Focus Group Research on Supplementary Financing for Healthcare

Final Report

December 2008

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Introduction

Research background

- The Food and Health Bureau launched a three-month consultation exercise on healthcare reform and supplementary financing options during 13 March – 13 June 2008 as the first part of a two-stage public consultation. The Bureau received more than 4,000 submissions from individuals and organizations in this exercise.
- While the first-stage public consultation covered both service reform and supplementary financing options, the latter was one key aspect that drew enthusiastic feedback from the public in the first-stage public consultation exercise. Different opinions were received regarding the existing financing model and the six possible supplementary financing options that had been set out in the consultation document.
- In order to enhance understanding of the public opinions towards different supplementary financing options, a focus group research on the subject was initiated and focus group discussions with a sample of Hong Kong residents were conducted in the latter part of October 2008.
- This report summarizes the findings of the focus group research.

Research objectives

- The main objective of this study is to enhance understanding of the public opinion towards the following supplementary healthcare financing options and related key attributes as set out in the First-Stage Healthcare Reform Consultation Document “Your Health, Your Life”:
  - ◆Social health insurance (醫療社保)
  - ◆Out-of-pocket payments (user fees) (用者自付)
  - ◆Medical savings accounts (醫療儲蓄)
  - ◆Voluntary private health insurance (自願醫保)
  - ◆Mandatory private health insurance (強制醫保)
  - ◆Personal healthcare reserve (個人康保儲備)
- The objective is achieved by a qualitative analysis of the perception, preference, ideas, concerns and other observations obtained in the focus group discussions.
- The findings of this study will provide a reference in the preparation for the second-stage of the healthcare reform consultation.

Methodology

Methodology (1)

Research Design Rationale

- Since the subject of healthcare financing is not a topic that most people touch on and discuss with others every day, focus group discussions in this study are designed to provide an interactive environment that facilitates participants to be familiarized with the subject, to inspire and be inspired by each other, express opinions, and elaborate the underlying ideas.

Sampling and Recruitment

- Nielsen HK was responsible for recruiting participants by utilizing various recruitment methodologies, e.g. cold-calling and referrals from its recruiters.
- All participants were recruited through a multiple-step screening process to ensure and reconfirm their eligibility to the study. Recruitment criteria included:
  - All participants belong to the land-based non-institutional population of Hong Kong and reside in Hong Kong, but foreign domestic helpers are excluded.
  - Even mix of males and females in each focus group is arranged as far as possible.
  - At least two participants who are healthy and do not have immediate family members with chronic illness are included in each focus group.
  - At least two participants with chronic illness or long term healthcare needs are included in each focus group.
  - For the sake of neutrality, people working in the insurance, healthcare and health-related industries and in the civil service are excluded.

Methodology (2)

Group Formation

- 6 focus groups (each comprising 8 participants) were conducted during October 21-28, 2008 at Nielsen HK office, with the following compositions (Appendix B).

	Monthly personal income HK$10,000 – 19,999	Monthly personal income HK$20,000 – 29,999	Monthly personal income HK$30,000 or above
Aged 18-39	Group 1 (Oct 27)	Group 3 (Oct 21)	Group 5 (Oct 23)
Aged 40-64	Group 2 (Oct 28)	Group 4 (Oct 22)	Group 6 (Oct 24)

Fieldwork Procedure

- Discussion guide (Appendix C) was pilot tested in 2 mini focus groups (each comprising 4 participants) on October 2-3, 2008.
- Each focus group discussion lasted for about 2 hours, and consisted of 3 parts. Part I focused on knowing participants' perception towards healthcare financing reform and existing financing model. Part II gauged participants' views on the 6 supplementary financing options. Part III probed participants' evaluation of different attributes underlining the supplementary financing options. Stimuli in the form of PowerPoint slides was used to elicit participants' responses to the various options (Appendix D). All discussions were supported by one well-trained moderator and one on-site recorder.

Methodology (3)

Data Analysis

- The whole discussion process was audio/video recorded and the content was fully transcribed.
- Data were analyzed by using the tool of Content Analysis. Analyses were focused on not only the views and concerns expressed by participants but also the underlying considerations and context.

Limitation

- As with all qualitative research, the findings of this focus group research should not be interpreted in any quantitative sense. The profile of participants corresponding to the opinions and ideas expressed is set out in this report mainly for facilitating interpretation of the findings. No order of preference is intended.
- It should be cautioned that the study only captures the feedback from a sample of people in some pre-defined age/ income categories who were invited and able to participate in the discussion. As such, no matter how popular an opinion or idea was in a focus group, it only reflects opinions and attitudes amongst a small yet relevant sample.

General Observations

Substantial divergence of views within & across groups

- From the focus group discussions, it was observed that participants' reactions towards the 6 supplementary financing options were rather diverse within and across different groups.

  - Within the Groups
    - The responses sometimes diverged between participants who had **different health status** (especially between the ones who were healthy and the ones who had chronic illness).

  - Across the Groups
    - Beside health status, participants who had reached **different life-stage (age) and income level (monthly income)** were also likely to express different opinions towards the 6 supplementary financing options.

