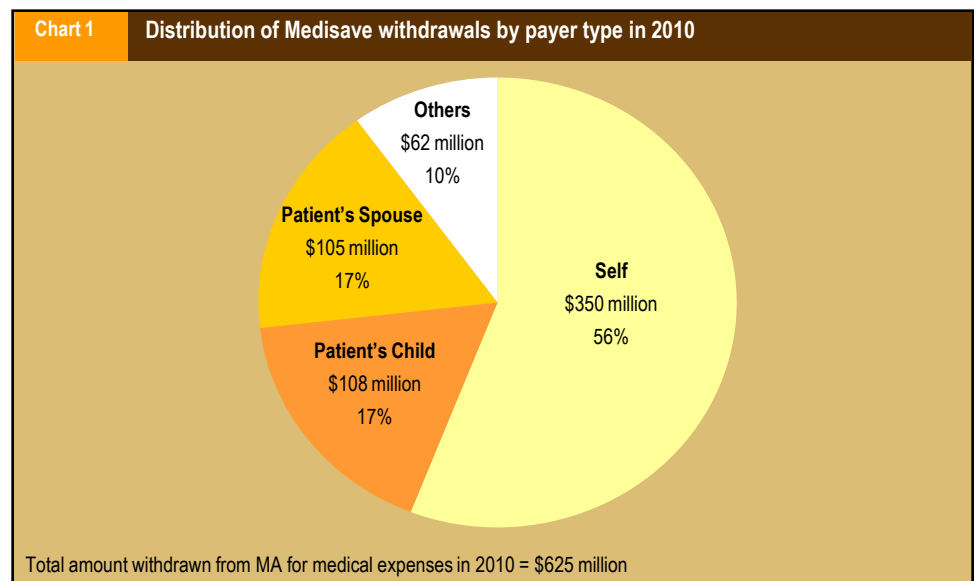
The Medisave Scheme was introduced in April 1984 as a national medical savings scheme to help members put aside part of their income into their Medisave Account (MA). Under the scheme, members can use the savings from their MA to pay for their own or immediate family members<sup>1</sup> hospitalisation expenses, subject to prevailing Medisave withdrawal limits. Limits are imposed to preserve members' Medisave funds from being depleted too quickly and to conserve them for future needs.

This article analyses the payer profile of medical bills which were paid with Medisave monies in 2010<sup>2</sup>.

## Breakdown by type of payer

A total of 1,018,000 medical bills were incurred in 2010. This was partly paid by \$625 million withdrawn from members' MA, of which 56% was from the patients' own MA and the remaining 44% was from the patients' family members' MA. Family members who contributed to Medisave payments were mainly spouses and children of patients and, to a lesser extent, other family members ("Others")<sup>3</sup> (see Chart 1). The availability of financial support from family members and/or the patients' own low MA balances could have contributed to this trend.

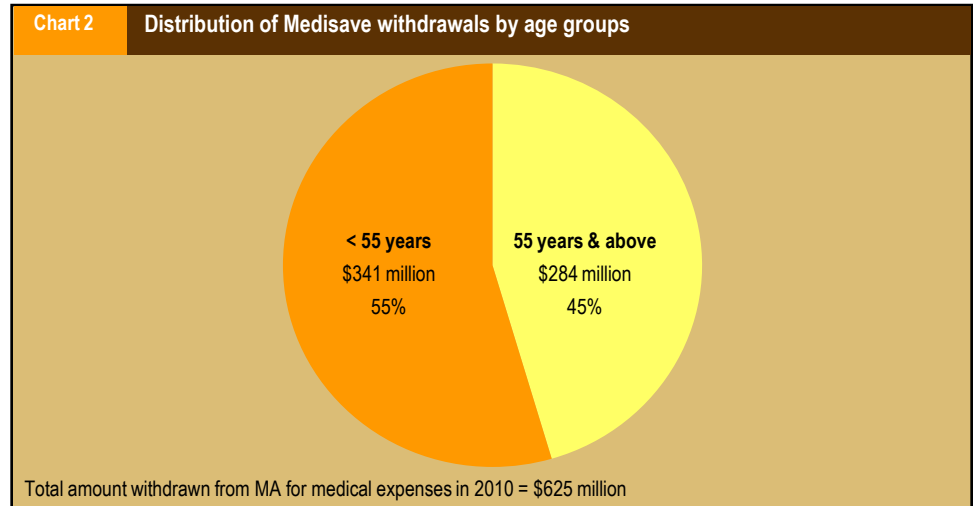
**44% of all Medisave withdrawals for payment of medical bills in 2010 were financed by patients' family members**



1. Immediate family members refer to spouses, parents, children or grandparents. Grandparents must be Singapore citizens or permanent residents.
2. Analysis is based on medical bills submitted for Medisave and/or Medishield claims. Bills that were paid fully with cash were excluded. Bills incurred by patients with invalid CPF accounts were excluded in the analysis. Only bills paid using one payer's MA monies were analysed. Data is generated as at mid January 2011 based on claims approved in 2010.
3. "Others" refer to patients' parents and grandchildren.

