A Report on Post-consultation Focus Group Research

Public Views on Health-Care Reform and Supplementary Financing Options

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By

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EXECUTIVE SUMMARY

A focus group research was conducted in May 2008 to assess public views towards the proposed health care reform and supplementary financing options in Hong Kong. Nine focus group sessions were conducted; seven were attended by participants who earned more than HK$10,000 per month and two were attended by participants with chronic illnesses or other long-term health-care needs. This report presents the views of 68 Hong Kong citizens from different age cohorts and income strata.

Urgency and priority of health care reform

A majority of the participants agreed that health-care reform should be undertaken, though the proposed supplementary financing options were generally perceived as a means for the government to shift the responsibility for health care to the middle class. Some participants considered health-care financing a very high priority; others, while acknowledging that financing is an important policy issue, felt that it could be addressed in the near future. Participants who were skeptical about the government's analysis of the current situation and those who had good insurance coverage did not share the sense of urgency that others expressed regarding health-care financing reform. It was almost a consensus that the reform in primary health care, public-private interface, electronic patient records, and public healthcare safety net, should proceed expeditiously even without a consensus on supplementary financing options.

Views and values of the middle-class participants regarding health-care financing

There was no overwhelming support for any one of the supplementary health-care financing options. Among the six options, the medical savings account was the least favored by the participants, followed by voluntary private insurance and out-of-pocket payments. Participants across age cohorts and income strata asked many questions concerning the scope of protection and other design features of the mandatory private health insurance and the personal health-care reserve. The participants generally showed the greatest interest in social health insurance. Although no strong support for social health insurance, mandatory private health insurance, and personal health-care reserve was noted, many participants believed that a centralized, mandatory health insurance scheme is better than an optional or voluntary plan. Many participants also preferred a progressive taxation system to the new supplementary financing options. Any further reform options still under consideration should take into account the general concern of the middle class regarding the government's financing commitment and its ability to manage a centralized scheme, the need to effectively monitor the private health market, and the perceived lack of protection for family members.

Most participants appeared to understand the values underlying the health-care financing options. They felt, however, that it was difficult to discuss these values in abstract terms without a more detailed sense of the financing plans. Though not voiced forcefully, some general observations on the participants' value structures can be made. The discussion of supplementary health-care financing options revealed that the participants believed that the social values of equity, wealth distribution, risk sharing,

and freedom of choice are not mutually exclusive. Many middle-class participants seemed to support equity and wealth distribution by favoring tax increases and social health insurance. This is in keeping with the Chinese egalitarian ethos of taking care of the elderly and the poor in the society. However, the views of the participants reflected an uneasy compromise between traditional egalitarian ethos and the redistribution demands on health care. While some participants were contented with a basic package of services for all citizens under a social health insurance system, others held the view that those who pay more should be given more choices and more expedient services. In other words, it seems that the middle-class participants are not seeking absolute equality in health care. The above discussion of values, however, should be interpreted as an endorsement of these values in principle only. There is a strong possibility that the preferred values may change once the participants are clearly aware of how these values affect their interests.

Views of chronically ill participants regarding health-care financing

The participants with chronic illnesses were almost unanimous in their view that dealing with existing problems in the health-care system, such as providing more effective medications and reducing wait times, is a more urgent priority than health-care financing reform. Like the middle-class participants, those with chronic illnesses welcomed the strengthening of primary health care and the implementation of electronic medical records. In terms of health-care financing, affordability and equity are the two major concerns. Participants with chronic illnesses or disabilities were already financially burdened and did not welcome additional contributions to the proposed

supplementary health-financing plans. Most preferred the existing financing system, although some held that a combination of tax increases and social insurance might alleviate the current problems. The chronically ill participants objected to a two-tier system in the public health sector: one for those who have insurance and one for those who do not. In other words, they did not wish to see any differentiation in service quality, wait times, and treatment options should the supplementary financing options be implemented.

Feedback on the consultation process

The media were the main source of information on health-care reform for most participants. Their grasp of issues was somewhat fragmented and incomplete. Those who read the consultation document found it difficult to decipher. Almost all of participants appreciated the chance to express their views in focus group meetings. They felt that they were not qualified to make informed choices on health-care financing until they had more detailed information on the design features, costs and benefits, and expected outcomes of the proposed plans. For many participants, the three-month public consultation period seemed too short. In order to participate fully in future consultations, the participants hoped that the government will provide comprehensive and detailed information on all the proposed reform options. In general, the participants wanted to know more about the future financial commitment of the government, the interconnection of health-care policies and financing, and the implications for the existing health-care system. More specifically, they were eager to learn the actual gains and losses they will experience as a result of the reforms.

BACKGROUND

On March 13, the government launched a three-month consultation process on health-care reform and supplementary financing options. It represented the first stage of a two-stage public consultation process, aimed at building consensus on reforms to the health-care system. The goal is to create a sustainable system that is more responsive to the increasing needs of the community. Proposed service reforms included enhancing primary health care, promoting public-private partnerships by encouraging greater private participation in health care, developing an electronic record-sharing infrastructure, and strengthening the safety net. Six supplementary financing options were submitted to the public's consideration. Each option has benefits and drawbacks, and the choice of option depended on the societal values of the community. During this first stage of the consultation process, the government has not expressed its support of any particular option; instead, it awaits the response of the general public.

The then Health, Welfare and Food Bureau in charge of health policies (now Food and Health Bureau) commissioned the Centre of Social Policy Studies[1], Hong Kong Polytechnic University to conduct a post-consultation focus group research to assess public views towards the proposed health care reform and supplementary financing options. The focus group research was conducted by the principal investigator, Dr. Amy Ho, in May 2008.

