APPENDIX B HONG KONG'S CURRENT HEALTHCARE SYSTEM

Introduction

B.1 Over the years, Hong Kong has developed a highly efficient healthcare system and achieved impressive health outcomes for its population. Hong Kong is among the best in the world in terms of life expectancy and infant mortality rate which are commonly used population health indicators. The standard and quality of care of our system enjoys renowned international standing, stays at the forefront of advances in medical technology, and compares favourably with other advanced economies.

B.2 The highly subsidized public hospital system provides the Hong Kong population with equitable access to healthcare services with well recognized quality at very affordable price, underpinned by our long-established healthcare policy that "no one should be denied adequate healthcare through lack of means". The public sector also provides comprehensive public health programmes and serves essential public health functions including preventing and preparing against communicable diseases. The private sector provides the public with a variety of choice of different healthcare services, including affordable primary medical care as well as a range of specialist and hospital care.

B.3 The two sectors complement each other in that the private sector is the major provider of primary healthcare while the public sector is the predominant provider of secondary and tertiary healthcare services. About 70% of the out-patient consultations are provided by the private sector, while over 90% of the in-patient services (in terms of the number of bed days) are provided by public hospitals.

B.4 The system is supported by teams of dedicated healthcare professionals including doctors, nurses and other allied health professionals with high professional and ethical standards. They are provided with high standard and internationally recognized training and continuing education by well-established institutions, including universities and other education and training institutions for doctors, nurses and allied health professionals, and the 15 Medical and Dental Colleges of the Hong Kong Academy of Medicine. There are also professional bodies which play their parts in the regulation of professional standards.

Primary Healthcare Services

B.5 Primary healthcare is the first point of contact individuals and their

families have with a continuing healthcare process, which aims at improving their health condition and preventing diseases in general, and reducing the need for more intensive medical care. Primary care includes a range of services relating to health promotion and disease prevention, curative medical care, and community-based healthcare. Another important component of primary healthcare is the provision of public health functions that aim at protecting the health of the population on the whole, and which include disease surveillance and control of communicable diseases, public health regulation and licensing, port health measures, and tobacco control. In Hong Kong, these public health functions are mainly performed by the Department of Health (DH).

Preventive Care

B.6 Most of the health promotion and disease prevention services are provided by DH. These include the Central Health Education Unit, Maternal and Child Health Centres that provide family health services and immunization services for young children, student health services, and elderly health services provided through Elderly Healthcare Centres and Visiting Health Teams. These services are provided either free of charge or for a nominal fee.

Curative Care

B.7 For curative services, the majority in the community seek out-patient services from the private sector, provided by around 6 000 doctors in private practice and some 160 registered private clinics. Patients are free to choose their private doctors and "doctor-shopping" is a fairly common phenomenon for patients in search of a quick cure. Having a family doctor to provide a continuity of care is hitherto not common. For patients who may not be able to afford private care, subsidized care is available at 75 public general out-patient clinics (GOPCs) operated by the Hospital Authority (HA). However, patients cannot choose their doctors in the GOPCs. There were around 4.9 million visits at GOPCs in 2006, with government funding of $1.3 billion.

B.8 Chinese medicine practitioners are the principal alternative primary care provider in Hong Kong outside the mainstream western medicine system. Many patients use both systems in parallel, taking western medicine to suppress symptoms and Chinese medicine to restore the body to its natural balance. In 2006, there were 5 268 registered and 2 897 listed Chinese medicine practitioners in private practice. HA also operates eight Chinese medicine clinics with a subvention of $32.4 million. There were 132 000 visits to these clinics in 2006, and the fee charged to patients is $120 per visit.

B.9 It has been estimated that there are about 27 million and 6 million attendances at western medicine private practitioners' clinics and Chinese medicine private practitioners' clinics respectively each year.

Community-Based Healthcare

B.10 HA operates community health services to provide outreach medical, nursing and allied health services to support discharged patients for rehabilitation in the community. These include community nursing services, community geriatric assessment teams, community psychiatric teams and nursing services, and community allied health services. Over 80% of the community nursing patients are elders. However, these services cover only patients discharged from the public hospitals. To enhance medical care for residential care homes for the elderly, visiting medical officers are deployed under the supervision of community geriatric assessment teams to provide weekly on-site medical visits covering over 200 residential care homes for the elderly. HA's expenditure on community health services was $600 million in 2005/06.

Secondary and Tertiary Healthcare Services

B.11 Secondary healthcare encompasses specialized ambulatory medical services and general hospital care that are curative in nature. It is provided by medical specialists, usually in the hospital setting, but some specialist services are also provided in the community. Secondary care services include acute and convalescent in-patient care, day surgery, specialist out-patient, and Accident and Emergency services.

