OLIVER WYMAN

TAKING LEAPS AND LANDING:

PUBLIC TRUST IN SINGAPORE HEALTHCARE

MARSH & McLENNAN COMPANIES

This article is based on a presentation given at the 2018 Behavioural Science Institute (BSI) Conference at Singapore Management University.

Trust is a critical element of a well-functioning society – specifically, there is a need for trust from the citizens, the public, in the institutions that enable and govern the society's function. In healthcare, this means there must be inherent trust from patients in providers, payors, and regulators. How can these institutions in healthcare build and maintain such trust? At the 2018 BSI Conference, we presented four key techniques for policymakers to build and reinforce public trust, and demonstrated how they may be applied to relevant current issues in Singapore health policy.

PUBLIC TRUST IN INSTITUTIONS AND PROFESSIONS IS CRITICAL TO A WELL-FUNCTIONING SOCIETY, AND NOWHERE IS THIS MORE CRITICAL THAN IN HEALTHCARE.

The unique characteristics of healthcare, including how we as patients interact with healthcare providers, and how we pay for healthcare, require that we place trust at the centre of our decision-making.

There are four key considerations for why the primacy of public trust in healthcare decision making is so critical and unique amongst other areas of public policy and governance:

1. FINITE RESOURCES IN A WORLD OF INFINITE DEMAND

Healthcare is characterized by an eternal tension between finite resources and infinite demand. From 2000–2015, in OECD countries, Healthcare demand grew at 5%, while the supply only grew at 1.5%.[1] Hence, difficult choices must be made. As renowned ethicist Peter Singer wrote in a New York Times commentary boldly titled *Why We Must Ration Healthcare*, "Health care is a scarce resource, and all scarce resources are rationed in one way or another".[2] These rationing choices are not merely technical but also normative. The technical decisions of superiority and cost-effectiveness between options for products like prescription drugs can be led by technocrats and mathematically derived, but there are an equal number of decisions in healthcare that are driven by values and societal priorities. Which group of citizens should a government prioritize? Young children with congenital disease? Or seniors with dementia? What about smokers with lung cancer? Or extreme sports enthusiasts who sustain injuries? There are no easy and straightforward choices, but when it comes to public monies or the health of the public, officials need to make them, and make them with the public's trust.

2. A FEAST OF DATA, YET A FAMINE OF INSIGHTS

Secondly, despite the explosion of medical information publicly available, we are drifting in a "sea" of data clutching to scarce "life buoys" of insights which healthcare professionals can, do and must provide. This is the "information asymmetry" that has become commonplace in healthcare - the provider of services, the healthcare professional, will know more than the consumer ever will. Therefore, persons or entities other than the affected patient must be able to make decisions on behalf of the patient.

1 OECD. Demand defined as Expenditures per capita, $US PPP. Supply defined as Physicians/1000 population

2 New York Times: Singer P. Why We Must Ration Healthcare, Jul 2009

3. THE NEED FOR MEDICAL PATERNALISM

Consider that in developed countries like Singapore, a significant portion of the population is at risk for preventable chronic diseases such as diabetes, cancer, neurovascular, and heart disease. The American Cancer Society estimates that 42% of cancer cases and 45% of cancer deaths are linked to "modifiable risk factors", and as a result, can be prevented.[3] These "modifiable risk factors" are often the result of poor health and life choices that start much earlier in life, with the consequences revealing themselves only years or decades later. This is another way that healthcare is unique: sometimes citizens must be protected from themselves. Taxes on alcohol, tobacco, and the prohibition of marijuana come to mind as examples of how government has undertaken such paternalism. However, this will only be tolerated and supported when the public has trust in their policymakers.

