



Dr York Chow
Secretary for Food and Health
Food and Health Bureau
19/F Murray Building
Garden Road
Central Hong Kong

13 June 2008

Dear Dr Chow

A handwritten signature in black ink, appearing to be 'Y. Chow', written over the name 'Dr Chow'.

Healthcare Reform Consultation

ACCA (Association of Chartered Certified Accountants) Hong Kong concurs that Hong Kong's healthcare system is important for each and every one of us in the society.

Being a professional accountancy body with over 18,000 members in Hong Kong, ACCA Hong Kong reckons the responsibility of being a good corporate citizen. As such, in response to the above consultation, we conducted a survey to gather as many as possible our members' views on certain key elements regarding the supplementary finance arrangements as proposed in the consultation document.

We attach our report of findings for your consideration in formulating the reform package, and hope our findings will contribute to developing a sustainable healthcare system in Hong Kong.

Should you have any questions, please feel free to contact myself or ACCA Hong Kong at 2524 4988.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Kelly Chan', written over the name 'Kelly Chan'.

Kelly Chan
President

Enclosures

Healthcare Financing in Hong Kong – A Survey Report

Introduction

As a major professional body with over 18,000 members in Hong Kong, ACCA (Association of Chartered Certified Accountants) Hong Kong sees healthcare financing as a major issue that warrants a serious and careful response. It has retained the services of the Centre for Public Policy Studies of Lingnan University to help design a questionnaire that would accurately reflect members' views on this important subject. The survey was done between 2 and 19 May 2008. Of the 15,386 members to whom an email or hardcopy questionnaire was sent requesting response, a total of 849 returns were received, representing 5.5% of the membership. This sample size is regarded sufficient for drawing valid conclusions regarding views of the "population" with an error margin of 2%.

Major Findings

I. Primary source of financing

- Majority of respondents (83%) believe that Hong Kong should devote more resources to healthcare services so that the quality of healthcare services will improve (Figure 1).
- Respondents agree (65%) that the primary source of funding for publicly provided healthcare services should be taxes. This is in agreement with the Consultation Document's conclusion that the various financing options are for supplementary financing only (Figure 2).

II. Extra source of financing

- Regarding where the extra resource should come from for improving the quality of healthcare services, members are asked to indicate their views for three options (a scale of 1 =not at all to 7 =entirely):
 - (1) Government General Revenue including taxes;
 - (2) Higher User Fees; and
 - (3) Mandatory Social Health Insurance.
- Respondents express a preference for taxes (mean=5.10) and user fees (mean=4.11) over mandatory health insurance (mean=3.76). This preference is robust with respect to annual medical spending, age, income, and health status, even though those who reported health status as "not that good" showed a smaller preference for user fees over health insurance. Even for this group, however, the preference for taxes over health insurance though is overwhelming (Figure 3 and Table 1).

III Options of healthcare financing

- Respondents believe low user fees will lead to abusive use of healthcare facilities and thus waste, although they appear less certain as to whether higher fees will lead to more preventive care (Figure 4).
- An overwhelming percentage (90%) of respondents think even those with less disposable income should pay some fees, and agree that they should pay discounted fees. However, when asked if they should not be asked to pay at all, only 19% agreed (Figure 5).
- A majority of respondents (55%) believe mandatory health insurance will



lead to more abuse and waste (Figure 6).

- The survey also seeks members' view on annual cap of healthcare expenditure, i.e. the healthcare spending borne by each citizen should be subject to an annual cap with the excess borne by government. A majority of respondents (66%) agree to this (Figure 7).
- The survey seeks members' views on two schemes: (1) low user fees with monthly contribution to personal healthcare reserve , and (2) higher user fees with annual cap but without monthly contribution. For both schemes, more respondents support than object. The percentage of support is however higher for scheme (2). About 20% of respondents express the strongest objection to scheme (1) and only 7% express the strongest objection to scheme (2) (Figure 8 and 9).
- 76% members believe that higher user fees and annual capping of personal medical expenditures will reduce abuse and waste (Figure 10).
- 59% of respondents think higher user fees with annual cap is politically feasible (Figure 11).
- Other findings relating to annual cap are:
 - Respondents (87%) favour allowing those with less disposable income to be subject to a lower annual cap for healthcare expenditures (Figure 12), and
 - About 63% of respondents agree that this annual cap should rise with age after 50 (Figure 13).



Summary

The survey reveals that ACCA Hong Kong members generally agree that more resources should be devoted to public healthcare resources to improve its quality, and are of the opinion that the extra resources should first come from government general revenue including taxes, and then from higher user fees, and lastly from mandatory social health insurance. Members are concerned that low user fees will lead to abusive use of healthcare facilities and waste, so will the mandatory health insurance. While both the schemes of higher user fees with annual cap of personal medical expenditure and lower user fees with monthly contribution obtain members' support, the survey reveals a greater extent support of the former. This may reflect the members' concern about the abuse of medical services.

Appendices

- A. Analysis figures
- B. Analysis table
- C. Survey questionnaire



Appendix A

I. Primary source of financing

Figure 1

Do you agree that more resources should be devoted to improving the quality (i.e. stability & timely availability) of healthcare services?

