Epilogue to Affordable Excellence

SINGAPORE HEALTHCARE TODAY:
Progress Toward Sustainable High Quality Healthcare, 2013-2014

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INTRODUCTION

Singapore has a remarkable healthcare system that delivers high quality care at an affordable cost. It is ranked sixth globally by the World Health Organization – far ahead of the United Kingdom at eighteen and the United States at thirty seven. Singapore has achieved the fourth best life expectancy rate in the world, at eighty two years.¹ In 2012, Bloomberg ranked Singapore the world’s healthiest country.²

The healthcare achievements of the country – the transition to excellence, the establishment of guiding principles, and the development and governance of the healthcare system – are the subject of our previous book, Affordable Excellence: The Singapore Healthcare Story, by William A. Haseltine. This Epilogue is designed to bring the story up to date on system adjustments and major policy shifts since the publication of Affordable Excellence.

Healthcare in Singapore has come a long way since the nation became independent in 1965. The government, institutions, and economy of Singapore have made the transition from those of a low income country to those of a high income country since the mid 1960s – a feat that is reflected in the current prosperity, improved living conditions, and high quality healthcare system. Among many measures of excellence, we find improvements over the years in key health outcomes: life expectancy for women is currently 84.5 years, versus sixty five years in 1960; life expectancy for men is currently 79.9 years, versus 61.2 years in 1960. Singapore has made significant strides in the survival rate among newborns and infants, with a survival rate that exceeds most developed countries. The neonatal mortality rate per one thousand births is now 1.1, versus 17.7 in the 1960. The infant mortality rate per one thousand births is now 1.8, versus 34.9 in 1960. The under five mortality rate per one thousand live births is 2.8, versus 7.5 in 1990.³ In addition, cancer survival rates are similar to those of Europe, and the cardiovascular disease death rate is half that of the rest of the Asia/Pacific region.⁴,⁵

There are several key reasons Singapore has been able to make such great strides in this relatively short period of time. Among these reasons is long range planning. From the time the country earned independence, policymakers in Singapore established a firm policy of future planning. Policymakers analyzed future needs; decided where the system should be in five, ten, or fifteen years; and then developed a plan for how to get there. The policy is driven by the belief that the good health of the people of Singapore is a vital contributor to the social and economic wellbeing of the entire nation.
Because of the centrality of health to the welfare of the nation, health is a mission taken on by the entire government – a mission to continually improve public health conditions and the delivery of healthcare. The mission is approached in an integrated fashion. Government ministries and departments responsible for education, sanitation, housing, clean air and water, transportation, wellness programs, economic development, and healthcare all do their part in a planned out and coordinated fashion. Singapore is a model for long range planning and development for cities and for nations. It is ahead of most other nations in planning for future trends that most countries face – the demographic trends of decreased birthrates and increased longevity – trends that will shape and limit future prosperity unless properly managed.

The leaders of Singapore generally implement their long range plans through small incremental steps that allow citizens to adapt to change gradually. The government acts to implement elements of the long range plans as opportunities arise and in response to political discourse. An early example is the slow, forty year increase of the contributions to the Central Provident Fund (similar to a mandatory 401K retirement plan) commensurate with rising incomes. In effect, we find that the Singapore government continually makes small, incremental changes along a consistent trajectory, especially in healthcare.

Our forthcoming book, A City for All Ages: Singapore Plans for the Future, currently under research, will discuss the methods used by the government to plan and carry out changes. It will cover broad city planning and implementation issues as Singapore works toward a transformation in the structure and delivery of healthcare and in the infrastructure of the country. As readers will learn, much of the current work of the government is to prepare for the growing proportion of seniors in the country coupled with a low birth rate. The government must address seniors’ physical and mental decline, the increase in chronic disease cases, the increased need for long term care, and the need for infrastructure and transportation changes to accommodate the elderly. (See Figure 1. Singapore’s Changing Citizen Age Profile.) Government actions will lead to major changes in the delivery of care and in the urban environment of Singapore. As a simple example of changes made to the urban environment in response to this demographic change, we note that the 2014 budget of Singapore includes provisions for safety or “silver zones” in five towns to make the roads safer for elderly pedestrians. These changes include the installation of center dividers where seniors can rest while crossing the street, the addition of sidewalk markings to direct seniors to the nearest pedestrian crossing, and the installation of lifts at pedestrian overhead bridges.6
Figure 1: Singapore’s Changing Citizen Age Profile

Here, we focus on the measures introduced over the last year, from April 2013 to April 2014, that are designed to maintain affordable high quality healthcare in the face of the growing proportion of elderly in the population and changing needs. In the run up to the 2013 elections, some Singaporeans voiced concern over their ability to pay for healthcare. Singaporeans expressed their growing concerns in editorials, blogs, and in a book by Jeremy Lim entitled Myth or Magic: The Singapore Healthcare System. These conversations provided the Singapore government with the demand for and also the opportunity to change.

In this Epilogue, we describe the implementation of programs designed to provide a measure of financial relief through adjustments in medical savings accounts, medical insurance, and safety net and long term care insurance programs – Medisave, MediShield, Medifund, and ElderShield, respectively. We also look at a government initiative to pay a larger share of the healthcare costs of the nation and the resultant increase in the national healthcare budget. Note that even as the financial structure of the system changes, a key and distinctive element remains: the philosophy of individual responsibility to live a healthy lifestyle and pay a portion of the costs of healthcare. This principle is and always has been tempered and balanced with a shared notion of collective responsibility, a notion emphasized in the current set of adjustments. In addition to finance based strategies, we discuss heavy investments by the government to strengthen infrastructure, capacity, and designs that support integrated long term care and aging in place. We also highlight a shift toward research focused on improving the treatment or prevention of chronic disease.

FINANCING

In 2012, Singapore embarked on a major review of the healthcare financing framework. One major impetus for this review was widespread public concern over rising costs of care, affordability, and quality of care. As part of the review, the government began to engage the populace through the Our Singapore Conversation sessions, as well as through an online survey. The goal of the review process has been to understand the healthcare needs, concerns, and expectations of the people. As a result of this process, a number of major changes and minor adjustments to healthcare financing and insurance policies have begun.
Government Spending Increases

As the proportion of elderly in the population grows significantly, this change brings with it a growing prevalence of chronic conditions that require care. The Singapore government has determined that the levels of spending on healthcare are inadequate to meet current and long term needs. In the past, healthcare as a share of the national expenditure represented about one third of the total. The contribution of the government will soon rise to approximately forty percent of the total, with the prospect of future increases.  