B.12 Tertiary healthcare, on the other hand, refers to highly complex and costly hospital care, usually with the application of advanced technology and multi-disciplinary specialized expertise. Tertiary care services are usually required by patients with complicated but relatively less common diseases or are suffering from catastrophic injuries or illnesses. Some examples of tertiary care services are organ transplants and radiosurgery of the brain including the use of Gamma Knife.

B.13 In contrast with curative primary care, the public sector is the predominant provider of secondary and tertiary care in Hong Kong. Apart from GOPCs, HA also manages all the public hospitals in Hong Kong. As at end 2006, there were 39 public hospitals with a total of 27 755 hospital beds as compared to 3 124 beds provided by 12 private hospitals.

Specialist Out-Patient Service

B.14 Besides primary care, a sizable proportion of the 6 000 private doctors and 160 registered private clinics are also providing non-subsidized specialist care in the community. However, it has been difficult to differentiate between private primary care and specialist attendances in household surveys and so the exact numbers of the respective consultation in the private sector are not known.

B.15 Public hospitals also operate specialist out-patient clinics (SOPCs) that provide heavily subsidized specialist care. In 2006, there were almost 6 million specialist out-patient attendances and about 1.9 million allied health out-patient attendances in public hospitals and about $5.6 billion were allocated for the provision of such services.

B.16 Many of the patients have been attended to at the SOPCs for years even though their medical conditions have long been stabilized and no longer require specialist care. It seems that patients requiring long-term medication have remained within the public SOPCs system where the drugs are highly subsidized. Since many of the stabilized cases are not discharged back to the primary care doctors, there is an accumulation of cases resulting in long waiting lists. To handle the situation, a triage system is implemented to screen new referrals so that patients requiring more urgent medical attention could be given earlier clinic appointments.

In-Patient Service

B.17 In-patient services are provided to patients who require intense therapy for their medical condition. Most of the tertiary care services are provided in major acute hospitals in the public sector besides the provision of secondary care in a comprehensive range of medical and surgical specialties. Private hospitals, on the other hand, provide mostly secondary care in the specialty of medicine, obstetrics and gynaecology, and surgery.

B.18 In the past before the setting up of HA, private hospital treatment was often the choice for those who could afford them. However, improvement in public hospital services since the establishment of the HA in 1990 has substantially narrowed the quality gap between the public and private sectors. Currently, over 80% of patients requiring hospitalisation turn to public hospitals with the expectation that they will receive highly subsidized, low price and high quality service. The total number of public hospital admissions has increased by 76% from 0.64 million in 1990 to 1.13 million in 2005/06, with a budget of $16.8 billion being allocated for public in-patient services. In contrast, the number of patients treated in private hospitals was only 0.28 million in 2006. In terms of the number of bed

days, the market share of the private hospital is less than 10% for in-patient services.

B.19 The current hospital utilization pattern reflects a huge imbalance in the market share between the public and private hospitals. The capacity of public hospitals is overstretched and there are long waiting lists for some elective surgery, such as cataract surgery. This is an unhealthy situation and is unlikely to be sustainable in the long run.

Accident and Emergency Services

B.20 15 of the public hospitals are major acute hospitals providing Accident and Emergency (A & E) services. While most of the private hospitals are equipped with 24-hour out-patient clinics, these clinics are not meant to provide the same kind of emergency services rendered at the A & E departments of public hospitals. The public A & E services provide emergency care to those in need of acute treatment, offer emergency life support to the critically ill, and manage disasters that bring in massive casualties. In 2006, the A & E departments of public hospitals had about 2 million attendances, or 5 558 attendances per day. About $1.5 billion were allocated for the provision of such services.

B.21 However, it has been found that a sizeable number of patients attending the A & E departments do not actually need such services. A & E patients are triaged according to their medical conditions into five different categories, namely, Critical (Category 1), Emergency (Category 2), Urgent (Category 3), Semi-urgent (Category 4), and Non-urgent (Category 5). Patients with more urgent conditions are given priority. Categories 4 and 5 are non-emergency cases that should have been treated by primary care providers, but they have instead constituted a majority of the A & E attendances.

Subsidization and Fee Structure

Public Healthcare Services

B.22 The subsidy level of public healthcare in Hong Kong is amongst the highest in developed economies, at over 95% of the cost across-the-board for public hospital services. The subsidy for in-patient care is particularly high, reaching 97% of cost. On average, subsidized patients pay less than 5% of the cost for the use of public hospital services.

