

A Healthy Private Healthcare Ecosystem is *Beneficial*

Text by Dr Ng Chee Kwan

The Government has noted that due to rising insurance premiums, more patients with private insurance are opting for subsidised public healthcare, and public healthcare will come under increasing pressure as a result.¹

Is driving patients with private insurance to subsidised public healthcare the best way forward?

Data from the Singapore Department of Statistics shows that between 2020 and 2024, the number of acute private hospital admissions was relatively stable, rising from 111,648 to 118,356 admissions, which is an increase of 6%. However, within the same period, the number of acute public hospital admissions rose from 444,863 to 526,589, an increase of 18%. Furthermore, the number of attendances at public hospital specialist outpatient clinics rose from 4,478,648 to 5,505,777, an increase of 23%.²

In 2024, there were 9,903 public acute hospital beds.³ A back-of-envelope calculation shows that on average, each public acute hospital bed would have been used for treatment of 53 patients per year, or one patient per week. This is consistent with the reported national average length of public hospital stay of seven days.⁴ Naturally, acute public hospitals would come under pressure if there is further increase in hospital admissions. There are ongoing efforts by the authorities in expanding public healthcare capacity by building new

hospitals and reconfiguring existing ones, but it will take time to ramp up capacity.

So, directing patients with private insurance to public hospitals is not ideal at this juncture. In the meantime, what can be done?

The Government is exploring the possibility of a new not-for-profit private hospital and introducing more benchmarks for hospital charges. These are worth supporting but again, will take time to be implemented.¹

Ultimately, insurance premiums need to be lowered, especially for those in the older age group who are more likely to suffer large premium increases but also require hospital treatment. Some insurers have introduced more affordable riders with a larger deductible or co-payment.

Just as benchmarks are in place for doctors' fees, I feel that there should also be a benchmark for insurers to ensure that the pricing for premiums is appropriate and justified. I had mentioned this approach in my October 2024 column and it is worth bringing it up again. Insurers could be required or recommended to fulfil a certain claims ratio; ie, a certain percentage of the total premiums collected must be paid out in claims. This ensures that most of the premiums fund healthcare rather than overheads. Mandating a claims ratio provides transparency and builds trust.

A strong private healthcare ecosystem benefits everyone by giving patients more choices while easing the strain on public hospitals. Hopefully, we can manage private health insurance costs more effectively, so that it remains sustainable. ♦

References

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