



Save & Sound

70 YEARS OF CPF



▶ Even as Singaporeans take charge of their health by maintaining an active lifestyle, the CPF provides extra support to cushion any healthcare expenses that should arise. (Source: CPF Board)

YOUR HEALTH IS IN YOUR HANDS



The festive Chinese New Year spirit was the furthest thing from Ms Wina Lie's mind in January 2024.

For the third time in five months, her elderly father had been admitted to the hospital for a particularly nasty kidney infection, one which rendered him unable to move. Just a day before, her mother had suffered from food poisoning after a recent trip to Bali, resulting in a three-day hospital stay.

"I was in the hospital every day for the entire month of January," recalled Ms Lie, 44, adding that she had shuttled between the intensive care unit at Sengkang General Hospital and

Changi General Hospital, where her parents were staying respectively.

"It was very difficult, not just in terms of time management, but emotionally too. My parents were worried about each other, and I was the middleman reassuring both of them when in reality, I kept crying when I was alone."

Thankfully, her bosses were understanding of her situation, and her parents-in-law and eldest sister stepped in to help take care of her two children, then aged 10 and 12. But life can change very quickly. Her father's infection worsened, requiring him to undergo dialysis treatment.

Five days later, the doctor called to say her father was suddenly behaving aggressively. “We would later find out that there was bleeding in his brain,” she added. Her father eventually died of a brain hemorrhage, aged 80.

Despite her immense grief, there were still bills to pay. While she and her three sisters were Singaporeans, her parents retained their Indonesian citizenship. With neither Government subsidies nor CPF accounts, they accrued a medical bill of more than \$60,000 over the five months.

Thankfully, together with her younger sister, they were able to use their MediSave to pay a significant portion of the bill – leaving a balance of \$10,000 in cash.

“The ability to use MediSave to pay for the hospital bill was a significant relief, both financially and emotionally,” she said.

Her story reflects a perennial concern in Singapore: rising healthcare costs, a problem compounded when individuals

have to balance between their own medical and financial needs and those of their family members.

The issue has been on the Government’s radar since the early 1980s. In the decade leading up to 1981, the nation’s healthcare bill had more than quadrupled from \$59 million to \$257 million. Against this backdrop, the National Health Plan was launched on February 2, 1983.¹

The 20-year plan marked a significant turning point in Singapore’s healthcare system, resulting in the launch of a first-of-its-kind national medical savings scheme: MediSave.

FROM PITCH TO POLICY

While MediSave is a key component of the CPF today, the scheme was met with fierce opposition when first mooted.

Not everyone was on board. The most notable dissenter was former Deputy Prime Minister and Health Minister Dr Toh Chin Chye, a member of Mr Lee Kuan Yew’s Old Guard. In fact, he had clashed with

► Ms Wina Lie
(first from left)
with her sisters
and father.
(Source: Courtesy
of Ms Wina Lie)



Mr Lee over the latter's plan to have individuals set aside a part of their monthly CPF contributions for their medical needs. Dr Toh was in favour of free healthcare.

The disputes did not stop even after Dr Toh stepped down and Mr Goh Chok Tong took over as Health Minister in 1981.

But Mr Goh resolutely stood his ground. "Healthcare must be the social responsibility not solely, but primarily, of any government. But it does not mean that you discharge your social responsibility by dispensing free medicine or heavily subsidised medicine," he rebutted.²

By having people "co-pay" their medical expenses, the likelihood of potential financial abuse and wastage would be reduced. "If every dollar spent has to come from subsidies from the government, people will say, 'I don't worry, I just go to the hospital and spend it. Not enough, just push the government politically to contribute more,'" explained Mr Goh.

“

There are over a thousand Singaporeans over the age of 100 today. I've seen many senior citizens exercising in the gym, which I go to as well, so we are going to live a long time. But there are certain diseases, certain chronic illnesses which you can't avoid when you're still alive. Who's going to pay for this?"

**Former Prime Minister
Mr Goh Chok Tong**, recalling the debate that occurred four decades ago

Even so, the public was wary, even sceptical, and Mr Goh sought to allay their concerns. He started an extensive, year-long consultation exercise in March 1982 to explain the policy and gather feedback from Singaporeans across the island. If the MediSave scheme was to be implemented, he needed the support of the masses.

Thus began a year of visits to different parts of Singapore and almost 100 dialogue sessions organised by the Ministry of Health (MOH), on top of traditional media campaigns via print, radio, and television.³

As expected, Singaporeans' main concerns revolved around having lesser funds for retirement.

As exhausting as these outreach efforts were, they were equally illuminating and useful. "With every round, I also learned to present my arguments better. After four to five rounds with so many people...I saw that my argument was getting through," Mr Goh said.