B.23 Due to the high subsidy, fees and charges of public healthcare services are extremely low. The fee structure and subsidy level of subsidized services at public hospitals and clinics are summarized in Table B.1. Notwithstanding an additional

charge of $50 admission fee for the first day of hospitalization, patients only have to pay $100 per day for in-patient care although the average cost is $3,290 per day. The fee is a flat-rate inclusive of doctor consultations, drugs, diagnostic tests, treatment procedures, accommodation and food. There are no additional charges when a patient undergoes a surgical operation or utilizes intensive care even though the actual costs of these services are extremely high. For example, the cost of liver transplant operation is $540,000, excluding the post-operative follow-up and the immunosuppressant treatment but the user fee is the same as any other in-patient care, that is, $100 per day.

Table B.1 Fee structure and subsidy level of public hospitals and clinics (2006/07)

Public Hospitals and Clinics	User Fees ($)	Cost ($)	Government Subsidy (%)
In-patient (ward level - per day)	100	3,290	97.0
Accident & Emergency (per visit)	100	700	85.7
Specialist Out-Patient (per visit)			
- first visit	100	740	86.5
- subsequent visits	60		91.9
General Out-Patient (per visit)	45	260	82.7

Note: In-patient cost represents general in-patient services, excluding infirmary, mentally handicapped and psychiatric services.
Source: Data from Hospital Authority.

B.24 As for out-patient care, the subsidized fees are $100 for each A & E attendance, $60 for each specialist out-patient consultation although the fee for the first attendance is $100, and $45 for each general out-patient consultation. The fees are inclusive of all diagnostic tests and treatment procedures. Drugs prescribed at the A & E and GOPCs are also included in the fees while drugs prescribed at the SOPCs that are listed in HA Drug Formulary are charged at $10 per drug item regardless of the actual costs of the prescriptions. Drugs not listed in the Drug Formulary have to be purchased at cost by the patients.

B.25 There is generally no differentiation in the class of wards offered in public hospitals apart from a small number of private wards. Less than 400 private beds are made available in public hospitals. The private fees are $3,900 per day for a bed in a first class ward and $2,600 per day for second class beds, inclusive of accommodation and food, drugs, and certain diagnostic tests. In-patient doctor consultation fees and surgical operations are charged separately, ranging from

$3,900 for minor operation to $300,000 for ultra-major operations. Over 60% of the private bed days are occupied by serving or retired civil servants or HA staff, who generally pay only a nominal fee for the services.

Pros and Cons of the Current Fees Structure

B.26 The current flat-rate fees structure of public healthcare is simple for patients to understand and easy to be administered by the hospitals. The high level of subsidy for all public patients regardless of their ability to pay also ensures universal access to healthcare. However, the heavily subsidized flat-rate fees are not conducive to responsible use of public resources. For example, as mentioned earlier, many chronically-ill patients who consult private doctors also register themselves at SOPCs to get access to the highly subsidized drugs, leading to wastage of resources and overstretching of public healthcare services.

B.27 Furthermore, since there is no differentiation of ward classes (except the $100 public beds and $2,600 or $3,900 private beds, with nothing in between), there is no choice for patients who prefer to patronize public hospitals but who can afford and are willing to pay a bit more for better amenities.

Safety Net Measures

B.28 Despite the low fee levels, various safety net measures have been put in place for public healthcare services. Recipients of Comprehensive Social Security Assistance (CSSA) are exempted from payment of public fees and charges. In addition, there is a medical fee waiver mechanism for other under-privileged groups, including low-income patients, chronically ill patients and elderly patients in economic hardship.

B.29 For non-CSSA individuals, two financial criteria need to be met: (i) having a monthly household income not exceeding 75% of the Median Monthly Domestic Household Income (MMDHI) applicable to the patient's household size, and (ii) the value of the patient's household asset, excluding owner-occupied residential property, is within a certain limit applicable to their household size. The asset limit is higher for households with elderly members. Patients whose monthly household income does not exceed 50% MMDHI and who pass the asset limit test may receive full waiver of their fees and charges. Applicants who do not satisfy the financial criteria may still apply for a fee waiver and the Medical Social Workers will assess their applications taking into account non-financial criteria.

