Do Medical Savings Accounts encourage citizen empowerment?

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How do Medical Savings Accounts work?

- Defined amount is saved up ex ante by each individual in a special account for defined health care expenses
- No pooling of risks
- Usually implemented in combination with high-risk health insurance (for more costly health services)
- Account is managed by the insurer providing high risk health insurance
- If funds are not exhausted at the end of a given year, remaining funds will be saved and are subject to interest
**Medical Savings Accounts:**

- Since 1984 every Singaporean citizen is obliged to pay 6-8% of his income into a system of savings account (50% employees/50% employer)
- Remaining funds on the accounts at the end of a given year are saved for the next year
- If balance on accounts exceeds an amount of €14,650 any amount above flows into another social security account for financing education and housing
Medical Savings Accounts:

• Government administers funds and decides upon their investment on the capital market, but guarantees a minimum interest rate of 2.5%

• Funds are inheritable

• every citizen is able to check the account balance at any time via internet and other means of communication

• prices of hospitals, policlinics and other institutions can also be checked easily and are regularly published
The Singaporean Approach

Social Health Insurance:

• Public social health insurance to finance hospital treatments and outpatient treatment for chronic diseases

• age-dependent contributions

• Contributions can be financed from Medical Savings Accounts

• citizens are free to choose other (private) “Health Insurance” than public health insurance
## The Singaporean Approach to MSA

**Tax funded elements**

- If funds are depleted services are borne by the state
- Basic preventive services are tax financed
- Public hospitals and polyclinics are highly subsidized and therefore fees are low
- Everybody has access to all health services
The Singaporean Approach to MSA

Funding

- Private Savings
- Mandatory Savings
- Insurances/Funds
- Taxes

Wellness und Fitness

Out-of-Pocket

- Medisave
- Medishield, Medifund
- Elderlyshield, Elderlyfund

Safety Net
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<th>Effects concerning citizen empowerment</th>
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- Citizens are highly aware of their role as consumers with purchasing power
  
  -> implications on the patient-provider-relationship

- The fact that unused funds on accounts can be used for other purposes obviously serves as an important incentive for efficient use of resources

- Physicians observed that citizens are more concerned about prevention than in other countries
Patient-provider-relationship

- Participation
- Cost-consciousness
- Feedback
- Service-orientation
- Quality-orientation
- Professionalisation
- „Shared Decision-Making“
Problems

• High responsibility difficult for certain groups
  -> Personal advice at the point of utilisation is essential
  (during the first year of the introduction nearly 25% of accounts where quickly depleted)

• MSA can pose equity risks if there is no sufficient safety net

• Citizens with more costly chronic diseases cannot be included into MSA schemes
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- South Africa has introduced Medical Savings Accounts for private health insurance
- US conducted large-scale pilot project from 1997-2003 for private health insurance; since 1/1/04 regularly introduced for Medicare
- China aims to introduce them in bigger cities
- Malaysia, Hong Kong, Australia, Canada and others are discussing to introduce them

-> Pilot projects in Europe could evaluate effects on citizen empowerment and identify to which extent the Singaporean situation is caused by cultural factors