[1] The Centre for Social Policy Studies (CSPS) is a research centre within the Department of Applied Social Sciences (APSS).

SECTION I - RESEARCH OBJCETIVES & METHODOLOGIES

1.1 Research Objectives

1. To understand what people generally think of the existing health-care system and its perceived problems?
2. To discover the public's views on any increase in taxes brought about by the growing health-care needs of the community.
3. To gather the reactions and responses of the general public to the six supplementary financing proposals put forth in the consultation document.
4. To understand the underlying reasons for individual preferences or aversions and to determine the amount individuals are willing to contribute to supplementary financing.
5. To discover the range of responses to wealth redistribution and risk sharing.
6. To understand how people view the ageing population and how willing they are to support of the elderly and other underprivileged groups (including those with chronic illnesses).

1.2 METHODOLOGY

1.2.1 Focus group composition

The target population of this study was Hong Kong citizens between the ages of 18 to 64 with a personal monthly income of HK$10,000 or above, except for persons with chronic illnesses and long-term health care needs. Eight focus groups were formed as follows according to three subject recruitment criteria: age, personal income, and health status.

1. Aged 18 to 39, personal income between HK$ 10,000 to 19,999 [2]
2. Aged 40 to 64, personal income between HK$ 10,000 to 19,999
3. Aged 18 to 39, personal income between HK$ 20,000 to 29,999
4. Aged 40 to 64, personal income between HK$ 20,000 to 29,999
5. Aged 18 to 39, personal income over HK$ 30,000
6. Aged 40 to 64, personal income over HK$ 30,000
7. Aged 18 to 39, persons with chronic illness and/or long-term health care needs, no income restriction
8. Aged 40 to 64, persons with chronic illness and/or long-term health care needs, no income restriction

1.2.2 Sampling Method and Recruitment Procedures

In this research, 68 participants were recruited through a combination of purposive and snowball sampling methods. A small group of participants who met our selection criteria were identified by the research team. These participants would then be used as informants to identify other eligible participants. Heterogeneity in gender, educational level, and occupation were taken into consideration. Participants with personal monthly income more than HK$30,000 and those who have chronic illness/long-term health care needs were more likely to be recruited through this method.

To strike a better balance in the representation of the general population in each focus group, we adopted a second method of recruitment through a Random-Digit-Dialing (RDD) telephone survey, in addition to the recruitment by informants. A simple telephone survey was conducted by the Public Opinion Programme of the University of Hong Kong with more than 300 economically active respondents. 53 of the respondents were willing to participate in the study. However, due to the dates of the focus group session had already been fixed, 22

[2] An additional focus group session was held for the young, lower-middle income participants due to the low attendance of the first group session.

(41%) of them were available and attended the specific session. Most of them belonged to the lower-middle income groups (HK$10,000 to HK$19,999). On the whole, the participants in this focus group study represented a wide range of socio-economic backgrounds.

A pilot study was conducted before the main study to fine-tune the moderator guide and the flow of the discussion of the focus group. A meeting room, equipped with one-way mirror, video cameras, white board and a big table, was used as the venue for the focus groups. The one-way mirror in the meeting room allowed non-intrusive observation in the room next door. A total of nine focus group sessions were conducted from May 7 to May 31, 2008. The average duration of the focus group session was 100 minutes for a group size of 5 to 10 participants.

1.2.3 Data analysis

All focus group interviews were videotaped and audio taped, in addition to the notes taken by the moderator and the assistant moderator. The qualitative data collected from the focus groups were transcribed verbatim from audiotapes. Interview transcripts were read to identify conceptual themes in the text according to topics specified in the interview guidelines which were then coded. The codes in each interview were then compared and codes expressing related concepts were grouped together to create broader categories that linked codes across interviews. Representative quotations were used to illustrate the themes. The analysis compiled and compared discussion of similar themes and examining how these related to the variation between individuals and among different focus groups.

SECTION II—SUMMARY OF RESEARCH FINDINGS

The findings of this focus group research are organized into two parts, namely the views of the middle-class participants and those who have chronic illness and long-term health care needs. For the sake of easy reference, participants are classified as high-income (HK$30,000 or above); upper-middle income (HK$20,000 to $29,999); and lower-middle income (HK$10,000 to HK19,999). With a few exceptions, participants with chronic illnesses generally earned less than HK$10,000.

2.1 VIEWS OF THE MIDDLE CLASS PARTICIPANTS

2.11 Urgency and priority of health care reform

Most of the participants acknowledged that problems exist in our health-care system. Nearly all the participants believed health-care reform should be carried out, though they had different views on the priority and urgency of the five areas of reform. Among the reform proposals, there was little dispute on the first four elements of health-care reform, but health-care financing proved controversial. It was generally agreed that the first four elements of reform should proceed expeditiously, even without consensus on the supplementary health-care financing options.

Opinion was divided regarding the urgency of health-care financing. Many considered it an urgent issue; others, though they acknowledged its importance, felt that it need not be addressed immediately. The participants supported health-care financing reform for different reasons. Two groups of participants did not share the others' sense of urgency regarding health-care financing reform: those who were skeptical about the government's analysis of the current situation and those who have good insurance coverage. The following comments reveal the range of views:

> Ten years ago, the Harvard Report mentioned the importance of health-care financing: it expected that the expenditure could reach 45 billion in ten years. But our current expenditure is only about 30 billion, which means there is a gap between the actual and predicted expense. If the government claimed that the tax could not cover the medical expenses and that we should either spend less or save up, the figures would have to be really convincing; otherwise I would query its urgency. [Young participant with income over 30K]

> I am young and healthy. I have a job and a health insurance. To me, health-care reform is not a priority. [Middle-aged participant with income between 20K to 29K]

2.12 Opinions on the five areas of health care reform

The strengthening of primary health care

There was a consensus among the participants that the reform of primary health care, both in terms of policies and services, must be carried out expeditiously. Many participants urged the SAR government to formulate health policies that seriously address the importance of primary and preventive care. This would involve a reallocation of the public resources that support the Hospital Authority and the Department of Health. The participants contributed much practical suggestion in the areas of health education, healthy lifestyle promotion, and preventive health-care services. In general, they felt it important to increase health awareness and knowledge, so that people (especially the young) will assume the responsibility to maintain their health. A plan to subsidize preventive check-ups to ensure early detection of illnesses was well-received.

