Client Update: Singapore

2023 APRIL



Employment & Benefits

Updates for Employers of Foreign Workforce: COMPASS Bonus Criteria, Enhanced Mandatory Medical Insurance Coverage

Introduction

In March 2022, the Ministry of Manpower ("**MOM**") announced a slew of changes relating to Singapore's foreign workforce. Key among them was the introduction of the Complementarity Assessment ("**COMPASS**") framework for Employment Pass ("**EP**") applications. Under the points-based framework, EP applicants will be required to score a total of 40 points under its four foundational criteria and two bonus criteria. The COMPASS framework will take effect on 1 September 2023 for new EP applications, and on 1 September 2024 for renewal EP applications.

MOM also announced that the mandatory medical insurance ("MI") coverage for Work Permit (including migrant domestic workers) and S Pass holders (collectively "migrant workers") would be enhanced. As employers are responsible for the medical bills of their migrant workers, this move aimed to better protect employers from having to bear large unexpected medical bills.

On 31 March 2023, MOM provided further details on the two bonus criteria under the COMPASS framework, and further announced a phased approach to implementing the enhanced mandatory MI coverage. We elaborate on these two developments below.

COMPASS Bonus Criteria

By way of background, a simplified version of the COMPASS framework is set out below.

	Criteria (Individual)	Criteria (Firm)
Foundational	C1 Salary (individual) Fixed monthly salary compared to local PMET (professionals, managers, engineers, technicians) salaries in sector by age	C3 Diversity Share of candidate's nationality among firm's PMETs
Fou	C2 Qualifications Candidate's qualifications	C4 Support for local employment Firm's share of local PMETs within its subsector



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		Criteria (Individual)	Criteria (Firm)
		C5 Skills Bonus - Shortage Occupation	C6 Strategic Economic Priorities ("SEP")
<u>u</u>	S	List ("SOL")	Bonus
	Bonus	Job is on the SOL	Firm meets specific assessment criteria on
ĕ	ĕ		innovation or internationalisation activities

In brief, an applicant may receive 0, 10, or 20 points under the foundational criteria C1 to C4. If he/she is unable to obtain 40 points, he/she may obtain a further 10 or 20 points under criteria C5 (Skills Bonus), or 10 points from criteria C6 (Strategic Economic Priorities Bonus). For more details on the framework, please see our March 2022 Client Update titled "Key Changes to Policies for Foreign Workforce, Lower-Wage Workers".

MOM has now <u>released details</u> on the bonus criteria.

C5 Skills Bonus

After a robust evaluation process by MOM and the Ministry of Trade and Industry (MTI) in consultation with sector agencies and tripartite partners, the <u>inaugural SOL</u> now sets out occupations that exhibit strategic importance to Singapore's economic priorities, coupled with a significant degree of labour shortage. MOM will review the SOL every three years, but will add or remove occupations annually if market conditions so require.

Employers and prospective EP applicants should note that MOM will impose additional safeguards by implementing checks on applicants, such as verifying their past work experience and qualifications. Further, EP applicants relying on the SOL bonus points will be subject to a reassessment of their EP eligibility if their employer wishes to redeploy them to a different job role.

C6 SEP Bonus

To qualify for the SEP Bonus, firms must be supported by sector agencies or the National Trades Union Congress (NTUC). To be considered, firms must participate in one of the eligible programmes run by agencies listed here and demonstrate commitment to developing the local workforce. The award of the SEP bonus will be at the discretion of the supporting agencies running the relevant programme.

Supported firms will be notified by MOM from end-July 2023, and will receive the SEP Bonus for up to three years. Thereafter, to continue receiving the SEP Bonus, they must meet expectations (i.e. receive a minimum of 10 points) under criteria C3 (diversity) and C4 (support for local employment) in the three months prior to renewal, as specified by MOM here.

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Enhancements to Mandatory MI Coverage

On 31 March 2023, MOM <u>announced</u> that the mandatory MI coverage for all migrant workers will be enhanced in two stages.

- 1. Stage 1 applies to all MI policies, renewals or extensions that have a start date effective on or after **1 July 2023**
 - a. Currently, employers are required to obtain MI for their migrant workers with a S\$15,000 coverage limit.
 - b. Going forward, for medical expenses of migrant workers:
 - i. Up to S\$15,000 employers will continue to be fully insured (first dollar coverage).
 - ii. Above S\$15,000 insurers will co-pay 75% for amounts above S\$15,000 up to an annual claim limit of at least S\$60,000.
- 2. Stage 2 applies to all MI policies, renewals or extensions that have a start date effective on or after **1 July 2025**
 - a. Standardisation of allowable exclusion clauses (list set out here) to provide greater clarity on coverage and eligible claims;
 - b. Introduction of age-differentiated premiums for those aged 50 and below, so as to keep premiums affordable; and
 - c. Requirement for insurers to reimburse hospitals directly upon the admissibility of the claim, thus freeing up cashflow for businesses and households.

While there are no changes to the enhancements as previously announced in March 2022, the implementation date has been changed from end 2022 to the two-stage implementation approach set out above in recognition of feedback regarding the cost impact and time needed for employers and insurers to adjust to the changes. MOM noted that many insurers have expressed interest in offering enhanced MI products, and anticipates that the market will be competitive and provide a range of insurers for employers to choose from.

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