

Effect of MediShield Life vs Claim Inflation

- Real life case study: 55-year-old IP policyholder (citizen) who went for a total knee replacement surgery for rheumatoid arthritis at a private hospital.
- Example illustrates effect of MediShield Life versus claim inflation faced by insurers, on eventual payouts by insurers

COMPONENTS	YEAR T		YEAR T + 1 UNDER MEDISHIELD LIFE SCHEME	
	MEDISHIELD SCHEME (\$\$)	MEDISHIELD LIFE SCHEME (\$\$)	ASSUME 5% BILL INFLATION (\$\$)	ASSUME 10% BILL INFLATION (\$\$)
Private bill size	55,000	55,000	57,750	60,000
Less: Deductible	3,500	3,500	3,500	3,500
Co-insurance (10%)	5150	5150	5425	5700
IP claim payout	46,350	46,350	48,825	51,300
Medishield/Medishield Life payout (Table 7 surgery)	6,646	9,354	9,834	10,314
Eventual payout by insurers	48,354	45,646	47,916	50,186
% of original payout	Original payout	94%	99%	104%