



REVIEW OF OPERATIONS

HEALTHCARE

MEDISAVE

From 1 July 2008, members are required to maintain up to \$34,500 in their Medisave Account (MA). Those who withdraw their CPF savings at or after age 55 need to set aside the Medisave Minimum Sum of \$29,500 or the actual Medisave balance, whichever is lower, in their MA to meet their healthcare needs during retirement.

Members who are government pensioners under the Fixed Amount on Ward Charges scheme (FAW) are not required to maintain any savings in the MA whereas government pensioners under the Co-Payment on Ward Charges scheme (CPW) are required to maintain up to \$17,250 in their MA. They have to set aside \$14,750 (half the Medisave Minimum Sum) in their MA when they withdraw their CPF savings at age 55.

During the year, several changes were made to the Medisave scheme to help CPF members pay their medical bills. The more significant changes which took effect 1 April 2008 were as follows:

- Members can use Medisave to pay for outpatient treatments for two additional chronic diseases - asthma and chronic obstructive pulmonary diseases (COPD). Members can use their own Medisave or the Medisave of their immediate family members of up to \$300 per year per Medisave Account to pay for the treatment of these diseases.
- Members can also use Medisave to pay for outpatient MRI/CT scans and diagnostics related to neoplasm treatment. Members can use their own Medisave or the Medisave of their immediate family members of up to \$600 per year to pay for the MRI/CT scans and diagnostics.

Annual Medisave withdrawals for medical expenses increased from \$517.1 million in 2007 to \$558.2 million in 2008. The number of withdrawals increased by 11.4% to 928,327.

MEDISAVE FOR THE SELF-EMPLOYED

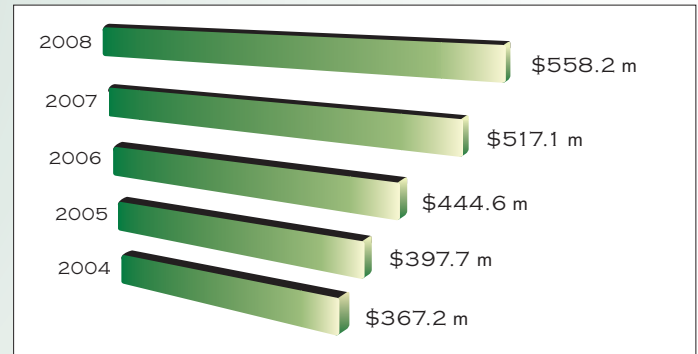
Self-employed persons are required to contribute to Medisave based on their age and annual net trade income. In 2008, self-employed persons contributed a total of \$398.8 million to CPF comprising \$297.3 million as Medisave contributions, with the remaining amount as voluntary contributions to their Ordinary and Special Accounts. These contributions will help self-employed persons save for their medical, old age and housing needs.

MEDISHIELD

MediShield, a low cost national catastrophic illness insurance scheme, provides members and their dependants with financial protection against high medical expenses arising from prolonged or serious illnesses.

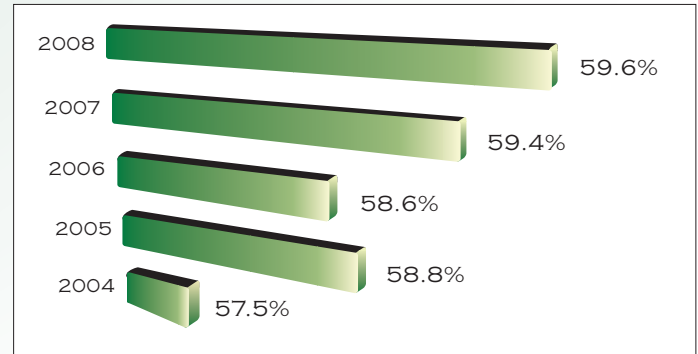
From 1 June 2008, MediShield has been extended to school going children. Early coverage benefits youths and their parents. Besides helping them meet the cost of high medical expenses in the event of major or pro-longed illnesses, early coverage also ensures that these youths will not be denied a cover if they develop an illness later on.

Annual Withdrawals under Medisave Scheme for Approved Medical Expenses



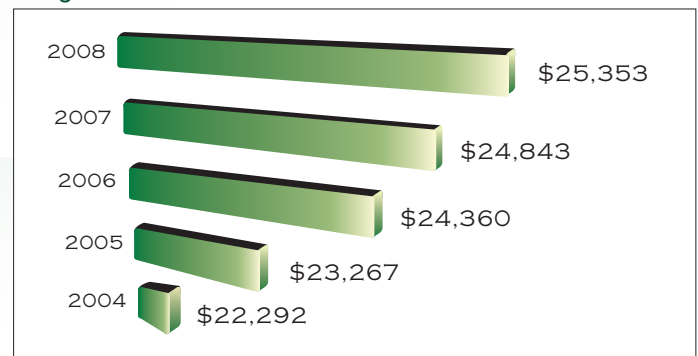
Note: The figures exclude Medisave withdrawals for payment of premiums under the Private Medical Insurance Scheme (PMIS), ElderShield Scheme and MediShield Scheme.

Percentage Of Employees* Who Have the Medisave Minimum Sum at Age 55



*Excludes pensioners

Average Balance in the Medisave Accounts Of Employees* at Age 55



*Excludes pensioners

From 1 December 2008, MediShield benefits have been enhanced to provide better coverage. MediShield now pays up to 80% of large hospitals bills at the Class B2 and Class C, up from 60% previously. Insured members can claim more for daily ward and treatment charges, implants and outpatient cancer treatments. Premiums were raised to match the increase in MediShield benefits.

The revised premiums for MediShield are from \$33 to \$1,123, depending on the insured person's age. Those who have been insured continuously since age 60 or younger will enjoy a discount on their premiums from ages 71 to 85. Depending on the number of years a person has been insured, he will enjoy yearly premium discounts ranging from \$39 to \$449.

The annual claim limit and lifetime claim limits are \$50,000 and \$200,000 respectively.

Members who wish to have higher insurance can buy enhancement plans from private insurers. The insurers have integrated their enhancement plans with MediShield as Integrated Plans and act as a single point of contact to collect premiums and process claims. Premiums for Integrated Plan can be paid from the MA, subject to a maximum of \$800 per insured person per policy year for members up to age 80. From 1 December 2008, the withdrawal limit for insured persons aged 81 years and above has been increased to \$1,150 per insured person per policy year.

As at 31 December 2008, there were 3,075,994 CPF members and dependants who were covered under MediShield. During the year, \$163.9 million was approved to meet 176,709 claims.