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SINGAPORE - Singapore's parliament has enacted a universal health insurance scheme with nearly \$3.0 billion in subsidies to help the elderly and lower-income people, as it responds to demands for better social safety nets.

Lawmakers late Thursday passed the Medishield Life Scheme, the latest in a series of reforms including new policies on immigration, housing, transport and education, introduced since 2011 elections that saw the ruling party's share of the popular vote slip.

Health Minister Gan Kim Yong said the new scheme would make Singapore a "more caring and progressive society" and was the result of consultations with the public.

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The city-state has traditionally frowned upon welfarism, but it has become one of the fastest-graying societies in the world. Life expectancy in Singapore now stands at 82.5 years, according to the statistics department.

A health ministry primer said the new scheme will provide "better protection for all Singaporeans for life against large hospital bills".

It said that over a five-year period, the government will provide Sg\$4.0 billion (\$2.96 billion) in subsidies and other forms of support to the elderly and those who cannot afford higher premiums.

Those with pre-existing health conditions are also covered, with the government helping to bear the cost of insuring them.

Those who can afford but intentionally default on their payments can be fined and sued. Authorities are empowered to look into health and income records to calculate the premiums and subsidies.

Eugene Tan, an associate law professor at the Singapore Management University and a former appointed lawmaker, said the move is significant.

"It certainly represents a shift in the government's thinking with regards to the need for a stronger social safety net," Tan told AFP.

"It is significant because it will go some way in lightening the anxieties of Singaporeans regarding rising healthcare costs. Singaporeans are living longer, and families are getting smaller."

Tan also said the new healthcare policy would boost the credentials of the ruling People's Acting Party (PAP), which overwhelmingly controls parliament but saw its share of the popular vote fall to 60 percent in 2011 as voters demanded reforms.

The next election is not due until January 2017 but earlier polls are widely expected.

The PAP "will be seen as not being so tight-fisted (with funds) as before," Tan said, adding that there were "expectations that the government can do more, especially to lighten 'out-of-pocket' healthcare costs."

Asian Development Bank (ADB) president Takehiko Nakao said in a speech last November that healthcare costs are rising as countries become more prosperous and disease profiles change.

He cited a 2012 study by the Manila-based bank showing that in many developing countries, households spent four to seven percent of their budgets on health.

AFP