Tendency appeared to be somewhat governed by age, income and health status, for example:

	Younger participants	**Elder participants**
Age	■ Tend to prefer the benefit from any contributory scheme to be available for use immediately rather than after retirement. ◆ The benefit is too remote if available for use only after retirement, and should be readily used anytime when needed.	■ Tend to prefer the benefit to be available for use only after retirement. ◆ The majority can still afford the current healthcare expenses while they are working; the contribution should be accumulated to render future healthcare protection in retirement years.
	Lower income participants	**Higher income participants**
Monthly Income	■ Tend to prefer voluntary mechanism to mandatory mechanism. ◆ Choice is liked because their participation can be freely determined by affordability. ■ Tend to prefer only the working adults whose monthly income exceeds a certain level to participate.	■ Tend to prefer mandatory mechanism to voluntary mechanism. ◆ Mandatory mechanism ensures that all eligible parties must contribute and bear responsibilities, which is regarded as fair.
	"Less healthy" participants (e.g. people with chronic diseases)	**Healthy participants**
Health Status	■ Tend to prefer the contribution to be pooled for risk sharing by all Hong Kong residents, both healthier and less healthy.	■ Tend to prefer that individuals bear their own risk and do not share risks with other people in the society.

Beside individual interest, opinions were also influenced by the sense of responsibility to the society

- **Without compromising on the need to take care of themselves and families, most participants showed willingness to help the less well-off in the society and valued social solidarity that could be established as a result.**
  - The conscious and subconscious thinking in this regard may help explain the rather inconsistent perspectives taken by some participants when presented with different sets of stimuli.

When considering the individual financing options,

- Participants tended to **express their ideas in a more personal perspective**.
  - When presented with a concrete concept, most participants had their attention focused on the potential impacts to themselves/ their family and express their ideas in **what would yield the best outcome to themselves/ their family**.

When considering the key attributes underlying the options,

- Participants' **viewpoints were expressed more in a macro perspective.**
  - Without a concrete concept for evaluation, most participants expressed their thoughts and preference more in regards to **what benefits most to the society.**

Concern over fine details of the financing options

- **While the participants could generally express their opinions and ideas towards the concept of different options, many of them opined that the fine details of implementation were crucial and might affect their final preference e.g.**
  - Likely increase in user charges under out-of-pocket payments option.
  - Required amount of contribution under mandatory private health insurance option, mandatory savings account option, and personal health reserve option.
  - Setting of insurance premium under mandatory private health insurance option and personal health reserve option.
  - Incentives provided by the government under voluntary private health insurance option.

- **The aforesaid concern implied that the public opinion could be subject to considerable change when more details of financing options were to be put up for discussion at a later stage. Yet this would be the necessary process for social consensus to evolve in due course.**

Financial tsunami caused greater caution, particularly on timing of reform and investment strategy

- **A lot of participants expressed worries on job security and investment return upon the outbreak of global financial tsunami. This affected their perceptions on the supplementary financing options in the following areas:**

Job insecurity

- Now that employment has become less secured, some participants expressed reluctance to make contribution and prefer saving money in their own pockets.

Willingness to contribute

- The negative wealth effect and uncertainty about personal financial prospect discourage additional financial commitment.

Investment options

- Volatility in the global financial markets reduce risk appetite and most participants are more cautious in the investment element of options.

- Most participants opined that **introducing the supplementary financing option at this moment would increase their future financial burden and hence it was not preferred.**
  - Nearly all believed **under a good economic condition**, the introduction of supplementary financing arrangement would be better received by the public.

- **The risk of capital loss (potential drawbacks) would overwhelm the possibility of wealth accumulation (potential benefits).**

Absence of clear consensus on ideal solution at this juncture

- **There were some core values that participants held in common e.g.**
  - Protection of private property rights (as reflected by consensus that unused benefit accrued to a deceased individual should be heritable).
  - Willingness to help low-income and under-privileged people in the society as condition permits (as reflected by recognized need to help the less well-off (Hong Kong residents only) on healthcare protection, despite lack of consensus over the mode and degree of cross-subsidization).
  - Responsibility for the next generation (as reflected by commonly held view to avoid leaving the problem unattended now and leaving it to the next generation).

- **However, these commonalities were insufficient to forge consensus over an ideal solution to healthcare financing challenge at this juncture**
  - Conceivably, this partly stemmed from different interpretation of fairness and divided views regarding where the balance between personal interest and social responsibility should be pitched at.
  - Also relevant was the conceptual complexities involved in some options that might require more time for some participants to establish a solid view.

Perception on the Existing Financing Mode

Anticipation of rising household expenditure on healthcare

- **It was commonly agreed that the future healthcare cost would become increasingly burdensome** because of:
  - Ageing (themselves and family members)
  - The need to take care of the retired family members/ children
  - The need to cure long term/ chronic diseases
  - The potential increase in public healthcare charges
- Hence, most participants had initiated at least one of the following actions in response:

Purchase health insurance

- ✓ Ensures the healthcare expense can be covered by the insurance policy.
- ✗ Some participants do not favor insurance concept because of discontent or worries about long turnaround time in claim process, exclusion of pre-existing illness from coverage, etc.

Save

- ✓ Not only can the savings be used to support healthcare expense but also other general expenditure.

Keep good health & well-being

- ✓ Preventive healthcare is agreed as the most effective long-term strategy to bring healthcare expense under control.

Need for change from status quo widely recognized; Need for change in financing mode not so sure

- Participants were generally aware that government taxation is the main source of financing the current public healthcare system in Hong Kong. **Many of them agreed that it would lead to social problem if there was no change to status quo.**
  - Population ageing would bring heavier burden to the next generation (who bear higher taxes).
  - Without any increase in healthcare capacity, public healthcare services are poised to deteriorate in quality due to rising demand (e.g. increasing number of elderly, new immigrants from Mainland).
- **While some participants agreed on the need to introduce changes in financing mode, there were also questions on why changes in tax and the mode of allocating fiscal resources were not explored in the first place.** For example**,**
  - Some wondered if higher tax rate could be imposed on the luxury product category, such as the wine/ tobacco duty, which had a limited impact on their everyday life.
    - *"I don't understand why the government introduced wine duty exemption and now wants to cut budget for the healthcare services. I think the government should impose heavier tax on luxury products to finance healthcare services instead…Healthcare is essential." (Younger, low-income participant)*
  - Some opined that it should be the responsibility of the government, not the Hong Kong residents, to provide and finance basic healthcare services.