With the release of the 2012 healthcare budget, Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam announced that the government would increase its annual share of expenditure on healthcare from four billion dollars to eight billion dollars, over a period four years.

As Minister for Health Gan Kim Yong later pointed out in a 2013 speech, the structure for financing healthcare was about to change:

The first major shift is to increase [the government’s] share of national spending, to provide Singaporeans with greater assurance that care will remain affordable and accessible. Government spending will not only rise in tandem with the increase in national healthcare spending. We will in fact take on a greater share of national spending, from the current one third to about forty percent and possibly even further, depending on various factors such as demographics, and our ability to manage healthcare costs and target our subsidies. This will help to reduce the impact of rising healthcare costs on Singaporeans, especially the lower and middle income Singaporeans.

We note the Minister’s several references to the government’s “share” of spending on care. His choice of words signals that although the government sees the need to provide more assistance, there has been no change in the emphasis on individual responsibility for maintaining good health and for bearing part of the cost of care. In the same speech, the Minister stated that the starting point for all of the upcoming policy shifts lies with people and asked them to take ownership of their own health. He emphasized the need to “to live healthily, seek treatment early, and make informed choices in seeking treatment.”

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1 All monetary amounts are given in Singapore dollars.
He added,

I was heartened that in our dialogues, including the Our Singapore Conversation sessions, participants understood this well. For this reason, it is important to preserve the principle of co-payment, but we will also have to ensure that co-payment is affordable.\(^{11}\)

The shift to provide greater financial assistance represents a degree of income redistribution between rich and poor. Increased government spending will target lower and middle income Singaporeans, with the intention to relieve the excessive burden of healthcare costs. The increase in government spending has taken the form of greater subsidies for drugs, primary care, preventive healthcare, certain specialist outpatient services, dialysis, and long term care.

**More Financial Assistance for the Elderly**

One component of the financial reform is new support for the elderly through the addition of money – called “top ups” – directly to individuals’ Medisave accounts to allow them to cover an increase in anticipated healthcare costs.

Medisave is a mandatory medical savings account to which Singaporeans and permanent residents contribute a fixed percentage of their salary every month. Medisave accounts are an integral part of the Central Provident Fund: a mandatory, government operated individual savings account for all working citizens. The contribution percentage depends on the age of the individual and ranges from seven to 9.5 percent of salary. Employers match the contributions. Singaporeans use the funds in their Medisave accounts to help pay for their healthcare. (See *Affordable Excellence* for a detailed description of Medisave, MediShield, Medifund, and ElderShield.)

The government will add additional funds to the Medisave accounts of low income and elderly people. Included are Medisave top ups and an additional contribution to Singaporeans age sixty five and over. Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam announced in the 2013 budget that contributions would be doubled for eligible elderly. He noted that the additional contributions are aimed at helping lower and middle income households, with the typical lower income household receiving 740 dollars, and a retiree household receiving that sum, plus an additional five hundred dollars, for a total of 1,240 dollars. He added, “This year, to help households facing cost of living pressures...all eligible Singaporeans will get double the usual amount. This will benefit approximately 1.4 million Singaporeans and cost the government an extra 680 million dollars.”\(^{12}\)
In addition, the government will provide two hundred dollars to all citizens forty five years old and above. These kinds of adjustments illustrate the way the government uses existing mechanisms – in this case, mandatory medical savings accounts – to address immediate needs. Government top ups are a traditional way in Singapore to help people with costs. Here, the additional contributions address the concerns of the elderly that their personal health savings accounts will not be large enough to last through their lifetimes. Please see Affordable Excellence for previous uses of top ups by the government.\textsuperscript{13}

As outlined in the 2014 budget, the Pioneer Generation – that is, elderly who were born on or before December 31, 1949 and who became citizens on or before December 31, 1986 – will receive annual Medisave top ups of two hundred to eight hundred dollars.\textsuperscript{a} These are in addition to top ups that they already receive.\textsuperscript{15}

Many members of the Pioneer Generation were not able to save adequately for healthcare and old age needs. They worked at a time when Singapore was not yet a prosperous nation and good jobs and salaries were not readily available. In recognition of their contributions to the country, Singapore provides this generation with benefits to help with the financial burden of old age. Almost 450 thousand Singaporeans will benefit from the program.\textsuperscript{16}

\textbf{A Strengthened Safety Net for the Poor}

\textit{Medifund, Medifund Junior, and ElderCare Fund}

Medifund is the government sponsored endowment fund that provides financial assistance for people who otherwise could not pay for their medical care. Medifund coverage will be extended to cover non-hospital care in polyclinics – the system of government run, public clinics – and dental care at the National Dental Centre. In addition, drug subsidies will be expanded to cover seventeen more drugs, including “second generation” insulin for diabetes.\textsuperscript{17}

In 2013, the government added one billion dollars into the Medifund capital fund, bringing the total to more than four billion dollars, one of the biggest contributions made by the government to Medifund since the establishment of the fund in 1993. The contribution allows the fund to increase its annual assistance by twenty percent to 120 million dollars. The contribution came at a time when Medifund faced its first ever deficit, in the financial year 2011.\textsuperscript{18}
In March 2013, the Ministry of Health began funding a new program to help defray the medical costs of sick, needy children under eighteen years of age. It is called Medifund Junior. According to the Ministry website,

[The program] will require an additional ten million dollars in Medifund assistance over five years, to supplement the funds that are currently available. [The Ministry of Health] will review whether the amount is sufficient thereafter. Needy families with children will be able to draw on Medifund Junior for assistance with their healthcare bills at the public hospitals.¹⁹

This move will help children diagnosed with congenital or neonatal conditions.

Eldercare, an endowment fund that provides subsidies to nursing homes and other long-term care facilities, received a government contribution of two hundred and fifty million dollars. The contribution brings the capital sum of the fund up to three billion dollars. The earnings from the capital sum of both the Medifund and Eldercare Fund are used to help low income patients.

Community Health Assist Scheme

The Community Health Assist Scheme subsidizes outpatient services and helps pay the costs of chronic disease treatment provided through private general practitioners. Private practitioners deliver eighty percent of primary care in Singapore, but in the past, private general practitioners were not responsible for chronic care. Now, an existing resource – general practitioners – is being used to improve the quality of care without building a new delivery infrastructure. Previously set at forty years, the qualifying age for the program has been removed to include younger people in need of chronic care. In 2013, the household income ceiling for eligibility increased to eighteen hundred dollars per capita monthly household income from fifteen hundred dollars.²⁰

These changes will benefit lower and middle income households by providing subsidized medical and dental care at about 870 medical and dental clinics. Members of the Pioneer Generation who were not in the program previously now qualify.²¹ Upon entry to the Community Health Assist Scheme, members are given a Health Assist card. In addition to providing access to subsidized outpatient care and reducing the cost to the patient for chronic disease treatment, the card also allows subsidized referrals to specialist outpatient clinics at the public hospitals and the National Dental Centre.