4. PRIVATE DECISIONS THAT HAVE PUBLIC CONSEQUENCES

Finally, private decisions in healthcare have public consequences. These externalities come to mind most obviously through examples like vaccinations and communicable diseases, but also in the design of health insurance schemes. While nothing in life is certain except death and taxes, none of us can know with confidence whether our lives will end inexpensively following a stroke or heart attack, or following a long and expensive disease, potentially bankrupting not just ourselves but also our families. Insurance, as a result, is a vital financial instrument to enable protection. Whether the risk pooling is done through private health insurance or publicly through taxation and earmarked funds for health, the result is the same conceptually: all members pay into a pool, only some will benefit financially, but all will enjoy peace of mind. The converse is also true – poorly managed schemes result in some taking advantage and exploiting for individual gain, but eventually collective loss. Therefore, rules around what is claimable, how much should be claimable, and so on need to be established to enable the primary motivation of individual protection and to assure long-term financial sustainability. Who makes these rules? Insurers and managed care organizations in private schemes, and the government in national plans.

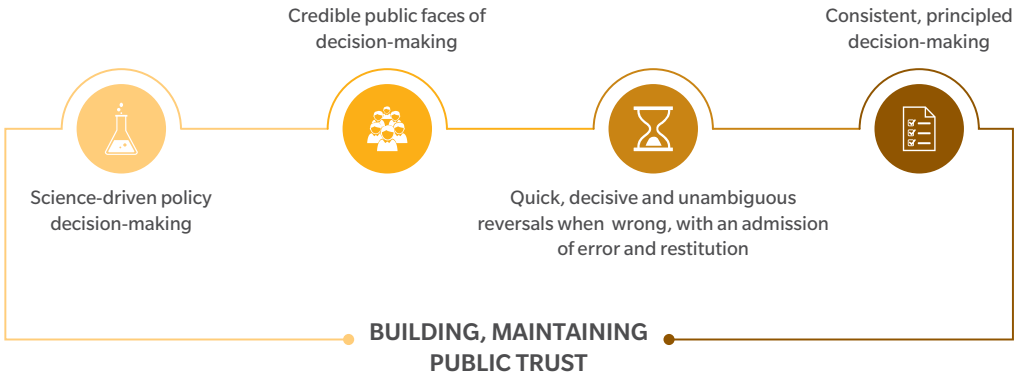
It is increasingly commonplace for governments globally to establish mechanisms to determine what public monies can and cannot be used for in individual citizens' healthcare. For example, in the United Kingdom, the National Institute of Health and Clinical Excellence (NICE) effectively determines which new therapies should be funded publicly, hence deciding access to ordinary citizens. In Singapore, the Agency for Care Effectiveness (ACE) likewise issues guidance on what medicines are effective and cost-effective in the local context, which then shapes government reimbursement decisions. The layperson will never understand the intricacies of such decisions and trust in the government and in the decision-making processes becomes vital.

These four factors – resource scarcity, information asymmetry, paternalism and externalities – mean that healthcare and healthcare professionals must often be tightly regulated, and individual citizens' freedom of choice constrained for the collective and future good. At the same time, it is not always obvious that governments are in the best position to make such decisions around constraints. The right balance between professional bodies, civil society, government and industry is a delicate and evolving one.

3 American Cancer Society: More than 4 in 10 Cancers and Cancer Deaths Linked to Modifiable Risk Factors, Nov 2017

ENGENDERING TRUST IN POLICY DECISION MAKING

EXHIBIT 1: DIMENSIONS TO BUILDING AND MAINTAINING PUBLIC TRUST



Public trust is delicate, as recent world events have amply demonstrated. Policy makers must constantly be on the guard against erosion of this trust by malignant parties, or even worse, abuse of this trust by the very guardians mandated to guard it. Beyond defending public trust, policy makers also have a duty to augment the reservoir of public trust whenever possible.

There are 4 dimensions to building and reinforcing public trust.

We can observe how these play out in specific Singapore issues that are currently enjoying media prominence and professional attention.

CASE STUDY: NATIONAL ELECTRONIC HEALTH RECORDS (NEHR)

There has been a proliferation of health data recent years, and both public and private entities are beginning to take advantage of the power of data and analytics in healthcare. Based on our experience, we have seen significant gains from implementing Electronic Health Records (EHR), in the range of millions for individual systems and networks. In Singapore, the Ministry of Health (MOH) is working to implement a National Electronic Health Records (NEHR) system. The MOH has positioned NEHR as primarily benefitting individual citizens when they become patients with the example of the emergency room patient treated correctly because of information contained within the NEHR. However, as many medical professionals have noted, the information needed to manage patients appropriately in an emergency setting is extremely limited and the NEHR will capture much more than this. The public health benefits of centralized data analysis and insights generation in real-time are immense and outweigh any individual gains.