It got to the point that participants grew tired of seeing him and his colleagues from MOH. "Many told us frankly: please get on with it!" recalled Mr Khaw Boon Wan, then a young officer at MOH, in an interview for Mr Goh's biography *Tall Order: The Goh Chok Tong Story*.⁴ More importantly, this signalled a win in their books – they had

successfully gained the confidence of the public, so much so that they didn't need further convincing.

Mr Goh did not merely pay lip service to those who spoke up either. With the feedback he gathered, he tweaked the proposal for MediSave, raising CPF contributions by just 1 percentage point, rather than the proposed 6 percentage points, with a portion of existing contributions being channelled to MediSave. This helped to allay employees' worries that their take-home pay would be reduced just to set aside more money for MediSave.

Most expressed support for the scheme. Mr Lim Boon Heng, then-Member of Parliament for Kebun Baru, saw it as "complementary to the present benefits that workers are entitled to," as reported in a 1983 *Straits Times* article.⁵ Together with the fact that the public had been well-primed for MediSave, there was no question the scheme would be passed.

Within the first year of the launch of the MediSave scheme, the CPF Board collected \$786 million – more than double the operational expenses of the public health system that year.

A NEW ERA OF SELF-CARE

MediSave, the national medical savings scheme, was officially established in April 1984 to help members save for not just their own, but also their family's in-patient care, certain outpatient expenses, long-term care, as well as insurance premiums.

At that time, the monthly contribution was 6 per cent of an individual's income. Today, employees allocate between 8 and 10.5 per cent of their monthly salaries to their MediSave Account based on their age group and net income – the older they are, the higher the percentage allocated to their MediSave.

Within the first year of the launch of the MediSave scheme, the CPF Board collected \$786 million – more than double the operational expenses of the public health system that year.⁶

While MediSave started off covering only medical expenses incurred in public hospitals, and later private hospitals, it slowly expanded to cover other types of medical expenses over the years. These include:

- Outpatient care: Vaccinations (such as hepatitis B, HPV, influenza, and more); chemotherapy for cancer patients; CT/MRI scans; health screenings; and the treatment and management of chronic diseases.
- Long-term care: Home palliative or hospice care; disability care; rehabilitative care; and home medical and home nursing services.
- Insurance premiums: MediShield Life, ElderShield, and CareShield Life premiums (more on these schemes in Chapter 8).

Initially, the roughly 160,000 self-employed individuals in Singapore then were encouraged to open MediSave Accounts to benefit from the scheme.⁷ Just like employees, they benefitted from saving regularly while they were healthy and working, especially since they were not entitled to company medical benefits. In 1992, MediSave contributions were eventually made

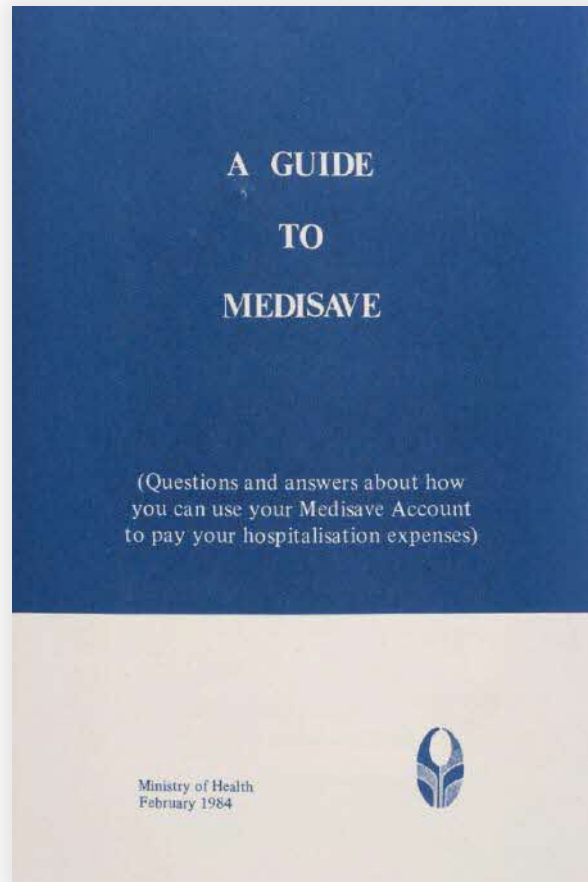
compulsory for them under the Self-Employed Scheme.

To this day, the MediSave scheme continues to support members in meeting their healthcare expenses. In 2024, about \$1.43 billion of MediSave savings were utilised for medical expenses under the scheme.⁸

Even so, MediSave alone would not have been adequate to cover all of one's healthcare expenses, especially larger hospitalisation bills incurred by those with serious healthcare episodes.