As of January 1, 2014, Community Health Assist Scheme cardholders are able to take advantage of subsidies for recommended screening tests for obesity, diabetes, hypertension, lipid disorders, colorectal cancer, and cervical cancer under the Integrated Screening Program of the Health Promotion Board. The Integrated Screening Program
is a nationwide screening program that invites Singapore citizens and permanent residents forty years and older to go for screening for specific conditions at selected Community Health Assist Scheme General Practitioner clinics. The program also provides on site follow up to ensure treatment for those who need it. Although it is a national initiative, the program partners with community based organizations to ensure that implementation is responsive to local needs. Doctor consultation charges for the screenings are also subsidized, along with subsequent follow up consultations up to two times a year.

The program had previously covered treatment for ten chronic conditions: diabetes, hypertension, lipid disorders, stroke, asthma, chronic obstructive pulmonary disease, major depression, schizophrenia, dementia, and bipolar disorder. Medisave use is now extended (subsidized at up to 480 dollars per year) to include five more chronic conditions: osteoarthritis (degenerative joint diseases), benign prostatic hyperplasia (enlargement of the prostate gland), anxiety, Parkinson’s disease, and nephritis/nephrosis (chronic kidney disease). These changes are part of the Chronic Disease Management Programme to improve health and reduce costs by diagnosing and implementing early preventive treatment for the chronically ill.

Revised Central Provident Fund Contribution Rates

The Central Provident Fund is the umbrella account under which Singaporeans save for retirement, housing costs, and medical care. Increases in both employee and employer matching contribution rates took effect on January 1, 2014. The increases are intended to encourage low wage workers to save more for their retirement and medical needs. The beneficiaries of this change are private sector employees and government non-pensionable employees, including first and second year Singapore Permanent Residents, who earn monthly wages between fifty and fifteen hundred dollars. Beginning in 2014, the Central Provident Fund employer contribution rate increased by one percent for all workers, to be credited to their Medisave accounts. For more information about the Central Provident Fund, see Appendix 1.

Health Insurance Coverage for All

MediShield – Insurance for Life

MediShield is also changing. The low cost medical insurance program has been available to Singaporeans since 1990. The program was established to provide assistance to patients with illnesses that require long term, expensive treatment. MediShield benefits focus on patients in the subsidized wards of the public hospitals. The program functions as supplemental insurance coverage for catastrophic, chronic, and long term care,
aiding patients whose Medisave might not be sufficient to cover costs. It helps cover expenses for hospital care and outpatient care, including kidney dialysis and cancer treatments. As part of the overall government initiative to mitigate the rising costs of care as people live longer, become vulnerable to chronic disease, and require more long term care, policymakers are making significant changes to the program. MediShield had previously run on an “opt out” basis: Individuals were automatically enrolled but could submit a simple form to the Central Provident Fund Board to end coverage. Enrollment had to take place before age seventy five, and coverage ended at age eighty five. In 2012, the government raised the maximum age of coverage to ninety. More recently, the lifetime capped amount was revised to three hundred thousand dollars and the annual limit became seventy thousand dollars.26

All this is changing. The new MediShield Life features three key changes that broaden and deepen coverage: Coverage is now lifelong, no longer ending at age ninety. Coverage will be universal and compulsory, including individuals with preexisting conditions, as well as those who had previously opted out of coverage. With this provision, MediShield now joins Medisave as the second compulsory, health protection financial plan in Singapore. Another change provides better protection for large hospital bills. Coinsurance payments will be below ten percent for large hospital bills, typically those exceeding five thousand dollars.

When Prime Minister Lee Hsien Loong introduced these changes in his National Day Rally speech on August 18, 2013, he allowed that although the changes would lighten the burden of care for the children and families of the elderly, they also meant changes in the payment structure:

Because it does more, because the benefits are better, therefore, the MediShield Life’s premiums will have to be higher. It has to be, because it has to break even, and I think for most people that will not be a problem. But for a few that could be a problem and for those who cannot afford, the government will subsidize MediShield Life premiums for them.27

Although lifelong coverage will increase costs and premiums will be adjusted upward, as we write this, the Ministry of Health is developing formulas to spread premiums over the individual’s lifetime and to help moderate premium increases after retirement. To help the elderly pay their MediShield Life premiums, the government announced a “Pioneer Generation Package.” This package will provide a special subsidy to help

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26 For more information about MediShield Life, see the MediShield Life Review Committee Report. The report can be accessed online at http://www.moh.gov.sg/content/dam/moh_web/MediShieldLife/Others/Recommendations/MediShield_Life_Review_Committee_Report_Final.pdf.
make insurance premiums more affordable for this group. Prime Minister Lee presented the new benefit package and discussed the need to protect the Pioneer Generation in his National Day Rally speech:

One group which we need to take special care of is our Pioneer Generation. They are special. They are the ones who worked hard to build today’s Singapore. They made this place. They enabled us today to enjoy these facilities. They earned less than us. They had fewer safety nets when they were working. They brought up this generation, and they paved the way for us to live a better life than themselves. That was their goal. They achieved it, and I think we should know that, and we should be grateful to them. Now mostly they are retired, at least in their late sixties, many older. And we must take special care of this Pioneer Generation in their golden years... So, we will have a special Pioneer Generation Package to help pay for their premiums for this group under MediShield Life, to make sure that our pioneer generation will be well covered and would not need to worry about healthcare in their old age. I think we owe it to them.28

Beneficiaries will also receive enhanced coverage for large hospital bills. The subsidy provided to the Pioneer Generation will increase with age: The forty percent subsidy of the premium at the age of sixty five rises to sixty percent at age ninety. For members older than eighty in 2014, the MediShield Life premiums will be fully covered. The government will implement these subsidies at the end of 2015.29

One of the most significant changes made to MediShield in 2013 is the decision to begin covering preexisting illnesses. This was a major change in response to the needs of today but also to ensure equity among all Singaporeans in the future. All babies of Singapore citizens and permanent residents born on or after March 1, 2013 will receive coverage for congenital diseases or acute conditions that require treatment soon after birth.30

ElderShield & Other Insurances

ElderShield is a long term care insurance program regulated by the government but run through designated private insurers. The program provides monthly payouts for disability care for those who can no longer take care of themselves. Individuals are automatically enrolled into ElderShield at age forty, and premiums are paid through the individual’s Medisave account. The Ministry of Health is now looking into ways to provide relief for the elderly who find their premiums rising as they age. One possible solution under evaluation is mandated higher premiums for the young, who, it is rea-
sioned, are working and more easily can afford the premiums now rather than when they retire. The idea is called “front loading.”