> Talking about primary health care …. The government will save more money in hospital care if there are more health education and preventive services. [Middle-aged participant with income over 30K]

I think the government should subsidize regular check-ups. Many people nowadays will not have them because they are expensive. [Young participant with income between 20K to 29K]

The government should organize more health related seminars.... People who are interested would attend and obtain more knowledge about how to keep themselves healthy. [Middle-aged participant with income between 20K to 29K]

Strengthening public-private interface

The high-income and upper-middle income participants tended to be more vocal about the public-private interface than lower-middle income participants. Some participants held that it is necessary to monitor private insurance companies and services. Others believed that we need a strong government to provide health care for all citizens and reduce the differences between the public and private sectors. Concrete policies must be formulated to attract middle-class patients to private hospitals, such as setting up a two-way referral mechanism and subsidizing the use of private health services.

Two-way referrals should be set up between public and private sectors in order to relieve the pressure of waiting time in public hospitals. [Middle-aged participant with income over 30K]

To balance the use of public and private health-care services, some sort of policies should be established to subsidize the use of private services. [Young participant with income between 20K to 29K]

If you want to have a better balance between the public and private services … we should think about how to convince those citizens who are using the public services to use the private. If the plan finally ends up with everybody going back to the public services, this is simply a failure. [Young participant with income over 30K]

No matter which proposal is adopted, the government should closely monitor the operations of private insurance companies. [Young participant with income over 30K]

Developing electronic patients' records

There was almost unanimous agreement on the necessity of electronic patient records. Participants with chronic illnesses requested that such records be available as soon as possible, so they don't have to spend unnecessary money on medical examinations in private hospitals.

> I think this should be good for people who want to see both public and private health care services. [Middle-aged participant with income over 30K]

> This [electronic medical records] is important since this could save a lot of effort in doing the same medical examinations again. [Young participant with income over 30K]

Strengthening public healthcare safety net

Most of the participants agreed with this reform direction. A number felt it was overdue. Determining what was meant by "safety net" turned out to be the focal point of discussion. Some participants, particularly those with low income and chronic illnesses, were worried about the scope and quality of public health-care services should they be forced to rely on the public safety net. The participants pointed out a problem with the idea of safety nets: for some patients, certain operations and drugs are life-saving and, therefore, basic, but co-payment is sometimes required, which suggests that the health authorities do not consider these services necessary.

> If I have used up the quota for insurance, I need to go back to the public service.... But what is being covered basically? I worry that if I visit a public hospital, I need to pay HK$20,000 for an injection. [Young participant with income over 30K]

> I do not know what is being included in the safety net; will that be even worse than what we have for now? [Middle-aged participant with income between 10K to 19K]

> Can the government provide "basic health care" to the citizens who rely solely on public health care? What is "basic" can be quite controversial even today. [Middle-aged participant with income over 30K]

> For those people with limited means who bear a heavy burden of medical expenses, we are really worried. Therefore, we care about the content and scope of the safety net .[Young participant with income between 10K to 19K]

Supplementary Health-care Financing Options

Option One – Social Health Insurance

The participants showed particular interest in this financing option. Their attitude was generally supportive. The roles of the government and employers in social health insurance were the focal points of the discussion.

Most participants seemed to embrace wealth distribution as a core value of social health insurance, mainly because of the wide gap between the rich and the poor. In general, those who were ill or who had incurred catastrophic expenses showed a strong preference for social health insurance.

> It is a matter of equity….everybody should not be deprived of health care even if they earn less. I think social health insurance is a good idea. [Middle-aged participant with income over 30K]

> I agree with social insurance. I think it is the same concept as the taxation system: those who are capable should help those who are not. Someone mentioned that the middle class is poor, but there are many people in the society who really live in poverty, therefore people with the means should pay more. [Young participant with income between 10 to 19K].

> It [social insurance] is a protection scheme for all people. Because Hong Kong has an extremely large gap between the rich and poor, we need to be careful when we talk about health-care financing. [Young participant with income between 10 to 19K].

When the merits of social health insurance were outlined by the moderator, most of the participants agreed that this option provides better protection against catastrophic medical expenses than other insurance options. The ability to protect their family, even in the event of job loss, was a major attraction of social health insurance.

> The fifth proposal (social insurance) is just like taxation.... Someone bought it but they may not need it, so it is a pooling of resources and no waste of our resources. [Young participant with income between 10K to 19K].

> If you cannot afford to buy insurance, there is still social health insurance.... What is meant by that? It means you are being taken good care of, even if you lose your job. [Middle-aged participant with income between 20K to 29K].

> For example, I can sustain my family. I have four children and also my parents.... If one day I can no longer work due to accident, and I become jobless, who will help me? I will choose the fifth plan (social insurance), because this is a society and we rely on each other to survive. [Young participant with income between 10K to 19K].

Relatively few participants mentioned any drawbacks of social health insurance. A few participants, though, expressed doubts about the sustainability of social health insurance as the population aged. They also concerned about the actual operation and administration of a social health insurance scheme.

