

***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

The Singaporean Approach

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

The Singaporean Approach

Medical Savings Accounts:

- Government administrates 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, polyclinics 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

Primary Care

Medisave

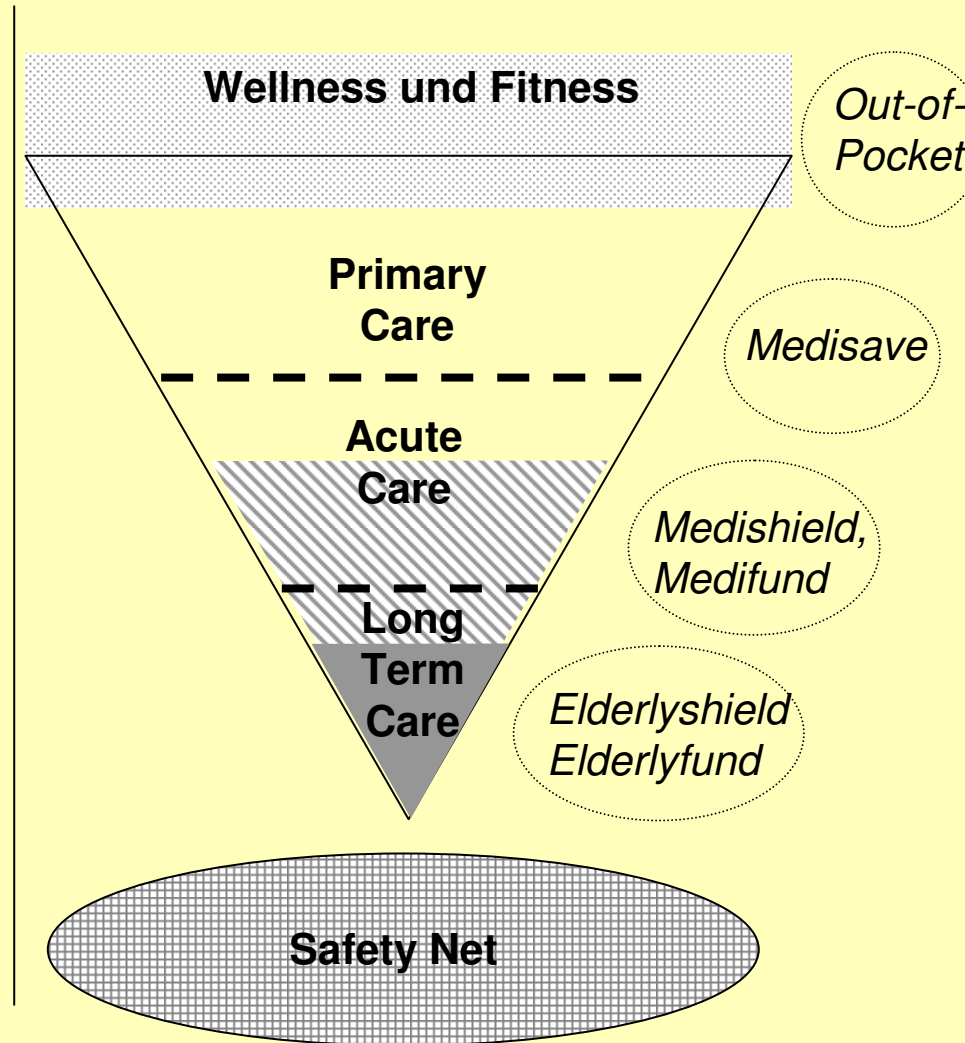
Acute Care

*Medishield,
Medifund*

Long Term Care

*Elderlyshield
Elderlyfund*

Safety Net



Effects concerning citizen empowerment

- 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

Citizen



Provider

- 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 were 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

Implications for other countries

- 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