TABLE 1: PUBLIC TRUST IN NEHR

Science-driven policy decision making	• Use the experience of other countries that have adopted 'NEHR' and the actual benefits and risks
Credible public faces of decision-making	• Include acknowledged and trusted leaders in clinical medicine, public health and IT
Consistent, principled decision-making	• Articulate design principles recognizing the trade-offs and risks to mitigate
Quick, decisive and unambiguous reversals when wrong, admission of error and restitution	• Conduct policy consultation and appropriate change as guided by feedback; resources to review actual experience in Singapore and political courage with technical expertise to make changes based on the actual experience

Of course, MOH should be upfront that NEHR benefits individuals, but beyond this, that there is an inherent national duty incumbent on all citizens to enable better policy making and services planning. There are some imperfect analogies with National Service and conscription. Yes, young male Singaporeans 'come of age' and go 'from boys to men' during National Service (NS), but NS is primarily intended to enable Singapore's defence. This larger public benefit must be central to any policy making and everything else regarded as a happy by-product.

CASE STUDY: MANAGED CARE ORGANIZATIONS AND FEE GUIDELINES

Oliver Wyman has examined both the presence of, and readiness for, Managed Care practices in Asia. Our examination highlights three key points:

- Healthcare costs are increasing at alarming rates in Asia, similar to the trajectory taken by the US three decades ago, with the unhappy consequence that healthcare now accounts for 1/6th of the US economy
- There are five key techniques to address this escalation, all of which require patients to share their personal health data. This will enable decision-making and may lead to subjective judgments as to what payers should reimburse, especially with regards to new, innovative technologies; healthcare providers are pragmatic and what is not reimbursed will not be offered in significant volumes
- Governments and payers in Asia recognize the enormity of the challenges and are working out what techniques would be most relevant and politically tenable in their respective countries

TABLE 2: PUBLIC TRUST IN MANAGED CARE ORGANIZATIONS AND FEE GUIDELINES

Science-driven policy decision making	• Use the experience of other countries that have adopted managed care and fee benchmarks, and the actual benefits and risks • Establish this as a basis for data collection on pricing, verification, and benchmark setting • Set principles for balancing interests of payers, providers and patients
Credible public faces of decision-making	• Include acknowledged and trusted leaders in clinical medicine, health economics, public policy
Consistent, principled decision-making	• Articulate design principles recognizing the trade-offs and risks to mitigate
Quick, decisive and unambiguous reversals when wrong, admission of error and restitution	• Conduct policy consultation and change as guided by feedback • Implement actual use of managed care techniques and fee benchmarks • Collect data, publish and review decisions in light of real-world evidence

The MOH in Singapore has announced the establishment of a national committee to consider fee benchmarks. The terms of reference are as below:

- *Recommend reasonable fee benchmarks for medical procedures for practitioners following the analysis of empirical fee data*
- *Endorse the general methodology for deriving the reasonable fee benchmarks of medical procedures and services*
- *Assess the fee benchmarks for procedures and services where the general methodology is not appropriate such as procedures with very low volumes, large variances, sudden large fluctuations and little or no fee data*
- *Review the recommended fee benchmarks periodically to ensure they remain relevant and up to date; and*
- *Suggest areas where the fee benchmarks can be applied to manage escalating healthcare costs*

Based on the above, the Fee Benchmarks Advisory Committee has a dual role: "endorse" the general methodology for setting reasonable fee benchmarks, which implies that MOH has already developed an approach and is seeking external validation and support, and "recommend appropriate benchmarks for medical procedures and services."[4]

The process is crucial here – generally, it is good that MOH is both appointing a Committee which "comprises of members from different backgrounds" and is providing "access to current and past transacted data on fees". These benchmarks will come into reality quickly enough as MOH "aims to develop the first of fee benchmarks for common medical procedures in the second half of 2018."[5]

Physicians and providers need to trust the process and outcomes, as these are existential "rice bowl" issues. Failure of the process or the realism of the recommended benchmarks will lead to providers rejecting them en masse and the erosion of trust amongst all parties.