> After several years, inflation would affect the insurance fee. How much of the increase would the government bear in this case? [Young participant with income between 20K to 29K]

> The ageing population will become a much more serious issue, especially in Asian countries. I worry that, even we adopt the social insurance policy, 3 to 5% would be sufficient to cover the expenses for now, but there would be a gradual increase in the future, and this sum of money is not really adequate. [Young participant with income between 10K to 19K]

> If it is managed by the Central Government, the administration fee will spend a significant proportion. I worry that the money will not be able to spend the really needy people. [Middle-aged participant with income over 30K]

> The administration fee is very important… when they first attempted the MPF, the administration charge is 1.75-2.25% in average. The charge has been reduced a bit now, but it is really a huge sum if it is calculated on compound basis. [Middle-aged participant with income between 10K to 19K]

Some participants opted for social insurance only if employers shouldered some responsibility. Some noted that employers are very reluctant to offer such additional benefits, although it is ethical to support the poor/disadvantaged in our society.

> In fact, the proposal raised by the government has some missing elements: the commitment of the government, and the responsibility and ethics of the employer towards the employee. If the contribution [to social health insurance] is being paid by three parties (for example, if each side pays 1%, there is 3% in total, or if each contributed 2%, it would add up to 6%) the potential rewards are bigger. [Middle-aged participant with income between 10K and 19K]

> The employer has a civil responsibility to share the burden [of social health insurance] with us. But it is doubtful whether the employer will be willing to do so. They have already paid for the MPF, and now there is another expense. [Young participant with income between 10 to 19K]

Option Two – Out-of-pocket Payments

Participants' opinions regarding the increase of out-of-pocket payments differed strikingly depending on income and health status. The high-income participants generally believed there was room for increases in user charges. Some considered the existing fee schedule to be "reasonably low," though they acknowledged the impact of fee increases on those with lower incomes. A majority of the participants said they would support out-of-pocket payments if the rate of increase is reasonable. For lower-middle income participants and those with chronic illnesses, however, out-of-pocket payments are the least desirable financing option.

> Some people cannot even afford some HK$40. If you ask me, we have the ability to pay even the government slightly increase the public service charge, but we care those other 1 million people who cannot afford it. [Young participant with income over 30K]

> I heard from a friend that he can claim HK$500 from the insurance company although he only stayed in a public hospital for HK$100 a night… Therefore I think the public service has a large room for charge increase. [Middle-aged participant with income over 30K]

> Because the government has subsidized a lot… The charge is really low at the moment, and the government told me that many people are abusing the A&E service. I think it is reasonable to increase the service charge a little bit. [Young participant with income between 20K to 29K]

> I think we can consider increasing the charge. As many people have the ability to pay. But as you mentioned before, the problem of our ageing population after 30 years would become much more serious. The elderly people, especially the chronic illness ones, how can they afford the fee rise? [Middle-aged participant with income between 10K to 19K]

Option Three - Medical Saving Accounts

Of the six financing options, this was the least favored option. The lack of pre-retirement protection against catastrophic illness and the lack of risk-sharing were the two primary objections. Medical saving accounts were not appealing to the high-income participants since many of them had already purchased voluntary health-care insurance. Some high-income participants thought that the medical account should operate along the same lines as the MPF: the employer should also be involved. Some participants noted the importance of corporate responsibility and maintained that providing medical insurance to employees should be considered an opportunity to act responsibly and beneficially. However, others argued that some employers will not be willing to pay for such benefits. Since the majority of companies in Hong Kong are small and medium-sized enterprises, they will suffer if they are required to pay extra medical benefits.

> I have many clients who claim the insurance not because of chronic illness but because of acute "city killers", especially middle age women, such as cervical cancer. It is useless if the medical saving can only be used after 65 years old. [Middle-aged participant with income over 30K]

> Because I can only withdraw money from the medical saving account after 65 years old, I will become really helpless when I am sick. [Young participant with income between 20K to 29K]

> We need to bear in mind that SMEs occupy 70-80% of companies in Hong Kong. Listed companies or big Corporate can afford the health insurance for their employees, but small size companies or sole proprietorship would suffer. They may only afford to pay their salary and that extra cost would be a burden to them, so they must object the proposal [Middle-aged participant with income between 10K to 19K]

> This affects the lower income group most. The employers would definitely deduct their salary. But those big entrepreneurs or public institutes may not deduct the salary due to that 3% of health insurance.[Middle-aged participant with income between 20K to 29K]

Option Four - Voluntary Private Health Insurance

Only a small number of participants preferred this option. Some participants wondered why this was included since voluntary private health insurance is an option that already exists. Some well-educated participants were skeptical about recent survey findings that concluded that most middle-class residents of Hong Kong preferred voluntary health insurance to other financing options. They believed that the respondents in the survey were provided with limited information or inadequate explanations of the six financing options. These views might not represent those of the middle class in general.

> In the case of my wife who has chronic illness, the insurance company would not cover her. [Middle-aged participant with income between 20K to 29K]

> I have my own insurance plan, but I think social health insurance is good, because what I have now is extremely expensive, and I will not be covered after I am sick. [Middle-aged participant with income over 30K]

> I prefer voluntary health insurance. All the government should do is to provide incentives like tax break for the middle class to insurance plans for us. [Young participant with income between 20K to 29K]

> I do not agree with the survey finding [that most middle class prefer voluntary health insurance. I think the politicians conduct this for political reasons. [Middle-aged participant with income over 30K]

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Option Five - Mandatory Private Health Insurance

For many of the participants, mandatory private health insurance is a new concept. For the high-income and upper-middle income participants, the lack of choice makes this option less appealing than voluntary insurance. The major issues, however, were the reliability of insurance companies and the scope of protection provided. Some participants wondered what services would be included. Some wanted to know if mandatory private health insurance would extend beyond retirement. In sum, the lack of detailed information made it difficult for the participants to determine their support for this option.