Common agreement that the problem should not be passed to the next generation

- Regardless of the differences in the direction of change, participants generally agreed on the need to refrain from leaving the problem unattended and passing it to the next generation. They opined that so-doing was irresponsible and would impose hardship to the youngsters today.
  - Population ageing will impose heavier financial burden to the next generation because in the future, a decreasing number of working people is expected to support the increasing number of non-working people.

- The far-sightedness was echoed by the concern raised by many participants when asked to comment on the options of **"Medical Savings Accounts" and "Personal Healthcare Reserve". If either of these options were to be implemented, most participants subscribed to the proposed arrangement that any unused savings balance of a deceased account/ reserve holder would be heritable.**
  - If they cannot enjoy the benefit from the contribution when they are alive, they hope to ensure their family members will be the beneficiaries when they pass away.

Evaluation of the Supplementary Financing Options

- Social health insurance (醫療社保)
- Out-of-pocket payments (用者自付)
- Medical savings accounts (醫療儲蓄)
- Voluntary private health insurance (自願醫保)
- Mandatory private health insurance (強制醫保)
- Personal healthcare reserve (個人康保儲備)

Social Health Insurance – Area of Likes

Standardized entitlement to healthcare protection

- **Regardless of income level, everybody can enjoy the same level of entitlement to healthcare protection**
  - *"I like the fact that the poor and the wealthy people are both having the same level of healthcare services. It is fair!" (Elder, low-income participant)*

Stable and sustainable source of finance

- **As every working adult needs to contribute to the system, the income source would be stable and sustainable.**
  - *"I think a stable income source is very important to the government to combat future challenges from ageing population and unknown diseases." (Elder, mid-income participant)*

Incentives for the better-off to use private services

- **The flexibility in the use of social health insurance to finance both public and private healthcare services is liked.**
  - Some participants perceived the waiting time for public healthcare services would be shortened as the insurance system would induce more people with higher affordability to use private services.

Social Health Insurance – Area of Dislikes

Extra financial burden on the working population

- **The lower income participants tended to dislike the contributory feature because it would result in an extra financial burden.**
  - It is perceived that the feature is tantamount to extra payroll tax on the working population.
    - *"We have already fulfilled our responsibility by paying tax. Thus, it should be our basic rights to enjoy the public healthcare at a very low cost. It does not make sense to me that the government requests us to pay more money for the public healthcare again!" (Younger, low-income participant)*
  - Some participants who were healthy or already had had insurance coverage considered this unfair to them as the **perceived benefit to them is less than the contribution.**

Inducement for overuse of healthcare services

- **There were widespread worries that this option could not ensure judicious use of healthcare services.**
  - It is perceived that the insurance protection may lead to overuse of healthcare services.
    - *"I think the fundamental problem of overusing the healthcare services cannot be solved because the service charge is still low for the public healthcare services." (Younger, mid-income participant)*

Social Health Insurance – Concerns/ Other Observations

Concerns

- The amount/ percentage of income to contribute as insurance premium.
- Premium differentiation between high-income and low income groups, and exemption mechanism if any for the poor.
- Monitoring mechanism to ensure proper utilization of the insurance protection and avoid abuse.
- The amount/ percentage of private healthcare expenses to be covered by the insurance.
- The mechanism on disbursement of fund (e.g. does one need to pay upfront and claim back later?)

Other Observations

- The features of this option were easily understood and most participants did not need much time to understand the mechanism.
- Before discussion on the details, the participants were generally not comfortable with the extra financial burden anticipated for the working population and cross-subsidization to non-working population.
- After the discussion, overall reaction to this option appeared to have worsened when the participants came to realize that the social health insurance was tantamount to payroll tax, though some of them appreciated the broad coverage of benefit embodied in the system.

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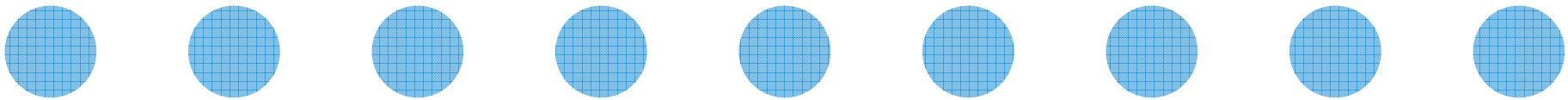

Out-of-pocket Payments – Area of Likes

Protection for the low-income and under-privileged groups

- **Participants generally liked the idea of maintaining a "medical safety net" for the low-income and under-privileged group in this option.**
  - There was little dispute on the social responsibility to protect the low income and under-privileged people.
    - *"I like the point that the low income and under privileged groups are protected……but the concept attractiveness depends on how much we need to pay." (Younger, high-income participant)*
  - **Participants generally defined low income or under-privileged to include only those who are Hong Kong residents for having made contribution to the society, and some opined that new immigrants from Mainland China should be excluded.**

Incentive for judicious use of public healthcare services

- **Since every individual needs to pay for his/her own healthcare expense, some participants opine that it would help to ensure the healthcare services would not be overused.**
  - *"One of the reasons why we see a long queue in the public hospital every time is because of the overuse of medical services. Because of the low fee, someone may still go to the public hospital for medication even though he/ she has no medical needs. I guess this User Pay Model can solve the problem." (Younger, mid-income participant)*

Lower financial burden for the healthy

- **A few healthy participants considered this option fair because only those who use the services need to pay.**
  - They disagreed with the idea of risk sharing, and believed the users should take up more responsibilities for their own healthcare expenses.
  - They believed this financing mode is fairer to themselves being young and healthy.

