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Healthcare Committee
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Collaboration Opportunities to Address Healthcare Transformation in Singapore

Produced in collaboration with



StoneBench is a Singapore-based research and editorial agency, focused on the macroeconomy, international trade and finance, globalisation and its currents, industrial policy and sectoral trends, and public policy.

Executive Summary

Singapore is a reputed biomedical innovation hub, leading drug research and development in Asia and bringing innovative therapies to the world. The city-state also boasts one of the most efficient healthcare infrastructures in the world, with government healthcare spending accounting for only 2.2 percent (2018) of GDP¹ while achieving a high life expectancy of 82.8 years (2016) and a low infant mortality rate of 2.4 per 1,000 live births (2016).

However, Singapore's healthcare sector is not without its challenges emanating from both higher demand as well as rising treatment costs. One of the contributing factors is the old age dependency ratio, which is expected to rise from 12.3 percent in 2015 to 15.9 percent in 2021. Additionally, the increasing prevalence of non-communicable diseases such as diabetes is also driving up demand for healthcare services. As a result, Singapore's health budget more than doubled from S\$4 billion in 2010 to S\$10 billion in 2017. In fact, the government has indicated that an increase in healthcare spending of at least another S\$3 billion may be expected by 2020. If so, the health budget will have more than tripled in only 10 years.²

In order to address rising healthcare challenges, the Ministry of Health (MOH) launched a strategy referred to as the *Three Beyonds* in 2017, and significant progress has already been made. The Healthcare Committee of the European Chamber of Commerce in Singapore (EuroCham), representing the interests and perspectives of European health insurance, medical devices and technology, and pharmaceutical companies based in Singapore, seeks to support MOH's efforts by encouraging more open and collaborative communication across the public and private sector stakeholders in the healthcare ecosystem in Singapore.

Specifically, we believe there are significant opportunities for collaboration between public and private insurers to align and innovate on policies to incentivise desired behaviors as outlined in *the Three Beyonds*. These include putting incentives in place for the insured population to make healthier lifestyle choices, seek care in community settings rather than hospitals, and be subsidised for medical devices that can be used for disease prevention or home monitoring of health conditions.

Medical technology such as artificial intelligence and mobile-based services offered by private companies can further support more optimal triaging of patients and identification of care. This would require collaboration between both private companies and the public hospital institutions, as well as government infrastructure (subsidies or initiatives) to further encourage such innovation adoption.

Furthermore, an open and collaborative effort between pharmaceutical companies and public stakeholders can improve patient access to innovative medicines. With the anticipated signing of the European Union-Singapore Free Trade Agreement (EUSFTA) in 2019, the Singapore government is making a commitment to adapt a transparent process for pricing, listing and reimbursement of pharmaceutical technologies. This will allow Singapore to lead in the ASEAN region in the area of health technology assessment. In this regard, pharmaceutical companies look forward to working with MOH to carry out the terms specified in the EUSFTA.

Together, a coming together of minds, objectives and endeavours between public and private stakeholders in the healthcare ecosystem will enable us to collectively take Singapore's healthcare sector to the next level – an optimised healthcare system that is financially sustainable, in which all Singaporeans can afford high quality medical treatment and services.

¹ The Business Times: Singapore Budget 2018: Spending needs to grow in healthcare, infrastructure, security and education. Available online at: <https://www.businesstimes.com.sg/government-economy/singapore-budget-2018/singapore-budget-2018-spending-needs-to-grow-in-healthcare>

² The Straits Times. Spending on healthcare expected to rise sharply. December 7, 2017. Available online at: <https://www.straitstimes.com/politics/spending-on-healthcare-expected-to-rise-sharply>

Context

EuroCham represents the common interests of the European business community in Singapore. As an advocacy and communications platform, the chamber executes its agenda via the various committees vis-à-vis the Singapore government and the European Commission. The Healthcare Committee of EuroCham Singapore, comprising companies from the pharmaceutical, insurance, medical devices and health technology industries, seeks to facilitate dialogue between the industry and the relevant government agencies towards finding ways to improve the healthcare ecosystem in the country and enhance healthcare delivery.

Singapore's healthcare system will witness several long-term challenges, with four being identified in the Healthcare Industry Transformation Map (ITM) published in November 2017. These trends include an ageing population, an increasing burden of chronic diseases, slower workforce growth and a rise in healthcare costs. To address these challenges, the MOH has outlined three strategies to drive transformation in the sector, termed the *Three Beyonds* – moving *beyond healthcare to health; beyond hospital to community; and beyond quality to value*.³ These three strategies are expected to shape Singapore's healthcare landscape in the short- to medium-term. The ITM also envisions the enabling of these strategies through three main thrusts of growing the industry with more jobs and skills; improved productivity; and developing innovative and patient-centric solutions.

