



10 March 2016

SINGAPORE BUDGET 2016
RECOMMENDATIONS BY THE PAP.SG

Singapore is facing serious ageing issues. The Government has introduced many good measures to prepare the healthcare sector for ageing population, such as the Pioneer Generation Package (MOH, 2014) and higher subsidies covering almost two-thirds of the population (MOH, 2012). However, in the area of intermediate and long-term care, more need to be done to help those suffering from severe age-old disabilities and their families.

In this regard, PAP.SG has made its recommendations in three areas:

1. Review the ElderShield Scheme
2. Greater Support for Caregivers
3. Strengthening the Singaporean Core

1. REVIEW THE ELDERSHIELD SCHEME

The Eldershield insurance scheme was introduced in 2002 to provide basic protection against the costs of long-term care arising from severe age-old disability for those aged 40 and above. Cash payouts of \$400 are paid for up to a maximum period of six years to patients who are unable to perform at least three out of six Activities of Daily Living (ADL).

Those enrolled in Eldershield before September 2007 and had not opted to upgrade, would be on ElderShield 300 with a \$300 monthly payout for a maximum of five years. Those who have exceeded the maximum entry age of 70 or had pre-existing disabilities when Eldershield was launched in 2002, were excluded but are covered under the Interim Disability Assistance Programme or IDAPE, if they fulfil the income criteria.

Since 2002, 9200 persons have received payouts under ElderShield 300, 1700 have received payments under ElderShield 400 and 14,400 have received IDAPE (MOH, 2015). There are a total of 1.013 million ElderShield policy holders (MOH, 2013).

Whilst ElderShield provides some protection to families caring for a severely disabled elderly, the scheme has to be reviewed to plug the gaps and make it a more effective long-term care financing

scheme. In its current form, it is inadequate in addressing the cost concerns of Singaporeans having to care for frail elderly family members.

A review of the ElderShield scheme is also timely in light of the very recent fundamental changes made to the Medishield scheme, which has now become a more inclusive and comprehensive scheme dealing with the healthcare needs of all Singaporeans. The government reviewed its subsidy framework in 2012 and two thirds of Singaporeans now receive subsidies. Nevertheless, the concerns outlined below are still relevant in order to provide a stronger long-term healthcare financing scheme in Singapore.

Make Scheme Compulsory

The members of PAP.SG are concerned that this scheme is not universal in coverage (41% of those eligible are not covered). It excludes those who were 70 years old in 2002, as well as those with pre-existing illnesses - the very people that would really need the scheme as they are the ones who are more likely to face serious disabilities and may end up in nursing homes or day care centres.

For those who are eligible, the scheme is not compulsory as people are allowed to opt out. Some may not see ElderShield's value when they were younger and healthy but are affected when they need it most in later years and thus have to incur high costs because of their disabilities.

Although the level of subsidies have increased and more are now covered under the subsidy schemes for intermediate and long-term care, those with a monthly per capita income of \$2200 are not covered and have to finance their own or their elderly parents' long-term care needs from their own pockets. With the rising costs of nursing homes and other eldercare services, this will mean that long-term care financing will become more expensive and unaffordable to middle income Singaporeans.

Hence, PAP.SG urges the government to **make ElderShield a compulsory scheme and to remove the age limit and the exclusion on those with pre-existing illnesses, and akin to Medishield Life.**

Consolidate Basic ElderShield under CPF

Unlike Medishield Life where the basic tier is administered by CPF, ElderShield is an insurance scheme administered by three private insurers: Aviva, Great Eastern and NTUC Income. The three companies provide the ElderShield coverage and additional supplemental cover with higher premiums to 1.013 million policyholders (MOH, 2013).

This is a much smaller risk pool, about one third, compared to the Medishield risk pool which has 3.5 million policyholders. ElderShield has not only a much smaller risk pool, but this risk pool is also split among three insurance companies raising serious questions about its long term viability, affordability of its premiums and extensiveness of coverage.

PAP.SG proposes that **the government consolidates the administration of basic ElderShield within a government agency like the CPF**, in order to optimise the ElderShield risk pool and to arrive at an appropriate actuarial baseline for the scheme.