Minister of State for Health and Manpower Amy Khor defended the concept in a 2013 conversation with grassroots organizations, reported in The Straits Times, “Front-loading, or pre-funding, is not cross-subsidizing. You're paying for yourself now, for later.” Minister Khor urged Singaporeans to think of universal coverage as an aspect of living in an inclusive society.

Private Insurance Reform

The Monetary Authority of Singapore recently proposed plans to improve transparency, create more competition, and rein in hard selling agents employed by the private insurance agencies. Plans include a website where consumers can easily compare a wide range of life insurance products. By the middle of 2014, consumers will be able to buy basic life insurance products directly, without going through an agent. By the end of 2014, the website will be up and running. By January of 2015, financial advisers’ pay framework will include categories that relate to ethical practices and consumer care. The Monetary Authority of Singapore will actively maintain oversight to ensure the protection of consumer interests through quarterly spot checks of completed deals.

According to Lee Chuan Teck, the assistant managing director for capital markets at the Monetary Authority of Singapore, consumers will be the ultimate beneficiaries, and the changes will transform the insurance industry. According to Lee Chuan Teck, these changes will create an environment where firms must “compete on the quality and value of their products and services rather than on the aggressiveness of their sales force.”

Withdrawals from Medisave for Insurance Premiums

As people age, their healthcare needs typically increase, but this increase usually comes at a time when they no longer earn income. Insurance programs play an important role in supplementing payments made from Medisave. The government helps ease the financial burden of the elderly by allowing them to use Medisave to pay insurance premiums. A new policy, implemented in November 2013, allows elderly Singaporeans to draw greater amounts from their Medisave accounts to pay for health insurance than previously allowed.

Medisave single transaction withdrawal limits have been increased by two hundred dollars for individuals age sixty six and above who wish to buy MediShield (the insurance program that helps protect against catastrophic health expenditures) or Integrated Shield insurance plans. This change was the second increase in allowable withdrawal limits in 2013 alone. Withdrawals are also subject to an annual cap. In March 2013, the
cap was increased from eight hundred dollars to one thousand dollars for people above seventy five years of age and from 1,150 dollars to twelve hundred dollars for those older than eighty.

A Shift to Preventative Services, Outpatient Treatments, and Long Term Care

Increased use of outpatient and long term care services may relieve hospital demand and lower costs. For these reasons, Medisave now allows for more outpatient preventative care for the elderly and other people with chronic conditions. The demand for such services will grow as the elderly become a larger proportion of the population and seek more treatment for chronic diseases.

Along with this change comes a condition: The Medisave contribution amount is increasing for individuals to ensure that greater use of the funds does not result in people depleting their Medisave account as they grow older. We view the increase as another example of incremental change toward the longer term goal of keeping care affordable in the face of greater and changing demands for services.

Minister for Health Gan addressed this issue in his “Better Health for All” speech:

[Medisave has been] sized primarily to pay for subsidized care in the inpatient setting. As we grow old, we are more likely to require hospitalization, and each hospital stay is longer. If we allow unrestricted use of Medisave, many of our elderly may not have sufficient Medisave for their needs in the future... If we calibrate carefully and put in place some safeguards, I believe we can allow greater flexibility in the use of Medisave to reduce out of pocket costs, without jeopardizing the future.34

Some of the careful calibrations – including changes in Medisave financing – are outlined in the next few sections.

Outpatient Treatment

The Singapore government is expanding Medisave to help pay for more outpatient treatments as part of a larger effort to increase the outpatient to inpatient ratio over the long term. The government will take on a larger share of some outpatient bills by providing more subsidies to lower and middle income patients. Subsidies for specialist care at hospital outpatient clinics will also increase. This subsidy increase will allow for greater flexibility for individuals seeking treatment at the outpatient centers. The government made provisions in the 2014 budget to increase subsidies for lower and middle
income Singaporeans from the current fifty percent subsidy to seventy percent and sixty percent for lower and middle income groups respectively. The Pioneer Generation will receive a further fifty percent off their subsidized bill at specialist outpatient clinics, amounting to a total subsidy of about seventy five to eighty five percent. These changes will go into effect September 2014.35

Vaccinations and Screening Tests

The breadth of Medisave usage extends from inpatient treatments, to specialist outpatient clinics, to assisted contraception procedures, to private general practitioners, to preventive vaccination and screening tests. Policymakers use Medisave in a nuanced way to help encourage or discourage patient behaviors as part of the long term goal to continuously improve the health of the nation while keeping costs manageable. The new changes to Medisave make it easier for people to pay for fertility treatments, encourage people to seek preventive healthcare services, including screenings or vaccinations to prevent illnesses, and facilitate prompt and regular treatment of chronic diseases.

Policymakers have made changes to Medisave to allow groups at high risk for illness – the very young, the elderly, persons with chronic medical conditions, and those with poor immune function – to make withdrawals for vaccination against pneumococcal infections and influenza. As of January 1, 2014, selected screening tests for hearing, Glucose-6-phosphate dehydrogenase deficiency, and thyroid function and metabolic screening for newborns in outpatient settings are payable by Medisave up to four hundred dollars per account per year. Previously, Medisave would only cover these screening tests in inpatient settings.36 A new screening test for urinary incontinence is now included as part of the free public health screening program in 2013.37 Starting in 2014, all Singaporeans who turn fifty can get free cancer screening at polyclinics for colon, breast, and cervical cancer.

Medisave Minimum Sum and Contribution Ceiling Increases

Adjustments to the Medisave Minimum Sum and the Medisave Contribution Ceiling will help ensure that the expansion and increased use of Medisave will not result in premature depletion of the account as individuals grow old. The Medisave Minimum Sum is the amount individuals must maintain in their accounts at all times before they can withdraw funds for prescribed uses. That amount was raised to 40,500 dollars in July 2013, from the previous minimum sum of 38,500 dollars. Likewise, the Medisave Contribution Ceiling – the maximum amount individuals can hold in their accounts – has been raised to 45,500 dollars from 43,500 dollars. Amounts beyond the ceiling are transferred to the individual’s other Central Provident Fund accounts.38
The government will begin to cover the three dollar administrative fee that used to be charged for each Medisave transaction. The fee is now waived, and the Ministry of Health will absorb the cost. This small but significant move further helps to reduce the financial burden on the poor, the elderly, and chronically ill patients. The yearly modifications represent a fine tuning of the system and are used to meet long term objectives. In this case, the modifications help ensure that healthcare remains affordable by requiring that individuals have adequate sums in their accounts.