This was why MediShield, a basic health insurance scheme, was later introduced on July 1, 1990 to better protect Singaporeans against large medical expenses, such as inpatient hospitalisation and certain outpatient bills that could not be covered by their MediSave savings.

MediShield was later expanded to include an optional second-tier scheme in 1994. Named MediShield Plus, it provided higher coverage as compared to MediShield. MediShield Plus was later privatised in October 2005.



▲ The first brochure on MediSave that was sent out to explain the scheme. (Source: National Museum of Singapore)

'I DIED FOR FIVE MINUTES'

In 2015, MediShield was replaced by MediShield Life, offering even better protection and higher payouts. Significantly, it would protect all Singapore Citizens and Permanent Residents for life, even those with pre-existing medical conditions. This upgrade proved crucial for many, including Mr Victor Lee, who found himself in a life-threatening situation.

▼ Mr Victor Lee looking sprightly after his operation at the National University Hospital. (Source: Courtesy of Mr Victor Lee)

The year was 2024, and the 62-year-old was in the thick of a pickleball tournament at Bishan Clubhouse when he suddenly blacked out mid-game. "When I woke up, I realised I was being pushed on a stretcher already," he recounted.

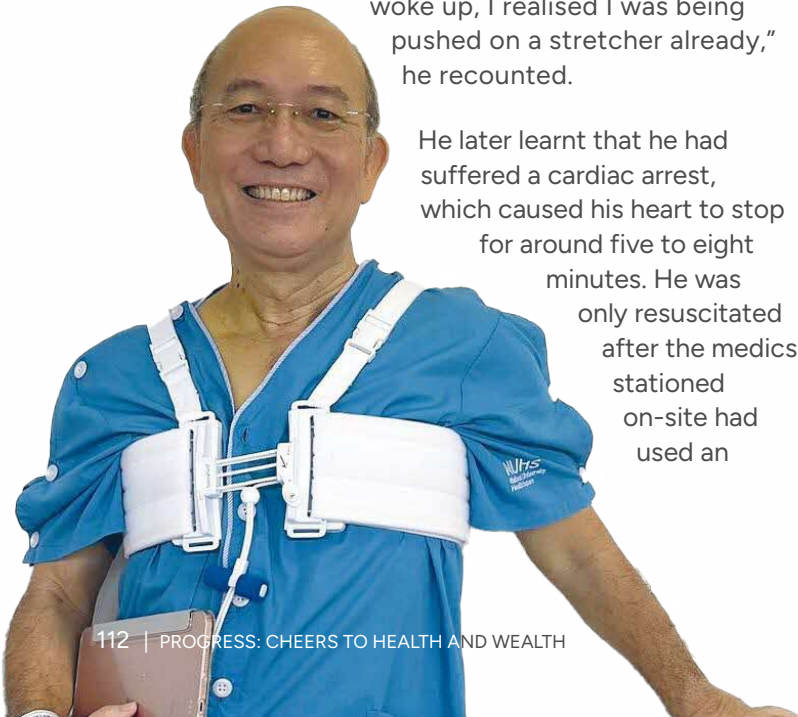
He later learnt that he had suffered a cardiac arrest, which caused his heart to stop for around five to eight minutes. He was only resuscitated after the medics stationed on-site had used an

automated external defibrillator (AED) and performed cardiopulmonary resuscitation (CPR) on him.

"When my friend who was with me called my wife to tell her what happened, she thought that I had won a medal," he joked.

But the humour was short-lived. After he was admitted to Tan Tock Seng Hospital's Accident and Emergency Department, more bad news awaited him. The doctors were unable to insert a stent through the two affected arteries leading to his heart that were about 95 per cent blocked. This essentially left him with one option: open-heart surgery, a more invasive but effective method.

Naturally, he and his family were initially resistant to this option, especially since his vital signs had improved. "Imagine you died for five to eight minutes, then you learn they still have to cut you open," he said. "But the doctor told me, 'If you do it, you can live for another 10 to 20 years.'"



It was enough to persuade him. About two weeks later, the surgery took place at the National University Hospital, thankfully without any complications.

Altogether, his 26-day stay in a B2 ward in both hospitals and surgery cost him over \$60,000. He did not have to pay a single cent in cash.

“Half of it was covered by government subsidies, and the other half was covered partly by MediShield Life and my personal insurance. It was the first time I used my MediShield Life too,” he explained. The deductible – which is the fixed amount payable once per policy year before any payout from MediShield Life – was fully deducted from his MediSave Account.

Walking became his main form of exercise, at least for the six to 12 months before he could get back into more strenuous sports like pickleball. “My goal is to continue working, spending time with my family, and being active for as long as I can,” he said.



