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Health insurance premiums set to shoot up

One of the wards at Changi General Hospital. PHOTO: ST FILE

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Hikes of 9% to 15% expected to impact policies covering private hospital stays and may affect about 1.5 million residents

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Health insurance policyholders can expect to face premium hikes with the lifting of the moratorium on raising Integrated Shield Plan (IP) premiums coming to an end this month.

The Sunday Times understands that the average premium jump will be in the range of 9 to 15 per cent. The hikes are expected to affect only certain IPs, particularly those covering private hospitals where the level of claims has escalated the most.

About 2.5 million Singapore residents have IPs. About 60 per cent of them have policies covering private hospital stays, while the rest have plans that cover class A and class B1 wards in public hospitals. So about 1.5 million Singapore residents may be affected by the hikes.

Aviva chief operating officer Lee How Teck noted that claims data from Life Insurance Association (LIA) shows that claims cost for IPs has increased by 15 per cent annually due to increases in average bill sizes and incidence rates.

"Given that Integrated Shield Plan premiums are dependent on claims experience, it is unsustainable for insurers to maintain the same premium rates if this continues in the long term," she said.

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The last IP premium review was in early 2013. In June last year, the IP insurers agreed to hold premiums for a year from when MediShield Life was introduced in November.

IP rider premiums are excluded from the one-year moratorium. So far, at least two insurers - Income and Prudential - have increased their IP rider premiums.

Financial experts say

MR EDDY CHEONG, HEAD OF DIYINSURANCE, A WEB PORTAL BY WEALTH MANAGEMENT FIRM PROVIDEND

"With increasing premiums for private hospital cover, policyholders should seriously consider whether to maintain their cover or downgrade. I think it boils down to two things: your financial resources and healthcare expectation.

"If you are financially able and expect private care, you should stick to the private plan. But if you find the higher cost unbearable, you should explore downgrading, as premiums will only keep rising with age.

"The dilemma is faced by those who are caught in between. You can still afford the plan but find it getting expensive. For this group, the guidelines could be: 1) If you are young and prefer the private-care option, stick to it for the time being. The premiums are still much lower compared to when you are older, and your income is expected to grow. When it becomes unaffordable, you should try to moderate your expectation and perhaps downgrade. 2) If your health has deteriorated and you are likely to seek medical treatment, you may consider sticking to it first and reviewing later."

MR BRANDON LAM, HEAD OF FINANCIAL PLANNING GROUP AT DBS BANK SINGAPORE

"Do ensure that you are comfortable with the premiums. Otherwise, your coverage will lapse and expose you to the full healthcare cost. Do also note that health insurance cost rises with age.

"At the same time, make sure the coverage is in line with your expected healthcare needs. For example, if you plan to stay in a private hospital's A ward, your plan should cover that."

MR GILBERT KOH, FINANCIAL ADVISER AT AVALLIS FINANCIAL

"Pending the outcome of the Health Insurance Task Force recommendations and how they will affect the IPs and their premiums, it's best to remain status quo and avoid any drastic action like downgrading or terminating your IPs. This is especially so for those with pre-existing conditions.

"However, if affordability is really an issue, do consult your financial adviser on the appropriate action to take.

"Essentially, you have to weigh the importance you place on being treated in a private hospital versus the premium difference between a private hospital plan and a public hospital ward A plan."

MS PAULINE LIM, EXECUTIVE DIRECTOR AT LIA SINGAPORE

"We advise consumers to review and assess whether their health plan meets their budget and protection needs for the long term, and they are encouraged to speak with a financial adviser before making any changes or decisions.

"Individuals should not only look at the premiums in isolation, for ultimately, this is a long-term need for coverage where factors such as continuity of your existing plan, services you will receive, the claims services and your affinity with a particular brand should also be carefully weighed."