Out-of-pocket Payments – Area of Dislikes

Anticipated rise in public healthcare charges

- **Participants generally anticipated that the resultant rise in public healthcare charges under this option would be significant.**
  - The concern was particularly apparent amongst chronic illness patients, who would need to allocate a more substantial amount of their income to pay the healthcare fee due to frequent use of public healthcare services.
    - There was a general view that it is the government's responsibility to provide the most basic medical protection to the residents at an affordable cost.
    - *"For a low income chronic illness patient, he or she may need to spend the whole monthly salary on medical expense under this supplementary financing mode." (Younger, low-income participant)*

Knock-on effect that gives fee rises in the private sector

- **Some participants were worried that the increase in public healthcare charges would lead to corresponding increase in private healthcare charges.**
  - The fee increase in public healthcare services would divert the demand to the private market and push up the private healthcare charges.
  - Ultimately, Hong Kong residents would need to pay a higher fee for the same quality of services in both the public and private sectors.

Adverse impact on general health condition

- **There were worries, especially from the elder, high-income participants, that fee rise would discourage individuals from seeking timely and proper healthcare when getting sick.**
    - *"When I become elder and earn less by the time, I may become hesitant to use healthcare service if it costs me a substantial amount." (Elder, high-income participant)*

Out-of-pocket Payments – Concerns/ Other Observations

Concerns

- The definition of the low income and under-privileged group (e.g. should chronic illness patients be included?)
- The cut off line of eligibility for medical safety net and hardship for those who fail the means test only marginally.
- The exact or likely increase in the public healthcare charges for Hong Kong residents, and how it can ensure affordability of people in common.

Other Observations

- Some participants were not aware beforehand that on average over 90% of the public healthcare cost is subsidized by the government. Besides, a few of them misunderstood that non-residents can enjoy public healthcare subsidies.
- Before discussion in details, the elder people and those with chronic diseases generally did not subscribe to the idea, although they identified some of the merits involved. The response from the healthy and young participants were mixed, considering the concept fair but worrying about the financial burden.
- After discussion, the overall sentiment on the option appeared to have worsened. Conceivably, this was somewhat related to our observation after knowing the high subsidy ratio at present, some participants anticipated a significant rise in public healthcare charges under this option.

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Medical Savings Accounts – Area of Likes

Saving for own benefit

- **Participants generally welcomed the idea that one's savings are for his/her own use and not for subsidizing other people, and considered it fair.**

Heritance of unused savings

- **Participants generally also considered it fair that the unused savings balance can go to his/her estates.**
  - *"The advantage of this supplementary financing option is that for the money I save, it is either for my own medical use or for my family members as a estate while I pass away." (Younger, mid-income participant)*

Assurance of safety net when savings are exhausted

- **The assurance of public healthcare protection after the savings account balance is exhausted was generally welcome.**
  - There were noticeable concerns whether the accumulated savings can be sufficient to finance healthcare expenses after retirement.

Investment return from accumulated savings

- **A few participants, mainly the young and low-mid income participants, liked the idea of accumulating savings over time for making investment.**
  - They considered investment as the best way to accumulate wealth and combat inflation.
    - *"The market has its highs and lows. In the long run, a good stock will gain……invest is the only way to beat inflation." (Younger, mid-income participant)*

Medical Savings Accounts – Area of Dislikes

Investment risk

- **Quite many participants have reservation or worries regarding the long-term investment return as sentiment was undermined by the financial tsunami.**
  - A common view was that if this option is implemented, contributors should be allowed flexibility to choose between savings and investment options.
    - *"It is better if the flexibility to choose between savings and investment is provided. In that sense, so that we can choose the best suitable investment option, depending on how risk averse we are." (Younger, mid-income participant)*
  - There were some worries that under investment strategy, **high fund management fee might eat up the savings balance and investment return.**

That savings can only be used after retirement

- **This proposed feature was resisted by some participants, mainly the young and people with chronic illness.**
  - They tended to think that there would be health risk involved at every life stage and so the contribution (savings) should be used on a need basis before retirement.

Mandatory feature

- **Some participants, especially the healthy ones and those already with health insurance, considered mandatory provision either disadvantageous or redundant.**
  - The view stemmed from the fact that their health risk was relatively low or had been well covered by medical insurance policy.
    - *"I don't need anyone to teach me how to save. How can it be mandatory to join?" (Younger, low-income participant)*

Aggravation of social divide

- **There was some concern that different level of contribution (savings) for the richer and the poorer would in effect determine the choice and quality of healthcare services available to them.**
  - This consequence is regarded to intensify social divide that already exists due to income inequality.

Medical Savings Accounts - Concerns/ Other Observations

Concerns

- Population coverage and cut off line if exemption mechanism is available (e.g. income level, existing insurance coverage).
- Service coverage (e.g. can the fund be used for body check-up and preventive vaccination?)
- The amount/ percentage of income required to contribute regularly.
- Investment options available (to fit different risk appetite of contributors)
- Monitoring mechanism on fund management fee.
- The mechanism on disbursement of fund (e.g. does one need to pay upfront and claim back later?)
- Time limit in drawing savings balance (e.g. can the money be used before retirement due to chronic illness or emergency?)

Other Observations

- Some participants did not resist the idea of mandatory savings but were very concerned about whether the level of regular contribution would be affordable. This factor was conceived to have a significant bearing on whether they would render support to this option eventually.
- Participants' reaction to the option appeared to have improved after the discussion. Based on our observation, quite some participants had no concrete idea about the option beforehand and the discussion allayed their worries that their mandatory savings would be pooled for shared use by the population at large.