4 MOH Press Release: MOH Appoints Fee Benchmarks Advisory Committee, Jan 2018

5 Ibid

TABLE 3: PUBLIC TRUST IN E-CIGARETTES AND REDUCED RISK PRODUCTS

Science-driven policy decision making	• Conduct systematic review and adjudication of data and scientific perspectives • Incorporate transparent, inclusive consultation
Credible public faces of decision-making	• Involve experts in public health, public policy, 'voice of smoker' • Leverage international experts from countries that have introduced e-cigarettes and those that have not
Consistent, principled decision-making	• Articulate design principles recognizing the trade-offs and risks to mitigate • Build a process of decision-making and weighing of decision-influencing factors • Acknowledge and recognize uncertainty and genuine scientific differences in opinion
Quick, decisive and unambiguous reversals when wrong, admission of error and restitution	• Carry out data collection, publication and review of decisions in light of real-world evidence

CASE STUDY: E-CIGARETTES AND LOWER RISK PRODUCTS

The rise of lower risk smoking products such as e-cigarettes and heated tobacco products has prompted a variety of approaches and policy measures from governments around the world around supporting or even promoting these products as alternatives to cigarettes. The Singapore government has come out strongly to not just prohibit the sale of e-cigarettes and other nicotine delivery systems, but also make illegal the possession of such devices and paraphernalia. This stands in stark contrast to the position of other governments around the world, including that of the English government. Public Health England has come out to endorse e-cigarettes as a tool for smokers who are trying to quit, even including them in an annual "stop smoking" campaign.[6] Likewise in the United States, a Federal Drug Administration (FDA) advisory panel recently voted to support the claim that Philip Morris' iQOS system "significantly reduces [the] body's exposure to harmful or potentially harmful chemicals."[7] However, the panel stopped short of full support for these products, as they also voted that there was insufficient evidence that reducing harmful exposure would "translate to a measurable and substantial reduction in morbidity and/or mortality."[8] That being said, there is some support that there is a reduction in mortality – Levy from Georgetown University recently published a study in the journal *Tobacco Control* which estimated 6–7 million American premature deaths could be saved by introducing e-cigarettes into the US.[9] In Japan, a test market for larger corporations, reduced risk products have been in-market since 2015. These have seen not only seen increases in popularity, gaining 10% of Japan's tobacco market, but have also resulted in a significant percentage of users quitting cigarettes entirely (Philip Morris: 72% of iQOS users in Japan have quit cigarettes entirely).[10] Ultimately, while paternalism and protection of the population is important, a pragmatic and systematic approach that accounts for the benefits of these products must be considered.