**Encouraging Couples to Have More Babies**

The demographic challenge that Singapore faces has many components: the absolute number of individuals over sixty five, the number of retired individuals compared to those still in the labor force, a low birthrate, and the rate and composition of immigration and emigration. (See Figures 2 and 3: Singapore’s Declining Old-Age Support Ratio.) Prime Minister Lee raised the issue in his 2014 Chinese New Year message:

> Unfortunately, despite our efforts to promote marriage and parenthood, our birth rates are still too low. Singapore’s Total Fertility Rate was 1.19 last year, far below our replacement rate of 2.1. The [Total Fertility Rate] for Chinese Singaporeans – 1.06 – was even lower. We must try our best to do better. 39
### SINGAPORE’S DECLINING OLD-AGE SUPPORT RATIO

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In addition, its cancer survival rates are similar to Europe’s, and its cardiovascular disease death rate is half that of the rest of the Asia/Pacific region.


**Figure 2: Singapore’s Declining Old-Age Support Ratio**
Figure 3: Singapore’s Declining Old-age Support Ratio

To encourage Singaporeans to have more children, the government has liberalized existing programs. Since January 1, 2013, the cost of assisted reproductive technology treatments at public hospitals has been partially subsidized. As part of the initiative, eligible couples can receive up to seventy five percent in copayments for a maximum of six attempts – three fresh and three frozen cycles. Couples also can now use Medisave funds for certain procedures, including in vitro fertilization and intracytoplasmic sperm injection, beyond the previously allowed three cycles. They may withdraw six thousand, five thousand, and four thousand dollars from their Medisave accounts for the first, second, and third and subsequent cycles, respectively. The lifetime withdrawal limit is now capped at fifteen thousand dollars per patient. These adjustments to Medisave illustrate how policymakers use the system to attempt to drive individual behavior.

Other examples include the preference in the allocation of housing given to couples with families or couples that are trying to start families. Couples are given bonuses at the birth of their children: six thousand dollars for the first and second child and eight thousand dollars for the third and fourth. Newborn babies receive a three thousand dollar credit in their Central Provident Fund accounts. Pregnant mothers are protected from retrenchment, and fathers receive one week of paid leave to take care of their children. Fathers may also appropriate one week of the mother’s maternity leave. Parents are given leave to take care of their children aged seven to twelve.

All of these changes represent a timely recognition on the part of the government and policymakers that the social safety net is in need of strengthening. As Deputy Prime Minister and Minister for Finance Tharman Shanmugaratnam explained in his February 2013 budget speech:

> We are also reinforcing our social safety nets. We are charting new directions to ensure healthcare remains affordable for older Singaporeans. We are also improving on the way we deliver social services to bring support closer to the home and to better meet the needs of individual families.

These actions confirm our observations that government and healthcare policymakers strive to be responsive to changing conditions and committed to the delivery of excellent care in the face of the changing needs of the people. Mr. Shanmugaratnam continued,

> Our approach to healthcare financing has to evolve. As our society gets older, we will see higher demand for quality care, longer life expectancy, and the rising incidence of chronic diseases. Families will also get smaller over time and we will have more singles without family support when they are in their silver years.
As we look at the latest modifications to the Singapore system of healthcare financing, a number of conclusions are clear to us: The government intends to keep its promises to increase healthcare spending, encourage people to stay healthy and manage their chronic conditions better, improve upon the health insurance scheme, expand coverage for preventive and outpatient services, provide an adequate safety net for the poor and those in need, and provide better care to the elderly. Even with the reforms underway, individual responsibility for one’s own health stands as one of the anchoring principles, and the government has made clear that the modifications are mainly for the benefit of low and middle income households.

The system of finance remains a useful policy tool for the government to shape the behaviors of both consumers and providers of care – and thus of the market. Adjustments to financing – especially Medisave – reflect changing healthcare needs, the evolving thinking of policymakers, political motivations, and the rising concerns of the populace. Decisions regarding which conditions will be covered, how much can be claimed in a year, and patient eligibility criteria are all levers that the government uses to shape behavior. For example, allowing the use of Medisave at primary clinics for the management of selective chronic conditions encourages people to seek care for those conditions in a timely fashion.

The government is trying to respond to changing healthcare needs, but there are still a number of issues that need answers. Should Medisave contribution rates be increased, by how much, and to what degree for different age groups, especially in light of the changes to MediShield? With regard to MediShield Life: What are reasonable premiums for different age groups? How can coverage be financed for the elderly who are no longer working and have insufficient funds in their accounts? Should individuals pay higher premiums at a younger age to preempt higher premiums at an older age, thereby spreading the premiums over a lifetime? Should there be cross subsidies? And, ultimately, will all these measures really succeed in keeping healthcare affordable for the people of Singapore?
CHANGES IN DESIGN & INFRASTRUCTURE

Several hospitals in Singapore have faced serious bed shortages in 2013 and the first part of 2014. The eight hundred bed Changi General Hospital has resorted to building a large air conditioned tent to house patients while they wait for a bed in the hospital itself. This wait can sometimes last for up to two days. The twelve hundred bed Tan Tock Seng Hospital has set up beds in the corridors of its wards to deal with the shortage of space. A third facility, Khoo Teck Puat Hospital, is sending overflow patients to another public hospital with spare beds. A Khoo Teck Puat Hospital executive explained the situation, “Every day, we have to make decisions regarding our five hun-
dred patients. Those who are not so sick are discharged to make way for the fifty to sixty patients waiting for a bed.”  

Planners are tackling this issue in two ways: first, through the expansion of outpatient services capacity throughout the healthcare system and second, through the construction of more hospitals.

**More Hospitals and Beds**

The Ministry of Health has developed an ambitious expansion plan to meet the future needs of the populace. By 2020, two more general hospitals, four community hospitals, and six polyclinics will open. Between 2020 and 2030, four more general hospitals will be built, doubling the number of public general hospitals. All of these new healthcare facilities will be located near residential areas to serve better the needs of the community in general and of the elderly and frail in particular and in the regions of Singapore where the Ministry of Health perceives the greatest need. The Ministry also plans to renovate and expand existing hospitals. The renovation of the National University Hospital added seventy nine beds in 2013. The new Ng Teng Fong General Hospital will become operational by the end of 2014 and Sengkang General Hospital by 2018.