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Voluntary Private Health Insurance – Area of Likes

Choice in participation

- **Participants were generally receptive to the idea of voluntary participation as it allows choice in variance with need and affordability.**
  - Participants who are existing health insurance policy holders opined that the voluntary provision could avoid redundant move for them to take out another insurance plan under a mandatory setting.
    - *"As the program will benefit own healthcare only, it should leave a choice to us whether or not to participate. I like the optional clause." (Younger, mid-income participant)*

Flexibility to choose customized insurance plan

- **Many participants considered that this option can allow much flexibility for people to select an insurance plan in the market that can fit their unique needs.**
  - *"I like that I choose my own health insurance plan to cater for my own health problem." (Elder, low-income participant)*

Risk-adjusted premium level

- **There were some views, mainly from the healthy participants, that voluntary participation ensures a free market setting by which the premium level can be fairly determined by the health status of enrollees. It was also regarded fair to see that the compensation goes to the pocket of who contributes.**

Voluntary Private Health Insurance – Area of Dislikes

Little protection to people with high health risks

- **Some less healthy participants questioned the benefit of this option to them who are not preferred customers of insurance companies. In free market setting, they are either rejected from enrolment or charged very high premium.**
  - The option is not different from the status quo. The elderly/ those who have chronic illness would still need to pay a high insurance premium in order to purchase an insurance policy.
    - *"If you have chronic illness, it implies that you cannot purchase any health insurance policy. The insurance premium is simply too expensive." (Younger, mid-income participant)*

Effectiveness in doubt without mandate

- **Without mandate, some participants opined that access of high-risk people to health insurance protection would continue to be curbed while the low-risk people would remain unenthusiastic in getting insured.**
  - It was considered that the perceived "passive/ not proactive" attitude held by many people in Hong Kong will mean a low participation rate in a voluntary setting.

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Voluntary Private Health Insurance – Concerns/ Other Observations

Concerns

- What types of incentives (e.g. tax break) can be introduced by the government to encourage more people to take out private health insurance in a voluntary setting.
- What types of mechanism can be implemented by the government to monitor insurance companies against over-pricing and exclusion of people with high health risks.

Other Observations

- Before discussion, most participants were neutral towards this option as it is similar to what is currently happening. But some chronic illness patients disliked the concept due to risk selection behaviors of insurance companies against enrollees with high health risk.
- After discussion, there appeared to be some improvement in reaction amongst some participants, conceivably after they came to realize the possibilities of financial incentives and availability of choice in this option.

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Mandatory Private Health Insurance – Area of Likes

Protection to people with high health risks

- **By guaranteeing acceptance of enrolment, some participants opined that the mandatory provision ensures insurance protection to all people regardless of health status, including those with high health risks.**
  - *"As I am a chronic illness sufferer, some insurance companies do not accept my policy application or charge me a very high premium…I like the perceived benefit under this financing mode." (Chronic illness sufferer)*

Affordable premium level

- **Through risk sharing, it was expected that the community-rated flat premium as an integral feature of this option could be set at a level affordable to most, if not all, of the population.**
  - Some chronic illness patients, in particular, foresaw a much lower insurance premium that they needed to pay nowadays.

Broad coverage

- **Some participants liked the idea that the insurance covers healthcare services provided in both the public and private sectors.**

Government regulation

- **There was a perception that with mandatory provision, the insurers participating in the scheme would be subject to more stringent government regulation. They considered that this scenario could safeguard their benefits against instability in the financial sector.**
  - *"Even AIG is facing financial crisis…we have less confidence on the insurance companies now……In this mode, we know the insurance policy is regulated under the government. It gives us confidence." (Elder, mid-income participant)*

Mandatory Private Health Insurance – Area of Dislikes

Flat premium across the richer and the poorer

- **Some low-income participants considered it unfair for the less well-off to bear an equal amount of community-rated insurance premium as the more affluent do.**
  - *"It is not fair to the poor group. I find it quite ridiculous for the poor group to pay $500 per month and the wealthy group to pay $500 as well. It means nothing for the wealthy group but a lot for the poor." (Low-income participant)*

Flat premium across the healthier and the less healthy

- **Some healthy participants considered it unfair to bear the same level of community-rated insurance premium as people with high health risk do.**
  - With ageing population, there was concern that **the burden would be increasingly heavier for the healthy individuals**.
    - *"I don't understand why I need to subsidize the unhealthy group." (Younger, mid-income participant)*

Mandatory feature

- **Some healthy participants and some who had already taken out private health insurance considered that the proposed scheme was redundant to them as they either simply thought they did not need insurance protection or were already protected by the existing insurance policies.**

Limited choices

- **There were some worries that the choices of insurance plans would be limited with more stringent government regulation.**

Social divide

- **Since the scheme encourages contributors to use private services, there were worries that the concentration of public service users in the poor and under-privileged (who do not need to participate without working income) would have negative labeling effect on them.**

Mandatory Private Health Insurance - Concerns/ Other Observations

Concerns

- Population coverage and cut off line if exemption mechanism is available (e.g. income level, existing coverage of health insurance)
- The amount/ percentage of income required to contribute regularly.
- Service coverage (e.g. body check-up and preventive vaccinations)
- Choices of insurance plans available.
- The mechanism on disbursement of fund (e.g. does one need to pay upfront and claim back later?)
- Arrangement after retirement (will the same person be insured by existing company or by the government?)