6 The Guardian: The evidence keeps piling up: e-cigarettes are definitely safer than smoking, Dec 2017

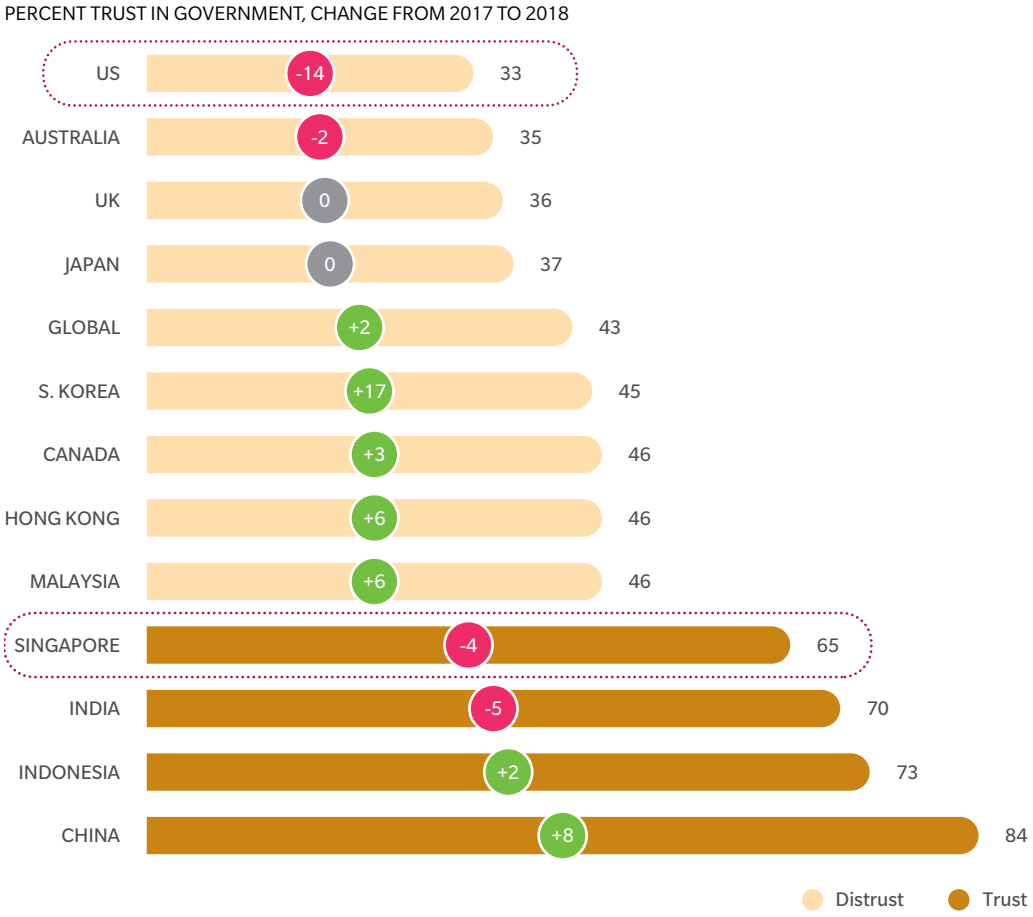
7 NPR: FDA Panel Gives Qualified Support to Claims For 'Safer' Smoking Device, Jan 2018

8 Ibid

9 Levy DT, Borland R, Lindblom EN, et al. Potential deaths averted in USA by replacing cigarettes with e-cigarettes. Tobacco Control 2018;27:18-25

10 Chicago Tribune: Big tobacco's new cigarette is sleek, smokeless – but is it actually healthier?, Aug 2017

EXHIBIT 2: TRUST IN GOVERNMENT



Source: 2018 Edelman Trust Barometer

CONCLUSIONS

Public trust in healthcare is a necessity. The Singapore government currently enjoys elevated levels of public trust for both technical expertise and acting in citizens' best interests. However, this trust is fragile and susceptible to erosion – we need look no further than the recent Edelman Trust Barometer to understand just how fragile this trust is. While the Barometer showed an increase in trust globally from 2017 to 2018, it also shows the "largest-ever-recorded drop in the survey's history" for average trust in institutions in the U.S., and a drop in average trust for Singaporean institutions.

Protection against such erosion of trust is predicated on 3 actions:

1. Respecting the **sanctity of the public trust and being consistent with the principles outlined** above
2. Harnessing opportunities to:
   - **A. Build up the reservoir of 'public trust'** in moments such as crises and in debates on controversial issues of public interest
   - B. Identify and **nurture credible, independent experts** who can vouch for government positions
3. Guard against and **proactively respond to 'fake news'**

ABOUT OLIVER WYMAN

Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialised expertise in strategy, operations, risk management, and organisation transformation.

AUTHORS

JEREMY LIM
Partner, Health & Life Sciences, Asia Pacific
jeremy.lim@oliverwyman.com

RAJIV SURESH
Associate, Health & Life Sciences
rajiv.suresh@oliverwyman.com

www.oliverwyman.com

OLIVER WYMAN