**Outpatient Care, Post Acute Care, and Care Integration**

To serve the needs of the aging population, Singapore has carefully planned a shift from acute and institution based care to community and home based care with community hospitals, nursing homes, and other eldercare facilities. These types of facilities are better suited to meet the specific needs of the elderly, are more effective, and ably provide care at a lower cost than tertiary care hospitals.

Four new public community hospitals are being built to provide step down care for patients discharged from hospitals but who require further care. Each new community hospital will be located next to a general hospital. In the northern sector of Singapore, Yishun Community Hospital, a new 428 bed facility that will provide sub-acute, rehabilitative, dementia, and palliative care, is being built next to the relatively new Khoo Teck Puat Hospital, a 590 bed general and acute care public hospital. The Yishun Community Hospital will open by the end of 2015, with the mission to provide “integrated and seamless care for patients discharged from general and acute hospitals to rehabilitate and recover in a new community hospital...” The four hundred bed Jurong Community Hospital, located adjacent to the new Ng Teng Fong General Hospital, will be completed by 2015. Outram Community Hospital, to be completed by 2020, will be
near Singapore General Hospital. The planned Sengkang Community Hospital will sit alongside Sengkang General Hospital. Both hospitals are slated for completion in 2018.

A new transplant center at Singapore General Hospital will serve as a one stop center for transplant patients. The center will provide integrated services for patients that are preparing to or who have previously undergone a kidney, liver, or complex cornea transplant. National University Hospital also opened two new facilities in 2013: the National University Hospital Medical Centre and the National University Cancer Institute of Singapore. These new facilities enabled the National University Hospital to expand its specialist outpatient clinics and day surgery operating theaters.

Two Examples of Integrated Healthcare Innovation

Sengkang General Hospital

One of the missions of the healthcare development anchored by Sengkang General Hospital is to provide seamless treatment. Upon completion, the new hospital development will allow patients to be transferred to the appropriate care facility – from an acute care setting to long term care or vice versa – quickly and easily. Sengkang General Hospital will be the largest single hospital development in Singapore to date. It will be part of a regional healthcare network located in the northeast part of Singapore. When the Sengkang hospitals open in 2018, a general hospital, a specialist outpatient clinic, and a community hospital will be in the same vicinity. The new hospital development will bring about 1,400 additional hospital beds to Singapore. Sengkang General Hospital will house one thousand beds, and Sengkang Community Hospital will add an additional four hundred beds, with the plan to offer flexibility in regulating bed capacity between the two hospitals. The new design provides for two hundred “swing beds” that can be used either as acute care wards or intermediate long term wards.

In an effort to make the facilities community friendly and accessible, the hospital will include retail outlets, a food court, and links to a local train station. An area of the hospital will be devoted to community activities, including health education events, arts exhibitions, and talks designed to engage the community and reposition the hospital as a place where one can learn to be healthy rather than simply as a place to go only when one is ill.
Health City Novena

Health City Novena, a planned integrated healthcare center in the Novena district of Singapore, is part of a national effort to merge healthcare with community life. The development is located in the central region of Singapore, where the ratio of elderly to young exceeds the national average. In his August 2013 speech at the official launch of the Health City Novena development, Minister for Health Gan Kim Yong outlined some of the needs that the new development will fill:

As our population grows and ages, healthcare needs are becoming more complex. In time to come, there will be more frail patients requiring more specialist care for more conditions, and for a longer period of time. Central Singapore is aging faster than the rest of the island – the population of seniors age sixty five and above in the central region is around fifteen percent, compared to the national average of ten percent.

Health City Novena will anchor the Regional Health System for the central region and is a key component under [the] Ministry of Health’s capacity building strategy to develop medical excellence and provide more accessible and quality care to Singaporeans. It will not only provide integrated healthcare services, but also gardens and parks for the general public to enjoy. It also aims to enhance the collaboration among healthcare institutions further, by building infrastructure that will actively facilitate integration of care and a patient centric approach in care delivery.50

Health City Novena will include five new healthcare facilities: the National Centre for Infectious Disease, a facility for intermediate care, an expansion of the National Skin Centre, an ambulatory expansion of Tan Tock Seng Hospital, and the National Cancer Centre. Intermediate care will include rehabilitation, sub-acute care, and palliative care. Health City Novena will facilitate close working connections and cross training and education among the care facilities, including the new Lee Kong Chian School of Medicine. The new clinical sciences building for the School of Medicine will be located on the Novena campus, as will the medical education and training building for Tan Tock Seng Hospital. The development will be integrated into the community. It will include shopping malls, transport hubs, and a “Central Park” with an open air theater and a community hub that will provide space and facilities for public use. When the campus is completed in 2030, it is anticipated that more than thirty thousand people will move through Health City Novena on a daily basis.51,52,53
LONG TERM CARE & MENTAL HEALTH

Long Term Care

In family centric Singapore, as in most Asian societies, placing the elderly in nursing homes was once considered a last resort; homecare provided by the family was always preferred. Use of long term care services in Singapore has always been low compared to that of Western nations.\textsuperscript{54} However, social changes and the rising cost of continuous care have caused alterations to the family values that once kept the frail elderly at home until the end of their lives; family care has become increasingly unmanageable.\textsuperscript{55,56,57}

In response to and in recognition of the demographic bump that will make seniors an ever greater portion of the population, the government has announced that it will invest over five hundred million dollars in eldercare facilities over the next five years. It has called for an additional ten nursing homes, with an estimated 3,300 beds to be built by 2016.\textsuperscript{58} By 2020, the number of nursing home beds are planned to increase by approximately seventy percent, from about nine thousand today to 15,600.\textsuperscript{59}

Other measures to address the growing need for long term care include the addition of several community hospitals and polyclinics to the healthcare system. The planned polyclinics will be located near apartments where the elderly live. The planned proximity of polyclinics to elderly housing represents an effort to mitigate access issues due to the lack of availability of eldercare services outside of normal business hours.\textsuperscript{60} The government also plans to keep the elderly gainfully engaged by reemploying them through the age of sixty seven.

The Ministry of Health has sponsored a Homecare Working Committee of care professionals and service providers. The committee will develop services that allow the elderly to age in their own communities. Minister for Health Gan Kim Yong has proposed a “3C” approach to aging in place, based on a model that he witnessed in Japan. The “3C” approach encompasses Comprehensive Care, including social support and medical care for the elderly living at home; strengthening infrastructure Capacity ahead of anticipated need; and providing more support to Caregivers.\textsuperscript{61}

Mental Health

According to the Singapore Mental Health Study 2010, one in ten individuals in Singapore will experience mental illness in his lifetime.\textsuperscript{62} Demographic change has led to increasing numbers of cognitively impaired patients and a growing need for more men-
tal health services. In response, the government established many new facilities in the past year, including the Parkinson Centre in Bishan, a neighborhood in the central region of Singapore. The new Parkinson Centre will provide services to address the cognitive impairment associated with the disease, in addition to the physical impairment. Ang Mo Kio Thye Hua Kwan Hospital and St Luke’s Hospital have also added about fifty new beds, combined, to serve the needs of dementia patients.