The EuroCham Healthcare Committee welcomes and supports the transformation of the healthcare industry in Singapore by continuing to drive innovation and fostering a culture of collaboration among all stakeholders involved, to benefit the most important stakeholder of all – the patient.

This position paper is structured around the *Three Beyonds* and seeks to contribute to regulatory dialogue between the government and the healthcare industry to ensure healthcare affordability and efficiency in Singapore. In doing so, it seeks to articulate some opportunities in the healthcare sector and to make a few recommendations that can drive innovation and access in making Singapore's society healthier.

All views and statements expressed in this position paper are based on reports, market observations and the knowledge, expertise and views of the EuroCham Healthcare Committee members.

Beyond Healthcare to Health

Singapore's healthcare model originated from the need to provide care for acute illnesses, and to provide healthcare when individuals fell ill. As a result, there was little emphasis on maintaining good health as a means to control healthcare expenditure. However, as with most developed economies, Singapore has witnessed a shift to increased incidences of chronic illnesses, which require patients to visit healthcare professionals on a regular basis.

The treatment of chronic diseases, the prevalence of which is on the increase, is a significant burden on total healthcare expenditure, which may not be sustainable in the long run. Additionally, most Singaporeans are insured through the government subsidy scheme plus private insurance where patients often do not have to bear any out-of-pocket medical costs. This drives overconsumption of medical services, and hence medical expenditure, because even for ailments where hospitalisation – or perhaps even a visit to the doctor – may not be necessary, individuals often do so because they incur no out-of-pocket costs. The increase in insurance claims in turn drives up the insurance premium charged to the policyholders, which is something that Singaporeans have experienced in the past few years.

³ Ministry of Health, Singapore website. Available online at: https://www.moh.gov.sg/content/moh_web/home/pressRoom/pressRoomItemRelease/2017/healthcare-industry-transformation-map-for-a-future-ready-health.html

The need to shift from cure to prevention is highlighted in the ITM strategy *Beyond Healthcare to Health* and is crucial in keeping people healthy and out of hospitals, while ensuring that costs are kept affordable for those in need.

The government, on its part, has been encouraging disease prevention initiatives. For example, it has been discouraging cigarette smoking by implementing stricter regulations over the years, including a retail display ban that came into effect in 2017, excise tax increases in 2014 and 2018, as well as raising the minimum legal smoking age and introducing plain packaging to reduce the attractiveness of the product. In addition, the Health Promotion Board has made a significant impact in encouraging healthier lifestyles, for example the National Steps Challenge. More than 300,000 people signed up for the National Steps Challenge by the end of 2017. The target for 2018 was 500,000,⁴ a number easily surpassed as 690,000 people signed up for the challenge.⁵

The government has acknowledged the problem of overconsumption of medical services and it stated in March 2018, that going forward, patients will have to co-pay a minimum of 5 percent of medical expenses for new Integrated Shield Plan riders. At the time of the announcement, Senior Minister of State for Health Chee Hong Tat said the zero-co-payment feature of the full riders had resulted in a “buffet syndrome”. “Our objective is to address the concerns with over-consumption, over-servicing and over-charging, as these will lead to patients and policyholders paying rapidly escalating fees and premiums over time.”⁶ Insurance companies are expected to roll out these new rider plans by March 2019 and the existing rider plans cannot be sold after 1 April 2021.⁷

Opportunities

Medical devices, that keep people healthy and away from hospitals, can significantly reduce healthcare costs. Currently, only hospitalisation and related expenses are covered. If individuals could claim from their insurers or the Central Provident Fund (CPF), or be otherwise subsidised for the purchase of health devices, technologies or services used for general well-being and health, perhaps more Singaporeans would be more focused on health.

Another potential opportunity is to structure insurance premiums to incentivise the desired health behaviour. For example, schemes that reward policyholders with fewer claims have been launched to incentivise conscious use of health services and encourage reasonable behaviour. These schemes complement the creditable push from the MOH to nurture a healthy nation by engaging its citizens to care for their health. Limiting abuse of the system is another area that can see improvement. An abuse control system managed by experts from an external third party or the Singapore Medical Council could be put in place. This could be paid for by defaulters and partly subsidised by insurance companies that would benefit directly from its impact.

Beyond Hospital to Community

The current healthcare model was well-suited to provide effective care to acute illnesses. But as the burden of chronic diseases grows, the home and the community are emerging as important centres for healthcare delivery. Moving care *Beyond Hospital to the Community* is advantageous not only just for the patient in terms of health and convenience, but also for the healthcare system since hospital care is the most expensive. The transition from hospital to other care settings requires a coordinated approach among all stakeholders – public and private – to effectively transform the current network of medical facilities, develop the right mix of economic incentives, and invest in building a skilled healthcare

⁴ Straits Times. Available online at: <https://www.straitstimes.com/singapore/health/the-3-beyonds-singapores-strategy-to-sustain-quality-healthcare-as-demand-rises>

⁵ Straits Times. Available online at: <https://www.straitstimes.com/singapore/new-season-of-national-steps-challenge-to-get-people-to-do-more>

⁶ Ibid.