▼ Mr Lee (right) enjoys a good game of pickleball with his friends. (Source: Courtesy of Mr Victor Lee)

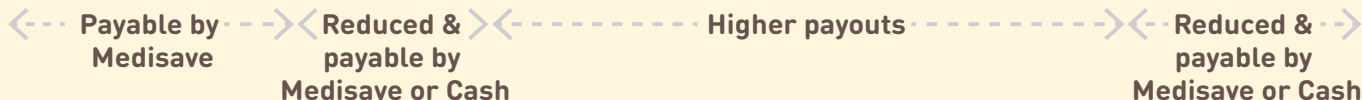
MediShield Life pays more and patients pay less



←----- Total Bill with MediShield Benefits ----->



←----- Total Bill with **MediShield Life** Benefits ----->



▲ MediShield's coverage benefits were enhanced with the new MediShield Life in 2015. (Source: CPF Board)



MEDISHIELD LIFE EXPLAINED

What is it?

A basic health insurance scheme that protects all Singapore Citizens and Permanent Residents against large medical bills for life, regardless of age or pre-existing health conditions. It covers large bills from hospitalisations and selected high-cost outpatient treatments, and its claim limits are sized for subsidised care in public hospitals.

How does it work?

Members can receive MediShield Life payouts up to the applicable claim limits for hospitalisation stays, treatments, and surgical procedures. The claim limits are sized to fully cover nine out of 10 subsidised bills, with deductibles and co-insurance covered by MediSave.

Before MediShield Life starts to pay out, members have to first pay a deductible. This is paid only once every policy year. Deductibles help to sieve out smaller, more affordable bills that can be paid through MediSave, so that MediShield Life can focus on covering larger bills and premiums can be kept affordable.

The co-insurance component is a percentage of the claimable amount that members co-pay after the deductible. A small amount of co-insurance incentivises patients to use healthcare services responsibly, while keeping costs manageable for them. The deductible, co-insurance, and the bill above the claim limits can be paid using MediSave and/or cash.

FIXING HER S-SHAPED SPINE

Healthcare issues do not discriminate. While the common perception is that older people are more likely to have health issues and thus benefit from MediShield Life and MediSave, the reality is

► Ms Nabilah Tan Isaman (left) and her older sister. (Source: Courtesy of Ms Nabilah Tan Isaman)



that anyone can experience a healthcare scare.

For 26-year-old Ms Nabilah Tan Isaman, MediShield Life and MediSave were lifesavers. Diagnosed with scoliosis at the age of 14, she struggled with severe pain for years, including chronic aches in her back, shoulders, and legs due to the imbalance caused by her crooked spine.

“Honestly, I thought I could live with it,” she admitted. She tried all sorts of alternative therapies, from yoga, to pilates, to even chiropractic, though none addressed the root of her problems.

Things eventually took a turn for the worse when she turned 19. “One day, I had very bad chest pain, to the point I couldn’t even breathe.

That was

when I knew I had to get my spine checked," she said.

The doctor found that Ms Isaman's spine had a curve of about 64 degrees, effectively S-shaped. At this point, surgery was unavoidable, although she was advised to undergo the procedure after graduation because of the lengthy recovery process that would follow.

After graduating from LASALLE College of the Arts about four years later in 2022, she underwent an 11-hour surgery at Singapore General Hospital to correct her spine. "I practically 'grew' 8cm (in height) after the surgery," she said.

There was, of course, another major concern. The medical bill of \$16,000 was staggering for a fresh graduate who had not even started working.

That was when her older sister stepped in. "We didn't want to use our parents' MediSave because they're older and might need it eventually," Ms Isaman explained. Her sister, who had been working for more than seven years and had never been hospitalised, offered

► X-ray scans of Ms Isaman's spine before (top) and after (bottom) the surgery. (Source: Courtesy of Ms Nabilah Tan Isaman)



to use her MediSave instead. With government subsidies, funds from her sister's MediSave, and with payouts from MediShield Life, Ms Isaman had to only pay less than \$1,000 in cash.

“

MediSave lifted a huge financial burden off my family, and I could focus solely on recovery instead of stressing over finances.”

Ms Nabilah Tan Isaman

Two years later, Ms Isaman's quality of life has drastically improved. "I'm still a bit stiff, but there's a lot less pain and frustration," she said, adding that she is also able to use MediSave to offset the costs of her annual follow-up medical check-ups.

Now a freelance designer, she diligently contributes to her MediSave Account should another health scare arise.

Clichéd as the saying is, health is, quite literally, wealth. The liberalisation of the CPF transformed the landscape of healthcare financing in Singapore, allowing individuals to save for and meet their current and future healthcare needs.

After all, a dream future retirement is one where people do not have to constantly worry about medical bills and can instead focus their energy where it matters – pursuing their passions.

The uses of the CPF would once again be expanded to accommodate such aspirations. This time, it would give members the freedom to grow their wealth in another way: investing.

