

Raffles Health to become seventh player in IP market

It targets working-age people with option of higher \$10k deductible and lower premiums

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A seventh player entering the MediShield Life Integrated Plan (IP) market next month will offer new features that could prove very attractive to working-age people.

Raffles Health Insurance (RHI), wholly owned by the Raffles Medical Group (RMG), will give people the option of a deductible of \$10,000 instead of \$3,500, with premiums 20 per cent to 30 per cent lower.

The deductible is the amount a

person has to pay each year before insurance kicks in. It varies with the ward class, and is \$3,500 for A class and private hospitals.

Dr Loo Choon Yong, RMG's executive chairman, said people who work in companies that provide medical coverage can save money on their premiums by opting for the higher deductible.

This is because their company would pay the bulk of their hospital bills, and they have little need for the IP cover until they retire.

"They can upgrade to the regular deductible when they retire or

move to a company that does not have medical cover," he said. There will be no penalty – they just have to pay the non-discounted premiums.

Two years ago, AXA became the sixth insurer to offer IPs that sit atop the basic MediShield Life. The IPs cover non-subsidised care. About two in three of the four million local population here have IPs.

Even before AXA entered the market, insurers had been complaining of underwriting losses.

Dr Jeremy Lim, health economist and partner in consultancy firm Oliver Wyman, said a new player could fragment the market further.

He said: "A new entrant offering the same or very similar products would be unhelpful. It would simply fragment the customer base

even more and lessen further any economies of scale."

That would merely lead to premiums escalating. But if it offers something different, it could be good.

"If the proposition is fundamentally different and even game-changing, for example in the use of technology, novel healthcare provider partnerships and so on, then this new entrant could shake up the industry," he said. "This would be very exciting and could really benefit consumers."

Dr Loo is betting on his scheme being a game changer. The new IP will also take in people with pre-existing diseases, subject to underwriting.

He said RMG, which has Raffles Hospital, a specialist centre and a chain of clinics, will work with policy

holders to help them maintain or improve their health. If they succeed, it would lead not just to better health, but also to lower premiums for them.

But should they not take care of their health and it deteriorates, Dr Loo said RHI might stop covering them. This condition will be made clear to them when they sign on.

The idea is to try to help people stay healthy, he said.

Ms Christine Cheu, general manager of RHI, said the new IP will allow people to start with a B-class plan and upgrade within five years to an A-class plan even if they have acquired a chronic ailment by then.

People who want private hospital care but do not want to pay the high premiums can go for the Raffles Hospital option. For premiums that are "a little" higher than for the A-class IP, they will be covered for Raffles Hospital's A-class ward.

The new IP will start on Aug 1. The Ministry of Health put details of the Raffles Shield premiums on its website yesterday.

Dr Loo hopes the new features will attract many of the 200,000 new annual IP sign-ons, comprising new joiners as well as people who switch to a different insurer.

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