### Breakdown of patients into pre- and post- age 55 groups

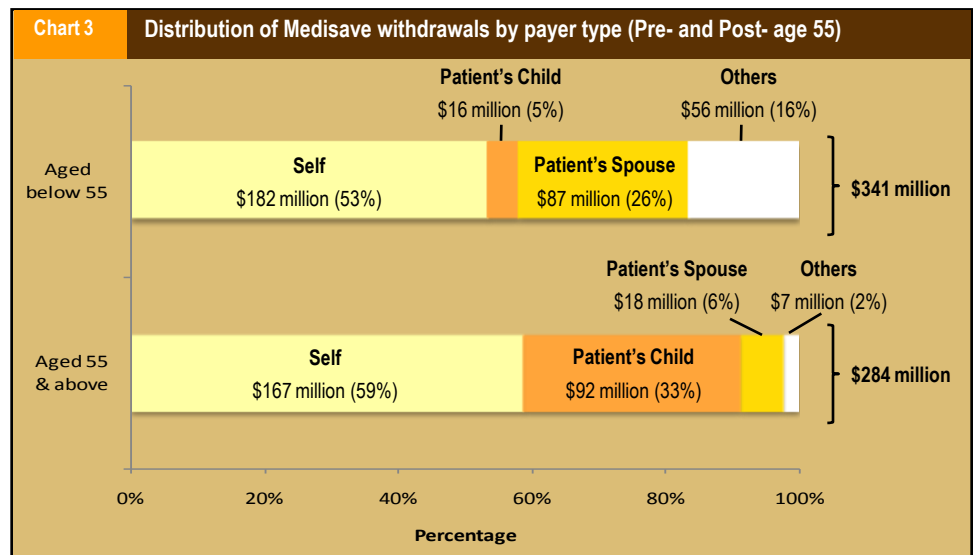
We also compare the payers of Medisave bills for patients below 55 and patients aged 55 and above (see Chart 2). Patients in the two age groups are likely to have their bills paid by different types of payer, as elaborated in the next section.



**Members aged 55 and above saw a higher percentage of MA withdrawals from their own accounts to finance medical expenses**

A total of \$341 million was withdrawn from MA to pay for medical bills incurred by patients below 55 years old, of which 53% came from the patient's own MA. Another 26% was paid using the MA savings of the patient's spouse - we infer that the expenses are likely to be maternity related<sup>4</sup> as most of these patients are female.

In comparison, 59% of Medisave bills incurred by patients aged 55 and above is financed by their own MA savings while 33% is paid using their children's Medisave savings. This could be due to insufficient balances in the parents' MA and children wishing to demonstrate their filial piety by shouldering this responsibility.



4. Under the Medisave Maternity Package (MMP), members can use their Medisave for delivery expenses as well as pre-delivery medical expenses subject to certain withdrawal limits.

## Conclusion

A total of \$625 million was withdrawn from the Medisave Accounts in 2010 to finance medical bills, of which 56% was from the patient's own MA. The remaining 44% was financed by the patients' family members, among which the spouse and children played a primary role. This is in line with the intent for Medisave to be used not just for one's own medical expenses but also those of his/her immediate family members.

However, with an ageing population, smaller family sizes and rising healthcare costs, it is expected that members will need to rely more on their own MA savings in future. Hence, it is important that they continue to contribute to their MA to build up their Medisave savings.

Members are also encouraged to buy MediShield, a catastrophic medical insurance, for themselves and their dependants. It will help to pay a portion of the large hospitalisation bills for serious illnesses or prolonged hospitalisations. Those who prefer higher coverage for hospital expenses may use their Medisave to purchase an enhancement plan from an approved private insurer. These enhanced plans are integrated with MediShield, and provide protection on top of what MediShield provides.

### *About CPF Trends*

*CPF Trends* is a regular series of papers produced by the Management Information Department to disseminate analyses of statistical data and trends on CPF related issues. These papers are generally brief and aimed at a broad audience interested in CPF related issues.