

Money Matters

Health plan check up

Is MediShield enough to cover your medical bills? Eddy Cheong helps you figure out what you need in a good medical insurance plan

RECENT TALK ABOUT revamping MediShield has highlighted that MediShield cannot pay for most people's medical costs.

MediShield absorbs just a portion of the medical bill, with the rest payable by the policyholder. Those facing huge bills will need to pay about 60 per cent or more from their own pocket. For instance, if you have a hospital bill of \$20,000, MediShield will reimburse about \$8,000, with the remaining \$12,000 payable by the policyholder. If prolonged medical treatment or expensive surgical procedures are required, the hospital bill could easily be two or three times more than that.

These are common mistakes people make.

1. Wrong MediShield Plan

The type of Shield plan determines what out-of-pocket expenses you will incur during hospitalisation. The plan you choose depends on your desired quality of healthcare and how much you can afford.

To illustrate, a hip replacement operation requiring 18 hospital days, treated in a class B2 ward, costs \$2,500. If you have the MediShield Basic Plan (see table 1), you could claim \$1,200 (48 per cent of the total bill), after factoring in the deductible and co-insurance. If you have either MediShield Plus A or B, you cannot claim a single cent as the claimable amount is less than the deductibles of \$4,000 and \$2,500 respectively.

On the other hand, if your quality of care means staying in a class A1 ward (see table 2), then you should upgrade to MediShield Plus Plan A to enjoy a higher claim benefit. In the second table, the hospital bill for the same operation in a class A ward would cost \$11,750. If you are covered under the MediShield Basic



Table 1: STAYING IN A CLASS B2 WARD

	Hospital Bill	MediShield	MediShield Plus Plan B	MediShield Plus Plan A
Room & Board (for 18 days)	\$1,620	\$1,620	\$1,620	\$1,620
Surgical Procedure (Table 5C)	\$450	\$450	\$450	\$450
Surgical Implant	\$430	\$430	\$430	\$430
Total Claimable amount		\$2,500	\$2,500	\$2,500
Less deductible		\$1,000	\$2,500	\$4,000
		\$1,500	–	–
Less 20% co-insurance		\$300	–	–
MediShield/ MediShield Plus pays (% of total hospital bill)		\$1,200 (48%)	–	–
Patient to pay using Medisave and/or Cash		\$1,300	\$2,500	\$2,500
TOTAL	\$2,500	\$2,500	\$2,500	\$2,500

Source: CPF website

Some people purchase a personal accident policy thinking it covers their hospitalisation – it might, but only if the hospitalisation is caused by an accident

Plan, then you would need to pay \$9,070, compared to \$6,400 and \$6,200 if you are under MediShield Plus Plan B or A respectively.

Buying a suitable Shield plan that matches your healthcare expectations can effectively lower your portion of the hospital bill.

2. Relying solely on company medical insurance

Most companies provide some form of insurance for their employees, taking care of their outpatient and hospitalisation bills. However, they cease once you leave the company.

Expensive medical treatment during your transition between jobs, or in your retirement years, will eat into your hard-earned savings. Moreover, delaying your purchase of

medical insurance until your company insurance stops exposes you to the risk that insurers may reject you due to deteriorating health.

It may be more prudent to take out personal medical insurance now than to rely solely on your company insurance, unless it is 'portable', which means that it can be transferred to your next company or converted into an individual plan without the need to prove evidence of good health.

3. Buying the wrong insurance plan

Some people purchase a personal accident policy thinking it covers their hospitalisation – it might, but only if the hospitalisation is caused by an accident. If that person were to be warded for cancer treatment, for example, their personal accident policy would be of no use. Such policies are not inferior – they just serve a different purpose.

Table 2: STAYING IN A CLASS A1 WARD

	Hospital Bill	MediShield	MediShield Plus Plan B	MediShield Plus Plan A
Room & Board (for 18 days)	\$7,500	\$2,700	\$6,750	\$7,500
Surgical Procedure (Table 5C)	\$3,300	\$700	\$2,800	\$3,300
Surgical Implant	\$950	\$950	\$950	\$950
Total Claimable amount		\$4,350	\$10,500	\$11,750
Less deductible		\$1,000	\$2,500	\$4,000
		\$3,350	\$8,800	\$7,750
Less 20% co-insurance		\$670	\$1,600	\$1,550
MediShield/ MediShield Plus pays (% of total hospital bill)		\$2,680 (23%)	\$6,400 (54%)	\$6,200 (54%)
Patient to pay using Medisave and/or Cash		\$9,070	\$5,350	\$5,500
TOTAL	\$11,750	\$11,750	\$11,750	\$11,750

