

Singapore healthcare works

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In our book, *The Boids and the Bees: Guiding Adaptation to Improve our Health, Healthcare, Schools and Society*, we described what we thought was the best health care system in the world. Our guiding principle was helping people make good decisions about their care and giving them the financial power to implement those decisions. The key to the financial part was individual health savings accounts which were tax deductible.

I have just finished reading William Haseltine's description of Singapore's health care system in his book *Affordable Excellence*, which substantially agrees with our description. It was published by the Brookings Institution and the National University of Singapore and is available at Amazon. You can, as I did, get a free copy by downloading from Brookings, but the charts are nearly unreadable. I wish I would have known more about it when writing our book because it is pretty much what we describe.

The first Prime Minister of Singapore, Lee Kuan Yew, was a student at Cambridge in the 50's when Clement Attlee initiated the British Public Health System, and within a few years he saw what happens when you create a system of entitlements. As we have all seen, when healthcare is socialized and free the demand for services goes up and the cost of providing follows. But the other track was just as dismal: free market healthcare gets oriented on the wealthy and ignores the poor. Lee Kuan wanted something that was fair for all and that didn't increase in cost. This took some time since infrastructure and defense had priority in 1965 when Singapore got its independence. The housing and sanitation part of the infrastructure were both beneficial for health, but healthcare was always in consideration. The British had begun a program of social security by a system of mandatory savings and the government of Singapore continued using them. Indeed they expanded them over the years, and in 1983 the implementation of their National Health Care Plan was based on them:

The Central Provident Fund is still core; but it is not only for retirement as it can be used for buying a house, paying for education, and for healthcare in part of its branches.

Medisave is their health savings account, fed by mandatory tax exempt contributions. It is individual. Every newborn child gets a government grant of ~\$4,000.00 (US) to start one. Funds can be shared to a large degree within a family if needed.

Medishield was established as a catastrophic health insurance. Opting out is permitted.

Medifund is a government program that provides funds for the poor when other means are exhausted.

Altogether these wage deductions amount to about 20% of the employee's wage and they are augmented by 16% from the employer. 80% of Singaporeans are happy with their program.

And they should be happy. They get first world healthcare that costs far less than any first world nation.

A good part of this comes from patient's concern for *their* healthcare dollars, but there are also both public and private hospitals. The public hospitals collect from the patients savings accounts just as do the private hospitals, but they allow competition between the two sectors, which keeps a lid on the private sector.

In the UN measurement of healthcare systems Singapore ranked 6th, the U.S, 37th. The cost of healthcare in the U.S. is now at 18% of GDP and rising; in Singapore it is 1.5%. Bloomberg's 2014 ranking of the nations for

healthcare efficiency has Singapore first, with the U.S. ranking 44th.

So what's not to like, and could we apply some or all of their program here in the U.S.?

Haseltine points out that it works in Singapore because they have four social and ideological factors in their favor:

1. Political unity, constancy of purpose, and a culture of cooperation within government.
2. Ability to recognize and establish national priorities, giving the economy time to grow before investing heavily in healthcare.
3. An overwhelming desire for collective well-being and social harmony.
4. Attention to the rights, education, and health needs of women.

We in the U.S. have problems with all of these, but the first seems the biggest with establishing this kind of system here, especially with our current congress. In our book we mention that conservatives would not agree with subsidizing HSAs for the poor as is done in Singapore by Medifund, but my libertarian oriented son disagrees with me. Like Singapore's early leader he sees the problem of the poor as well as the problem of entitlements and agrees totally with the elements we outline. So maybe it is possible.