Other Observations

- Some participants expressed concern on the level of flat premium in this option and how it would be determined.
- In general, chronic illness patients liked this concept while the responses from other participants were mixed. No significant change in the profile of reaction was observed before and after the discussion.

Evaluation of the Supplementary Financing Options

- Social Health Insurance (醫療社保)
- Out-of-pocket payments (用者自付)
- Medical savings accounts (醫療儲蓄)
- Voluntary private health insurance (自願醫保)
- Mandatory private health insurance (強制醫保)
- Personal healthcare reserve (個人康保儲備)

Personal Healthcare Reserve – Area of Likes

Heritance of unused savings

- **Participants generally considered it fair that the unused savings balance can go to his/her estates, and welcome the underlying family concept.**
  - *"I find it fair because if I have not used up my contribution, my family members can still enjoy it." (Younger, low-income participant)*

Two tiers of protection

- **This option encompassing insurance and savings elements was expected to provide substantial healthcare protection, especially for those with high health risks.**

Risk sharing

- **Some participants at older age or with chronic illnesses welcomed the risk sharing function subsumed in the component of mandatory health insurance under this option.**
  - *"I like the risk sharing part. Finally I'd be able to purchase a health insurance policy." (Chronic illness sufferer)*

Flexibility to use both public and private healthcare services

- **The flexibility in the use of reserve and insurance benefit for financing both public and private healthcare services was welcomed and perceived to help diverting demand away from the over-crowded public sector.**
  - Some participants believed that the broad service coverage of the scheme would help inducing more residents to use private services and hence achieving a better public-private balance in healthcare delivery.

Personal Healthcare Reserve – Area of Dislikes

Double contribution

- **There was considerable concern, especially from the healthy and low-income participants, that the two-tier structure of the scheme would result in burdensome contribution, although the benefit could be more substantial.**
  - As in the case of the mandatory insurance option, some healthy participants tended to view that the arrangement is unnecessary for them, while the attention of some low-income participants is concentrated in the financial burden.

Risk sharing

- **Some participants, mainly the young and mid-income, considered it unfair to force them to participate in the scheme and cross-subsidize other people through equalized insurance premium.**
  - With ageing population, some younger, mid-income participants **believed the burden would be increasingly heavier for the healthy individuals**.

Inducement for fee rise

- **Some participants, mainly the elder participants, were worried that the resultant higher demand for private healthcare services would lead to fee rise in the private sector.**

Limited choices

- **There were worries that the choice of insurance plans would be limited with government intervention.**
  - *"I don't know what are the available choices for a 'government-regulated' insurance policy." (Younger, mid-income participant)*

Social divide

- **The scheme was expected to encourage contributors to use private services. There were worries that the concentration of public service users in the poor and under-privileged (who do not need to participate without working income) would have negative labeling effect on them.**

Personal Healthcare Reserve - Concerns/ Other Observations

Concerns

- Population coverage and cut off line if exemption mechanism is available (e.g. income level, health insurance policy holders)
- The amount/ percentage of income required to contribute regularly.
- Service coverage (e.g. body check-up and preventive vaccinations)
- The mechanism on disbursement of fund (e.g. does one need to pay upfront and claim back later?)
- Measures to reward participation (i.e. incentives)

Other Observations

- Before discussion, the majority of participants found the mechanism complicated and difficult to understand. After discussion, participants basically managed to understand the concept but maintained the view that the mechanism is complicated.
- Since this option combines the elements of mandatory private health insurance and mandatory savings account, the likes and dislikes in individual aspects are broadly similar to what have been observed for the discussion in the latter two options.

Evaluation of Different Attributes Underlying the Proposed Financing Options

- The Plan
- Who Needs to Contribute? How Much?
- Use of the Contribution

Evaluation - The Plan (1)

Voluntary nature

- **Preference more concentrated in low-income participants**
  - ✓ Flexibility for each individual to choose whether and how to participate, according to own needs, preferences, and affordability.
  - ✗ Low participation and limited effectiveness should be expected as Hong Kong residents tend to be lay-back, passive and not proactive.

Mandatory nature

- **Preference more concentrated in middle to high income participants**
  - ✓ More effective mechanism to operate and ensure eligible parties to participate.
  - ✓ Large size of fund pool to provide stable and sustainable source of finance.
  - ✓ The scale effect and risk sharing functions to lower the contribution burden for most people.
  - ✗ The word “compulsory” being off-putting to some participants.
  - ✗ Wastage of resources for people with limited need of healthcare provision and hence compulsory insurance/savings schemes.
  - ✗ Overlapping benefit for those who have already taken out health insurance schemes.

Evaluation- The Plan (2)

Everyone receives the same level of healthcare services so long as need is established.	Different individuals receive different level of healthcare services according to affordability	Everyone receives the same level of basic healthcare services, but needs to pay more for additional services.
■ **Not a mainstream preference** ✗ Unfair to subsidize both the rich and the poor on all types of services.	■ **Preference more concentrated in younger, low-mid income participants and a few elder, high-income participants (mainly the healthy ones)** ✓ Fair and able to customize healthcare services according to different individual's affordability. ✓ Some believed the clause would prevent abuse and over-use of services.	■ **Mainstream preference** ✓ Ensure access to most basic healthcare services. ✓ Fair to confine equal subsidy entitlement to same scope of basic healthcare services, regardless of their health status, affordability, etc. ✓ Flexibility to allow patients to choose whether to use public services for additional healthcare based on own affordability and other considerations.