⁷ Channel News Asia website. Available online at: <https://www.channelnewsasia.com/news/singapore/5-per-cent-co-payment-new-integrated-shield-riders-10021398>

workforce to lead the charge. Tapping on the available capacity and know-how of the private sector through collaboration will contribute to meet the changing demands.

Public and private insurers should seek to align and collaborate to expand outpatient insurance coverage. Currently, inpatient insurance coverage is popular among those seeking healthcare at private facilities while outpatient insurance is designed to cover outpatient care. When it comes to inpatient versus outpatient use, the majority are higher users of outpatient treatments through General Practitioners (GPs) and specialists. Outpatient insurance coverage, therefore, will greatly support the objective of receiving healthcare *Beyond Hospital to the Community*.

Opportunities

While the development of the National Electronic Health Records is a positive move towards effective patient record-keeping, there is opportunity to improve security and privacy of such records and to optimise the insights drawn from such data. Establishing a secure system to collect patient health records across different healthcare providers can enable authorised healthcare professionals to access a detailed account of an individual's healthcare history, to ensure good continuity of care regardless of care setting, especially as patients transition from hospital specialists to community and/or home-based care. Additionally, being able to securely collect and share patient records across private and public health institutions will further benefit patients by allowing patient access to a greater range of healthcare providers.

In 2017, the Committee on the Future Economy in 2017 identified medical devices as a key growth area, considering its robust growth in Singapore. For example, management devices for diabetic patients have become increasingly popular and regular monitoring of a patient's sugar levels could potentially reduce the risk of aggravated or fatal cases. Digital blood pressure monitors can be increasingly used within the confines of an individual's home without the need for a qualified health practitioner to administer services. Yet, it is still commonly believed that quality of care is lower outside a hospital or through tele-medicine. In order to change such a perception, the relevant parties need to work together to establish protocols that involve new medical devices or technologies, to ensure that patients can receive high quality care that yield positive clinical outcomes.

Technological innovations need to be encouraged, as they enable the curtailment of healthcare costs, allowing for better diagnosis, remote assistance (tele-health) with reduced costs and continuous monitoring. Patients can learn routine procedures such as measuring blood pressure, heart rate and the like with assistance from tele-health nurses. The results can then be conveyed to clinical teams for their review on a regular basis, enabling prompt innovation if required. Tele-monitoring and tele-care support can also go a long way in helping patients understand their condition better and live healthier lifestyles.

Insurance companies agree with the government's push to 'step-up, step-down' care, to move patients out of hospitals to community hospitals and/or primary care settings. This can be done through better triage at the 'point of entry' through GPs and tele-medicine, as well as post discharge to enable follow up in the community (hospital, GPs, homecare). In order to achieve this objective, guidelines and protocols that are ideally evidence-based, should be put in place, and led by the government. This would help alleviate the problem of over usage of unnecessary procedures, services and drugs, and hence, claims to insurance companies. However, the lack of a consistent claims code and templates is a major source of inefficiency and is a difficult point for insurers that needs addressing.

Beyond Quality to Value

Singapore's healthcare system is becoming increasingly strained owing to the factors discussed above. The final *beyond*, *Beyond Quality to Value*, seeks to address the pressure to deliver higher value care while ensuring a sustainable healthcare budget.

To this front, MOH established the Agency for Care Effectiveness (ACE) in 2015 to evaluate healthcare interventions and recommend clinical practices that yield the best outcome for patients relative to the cost of the interventions. ACE aspires to achieve what other health technology assessment (HTA) agencies do in the more established HTA markets such as the UK and Australia. It is putting in place a formal process of evaluating each health technology, especially newly registered pharmaceutical drugs, for cost effectiveness in order to inform MOH whether to fund the technology as part of the public healthcare system. In the three years since its formal establishment, ACE has impressively issued more than 40 clinical, drug and medical technology guidance.

While ACE has already made great progress towards improving value in healthcare, there are potential risks in ACE's current process which could delay and jeopardise patient access to innovative medicines in Singapore.

In its current operations, ACE engages closely with policy makers and clinicians when prioritising topics for evaluation and when conducting the actual evaluations. However, ACE currently engages in a very limited capacity with patients and the private industry of pharmaceutical and medical device companies. At a recent HTA symposium, ACE acknowledged that patient perspective is missing from its current process and expressed plans to consult patients in the future evaluation processes.

