

FAQ on Medical Repricing

1. What are the interim measures announced by the takaful operators following the recent announcement by Bank Negara Malaysia?

1. Spread out future contribution adjustments.

For participants affected by the contribution adjustments, the changes in contribution will be spread over a minimum of three years. With this measure, at least 80% of participants is expected to experience yearly contribution adjustments due to medical claims inflation of less than 10%.

(Note: This measure is not applicable to contribution increase due to change in age band.)

2. Special provisions for 60-year-old and above participants.

One year pause of adjustment due to medical claims inflation for those aged 60 and above who are covered under the minimum plan of the medical product. Participants are advised to check with your takaful operator for details on the minimum plan.

3. Certificate reinstatement options.

Participants whose medical certificates have lapsed due to repricing in 2024 will be eligible for reinstatement without additional underwriting requirements. This option will be available upon request from participants.

4. Alternative medical products.

To supplement the interim measures, takaful operators will offer appropriate alternative medical products at the same or lower contributions for participants who do not wish to continue their existing medical plans that have been repriced within the next one-year.

5. Dedicated support hotline.

A dedicated helpline has been established at each takaful operator to provide guidance, addressing inquiries, and other solutions tailored to the needs of affected participants.

Communications on these measures by takaful operators to individual participants will take place progressively.

Participants can contact their respective takaful operators from 15 January 2025 onwards.

2. How does spread out of contribution adjustments work?

This is a flexibility offered by takaful operators to spread out contribution adjustment over a minimum period of three years. This will provide participants with some space to manage the contribution adjustments. This is only temporary support to assist participants in paying their contributions during this interim period.

3. Am I entitled to the spread out of the contribution adjustments?

Yes, if your contribution has been repriced between 2024 and 2026.

- If your certificate has been repriced in 2024, you may reach out to your takaful operator from 15 January 2025 to avail yourself to these measures.
- If your certificate is being repriced from 1 January 2025 onwards, you will receive an update from your takaful operator in due course.

The interim measures is not applicable to contribution increases that may apply when a participant moves to a higher age band.

4. If I have received a repricing notice in 2024 and the repriced contribution is not yet effective, am I entitled to spreading out of contribution adjustments?

Yes. Your takaful operator may issue a new notice based on the spread out contribution.

Please refer to your takaful operators for more details starting 15 January 2025.

5. What shall I do if my contributions have been repriced and have begun paying the new levels of contribution in 2024?

If your certificate has been repriced in 2024, you may reach out to your respective takaful operator from 15 January 2025 to benefit from the interim measure for future contribution payments.

6. Can I apply to spread out my contribution if my certificate has lapsed?

Participants whose medical certificates have lapsed due to repricing in 2024 can reach out to your takaful operator starting 15 January 2025 to request for reinstatement with the adjusted/spread out contributions without additional underwriting requirements. Reinstatement under this measure will be available upon request from participants.

7. I do not have a medical takaful certificate currently. Can I participate in takaful with spread out repricing?

The interim measures are only applicable to existing participants affected by repricing in year 2024, 2025 and 2026.

8. I am 60 years old in September 2024. Am I entitled for the temporary pause? What if I only turn 60 years old in 2025/2026?

If you are aged 60 years old and above at the certificate anniversary when the repricing takes effect and is covered under the minimum plan of the medical product that has been repriced, you are entitled for a one-year pause in contribution adjustment. Takaful operators will issue letter to each eligible participant.

This measure is NOT applicable to participants aged 60 years old and above who are not on the minimum plan.

The interim measures are not applicable to contribution increases that may apply when a participant moves to a higher age band.

9. What does a 'minimum medical plan' mean?

A minimum plan here refers to the lowest plan of a specific medical product offered by the takaful operator. For example, a takaful operator may offer a few plans within a specific medical product, and the plans are differentiated by the room and board (R&B) limit and/or annual limit.

10. Why are my contributions increasing even though I haven't made any claims?

Takaful operators work on the concept of risk pooling. When you take up a medical plan, you join a larger group of participants who have similar risk characteristics or profiles as you. The takaful charges that are collected from you and all other participants in the group are pooled together to provide for future claims. If claims paid from the pool become higher than expected over time, the takaful operator may have to revise the contributions to make sure that all participants in the group can continue to be covered in the long run (regardless of whether you have made a claim or not).