> Why should everybody has the same package of services? I am willing to pay more or top up better health health care. [Middle-aged participant with income over 30K]

> The mandatory health insurance should be given a choice and accomplished by a safety net. [Young participant with income over 30K]

> This mandatory health insurance would depend on the coverage defined by the Health Authority…The government should specify how we would be taken care of when I am sick… If I finally go back to the public service, what do we need the insurance? We can comment only if we know the exact coverage of our health care service.[Middle-aged participant with income between 10K to 19K」

> The pool is really big and I think no insurance company could afford this. My concern is which insurance company would take up the job if everybody joins the scheme, how the government is going to implement this and how the insurance company is going to operate it. I really worry how the money would be used at the end. [Middle-aged participant with income between 20K to 29K]

> For all insurance plans, we should define which kinds of illnesses will be covered and which are not. [Middle-aged participant with income between 10K to 19K]

Some participants suggested that mandatory health insurance should also be available to people who are outside the working group category, so that family members can also be benefit from the scheme.

> I would support mandatory health insurance, but I think we need some modification. For example, if I have already purchased an insurance, I do not need to buy this one. People should be allowed to top up the package and get something less basic. If we want to take protect our wives and children, we can also buy one for them if we can afford. [Young participant with income between 10K to 19K]

> Children should be covered by mandatory health insurance. Otherwise, we have to purchase separate insurance plans for our family members. [Young participant with income between 20K to 29K]

Option Six - Personal Healthcare Reserve

Since most participants were skeptical about the idea of medical savings accounts and had many concerns about mandatory private health insurance, it is not surprising that they did not express much support for the personal health-care reserve. Participants were concerned about the operation of such a scheme and the administrative costs that would be incurred. Those who supported the option saw the merit of saving for a rainy day.

> If we keep ourselves healthy until we are old, that sum of money would still be useful one day, the scope of choice is larger in this case… I like this personal health care reserve concept because it can be treated as an inheritance. If I am sick one day and I use up all of the money in the reserve, I can go back to the public service [Middle-aged participant with income between 10K to 19K]

> It is a good idea to keep the money until we are old, and the savings can be treated as inheritance if we do not need to use it. [Young participant with income between 10K to 19K]

> How can a person manage an account with both savings and insurance components? It sounds complicated and would involve high administration fees. [Middle-aged participant with income between 20K and 29K]

> The older group, like us, the remaining time for save up is only little. By the time I need the money, there may be only a few ten thousand dollars left. They will be used up quickly after a few consultations, and I end up seeing the public doctor again. This is an important factor for consideration, is the return sustainable if I save up the money? Is the money sufficient to cover the future inflation and rising service cost? Simply saving up would not be able to cover the expenditure after a few years… but when we need the money at that time, that amount would not be able to secure my life after retirement. [Middle-aged participant with income between 20K to 29K]

2.2 VIEWS FROM PARTICIPANTS WITH CHRONIC ILLNESSES

Two focus group sessions were conducted exclusively for persons with chronic illnesses. Two persons with physical disability and two parents with mentally-handicapped children were also invited.

2.21 Urgency and priority of reform

The participants were almost unanimous in their view that dealing with existing problems in the health-care system, such as providing more effective medications and reducing wait times, is a more urgent priority than health-care financing reform. Some participants, however, would support health care financing reform if the existing problems in health care could be alleviated.

> We always ask for a simple change in the standardized drug formulary, but the government never does anything. If we are treated as a low-income group, we are simply waiting for death. The doctors always ask whether we can afford to use the medication outside the standardized drug formulary. If you say "Sorry I cannot afford it," then the doctor will tell you that you can only consume these medications, but their side effects are huge. [Young participant with chronic illness].

> You ask for financing and money and I want to know what I am going to receive? Are you sure you can shorten our queuing time? It is something about the cost. When we have financing, we want to know what are the outcomes, otherwise why we need financing? [Middle-age participant with chronic illness]

2.22 Opinions on the five areas of health care reform

Opinions on the first four areas of health care reform

For participants with chronic illnesses, the public health care safety net is the biggest concern. It is crucial for them to know whether the definition of safety net will change and whether their treatment will still be affordable.

> I worry about the public safety net, no matter which financing proposal is used. When you talk about any of the insurance plans, it is a matter of whether I can afford it. If I cannot afford it, that means I have to go back to the safety net. But we have never discussed the content of the safety net. Is the safety net equivalent to the worst-case scenario? Or would the situation be even worse by the time we reach the safety net? Or is it really safe? [Middle age participant with chronic illness]

> I do not know what is being included in the safety net, will that be worse than what I am having now? [Young participant with chronic illness]

> In terms of the quality of services or in other ways, I want to know whether there will be differential treatments for the rich, middle class and the really poor ones when they use the safety net? [Middle age participant with chronic illness]

Like the middle-class participants, participants with chronic illnesses welcomed the strengthening of primary health care and the implementation of electronic medical records. They were inclined to blame the government for not taking preventive care seriously, and they do not want the younger generations to suffer due to lack of knowledge. They, too, supported the idea of public-private interface since they believed that it helps everyone if those who can afford private services do not use the resources of the public system.

> The government should persuade people to take responsibility for their own health.... They do not care about their primary care, so how can they prevent high blood pressure or heart attacks? They never bother. [Middle-aged participant with chronic illness].