Evaluation- The Plan (3)

The better-off pays more (Taxation)	User pay model (User charge)	Risk sharing (Insurance)
■ **Preference more concentrated in the younger, high-income participants** ✓ The mechanism is similar to the current tax system, which should be acceptable to the general public. ✓ People are commonly receptive to the established concept of wealth redistribution from the better-off to the less well-off through taxation.	■ **Preference more concentrated in a few younger, mid-income participants and a few elder, high-income participants (mainly the healthy ones)** ✓ It is fairer for the healthy individuals under this option as they do not need to share the risk of the less healthy people. ✓ It helps to ensure judicious use of public healthcare services, since each individual needs to be responsible for their own healthcare expenses.	■ **Preference more concentrated in participants with chronic illness, while resistance is apparent among some younger, high-income participants.** ✓ Risk sharing by the healthy majority can help the less fortunate few. ✓ Insurance schemes can fulfill better the unique healthcare protection required by different individuals.

Evaluation- Who Need to Contribute? How Much? (1)

Everyone needs to participate	All employed persons need to participate	Employed persons whose income exceeds a certain threshold need to participate
■ **Preference concentrated in most elder, high-income participants and a few low-income participants** ✓ Less financial burden on average if all Hong Kong residents are required to participate. ✓ Fair as everyone who can benefit should contribute. ✗ Worries of excessive financial burden for bread winners who have to bear contribution of non-working family members.	■ **Preference concentrated in a few elder, low and mid-income participants** ✓ Fair as every working adult should participate and contribute to the society. • *"Even though the amount contributed can be different, it can instill a sense of responsibility to everyone." (Elder, low-income participant)*	■ **Preference concentrated in the low-income participants** ✓ The option is similar to the current Mandatory Provident Funds Scheme, which should be acceptable to the general public. ✓ It is consistent with the idea of wealth redistribution and ensures that more affluent people can bear greater social responsibility to help the less well-off people.

Evaluation- Who Need to Contribute? How Much? (2)

Same amount of contribution for all participants	Contribution proportional to income of participants	Contribution on a progressive scale to income of participants
■ **Preference concentrated in a few elder, low and high-income participants** ✓ Considered fair because everyone should bear the same amount if their entitlement is identical.	■ **Preference spread across participants with different background, except for younger, mid-income participants** ✓ Considered fair as everyone is contributing the same proportion of monthly income. ✓ It is consistent with the idea of wealth redistribution from the better-off to the less well-off.	■ **Preference concentrated in most younger, mid-income participants, a few elder, mid-income participants, and a few younger, high-income participants (mostly chronic illness patients)** ✓ The mechanism is similar to the current tax system in Hong Kong, which should be acceptable to the general public. ✓ They preferred a more aggressive wealth redistribution mechanism to help the low-income and under-privileged people.

Evaluation- Who Need to Contribute? How Much? (3)

Same amount of contribution for all participants regardless of age & health risk	The higher the health risk, the larger the contribution required for the participants	Everybody bears his/her own healthcare expense without contributory requirement
■ **Preference evenly distributed across people at different ages and with different health condition** ✓ Simple mechanism and hence economical administration. ✓ Risk sharing function to help everybody in need and cope with unexpected deterioration in health condition. • *"No one can be sure about his/ her future health status. I may have chronic illness one day and be the beneficiary under this scheme." (Younger, low-income participant)*	■ **Preference concentrated in a few younger, low-income participants (mainly the healthy ones)** ✓ Considered fair as the insurance premium is determined by one's own age and health condition.	■ **Preference concentrated in a few younger, low-income, younger, mid-income, and elder, high-income participants (mainly the healthy ones)** ✓ Considered fair as everyone bears his or her own health risk. ✓ Ensures judicious use of public healthcare service. ✗ Heavy financial burden to people who get heavily sick.

Evaluation- Use of the Contribution (1)

Whole population, including contributors and non-contributors	Only for those who have contributed	Only limited for own use
■ **Preference evenly observed for most participants in each group** ✓ Healthcare protection for all Hong Kong residents is a matter of social responsibility.	■ **Preference concentrated in a few elder, low-income participants** ✓ Considered fair as entitlement should be limited to those who fulfill obligations. *"There are many self-employed HK residents who do not file tax…I don't think it is fair if they are excluded in the contribution list but can still enjoy the medical benefits." (Elder, low-income participant)*	■ **Preference concentrated in most elder, high-income participants and a few young, low-income participants (mainly the healthy ones)** ✓ Considered fair as it does not involve wealth redistribution.

Evaluation- Use of the Contribution (2)

Available for meeting healthcare expenditure only after retirement	Available for meeting healthcare expenditure immediately
■ **Preference concentrated in elder participants** ✓ Not surprisingly, the elder participants generally appeared to be more concerned about healthcare need in retirement life which was relatively less remote to them.	■ **Preference concentrated in most younger participants and a few elder participants with less favorable health condition** ✓ These participants generally opined that serious illness is unpredictable and can occur in young age, hence creates a need of fund to tackle unexpected illness. ✓ Specifically for savings balance, any unused balance can still be carried forward to finance healthcare expenses after retirement.

Evaluation- Use of the Contribution (3)

Cover both public and private healthcare services

- **Preference evenly observed for most participants in each group**
  - ✓ Flexibility in the choice of healthcare providers.
  - ✓ Diversion of demand from the public healthcare sector to the private healthcare sector.
  - ✓ Convenience for patients residing in districts with fewer healthcare facilities.
  - ✗ In the event that the use of contribution is limited to contributors only, the diversion effect from the public to private sector may give rise to a situation that public healthcare demand is concentrated on non-contributors at the lower end of income hierarchy, usually the jobless and under-privileged. This can result in negative labeling effect and aggravate social divide.

Cover only public healthcare services

- **Preference concentrated in a few elder participants at different income levels**
  - ✓ They expected that with narrower coverage, the contribution required can be less burdensome.