11. Why is my medical contribution increasing?

Medical takaful contributions are revised periodically because of the rising cost of medical care and increases in the number of participants going to hospitals, resulting in increases in claims. Takaful operators need to adjust contributions to ensure claims can be paid, so they can continue to provide you with the coverage you need.

12. Will my medical contributions increase as I get older?

Yes, it is common for medical takaful contributions to increase with age, as older individuals tend to have higher healthcare needs and are more likely to make claims. Takaful operators may adjust contributions based on the age of the participant. This should be clearly outlined in the terms and conditions of the certificate.

13. What factors cause medical costs to rise?

- i. Advanced medical treatments, new procedures, and better medications are expensive.
- ii. Private hospitals invest in the latest imported equipment, supplies, and medicines.
- iii. The rise in non-communicable diseases (like diabetes, high cholesterol, and obesity) requires long-term care and hospitalisation.
- iv. Older individuals typically need more frequent and costly medical treatments.
- v. Enhanced certificate benefits often lead to more claims, driving costs higher.

14. Do all takaful operators increase contribution at the same time?

No, takaful operators adjust contributions based on their respective claims experience and medical inflation.

15. How sustainable are these interim measures and how will it affect my contribution in the long-run?

While staggering contribution increases provides immediate relief to participants, the reality is that the contribution rates will require material adjustments in the near future unless systematic changes are implemented across the healthcare eco-system.

As the current contribution rates are inadequate, takaful operators may have to step up cost containment initiatives, as part of the industry's commitment to provide accessible, affordable and effective healthcare. However, this alone won't be sufficient, and we strongly urge a "whole-of-nation" approach to address the rising costs of medical care with strong participation from hospital providers, doctors and support of the Ministry of Health Malaysia.

This, is in addition to bringing down pharmaceutical drug prices, promoting a higher usage of generic drugs in tandem, ensuring appropriate and cost-effective diagnosis and treatments with price transparency in the short term as well as the implementation of Diagnosis-Related Group (DRG) initiatives in the medium term. All these efforts are essential to ensure the sustainability of the ecosystem and equitable access to affordable healthcare for all.

16. What if I cannot afford to pay my medical takaful contributions?

If contributions are becoming unaffordable, you have options:

- a. **Switch to a lower plan:** This reduces your contribution but provides less coverage. Consult your agent or takaful operator to ensure it still meets your needs.
- b. **Opt for a plan with co-payment option which could include a deductible/co-takaful or both:** You agree to pay a specified percentage of the hospital bill to reduce your contribution.

You may contact your takaful operator for further assistance.

17. Will my certificate lapse if I cannot pay the contribution?

If you fail to pay your contribution for a standalone product, your certificate could lapse, resulting in the loss of coverage. However, you may have a grace period during which you can still make the payment without losing coverage. If the certificate lapses, you may be able to reinstate it, though this could involve additional fees or higher contributions. To avoid certificate lapses, it is crucial to stay on top of payments and discuss with your takaful operator if you face financial difficulties.

For investment-linked certificates, your medical coverage will stay in-force as long as there is sufficient cash value in the certificate to cover the deduction for your medical coverage.

18. What are the conditions for me to reinstate my certificate?

Reinstating a lapsed certificate typically involves paying overdue contributions, and meeting other criteria set by the takaful operator. It's essential to act promptly to ensure that you can restore your coverage, as takaful operators may impose restrictions or deny reinstatement if the lapse period is too long or if your health has deteriorated. Always check with your takaful operator to understand the specific conditions and deadlines for reinstatement.

However, for participants whose certificates have lapsed due to repricing in 2024 will be able to reinstate their certificates upon request without additional underwriting based on the adjusted/staggered amount of contribution increase. (This is only available under the interim measure.)

19. How do I get in touch with my takaful operator?

For further information, Takaful Malaysia customers can contact our Customer Service at **1-300 88 252 385** or email **csu@takaful-malaysia.com.my**. Alternatively, visit any of Takaful Malaysia branches near you.