

National Health Insurance – Why We Didn't Get It Right



By Dr Jeremy Lim, Editorial Board Member

Recently, national health insurance has been in the media spotlight. The Singapore Democratic Party has claimed this as a central plank of its healthcare strategy; there has been a flurry of letters and commentaries in the *Straits Times* (ST), and no less than Singapore's Ambassador-at-Large Prof Tommy Koh has called for reform, saying insurance was one area Singapore "didn't get right".

Why hasn't Singapore gotten it right as Prof Koh asserts? I would argue this is due to two critical ideological fixations: the role of the "free market" and the mental model of universal healthcare as "unaffordable". These mistaken beliefs damage our collective resolve to have truly national health insurance and consequently, national health coverage.

Market failure in health insurance

We agree health insurance is vital. Disease is just too unpredictable and the costs potentially too high except for the very wealthy. However, voluntary insurance has proven challenging, as three perversions occur preventing national health insurance. Firstly, healthy individuals tend to opt out. This reduces the funds available and minimises the "cross-subsidy" of the sicker insured which is necessary for insurance to work. The second is exclusion of pre-existing conditions by insurers, preventing a substantial proportion of society from receiving complete coverage. A final perversion is "short-termism". Why should insurance companies spend to keep the insured healthy? Benefits reaped may be decades away and potentially reaped by other insurers! Much easier to maximise profits through charging higher premiums, lowering payouts and excluding high risk individuals.

National health insurance defined as every citizen provided for is too important to be left to the unfettered market. The Government needs to set the rules; it is the only way to ensure every Singaporean has coverage.

"Providing healthcare for all is unaffordable"

The bogeyman of European countries cutting back on social security and healthcare is often raised to justify why Singapore cannot go down this same treacherous path. This is disingenuous and does Singapore and Singaporeans a grave disservice. Yes, the demand for healthcare is infinite and the supply of resources finite. Yes, difficult tradeoffs have to be made.

But we are already making them today. When we deny children with congenital diseases and citizens with pre-existing illnesses health insurance, we are making a judgement call that for the rest of the country to have affordable health insurance, these segments of our population must be excluded. National health insurance is not a "free-for-all" buffet that will bankrupt the country; it is simply a fairer way to "distribute" healthcare and enable every Singaporean to be included in the healthcare safety net that insurance provides. Prof Dov Chernichovsky compared the Israeli and American healthcare systems in a 2009 paper, and commented that "all Israelis have the peace of mind and the income protection that come with the right to medical care, whereas at any given time, some 15% of U.S. citizens lack health insurance and are therefore deprived of orderly access to care and protection of their incomes from unforeseen medical spending".¹

Cost-effectiveness analyses can be used to help the Government decide what to include in national health coverage and what to exclude. Courage will be needed to draw these lines but the coat can be cut to the cloth.

"Peace of mind" and "orderly access to care"

I wrote in ST last month that "if countries hope to achieve truly national healthcare coverage for all citizens, national health insurance is needed". We have not done so not because the Government does not care, but because we remain ideologically chained to the myth of "free markets" for insurance and this pernicious belief that universal healthcare will make us paupers. And until we can cast off these blinkers, truly national coverage will remain painfully out of reach. **SMA**

Note

1. Chernichovsky, Dov. Not "socialized medicine" – an Israeli view of health care reform. *N Engl J Med* [online] 2009; 361:e46. Available at: <http://www.nejm.org/doi/full/10.1056/NEJMp0908269>. Accessed 9 May 2012.



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