Annex: General Observations in Chinese
(附件: 概要的中文譯本)

不同聚焦小組的參加者，以致同一小組的參加者，在觀點上有頗大分歧

- 通過座談會聚焦小組，可以觀察到在不同組別之間和在同一聚焦小組的討論內， 參加者對各個醫療輔助融資方案的反應頗爲分歧。

  - 在同一小組的討論之內…
    - 不時可以見到**不同健康狀況**的參加者意見頗爲分歧(尤其是在健康的一群和有長期病患的一群之間)

  - 在不同的小組之間…
    - 除了健康狀況之外， **不同年齡和收入水平的參加者**亦往往對各個醫療輔助融資方案持有不同的意見。

參加者的意向似乎頗受年齡、收入 和健康狀況所影響，例如：

年齡

年輕參加者	年長參加者
◆意向傾於供款可以按需要即時使用，而非在退休之後才可使用 ◆對年輕參加者： 距離受惠的時間太長(如果要等到退休後才可使用供款的話)； 所以覺得應該容許在有需要時被使用。	■ 意向傾於供款只能在退休後被使用 ◆大部份參加者在現階段仍然有工作， 有負擔能力支付醫療開支； 所以覺得供款應該積存以作爲退休後的醫療保障。

每月收入

低收入參加者	高收入參加者
■ 意向傾於自願機制而非強制機制 ◆根據自願機制，參加者可依據負擔能力選擇是否參與。 ■ 意向傾於只需月入超過某個水平的在職人士參與	■ 意向傾於強制機制而非自願機制 ◆强制機制保證所有需要參與的人士都有份參與及承擔責任(被視爲公平)

健康狀況

不太健康參加者 (例如長期病患者)	健康參加者
■ 意向傾於讓全港居民(無論健康與否)共同分擔醫療風險	■ 意向傾於讓各自承擔自己的醫療風險， 不需跟社會上的其他人分擔風險

除了個人利益之外，社會責任的認知亦對參加者所表達的意見造成影響

- **在不影響參加者照顧自己及家人的大前提下，大部份參加者願意幫助社會上景況較差的一群，反映對團結社會的重視。**
  - 一些參加者在討論過程中直接或間接表達了支持社會團結的價值觀，這方面可能有助解釋爲何部份參加者在展示不同概念版時有不一樣的看法。

當討論個別醫療輔助融資方案時，

- 參加者傾向從個人角度出發表達意見。
  - **當展示一個實際概念時**，大部份參加者會將注意力集中在評估那概念對自己/ 家人的潛在影響， **然後表達對自己/ 家人帶來最大利益的意見。**

當討論醫療輔助融資方案中的特點時，

- 參加者傾向從一個比較宏觀的角度表達意見。
  - **當沒有一個實際概念作評估時**，大部份參加者會評估那概念特性對整體社會的影響， 然後表達對社會帶來最大利益的意見。

參加者對各融資方案中的細節表達關注

- 雖然參加者普遍可以對各方案的“概念”表達出觀點和意見，但不少參加者認爲方案中的執行細節十分重要，並且可能影響他們對各方案的最終選擇。例如：
  - 在“用者自付”方案內可能出現的收費加幅
  - 在“強制醫保”、“醫療儲蓄”和“個人康保儲備”內所需的供款金額
  - 在“強制醫保”和“個人康保儲備”內保費的訂立機制
  - 在“自願醫保”中政府提供的推動措施

- 上述的各項關注帶出公眾意見有可能在之後諮詢階段討論各方案細節時，態度會有所改變，但這是達致社會共識的必經過程。

金融海嘯令參加者對融資方案的態度趨於審慎，尤其是有關推行改革的時間和投資的策略

■ 很多參加者表達出他們對自己本身工作和受全球金融海嘯影響下資產投資回報存在擔憂，影響到他們在以下方面對醫療輔助融資方案的看法：

就業情況的不穩定

■現時就業情況轉趨不穩定，有一部份參加者表示他們不願意參與供款，寧願持有多些現金。

參與計劃的樂意程度

■財富減少和個人經濟情況變得不穩定，減低參加者願意承擔額外經濟負擔的意慾。

投資選擇

■環球金融市場的反覆減低參加者願意承擔的投資風險，大部份參加者在投資項目選擇上變得更審慎。

■大部份參加者認爲在**現階段推行醫療融資輔助方案會爲將來帶來更大財政負擔，所以普遍認爲現時並非恰當時機。**

◆他們覺得**在一個經濟暢旺的情況下推出**這些方案會較容易被接納。

■**損失供款的風險（潛在缺點）壓倒了累積財富的可能性（潛在優點）**

現階段在醫療融資問題上，參加者就如何妥善解決未有一個清楚共識

- 在討論中， 可以觀察到參加者擁有一些共同的價值觀， 例如：
  - 擁有保護個人資產的權利（反映於參加者在已故人士所未享用的利益應被轉爲遺產一事上得到共識）
  - 在情況許可下願意幫助低收入人士和弱勢社群（雖然對於津貼的模式和力度未有共識， 但這想法可反映於大部份參加者認定有需要在醫療保障上幫助景況較差的香港居民）
  - 對下一代存在責任（反映於大部份參加者覺得不能就現有問題置之不理而留待下一代解決）

- 可是，以上列出的共同價值觀並不足以令參加者就醫療融資問題的理想方案，達成共識。
  - 部份原因是出自參加者對 “公平” 的不同理解，與及如何在個人利益和社會責任之間取得平衡。
  - 另外，某些方案概念上的複雜性可能令參加者需要多點時間消化和建立一個完整點的看法。

THE END

Thank you