> Education must be provided, especially to the younger generations. If you knew what kind of illness you could have, you would never smoke. [Middle-aged participant with chronic illness]

> In fact, the patients' records should be interconnected. Usually, when I see the doctors in public hospitals, I have completed the chest x-ray, blood test, and all sorts of tests. But when I meet another doctor, he/she will conduct similar tests again. Those retests are actually redundant, and we should not have the additional expense. The government only asks from the people, but never considers any internal reforms. [Young participant with chronic illness].

> The government should contract out public services so as to shorten the waiting time…. My point is to move some middle class patients out. [Young participant with chronic illness]

Opinions on supplementary health care financing options

Participants with chronic illnesses objected to most of the proposed health care financing options, including out-of pocket payments, private health insurance, medical saving accounts and personal healthcare reserve. They were, however, found mandatory health care insurance and social health insurance more acceptable since there would not be any adverse selection.

Nearly participants shared their grievances that health care expenditures constituted a big proportion of their family income and they were afraid that they may be required to pay more for health care in the new health care financing plan. In other words, affordability is a key concern for participants with chronic illnesses or disabilities.

> I think we are the poorest. My husband is the only breadwinner, but he has to take care of three people in the family because I need to take care of my daughter. He earns only around HK$20,000 per month but HK$6,000 is spent on medical expenses, not including the nutritional drinks and diapers that my daughter has to consume. The costs of milk powder and diapers have been increased by more than 20%.... My husband also needs to pay for MPF. If we are required to make other payments, as mentioned in

> your proposal, my family will not be able to sustain itself. [Middle-aged participant, mother of a physical handicapped child]
>
> As mentioned before, I spend one-third of my salary on medical expenses each month. If I need to pay more for public health services in the future, I would rather resign from my job and get CSSA. [Young participant with physical disability]
>
> I have to support four family members and my financial situation is really tight. If the government asks for another sum of money from me, my whole family's living standard would be hampered. [Middle-aged participant with chronic illness]

Option One - Social health insurance: This option was generally accepted by participants with chronic illnesses. Some participants felt that contributions to the social insurance plan should be the joint responsibility of the employee, the employer, and the government, but others disagreed.

> This [social health insurance] is a fair plan because everybody has the right to receive a basic package of health care. [Young participant with chronic illness]
>
> In my view, I would say that the government, the employer and the employee should take responsibility to contribute to this plan. [Middle-aged participant with chronic illness]

Option Two - Out-of-pocket payments: A vast majority of participants rejected this idea, and some were vehemently opposed. They cited examples of close friends who were impoverished by the fees for "targeted" cancer treatments in public hospitals. Some also mentioned that the charges for heart surgery are too high for lower-income families.

> Of course I cannot afford it. Otherwise we do not need to complain the inadequate disability assistance for our living expenses. Those disabled might need to stay in the hospital for months. [Middle-aged participant with chronic illness]
>
> Firstly, I need to see how much is the increase, and secondly how many specialties you need to consult. [Young participant with chronic illness]

Option Three - Medical savings account: Those with chronic illnesses are particularly opposed to medical savings accounts as a supplementary health-care financing option.

> If you propose a saving account, how much can we save up to see a doctor as we are chronically ill? Where those money come from for saving up? [Middle-aged participant with chronic illness]

Option Four - Voluntary private health insurance: All the chronically ill participants had difficulty purchasing affordable private insurance plans because of their pre-existing medical conditions. Moreover, even if they could afford one, the coverage is quite limited. They strongly advise the government not to implement this option since they believe that the insurance companies will be the primary beneficiaries. This was the least preferred option of those with medical conditions.

> If we use an insurance company that does not fulfill its commitment, which is very unfortunate, this will affect our health-care quality. Insurance companies talk about making profits, and it depends on the extent to which the government monitors their operation. Once we deal with the commercial companies, the service quality would be affected due to their profit-oriented objectives. [Middle-aged participant with chronic illness]

> I am an insurance agent myself and I do not have confidence in private health insurance at all. [Young participant with chronic illness]

> If you purchased an insurance policy ten years ago, the coverage indicates that you can stay in Grade A bedroom, but after ten years you no longer have this coverage. Sometimes you are not covered by the insurance even if you stay at a very basic public hospital; therefore, I disagree with voluntary insurance. [Middle-aged participant with chronic illness]

Option Five - Mandatory private health insurance: Many participants found mandatory health-care insurance acceptable when they realized that persons with pre-existing medical conditions would not be disqualified. Some participants suggested that mandatory health insurance should be extended to family members. Many wondered about the consequences of job loss.

> In the current mandatory health insurance proposal, there are some problems we need to tackle. For example, how about my wife and my children? I think mandatory insurance should not be limited to the workers. I prefer to get what I want for my family. It is not sensible if this applies only to those who work.... Even my parents should be eligible to be covered by insurance.... From my point of view, mandatory insurance should be open to all, with no exclusions. [Middle-aged participant with chronic illness]

> What will happen to people who are unable to work and to people who work overseas or Mainland China? [Middle-aged participant with chronic illness]

Option Six - Personal health reserve: Most participants did not have very specific comments on this option. A small number of participants thought this option is better than Mandatory private health insurance because of its saving component.

> The plan is good because we don't have to wait until 65 before we can use the money. [Young participant with chronic illness]

2.3 A SUMMARY OF PARTICIPANTS' VIEWS ON THE SIX HEALTH CARE FINANCING OPTIONS

Based on the research findings generated from the nine focus groups, the following conclusions can be made regarding the participants' views on health care financing options.

- **No overwhelming support for any supplementary health care financing option, but more support was shown for centralized, mandatory schemes**

Among the six options, medical saving account is least preferred, followed by voluntary private insurance and out-of-pocket payment. Although there was no overwhelming support for social health insurance, mandatory private health insurance and personal healthcare reserve, many participants did believe that a centralized, mandatory health insurance scheme is better than an optional or voluntary plan. Some participants, particularly persons with chronic illnesses, believed that a combination of tax increment and social health insurance should be the way out to resolve our health care financing crisis.

