

Chapter 1 BACKGROUND

The Case for Change

1.1 Over the years, Hong Kong has developed a high-quality and highly efficient healthcare system providing quality and accessible healthcare to its people. However, there are a number of major challenges including the increasing healthcare needs due to the rapidly ageing population and increasing occurrence of lifestyle-related diseases, and rising medical costs brought about by advances in medical technology and expectations for improved quality of care. International experience showed that these factors would have a major impact on health expenditure.

1.2 There are also a number of weaknesses in the existing healthcare system, including insufficient emphasis on primary care, over-reliance on hospital services, and significant public-private imbalance, with limited continuity and integration of care. These have manifested themselves in a number of shortcomings at present including long waiting time for public services, limited alternative choice for medical services, and insufficient safety net especially for patients requiring costly treatment.

1.3 Without reform, the long-term sustainability of the healthcare system is clearly at stake, and the problems of the current healthcare system would only worsen. We recognize that this is not an issue that can be resolved simply by increasing the resources for healthcare. The Government has thus embarked on a comprehensive healthcare reform with a view to ensuring the provision of quality healthcare services to meet the increasing needs of the community in future.

Healthcare Reform

“Building a Healthy Tomorrow”

1.4 The Health and Medical Development Advisory Committee (HMDAC) issued the discussion paper “Building a Healthy Tomorrow” in July 2005 on the future service delivery model for our healthcare system, which surveyed the current system and made a number of recommendations on how the delivery model should be changed. The paper examined primary medical care, hospital services, tertiary and specialized services, elderly, long-term and rehabilitation care services, integration between the public and private sectors, and infrastructural support.

1.5 The recommendations by HMDAC received broad support from the community and stakeholders. These include –

- (a) Public health care service sector should target its services at the following areas –
 - (i) acute and emergency care;
 - (ii) for low-income and under-privileged groups;

- (iii) illnesses that entail high cost, advanced technology and multi-disciplinary professional team work; and
 - (iv) training of healthcare professionals.
- (b) Greater emphasis should be put on primary medical care services through the following –
- (i) to promote the family doctor concept;
 - (ii) to emphasize disease and illnesses prevention; and
 - (iii) to facilitate collaboration of healthcare professionals.
- (c) Better interfacing of hospitals and primary care doctors, closer collaboration and partnership between the public and private sectors, having regard to the positioning of the public sector, and providing infrastructural support through facilitating flow of patient records.

“Your Health, Your Life”

1.6 Following the recommendations by HMDAC, the Government put forward a whole package of inter-related proposals for reform in the Healthcare Reform Consultation Document “Your Health, Your Life” (Consultation Document) on 13 March 2008 for public consultation. These proposals seek to reform the service delivery model and the financing arrangements of our existing healthcare system. The Consultation Document has also provided relevant background information, including international experiences and statistics, to facilitate public discussion.

1.7 Specifically, the document put forward proposals for the following reforms –

(a) **Enhance primary care:**

- (i) develop basic models for primary care services;
- (ii) establish a family doctor register;
- (iii) subsidize individuals for preventive care;
- (iv) improve public primary care; and
- (v) strengthen public health functions.

(b) **Promote public-private partnership:**

- (i) purchase primary care from the private sector and subsidize individuals to undertake preventive care in the private sector;
- (ii) purchase hospital services from the private sector, especially non-urgent and/or elective procedures;
- (iii) pursue PPP in hospital development;

- (iv) set up multi-partite medical centres of excellence; and
 - (v) engage private sector doctors to practice in public hospitals.
- (c) **Develop electronic health record sharing:** the Government to lead, through collaboration between the public and private sectors, the development of a territory-wide and population-wide patient-oriented electronic health record (eHR) infrastructure for sharing of patients' records among healthcare providers subject to the patients' consent.
- (d) **Strengthen public healthcare safety net:**
- (i) reduce waiting time of public hospital services;
 - (ii) improve the coverage of standard public services;
 - (iii) explore the idea of a "personal limit on medical expenses"; and
 - (iv) inject funding into the Samaritan Fund.
- (e) **Reform healthcare financing arrangements:** through maintaining government funding as the major financing source for healthcare services, while considering the introduction of supplementary financing to supplement government funding to cope with increasing healthcare needs and to sustain the reforms aimed at improving healthcare services. In particular, six different proposals for supplementary financing have been put forward for consultation –
- (i) **Social health insurance:** to require the workforce to contribute a certain percentage of their income to fund healthcare for the whole population.
 - (ii) **Out-of-pocket payments (user fees):** to increase user fees for public healthcare services.
 - (iii) **Medical savings accounts:** to require a specified group of the population to save to a personal account for accruing savings (with the option to invest) to meet their own future healthcare expenses, including insurance premium if they take out private health insurance.
 - (iv) **Voluntary private health insurance:** to encourage more individuals to take out private health insurance in the market voluntarily.
 - (v) **Mandatory private health insurance:** to require a specified group of the population to subscribe to a regulated private health insurance scheme for their own healthcare protection.
 - (vi) **Personal healthcare reserve:** to require a specified group of the population to deposit part of their income into a personal account, both for subscribing to a mandatory regulated medical insurance before and after retirement, and for accruing savings (with the option to invest) to meet their own healthcare expenses including insurance premium after retirement.