In late 2013, Tampines Polyclinic reopened following a five month renovation to meet the needs of an aging population, including the population’s mental health needs. The newly reopened Tampines Polyclinic now includes a health wellness clinic to provide care for those with mild to moderate mental health issues. Before the introduction of the new health wellness clinic, patients in need of psychiatric services had to seek care in a hospital. With the opening of the clinic, patients can now receive referrals directly and access care in weeks rather than months. In 2014, Tampines Polyclinic will launch a new geriatric program with the National Neuroscience Institute. The design of the newly reopened Tampines Polyclinic is elderly friendly, featuring grab bars in hallways, low ramps, and large signs. St Andrew’s Nursing Home, a nursing home that specializes in psychiatric care, also began operation in late 2013. The three hundred bed facility provides long term psychiatric care in a new seven story building. St Andrew’s is the largest facility of its kind in Singapore.

Earlier in 2013, the Ministry of Health announced an updated set of guidelines to help health professionals improve care for dementia patients. The updated Dementia Clinical Practice Guidelines cover issues related to ethics and the law, diagnosis, and treatment. Minister for Health Gan Kim Yong introduced the new guidelines at a National Neuroscience Institute symposium and expressed hope that the new guidelines would improve care for patients with dementia.

WELLNESS FOR ALL

A City for All Ages

Medical care alone does not guarantee an agreeable, fulfilling old age. Wellness is, at least in part, a function of a lifetime of factors, including preventive health measures, nutrition, exercise, and lifestyle. Singapore has an active program designed to promote wellness and reduce the need for medical intervention. The Ministry of Health started the City for All Ages initiative in 2011 to fund projects that make communities more senior friendly or that encourage health and fitness in older adults. The People’s Association – a statutory board that promotes social harmony and societal cohesion through
educational, athletic, social, and cultural events – has rolled out the Wellness Programme throughout Singapore to encourage seniors to stay physically active and have regular health screenings. The program aims to reach half a million seniors by 2015. Healthy Lifestyle Clubs, also managed by the People’s Association, encourage the elderly to come together and exercise on a regular basis. Another initiative promotes wellness through social engagement. Through the FairPrice Foundation-Central Singapore Bright Homes Program, community volunteers befriend seniors who might otherwise be socially isolated or alone. As of late 2013, more than nine hundred volunteers were involved with the program and had reached more than one thousand seniors.68

Research in Support of Wellness

While the Singapore government actively designs wellness programs tailored specifically for the older population, at the same time, the government also invests in and promotes research initiatives to support the development of more effective wellness programs overall.

In October 2013, the Agency for Science, Technology and Research (known as A*STAR) and the National University of Singapore Yong Loo Lin School of Medicine announced the establishment of the Singapore Centre for Nutritional Sciences, Metabolic Diseases, and Human Development. The government run Agency for Science, Technology and Research promotes advances in science and engineering and oversees eighteen research organizations. Research at the new center will focus on the role that nutrition and early development play in the onset and progression of obesity and metabolic diseases, including diabetes.69

Also in 2013, Academia, a thirteen story, 360 million dollar building was unveiled at the Singapore General Hospital campus in Outram. The goal of this substantial government investment is to help transform Singapore General Hospital into the largest academic healthcare cluster in Singapore. It houses laboratories and training and conference facilities under one roof. It also houses eight core research organizations, including the SingHealth Tissue Repository and the SingHealth Translational Immunology and Inflammation Centre.70,71

The Singapore government uses research findings developed at these and other institutions to promote wellness and to inform better policymaking. For example, in May 2012, the government launched Healthier Child, Brighter Future. This research based initiative teaches parents about good practices to support the health of their children, from the prenatal stage through early childhood.72 The increased investment in chronic dis-
ease and wellness research will enable the government to develop similar research informed policies that support the overall health and wellbeing of Singaporeans.

**CHALLENGES AHEAD FOR SINGAPORE**

As Singapore moves to address the complex healthcare issues discussed in this Epilogue, other concerns arise. Here, we note several issues:

Affordability of healthcare remains a constant concern. Opposition parties have been calling for more generous financial terms for patients and more government financial support for health, particularly for the elderly and those with low incomes. The government is responding with larger healthcare budgets, greater subsidies, and major enhancements to health insurance coverage. However, these measures raise the economic stakes. Broader coverage means rising premiums and higher costs. How, then, will Singapore be able to continue to keep premiums and general healthcare costs under control?

How do the programs described above, like the Chronic Disease Management Program, address the need for better preventative measures to detect and treat chronic diseases before they lead to more serious illnesses? For example, obesity increases the risk for diabetes, and diabetes is a major contributor to kidney disease and vascular failure. Throughout the Epilogue, we have discussed some of the promising efforts the government has made and continues to make to encourage wellness, screening, and care, but are these policies holistic enough to address these problems?

Other healthcare system needs include increased support services for the elderly, particularly extended office hours, and population based and patient centric health screening for cervical and breast cancer and diabetes, among other diseases. More medical care providers should be located near the residences of the elderly. The government also needs to ensure that healthcare professionals are well trained, in adequate supply, and engaged in health promotion and that patients can navigate the healthcare system easily.

Increased waiting times at hospitals and polyclinics have also become an issue.

Although the healthcare system of Singapore remains one of the best in the world, only through continued proactive planning and timely responses to rising costs, financial realities, and demographic change will world class quality be maintained. If any country is up to these challenges, we are confident it is Singapore.
APPENDIX 1


What the Singapore government does with the money that goes into the Central Provident Fund

The Singapore Ministry of Finance responded to queries from The Straits Times on what the Government does with the money that goes into the Central Provident Fund and how it determines Central Provident Fund interest rates. These topics have been hotly debated online following speculation that Fund monies are invested by Temasek Holdings and the Government of Singapore Investment Corporation, as well as comparisons between their returns and Central Provident Fund returns.

Here is the full reply of the Ministry of Finance.

Q: How are Central Provident Fund monies invested? What does the government do with the monies?

Central Provident Fund monies are invested by the Central Provident Fund Board in Special Singapore Government Securities that are issued and guaranteed by the Singapore government. This assures that the Fund Board will be able to pay its members all their monies, when due, and the interest that it commits to pay on Central Provident Fund accounts.

