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Singapore Budget 2026: Shift Toward Preventive Care and AI-Led Healthcare

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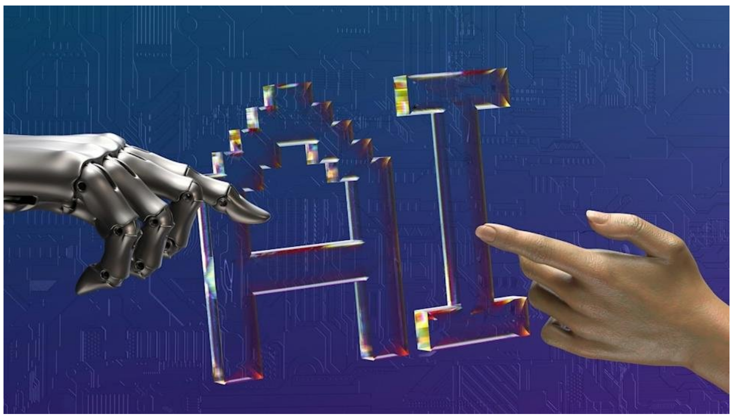
Singapore is investing not just to help businesses manage near-term costs, but to strengthen the conditions for long-term growth



On February 12, the Singapore government presented its 2026 National Budget, positioning it as a first step toward securing the country's future in a changing global environment. The budget lays the groundwork for the next phase of development, with a focus on harnessing artificial intelligence (AI) as a strategic advantage and building a more resilient, skilled workforce. It also sets the direction for how key sectors, including healthcare and life sciences, will evolve.

R&D

Technology is a critical enabler in Singapore's strategy to build leadership in key clusters such as aerospace and biomedical sciences. The focus is on ensuring the country remains a base where frontier technologies are developed, tested, and commercialised. To support this, the government will invest S$37 billion under the Research, Innovation, and Enterprise (RIE2030) plan. This represents a continued commitment to research and innovation, at around 1 per cent of GDP annually.

Healthcare

Healthcare funding is the second-largest area of expenditure at S$22.5 billion, marking another year of robust growth. This represents a 10.4 per cent increase over the revised 2025 budget and a 7.9 per cent rise compared to the initial 2025 estimates.

"The 2026 Singapore Budget reinforces the ongoing shift toward healthcare as a core fiscal priority. The government's development expenditure for FY2026 is projected to rise by S$7.1 billion, with a significant share directed toward healthcare facilities and building a sustainable system that can cope with an ageing population, rising chronic disease burden, and higher expectations of care," said **Abhay Bangi, EY-Parthenon ASEAN and Singapore Life Sciences and Health Care Leader.**

The government has increased the Ministry of Health development expenditure by 31 per cent to S$2.47 billion. This will support the establishment of new facilities, such as Alexandra Hospital and Eastern General Hospital, as well as the continued development of the Next Generation Electronic Medical Record system.

Additionally, funding for preventive care and health promotion programmes has risen by 18 per cent. “Greater investments in long-term and disability care, as well as preventive and community-based services, were highlighted in the budget. Changes to the Integrated Shield Plan from April 2026 are expected to result in lower premiums but higher out-of-pocket costs for policyholders. Under the revised rules, new riders will no longer fully cover deductibles and will have a higher co-payment cap (doubled to S$6,000). Overall, this may require patients to pay more upfront for smaller or mid-sized private hospital bills, although protection for large bills remains intact,” Bangi added.

Growth Capital

The government is increasing its focus on growth-stage funding to strengthen Singapore’s capital ecosystem. Under the Startup SG Equity scheme, an additional S$1 billion will be allocated to expand support beyond early-stage startups to include growth-stage companies, with the aim of crowding in private investment.

A more coordinated approach will be introduced through a new workgroup led by Chee Hong Tat to position Singapore as a leading centre for growth capital.

To support companies at the listing stage, a second S$1.5 billion tranche of the Anchor Fund will be launched in partnership with Temasek, building on earlier efforts to attract high-quality listings to the Singapore Exchange (SGX).

The Economic Development Board (EDB) will also step up efforts to identify and anchor high-growth global companies and scale-ups, working with venture capital and private equity partners. The aim is to help promising firms build regional leadership, access talent and innovation ecosystems, and expand from Singapore as they grow.

AI and Enterprise Adoption

The government will launch a new set of national AI Missions to drive AI-led transformation across key sectors, including advanced manufacturing, connectivity, finance, and healthcare. A National AI Council will also be established to provide strategic direction and oversee Singapore’s AI agenda.

To accelerate enterprise adoption, initiatives will support companies in integrating AI into their operations. Programmes such as Champions of AI will provide tailored support for firms pursuing end-to-end transformation, including workforce training and operational changes, building on early adopters such as DBS and Grab.

Support will also be extended more broadly, particularly to SMEs, through enhancements to existing schemes. The Enterprise Innovation Scheme will be expanded to include AI-related expenditures, offering 400 per cent tax deductions capped at S$50,000 for the Years of Assessment 2027 and 2028. In parallel, the Productivity Solutions Grant will continue to support digital adoption, with an increasing emphasis on AI-enabled solutions.

“Healthcare was highlighted as one of the four new national AI Missions. The Ministry of Health has also outlined guiding principles for AI in healthcare—specifically ‘AI-enhanced, not AI-decided’—and a practical approach focused on improving patient outcomes and the delivery of care in a cost-effective manner. For healthcare companies, this signals that AI-driven productivity solutions should be viewed not as experimental, but as a national imperative in building a sustainable system,” said Bangi.

Implications for Life Sciences Companies

Budget 2026 creates a more supportive environment for life sciences companies. According to FrontierView (part of FiscalNote), increased capital expenditure is expected to drive healthcare infrastructure development, creating opportunities—particularly for capital-intensive medical device companies—to engage with public providers.

The growing focus on AI in healthcare, combined with a business-friendly environment, is likely to encourage companies to develop and deploy new solutions within Singapore.

Healthcare multinationals should consider R&D opportunities in Singapore, particularly in clinical trials and AI-assisted medical products, to leverage ASEAN fast-track approval pathways. However, challenges to AI adoption persist, especially in terms of workforce readiness, according to FrontierView.

“For biotech companies, Budget 2026 measures—including enhanced AI-related tax deductions, broader grant support, and cost-relief incentives—will help reduce barriers to innovation, scaling, and adoption across the life sciences ecosystem,” Bangi added.

In a blog post, the Singapore Economic Development Board noted that the overarching message from Budget 2026 is clear: Singapore is investing not just to help businesses manage near-term costs, but to strengthen the conditions for long-term growth. This reinforces its position as a base for companies looking to build, innovate, and expand in Asia.

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