

Chapter 3 PROMOTE PUBLIC-PRIVATE PARTNERSHIP IN HEALTHCARE

Benefits of Public-Private Partnership

3.1 Public-private partnership (PPP), which brings together the resources and expertise from both the public and private sectors, is becoming increasingly popular in many advanced economies. We believe that it is also worth pursuing in Hong Kong as it will not only help redress the mentioned imbalance between public and private healthcare services, but will, more importantly, result in an overall improvement in the quality of care for patients, make better use of the resources available in the community, and facilitate training and sharing of experience and expertise, thus helping to ensure sustainability of the healthcare system. The benefits of PPP are explained in the following paragraphs.

Achieve Savings and Enhance Cost-Effectiveness

3.2 We note from examples overseas that the purchase of services at a lower cost from the private sector under negotiated bulk contracts can often achieve savings and enhance cost-effectiveness. The service contract must, however, set the standards and ensure quality of service. Public hospitals can then focus more on its priority services such as acute cases and the treatment of complex illnesses (e.g. catastrophic or chronic illnesses) requiring costly treatment. This would relieve the service demands on public hospitals, while leaving the private sector more room to develop. In the case of sharing facilities between co-located public and private hospitals, both would achieve cost savings and the patients would enjoy a reduction in fees.

Enable the Optimal Use of Human Resources

3.3 Healthcare human resources are costly and medical and healthcare professionals take time to train. PPP models would enable the community to make fuller use of human resources in the private sector to deliver service for public sector patients. This is particularly beneficial for patients when public sector human resources are stretched to the limit and cannot meet the demand in time. Similarly, engaging private sector doctors to practice in public hospitals on a part-time basis also helps to relieve resources demand and encourage continuing enhancement of service quality in both sectors.

Facilitating Cross-Fertilization of Expertise and Experience and Promoting Healthy Competition and Collaboration

3.4 The involvement of the private sector in the setting up of medical centres of excellence and the engagement of private sector doctors in public hospitals would create opportunities for collaboration and cross-fertilization of experience between public and private sector medical professionals. This will facilitate skill transfer and cross-sector training. For the private sector, the increase in the number of patients and case volume would also be conducive to upgrading the skills and expertise of private healthcare professionals. At the same time, a more balanced spread of caseload of certain types of hospital services between public and private hospitals would create competition between the two sectors for service quality and standards. All these would be beneficial to patients of both the public and private sectors.

Possible PPP Models for Hong Kong

3.5 For primary care, we have proposed in Chapter 2 to purchase primary care services from the private sector, and to partially subsidize patients to undertake preventive care in the private sector. This is a form of PPP that makes use of the private sector's capacity to meet part of the service demand on the public sector. For secondary and tertiary care services, we believe that PPP should also be explored even though public hospitals will continue to expand and their services should be further improved.

3.6 PPP in secondary and tertiary care can take a variety of forms, with variations in financing, construction of facilities, and service delivery, etc. Some of the models commonly found overseas are developed to suit the specific needs of the relevant economies at the time. For Hong Kong's healthcare system, we believe the following PPP models would suit our developments in secondary and tertiary medical services –

- (a) **Purchase of hospital service from the private sector:** services which are in the lower priority areas of the public healthcare system such as elective procedures can be purchased from the private sector where –
 - (i) the cost of such purchase is lower than providing the service direct by public hospitals;
 - (ii) there is a long waiting list and only limited capacity in public hospitals to provide the service; and

(iii) while purchasing services from the private sector, however, public hospitals would retain sufficient caseload for training purposes.

- (b) **Hospital development:** consideration should be given to pursuing PPP in hospital development in the future, which could take the form of co-location of public and private hospital facilities at the same site. Co-location would enable co-ordinated planning and avoid duplication of equipment and facilities. It also enables mutual purchase of services and sharing of supporting services, e.g. diagnostic services and facilities.
- (c) **Setting up of multi-partite medical centres of excellence:** a medical centre of excellence should draw together top expertise of the relevant specialty from both the public and private sectors, including the academia, as well as from both within and outside the territory.
- (d) **Engaging private sector doctors in public hospitals:** one option worth exploring is the engagement of private sector doctors to practice in public hospitals, particularly in tertiary and specialized services, on a part-time basis.

Way Forward on PPP

3.7 The Hospital Authority will conduct a pilot scheme of subsidizing public patients to undergo cataract surgeries in the private sector in order to reduce the waiting time for such surgeries in public hospitals. We are also exploring the feasibility of introducing PPP in the development of a hospital project in North Lantau and the setting up of multi-partite paediatric and neuroscience medical centres of excellence.

3.8 We propose to quicken the pace of PPP only after the completion of the cataract service pilot scheme for purchase of private sector service, and after prudent assessment of the feasibility of introducing PPP in the North Lantau Hospital project. For the purchase of service schemes, the role of purchaser rather than provider of clinical services is new to HA, and contracts involving the provision of such services have to be managed carefully to ensure that public money is well-spent. Care must also be taken to achieve a fine balance and not to attract patients who would have otherwise opted for private sector service to join the public service waiting list because they could use private sector services at a subsidized rate by so doing.

3.9 In PPP hospital development projects, land is involved and arrangements have to be put in place to ensure that the premium or rental charged for the use of such valuable public resources would be fair to both the private hospital concerned and to the community. As for engaging private sector doctors to work in public hospitals part time, HA is now contracting a small number of private sector doctors to address the shortage of human resources in some specialties. Where there is room for the engagement of more private sector doctors, more flexible arrangements will be considered to attract them to serve in public hospitals. The proposed centres of excellence have received general support and the projects will be taken forward after detailed plans have been developed in consultation with the parties involved.