Opportunities

We are encouraged that with the signing of the EUSFTA, the Singapore government is making a commitment to have a more transparent pricing, listing and reimbursement decision process for pharmaceutical and medical device technologies. In fact, for 2019, ACE has already agreed to work in consultation with the Singapore Association of Pharmaceutical Industries (SAPI) to draft the guidance document for a new manufacturer-led submission process, which will be piloted in 2020. The new process will be more similar to the practice of the more established HTA countries such as the UK, Australia and Canada, in which manufacturers prepare and submit clinical and economic evidence to inform government subsidy decisions.

As the originators of the healthcare technologies, manufacturers hold rich amounts of outcomes data and expertise, which can support ACE's assessment and increase the efficiency and accuracy of the assessment process. The private industry of pharmaceutical and medical device manufacturers looks forward to working with ACE and MOH towards establishing a fair and transparent subsidy decision process, and to maximise patient access to innovative health technologies that offer the best patient outcomes. Shifting the focus from cost to value, manufacturers are very open to collaborating with MOH on potential joint funding models, risk-sharing arrangements for example, to address any uncertainty around patient outcomes or funding needy patient populations.

Conclusion

Singapore is undergoing a major healthcare transformation to meet the demands of an ageing population and the increasing incidence of non-communicable diseases. While MOH has already made positive progress with the *Three Beyonds* strategy, EuroCham believes that greater collaboration among public and private sector stakeholders can help Singapore better achieve its healthcare objectives.

To support the objectives of *Beyond Healthcare to Health*, there are opportunities to align public and private insurance schemes to encourage healthy practices that result in fewer claims. Additionally, abuse control checks can be incorporated to enable efficient monitoring of claims and ensure that claims fraud can be intercepted and prevented. Lastly, initiatives that drive innovation and usage of medical devices can also help encourage healthier lifestyles and disease prevention, to move the population's focus to health beyond just healthcare.

Moving *Beyond Hospital to the Community* would first and foremost require better infrastructure, in terms of cyber security and consistent coding of patient records, to enable electronic health records and claims for tracking patients being treated across the hospital and community settings. In addition, insurance schemes could be introduced to triage patients at the non-emergency 'point of entry', to alleviate demand for health services in hospitals and specialists. Lastly, the usage of medical devices, such as diabetes management devices and blood pressure monitors, will enable reduction in hospital healthcare resource usage by allowing for greater patient care at home and in the community.

Finally, to support *Beyond Quality to Value*, we encourage MOH to adopt a more transparent and collaborative process involving the private sector pharmaceutical and medical devices manufacturers when conducting the health technology assessments and making subsidy decisions. The value delivered by innovative interventions is not limited to only improved clinical outcomes, but also in allowing patients to live better lives and be able to resume work and contribute to society. Therefore, we believe that it is very important for innovation to be appropriately valued by involving all relevant stakeholders in the assessment process, and for innovation to be appropriately rewarded so that advancements in medical technology continue.

Appendix: EU-Singapore Free Trade Agreement

In October 2018, negotiations for the EU-Singapore Free Trade Agreement (EUSFTA) and EU-Singapore Investment Protection Agreement (EUSIPA) were finally completed after about 10 years of deliberation.⁸ In ASEAN, Singapore is the EU's largest commercial partner. It accounts for an estimated one-third of EU-ASEAN trade in goods and services, and approximately two-thirds of investments between the two regions. The agreements are expected to foster greater trade and investment flows between the two parties in line with transparency and a commitment to the mutual benefit of both parties.

Singapore is presently home to about 74⁹ biopharmaceutical, medical technology and devices companies.¹⁰ These organisations provide employment to over 7,600 personnel, typically in highly skilled positions, who pass on valuable skill sets and learnings to the local workforce. The Singapore government has been a key facilitator by investing large sums in supporting health technology research and development.

Once this free trade agreement comes into effect, we expect the healthcare industry both in Europe as well as Singapore to be positively impacted as the EUSFTA seeks to further remove non-tariff barriers in the trading of pharmaceutical products and medical devices. EuroCham believes that our collaborative commitment towards fostering research and development, and innovation will further bolster the already strong relationship between the two economies, and bring about a positive, solution-oriented impact on Singapore's healthcare sector.

⁸ The European Commission website. Available online at:

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/singapore/>

⁹ List of 100 Pharmaceutical & Med Device Companies in Singapore. Available online at:

<http://dpseng.com.sg/definitive-singapore-pharma-job-website-directory/>

¹⁰ RSM Doing Business in Singapore Report. Available online at:

http://www.sbasf.com/images/sba/publication/Doing-Business-in-Singapore-Guide-2015_En.pdf