As the Singapore government is one of the few remaining triple A credit rated governments in the world, this is a solid guarantee.

The proceeds from Special Singapore Government Securities issuance are invested by the government via the Monetary Authority of Singapore and the Government of Singapore Investment Corporation, just as it invests the proceeds from the market based Singapore Government Securities.

No Central Provident Fund monies go toward government spending. Government borrowings, whether via Singapore Government Securities or Special Singapore Government Securities, cannot be used to fund expenditures. Under the reserves protection framework enacted in 1990 in the Constitution and the Government Securities Act (en-}

iii Special Singapore Government Securities are non-tradable Government bonds issued to the Central Provident Fund Board.
acted in 1992), the monies raised from government borrowings cannot be spent.

When government securities are issued, the proceeds are first deposited with the Monetary Authority of Singapore as government deposits. The Monetary Authority of Singapore converts these funds into foreign assets through the foreign exchange market. However, as a major portion of these assets are of a long term nature, such as those that provide backing for long term government liabilities like Special Singapore Government Securities, such assets are transferred to the Government of Singapore Investment Corporation to be managed over a long investment horizon.

The assets of the government are therefore mainly managed by the Government of Singapore Investment Corporation. The Government of Singapore Investment Corporation is a fund manager, not an owner of the assets. It merely receives funds from the government for long term management, without regard to the sources of government funds, e.g. Singapore Government Securities, Special Singapore Government Securities, government surpluses.

The proceeds from Special Singapore Government Securities are not passed to Temasek for management. Temasek hence does not manage any Central Provident Fund monies. (See also: Frequently Asked Question eight on the Temasek website). Temasek manages its own assets, which have accrued mainly from divestment proceeds from the sale of its investments and reinvestments of dividends and other cash distributions it receives from its portfolio companies and other investments. Temasek also has its own borrowings and debt financing sources. The relationship of the government with Temasek is that of its sole equity shareholder.

The information above elaborates on that provided on the Ministry of Finance website.

**Q: How are Central Provident Fund interest rates determined?**

Central Provident Fund interest rates are pegged to risk free market instruments of comparable duration, with a current floor of 2.5 percent for Ordinary Accounts and four percent for Special, Medisave, and Retirement Accounts.

a. The Ordinary Account is a liquid account. The monies in the Ordinary Account can be withdrawn at any time for housing. Many members withdraw substantial amounts from their Ordinary Accounts.

b. The Special, Medisave, and Retirement Accounts are for longer term retirement and medical needs. The interest rate on the Special, Medisave, and Retirement Accounts aims to be equivalent to what a thirty year Singapore Government Security would earn, as thirty years is the typical duration for which Special, Medisave, and Retirement Ac-
Account monies are held. As thirty year Singapore Government Securities did not exist when the government made changes to the interest rate structure in 2007, Special, Medisave, and Retirement Account rates were pegged to the yield of ten year Singapore Government Securities plus one percent. The one percent spread is, in fact, higher than what international bond markets have paid on thirty year bonds. The current yield on the thirty year Singapore Government Security, which is not widely traded, is around three percent.

The Ordinary Account and Special, Medisave, and Retirement Accounts currently earn interest of 2.5 percent and four percent respectively. However, many members, in fact, earn higher interest rates on their Ordinary Accounts and Special, Medisave, and Retirement Accounts because they benefit from the extra one percent on the first sixty thousand dollars of Central Provident Fund balances. Many earn 3.5 percent on their Ordinary Accounts. The majority of Special, Medisave, and Retirement Account balances earn five percent.

The returns that Central Provident Fund members receive are risk free and significantly higher than for equivalent market instruments.

There is no link between Central Provident Fund interest rates and the returns earned by the Government of Singapore Investment Corporation, as the Central Provident Fund monies are invested entirely in risk free assets.

It is the government that takes the investment risk in managing Special Singapore Government Securities proceeds.

The Government of Singapore Investment Corporation has delivered creditable results on government assets over the long term. However, over the short term, returns can fluctuate widely, depending on global market cycles and shocks. This is indeed what happened during the Global Financial Crisis and its aftermath. The returns of the Government of Singapore Investment Corporation over the last five years were affected by the sharp market downturns during the crisis and the lagged recovery in illiquid assets such as real estate and infrastructure (See the annual report of the Government of Singapore Investment Corporation).

Ultimately, the investment returns that the government expects to make over the long term by taking the risks of long term investments are not hoarded away in the reserves.

a. Fifty percent of the returns from our reserves flow back to our annual budget through the Net Investment Returns Contribution.

b. The long term returns therefore help to fund spending, which benefits our citizens.
Pore 1968
population_structure/populat
Times
be profitable.
the investments will
investment risk, and
The CPF Investment Scheme (CPFIS)
Khalik, S. (2013, May 27). Singapore ranks world no. 4 for life expectancy. The
Health Promotion Board. (2011). Singapore Cancer Registry, Cancer Survival in Sing

How the interest rates are set

Interest currently earned

For Feb-April 2014, the computed
CPF interest rate = 0.21%
This is lower than the legislated minimum of
2.5% per annum, so the OA interest
rate stays at 2.5%.

The CPF accounts

Ordinary Account (OA)
An additional 1%
interest is paid on the
first $60,000 of a member's
combined balance, up to
$20,000 in the OA.
The additional interest
received on the OA will
go into the member's
SA or RA.

Ordinary Account
(AA)

Special Account
(SA)

Medisave Account (MA)

Retirement Account (RA)

Weighted average interest rate
of the entire portfolio of SSSG,
adjusted yearly in January.

The CPF Investment Scheme (CPFIS)

Under this scheme, individuals take
the investment risk, and
there is no guarantee
the investments will
be profitable.

Company

Ordinary Account
(CPF Investment Scheme
- Ordinary Account)

Special Account
(CPF Investment Scheme
- Special Account)

CPFIS-SA

CPFIS-OA

CPF members had total balances of
S$260b
3.53m
1.88m
are active
(at least one contribution
in the last three months)
As at March 2014

Note: CPF interest rates for OA, SA and MA are
reviewed quarterly, but rates for RA are reviewed yearly.

Choice of investments under CPFIS

Include but are not limited to:
shares, property funds, corporate bonds, gold**

include but are not limited to:
fixed deposits, Singapore government bonds,
Singapore government treasury bills, annuities, endowment insurance policies

** Subject to an investment cap based on a certain percentage of insurable savings (sum of the member's Ordinary Account balance and the amount of CPF withdrawn for investment and education)

EPilogue to Affordable Excellence


Epilogue to Affordable Excellence