B.30 The Samaritan Fund is a charitable fund set up since 1950, administered by the Hospital Authority, and financed by donations and government grant. The

objective of the Fund is to provide financial assistance to needy patients who require privately-purchased medical items (PPMI) (e.g. prostheses and consumables, items that are implanted or used only once, items purchased by patients for home use such as wheelchairs and home use ventilators), costly new technologies not provided for in public hospitals (e.g. gamma knife surgery), harvesting of marrow outside Hong Kong for marrow transplant, and drugs that are proved to be of benefits but are extremely costly to be provided as part of the standard subsidized public healthcare services (e.g. self-financed drug items (SFI) such as growth hormone and interferon). The basic philosophy is to ensure that no one would be prevented, through lack of means, from obtaining adequate medical treatment.

B.31 Application for financial assistance under the Samaritan Fund is subject to assessment of financial condition of the patient's family. For non-drug items, for patients whose monthly family income is equal to or below the MMDHI corresponding to the patient's household size, and when the family's liquidable savings is equal to or below two times the cost of the item concerned, full assistance would be considered. For patients with more liquidable savings, partial/full assistance may be considered having regard to the proportion of the cost which the patient/family could contribute, and other special circumstances faced by the patient. For drug items, the level of subsidy would be assessed on the basis of the patients' household disposable financial resources (DFR), i.e. the amount of their household disposable income and disposable capital. Patients are required to contribute to the cost of the drugs from their DFR, at a level determined on the basis of a sliding scale.

Private Healthcare Services

B.32 There is no government subsidy for healthcare provided by the private sector. Fees in the private sector are not regulated and there are no requirements for private healthcare providers to divulge their fees and charges. Some private hospitals have taken the initiative to increase the transparency by displaying information about their fees schedule. However, the information mainly pertains to the daily fees for the various types of wards and the fees for packaged services such as maternity package. Other itemized charges that could affect the size of the medical bill, such as the operating theatre expenses, charges for diagnostic and treatment procedures, are not all listed.

B.33 Fees charged by private doctors for out-patient services vary a lot, usually from about $100 to $250, or more for a specialist consultation. In some cases, these fees include the cost of medicine, but separate charges are often made. Patients also have to pay extra for diagnostic tests and treatment procedures.

B.34 The charges in private hospitals vary from $350 a day for a bed in a general ward to $900 or more for a higher class ward. In addition, patients have to pay for all services, such as medicines and dressings, besides daily doctor consultation fees. Diagnostic tests, surgical operations and treatment procedures are also charged separately and on an itemized basis.

Healthcare Manpower and Training

B.35 Under existing legislation, 12 types of healthcare professionals are required to be registered with their respective boards or councils before they are allowed to practise in Hong Kong. As at December 31, 2006, the professionals registered with their respective boards and councils numbered: 11 739 doctors, 1 976 dentists, 5 336 Chinese medicine practitioners, 36 444 nurses (including registered and enrolled nurses), 4 648 midwives, 1 649 pharmacists, 90 chiropractors, 2 034 physiotherapists, 1 225 occupational therapists, 2 584 medical laboratory technologists, 1 925 optometrists and 1 605 radiographers.

Doctors

B.36 The University of Hong Kong and the Chinese University of Hong Kong provide basic training of doctors. They took in 126 and 130 medical students respectively in 2006. During the year, nine medical graduates with professional qualifications obtained outside Hong Kong passed the licensing examination conducted by the Medical Council of Hong Kong. The Hong Kong Academy of Medicine is an independent statutory body with the authority to approve, assess and accredit specialist training within the medical and dental professions. Its 15 colleges conduct training and examinations to award specialist qualifications to qualified candidates.

Dentists

B.37 Training in dentistry is available at the University of Hong Kong, which enrolled 53 dental students in 2006. During the year, six candidates who completed their dental training outside Hong Kong passed the licensing examination conducted by the Dental Council.

Chinese Medicine Practitioners

B.38 Three local universities offer full-time undergraduate degree courses in Chinese medicine. In 2006, 83 full-time local Chinese medicine graduates who passed the licensing examination were registered as Chinese medicine practitioners.

Allied Health Professionals

B.39 For allied health professionals, degree programmes in the areas of medical laboratory science, physiotherapy, occupational therapy, optometry and radiography were offered by the Hong Kong Polytechnic University, with an enrolment of 35, 61, 44, 37 and 35 students respectively in 2006.

Nurses

B.40 The University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong Polytechnic University provide basic training of Registered Nurses. 553 nursing students were recruited into their four-year general nursing degree programmes in 2006. Furthermore, three-year higher diploma nursing programmes are offered by the Hong Kong Polytechnic University and HA, with an enrolment of 120 for the former while 105 Registered Nurses graduated from the course run by HA in 2006. In addition, the Hong Kong Sanatorium and Hospital Limited provides basic training of Enrolled Nurses. It has recruited 83 student pupils into its two-year certificate nursing programme.