Increase the Monthly Payout under ElderShield

PAP.SG is concerned that the amount of the payout is limited to \$400 per month for those who had opted to upgrade in 2007. A period of nine years have passed since the last increase in the payout and it's timely to review the quantum as inflation would have eroded its value.

The costs of caring for those suffering from severe age-old disabilities, either at home or in the nursing homes, have increased. It is not just the fees charged by nursing homes but also the day care centres or the rehabilitation facilities for the elderly that have gone up, and bundled with other related costs such as transport and other miscellaneous items, the cost of caring for the aged and severely disabled have also escalated. Even for those being cared for at home, if a domestic helper is used, the costs of hiring such helpers have gone up significantly.

PAP.SG suggests that **the payout should be indexed to inflation or reviewed every three years to ensure that it keeps pace with rising costs of long-term care.**

Increase the Period of the Payout under ElderShield

PAP.SG is also concerned that payouts only last for a maximum period of six years. As people are living longer, they are deprived of ElderShield coverage at the time when they need it most. Persons who cannot perform the three ADL, are unlikely to improve within the payout period, hence their caregiving needs will continue until the end of life. About 30% of claimants under ElderShield and IDAPE outlive the period of coverage, but this figure is likely to increase with increased longevity (MOH, 2015).

PAP.SG calls on the Government to **increase the payout period from the current six years until the end of life of the beneficiary or for a longer, more reasonable period than the current six years, and regularly reviewed to keep pace with increasing longevity.**

Keep Premiums Affordable

Even as the Government reviews the ElderShield scheme, PAP.SG urges the Government **to keep the premiums affordable so that the cost of remaining insured under ElderShield will not become unbearable to Singaporeans.**

2. GREATER SUPPORT FOR CAREGIVERS

Caregivers form the backbone of support for frail elderly family members in Singapore. This may be because of shortage of beds in nursing homes or the cost is prohibitive or the criteria for admission too stringent or simply because families prefer to care for their loved ones at home. In recent years, the Government has stepped up efforts to support caregivers in the areas of training as well as social support.

However, the major worry of caregivers are their own medical and retirement security, as many would have left their jobs or taken jobs with a slower career track in order to care for an ailing family member. Caregiving can be an exhausting long-term commitment and caregivers are only truly free when the ailing family member passes on, by which they are either too old themselves to pursue a career or

have lost their skills and competence to return to work. They will in turn become dependent on other family members who may not be able to give them the support that they need.

Caregivers do need special attention. We also need to examine whether there is any veracity in the argument that giving caregivers financial incentives would dilute and weaken family bonds as it is alleged to reduce caregiving to a transaction. A contrary argument could be made that by instilling greater confidence in caregivers that their basic future needs will be partially taken care of may instead enhance the quality of caregiving and strengthen the relationship, as caregivers can fully devote their time to caregiving, devoid of fears and a sense of resentment at their loss of independence and security.

Hence, PAP.SG urges the **Government to consider giving caregivers an allowance or alternatively, top up their Medisave or Retirement Accounts with a special caregivers grant in recognition of their contributions.**

3. STRENGTHENING THE SINGAPOREAN CORE IN THE INTERMEDIATE AND LONG-TERM CARE SECTOR (ILTC)

According to the MOH by 2020, manpower needs in the Intermediate and Long-Term Care sector, will grow by about four times, from about 4,000 in 2012 to about 15,000 in 2020. Singapore will need more healthcare staff across all levels, from nurses to therapists, medical social workers to health care support workers.

The Long-Term Care sector faces a real challenge in attracting Singaporeans to work in the sector, where the service providers are largely VWOs with limited resources. Hence, the sector remains unattractive to many Singaporeans partly because it still has the image of being a sector that pays low wages, has long working hours and offers weak career progression paths. As such, it continues to be dominated by foreigners.

PAP.SG calls on the Government to do more to **improve the manpower situation in the ILTC sector through job redesign, training, better pay and better career progression paths so that over time, a strong Singaporean core will develop, benefitting Singaporeans.**

PAP.SG has submitted its recommendations for Singapore Budget 2016 to the Ministry of Finance and also the Ministry of Health for their consideration.

SUBMITTED BY:

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