> I think the tax system can be slightly tuned to align with the implementation of the social insurance scheme. [Young participant with income between 10K to 19K]

> I tend to prefer tax increment and social insurance…. I think there is still plenty room of tax increment, if we are still operating on strata basis. Social insurance is another method, it is about social morality. We were born as the same species; I will also want to take care others if I am capable enough. Therefore I agree with social insurance. [Middle-aged participant with chronic illness]

> But you can develop a proposal with combination of tax increment and social health insurance. [Middle-aged participant with chronic illness]

- **A more progressive taxation system is preferred to the new supplementary financing options**

Increased taxation, through direct or indirect means, is the preferred option of many middle-class participants, if the tax base can be broadened to put more pressure on the highest-income groups. That is, the very rich will pay tax that is proportional to their income. The participants felt very strongly that the existing taxation system has placed an undue burden on the middle class. They believed that taxation is an equitable means of health-care financing only if the taxation system is truly progressive. Thus, a reform of the taxation system is necessary. Some participants supported the increase in taxation because it would not involve drastic changes in the existing health-care financing system and the perceived administration costs are low. The views of the chronically ill participants were similar to those of the middle class. They agree that the financial burdens on the middle class are disproportionate. The system should require each person to contribute according to their earning power.

> All the financing plans are targeted at middle class. In fact, those who are the richest and earn the most in the society do not take as much as responsibility as those middle class people. I tend to prefer taxation on the richest, but not taken from the middle class. [Middle-aged participant with income over 30K]

> All the proposed insurance plans are targeted at the middle class. Why don' we just increase tax? [Young participant with income between 20K to 29K]

> Increasing tax is a simple and direct way to resolve the current problems in our health care system. [Young participant with income between 10K to 19K]

> The scenario is quite obvious that the government is linking up with the merchants…Because those rich people are making profit from the society. We contribute and they take profit. [Middle-aged participant with chronic illness]

SECTION III - ANALYSIS OF PUBLIC VIEWS ON HEALTH-CARE REFORM AND FINANCING

3.1. The general public's sentiments on health-care reform and financing

- Many participants viewed the supplementary financing options as evidence that the government was preparing to shed the responsibility for health-care financing in the near future. They were skeptical about the government's claim that public finding would remain the primary source of financing for public health care. Although most participants agreed with the general direction of the reform, they felt the government was acting too hastily in proposing financing options before dealing with the existing problems in the health-care system.

- The participants were also inclined to see health-care reform as a means of forcing the middle class to pay more for health care and, therefore, unfair to those in that income group. They felt that the financial burdens of the middle class are quite heavy already, given contributions to MPF, taxation, and other expenses. They pointed out that the middle class will itself become impoverished if it is forced to continue subsidizing the poor.

3.2 The difficulties of determining a preferred health-care financing option

- No consensus was reached on the six health-care financing options. Most of the participants found it difficult to formulate opinions and express preferences because their information was sketchy and incomplete. The following fundamental questions were asked during the focus group sessions: What commitment and contribution will the government make to health-care financing? Where will the money go? In what ways will the existing problems in the health-care system be addressed? What concrete benefits will the citizens of Hong Kong realize? In general, the participants wished to know the scope and nature of the government's commitment, the nature of the relationship between policies and financing, and the implications for the existing system. For example, will supplementary financing reduce wait times in public hospitals? More specifically, the participants were eager to learn what actual gains and losses they will experience as a result of the reforms. For example, will chronically ill patients receive more effective drugs? Will citizens enjoy better service under a mandatory health-insurance scheme? In sum, the participants felt that they were not in a position to make informed decisions without more detailed information on the design features, costs and benefits, and expected outcomes of the proposed plans.

- The opinions of the participants ranged widely due to a lack of focus in the consultation process. The participants felt the many financing options put forth in the consultation document confused the reader. Some felt that the

government was trying to demonstrate its neutrality by opening up a number of options; however, the document made it clear that the government's preference would be the personal health-care reserve.

3.3 Values expressed regarding health-care financing

- **Co-existence of social values:** Given adequate elaboration, most participants could understand the social values underlying the six financing options (equity, wealth distribution, risk sharing, and freedom of choice). On the basis of the short questionnaire distributed before the focus group sessions and the subsequent discussion, it seems that the participants feel that these social values are not mutually exclusive.

  Equity: Many high-income and upper-middle income participants endorsed the principle of equity. Most participants were proud of the fact that the existing system provides public health services to all. In principles, they endorsed the values of equity in health care access and financing.

  Wealth distribution and freedom of choice: Many participants were willing to pay more tax or to participate in a social insurance scheme to ensure equal access to health care for the elderly and the poor. Some socially conscious participants, such as social workers and teachers who support social health insurance, were not averse to receiving a standardized package of service.

But this view was not generally shared. Many middle-class participants felt it was unfair that those who contribute receive the same basic level of care as those who do not. In fact, the majority believed that those who pay deserve better and more timely services. One of the major reservations expressed about mandatory private health insurance was the lack of service packages.

The views of the middle-class participants in this study reflect an uneasy compromise. On one hand, they embrace social egalitarianism by supporting taxation and social health insurance. On the other hand, they believe that the poor and sick are not entitled to a free ride. They do not wish to establish absolute equality in health care. Instead, they want all citizens to be eligible for a basic health-care package, while those who pay more are allowed more choice and better service.

