Changes to Medisave

Several changes to Medisave were announced during the parliamentary debate over the Health Ministry’s budget last week.

Salma Khalik and Mike M Dixon explain what these changes are.

WHAT IS MEDISAVE?

Medisave is the part of Central Provident Fund (CPF) savings that is put aside to help pay for hospital bills. Up to $400 a year can be used for out-of-pocket expenses for certain chronic medical conditions.

WHAT IS MEDISHIELD LIFE?

Medishield Life, which starts later this year, is a compulsory national health insurance that will cover Singaporeans and permanent residents for life. It provides enough coverage for treatment in subsidised B2 and C class wards in a public hospital.

WHAT IS AN INTEGRATED SHIELD PLAN (IP)?

IPs are private health insurance plans whose premiums can be paid for with Medisave, up to a cap of $300–$1,400 depending on age.

WHAT HAPPENS TO THE MINIMUM SUM?

The minimum sum for Medisave will be scrapped apart from withdrawing the CPF monies.

HOW THE TWO-TIER MEDISAVE PAYMENT FOR HEALTH INSURANCE WORKS

When Medishield Life is launched:

- There will be a two-tier system in use of Medisave to pay for Medishield Life and integrated shield plan (IP) premiums.
- The first tier is for pay for the Medishield Life premium - which forms part of all IPs.
- The second tier, called the Additional Withdrawal Limit (AWL), is to help pay for the IP portion of the premium.
- The AWL will be different for each age band.

Example of how the two-tier system will affect 40-year-olds:

- Medishield Life basic premium for a 40-year-old is $135.
- Assuming the AWL for people aged 40 is $500.
- Assuming public hospital A Class-IP premium is $640 (based on median A class IP premium plus increase due to Medishield Life).

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<th>Tier</th>
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HOW TO USE MEDISAVE TO PAY FOR MEDICAL INSURANCE

Amount of Medisave that can be used to pay for Medishield Life and IPs (To start when Medishield Life is launched later this year)

- For people with basic Medishield Life:
  - The entire premium can be paid for with Medisave.
- For people with IPs:
  - All IP premiums for Medishield Life, plus Medishield Life portion of the IP premium can be paid entirely for with Medisave.
- On top of that, you can use Medisave up to the Additional Withdrawal Limit (actual amount to be announced later) to help pay the cost of IP premiums.
- If the IP premium costs more than the AWL, it will have to be paid in cash.

TODAY:
- People up to the age of 55 may set aside $500 a year to pay Medishield Life premiums.
- Special accounts for Medishield Life are open to holders of Medishield Life policies.

PRIVATE HOSPITAL

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