Source: CPF website

Another example is a hospital income plan, which basically pays an income based on the number of days warded. Using our previous example of a hip replacement operation, you will receive \$1,800 from your hospital income plan if your plan pays a daily income of \$100. If you stay in a class B2 ward and are covered under the MediShield Basic Plan, your hospital bill will be fully covered, but if you choose a class A1 ward, your claim remains fixed at \$1,800. You will need to fork out another \$7,270, so a hospital income plan is generally good to have if you have other medical insurance to absorb the bulk of your hospital bill.

SO WHAT'S YOUR GAME PLAN?

When constructing a medical insurance plan, lay the foundations with the right Shield plan. They are affordable and could potentially take care of 60 per

cent of your hospital bill. To ensure good medical care without heavy personal expenses, get a comprehensive hospital and surgical insurance policy that covers the gaps in Shield plans.

Hospital And Surgery Insurance

A comprehensive hospitalisation and surgery (H & S) plan essentially reimburses your hospital bill subject to three sub-limits: benefit event, the annual limit and a lifetime limit. There is also no deductible and co-insurance (unlike in a Shield plan), meaning you can claim from the first dollar onwards.

Our third table shows a summary of three H & S plans. Going back to our first example, if you have any of these comprehensive H & S plans you could claim the full \$2,500 hospital bill, since the 'room and board' benefit of \$200 per day multiplied by 18 days is more than the hospital bill.

In the example outlined in the second table, you could claim for room and board of \$3,600 (based on \$200 per day times 18 days), a procedure costing \$3,300 and a surgical implant of \$950. That makes a total of \$7,850. If you are covered under MediShield Plan A, you could claim another \$6,200. Combining your H & S policy and MediShield Plan A, could potentially ensure you do not have to come up with your own cash to foot your medical bills.

Table 3: A COMPARISON OF HOSPITAL & SURGERY PLANS

Some Key Benefits	Asia HealthPlus	AXA Premier Care	Manulife Manucare
Main Benefits (Section 1)			
Room & Board Daily Limits	\$200	\$200	\$200
Daily Intensive Care Limits	\$400 (Max. 120 days)	\$400 (Max. 120 days)	As charged (Max. 15 days)
Miscellaneous Hospital Expenses	\$5,000	\$5,000	As charged
Surgical Benefit	\$10,000	\$30,000	As charged
Daily Hospital Consultation	\$100	\$200	As charged
Specialist Consultation (Pre-hospitalisation)	\$1,000	\$2,000	As charged
Post-hospitalisation treatment	\$1,000	\$2,000	As charged
Additional Benefits (Section 2) – annual limit			
Outpatient Kidney Dialysis	\$20,000	\$40,000	\$50,000
Outpatient Cancer Treatment	\$30,000	\$40,000	\$50,000
Additional Benefits (Section 3) – annual limit			
In-patient Major Organ Transplant	\$30,000	\$40,000	\$50,000
Annual Limit for:			
• Section 1		\$60,000	\$50,000
• Sections 1 & 2	\$75,000		
Lifetime Limit for:			
• Section 1		\$300,000	
• Section 2 & 3		\$160,000	
• Sections 1, 2 & 3	\$375,000		\$250,000

*Plans shown are Asia Life Asia HealthPlus Plan 1, AXA Premier Care Plan 2 and Manucare Deluxe Plan respectively

A H & S plan costs between \$400 and \$750 a year. That is a small sum in return for peace of mind during hospitalisation. However, there is no straightforward answer to the question of which plan to choose because each is designed to serve different needs.

Manulife's Manucare plan costs slightly more but you get wider coverage as most of the main benefits are not subject to individual limits. AXA Premier Care is a value-for-money option in the long run as the policyholder can get up to a 30 per cent discount if there is no claim in preceding years. Asia Life's Asia Health Plus, is suitable for those who want the option of adding deductibles and co-insurance to their H & S plan.

Employees who have good company medical insurance may want to add such options to avoid duplication, potentially

reducing their premiums by up to 75 per cent. With careful planning, you and your family will not have to worry about hospital bills while seeking the best medical treatment. ▢

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