Risk sharing: Almost all the high-income and upper-middle income participants had purchased their own health insurance, in addition to the insurance provided by the employer, so as to protect them against catastrophic health-care expenditure. Those who had pre-existing medical conditions and those who were health conscious considered risk sharing an important principle of health-care reform. It should be noted that some participants preferred a risk pool that included all citizens, while others would restrict the pool to those who contribute to the insurance scheme. The former tended to support social health insurance, and the latter preferred mandatory private health insurance.

- **Variations in preferred values**: The values mentioned above were noted during the general discussion, but they were not voiced forcefully or identified clearly. Many participants had difficulty discussing these values in abstract terms: they would have preferred to discuss them in light of a concrete financing plan. In other words, there is a strong possibility that the preferred values may change once the participants are clearly aware of how these values affect their interests. For example, some participants said that they would not support social health insurance if it were too costly. There were, then, strings attached to their support for wealth distribution. The above discussion of values should be interpreted as an endorsement of these values in principle only.

3.4 Major Concerns of the Middle-Class Participants

The participants from the three income strata shared similar views on health-care reform, though some subtle variations could be identified. In general, lower-middle income participants supported health-care financing reform for practical reasons, such as reduced wait times and better service in public hospitals. High-income and upper-middle income participants took a longer view: they felt the reforms would lead to a more equitable system. The difference in opinions between the middle-aged and younger participants was not very obvious.

- **Concerns regarding the government's commitment to health care:** Despite the government's promise to increase public health-care subsidies, some well-educated, high-income participants were concerned about the government's future commitment. They were not sure whether to view the increase in government subsidies as a temporary measure or a permanent policy. In their view, the percentage of GDP to be spent on health care should be a matter of public debate. They pointed out that the proposed increases may not be enough to maintain the quantity and quality of services as the population ages. In sum, they doubt the sustainability of the system. Reassurance from the government on its future financial commitment would be welcome by this group of participants.

- **Lack of confidence in the government's ability to manage a centralized scheme:** Many participants showed a lack of confidence in the government's ability to implement a centralized health-care financing system. Transparency and competence were the two major concerns. The participants drew attention to the government's inability to monitor the Hospital Authority and the Mandatory Provident Fund Authority. The high administration fee of a centralized scheme was also a common concern.

- **Concerns about the quality of care offered by the private sector:** Participants from all income strata were concerned about the monitoring of the private health sector if the government chose to implement a financing scheme with an

insurance component. Based on their own experiences, the participants were worried about the quality of care and the potential for drastic increases in the premiums.

- **Concerns about spousal and family protection:** Some participants wondered why most of the proposed supplementary financing options benefit only the individuals who make the contribution. They did not support the exclusion of non-working spouses and other family members. Some believed that the family, not the individual, should be the unit covered by any mandatory insurance plan.

3.5 Major Concerns of participants with chronic illnesses and/or long-term health-care needs

For participants who have chronic illnesses, affordability and equity to access were the two major concerns in the proposed health care financing options. Compared with the middle-class participants, they were more willing to maintain the status quo, as long as the current problems in the health care system can be resolved.

- **Importance of resolving existing problems in the current health-care system:** This group of participants was generally agreed that fixing the existing problems in the health-care system is a more urgent priority than any health-care reform. Specifically, they were anxious to see the inclusion of more effective medications in the Standardized Drug Formulary, reduced wait times for specialists, and improved quality of health care.

- **Affordability is a real issue:** Most participants in this group expressed great anxiety on the proposed supplementary health care financing options which require additional contribution from the working population. Additional contribution in the forms of out-of-pocket payments, medical savings, or insurance premium, would make health-care costs insupportable for this group of participants. This might affect seriously their quality of life.

- **Equity of access should be maintained** - This group of participants objected to a two-tier system for public health: one tier for those with insurance, and the other for those without. They did not want to see any differentiations in service quality, wait times, or treatment alternatives should supplementary options be implemented. The definition and access to public health safety net was another equity concern among participants with chronic illnesses. Even for those who have jobs, the danger of falling back into the safety net provided by the public health service is very real. Any worsening of their condition could result in such an outcome. These groups were particularly anxious to discover the scope of services provided by the safety net of the public health system.

SECTION IV - FEEDBACK ON THE CONSULTATION PROCESS

4.1 Major sources of information

For most participants, the media (newspaper, radio, and television) were the main sources of information on health-care reform. Very few participants had read the consultation document. Those who had done so found it difficult to grasp: it lacked focus, and its scope was too broad. The information they gleaned was fragmentary and incomplete. Many were under the impression that it was primarily concerned with health-care financing. Few realized that it dealt with other areas of reform such as primary health care and public-private interface.

4.2 Hasty consultation process and limited public debate

Given the impact of health-care reforms on quality of life, the three-month consultation period was too short. While all the participants appreciated the opportunity to express their views, they felt that they were unable to make informed choices because they were not aware of the details of the proposed plans. Only a very few participants attended one or two seminars on health-care reform since the consultation process began in March 2008, and those participants did so as a result of their connection with professional bodies or political parties. For most, the only source of information was the government Web site. Many suggested that health authorities hold district-based town hall meetings for the general public.

4.3 Thorough understanding of future health-care reform

During the next stage of the consultation process, the participants urged that answers to the following questions be provided to the general public:

- What role will the government play in health-care financing?
- Will there be any fundamental changes to the health-care policy or system in the near future?
- In what ways will the existing problems in the health-care system be rectified as a result of supplementary funding?
- What are the actual benefits of health-care reform for the general public and for those with long-term health concerns in particular?
- What are the precise features of the proposed financing options?
- How will the funds from supplementary financing be allocated? What are the expenses and expected outcomes?
- What role will employers play in establishing mandatory health-care financing?
- What are the administrative arrangements for supplementary financing?