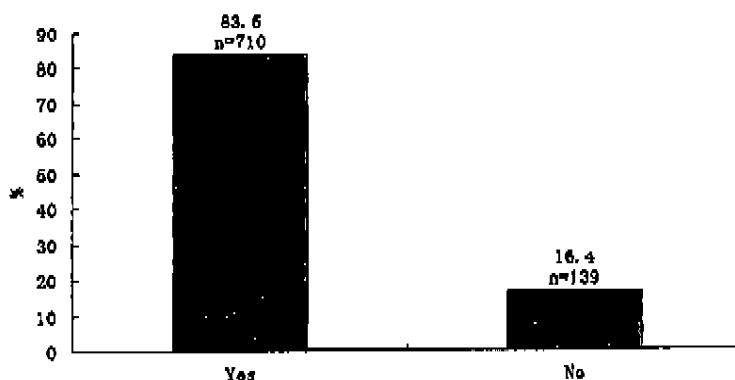
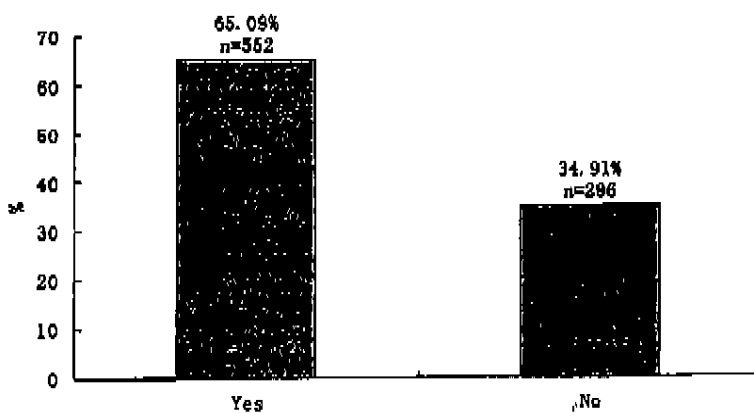


Figure 2

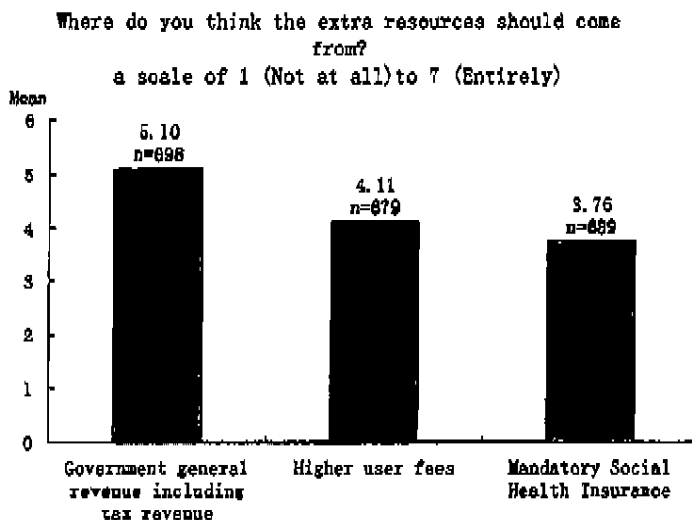
Do you agree that taxes should be the primary source of funding for publicly provided healthcare expenditure?





II. Extra source of financing

Figure 3



III. Options of healthcare financing

Figure 4

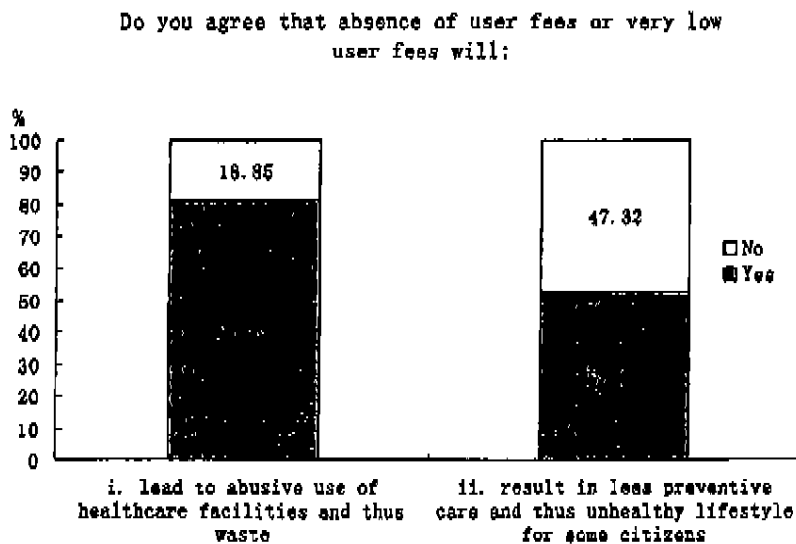




Figure 5

Do you agree that those with less disposable income should:

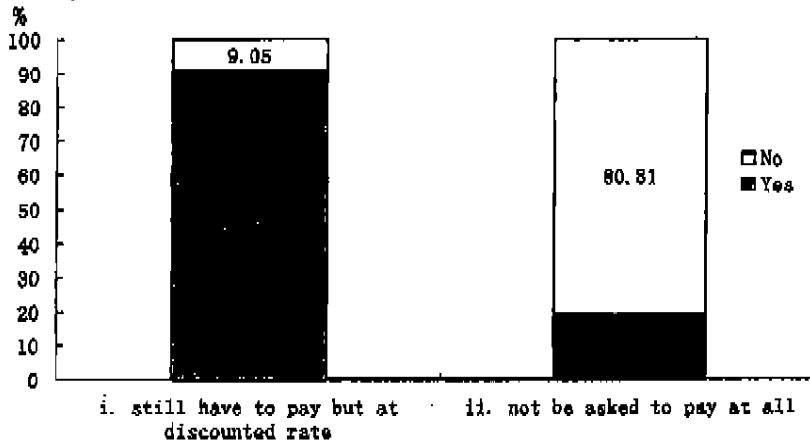


Figure 6

The proposed mandatory health insurance in the personal healthcare reserve, if introduced:

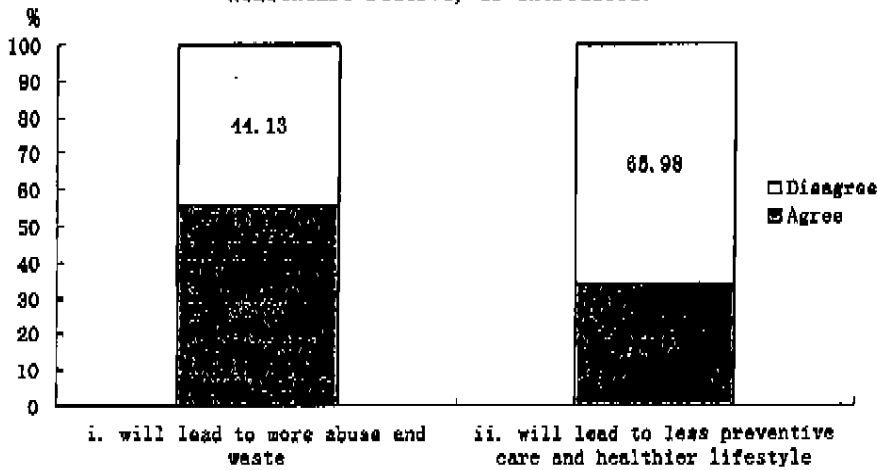




Figure 7

Do you agree that the actual healthcare spending borne by each citizen should be subject to an annual cap with the excess borne by government

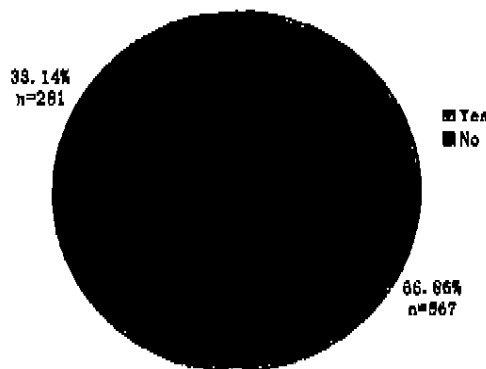


Figure 8

Do you support: a. keeping user fees low as they are today and paying a monthly contribution (3-5% of monthly income) to the personal health reserve (which combines mandatory flat rate health insurance and personal medical savings) n=842

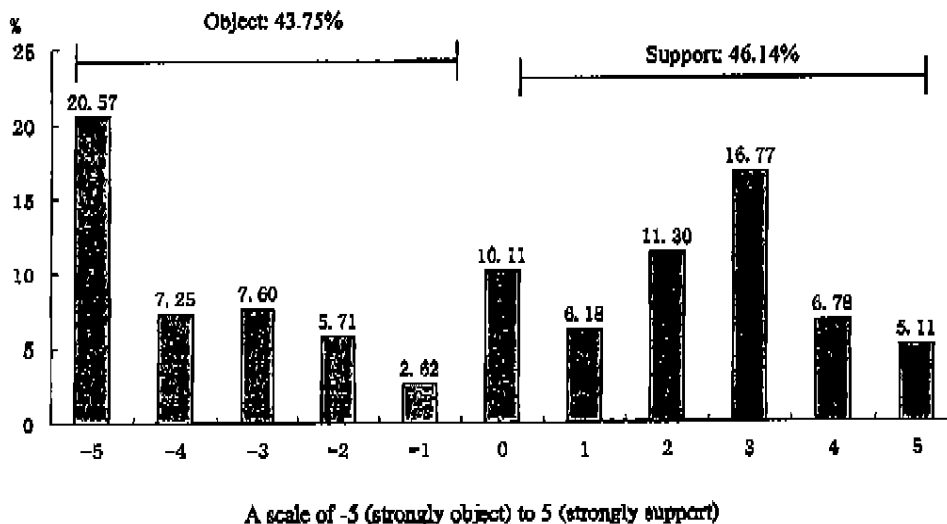




Figure 9

Do you support: b. higher user fees, annual cap on personal medical expenditures, and not having to pay any monthly contributions n=842

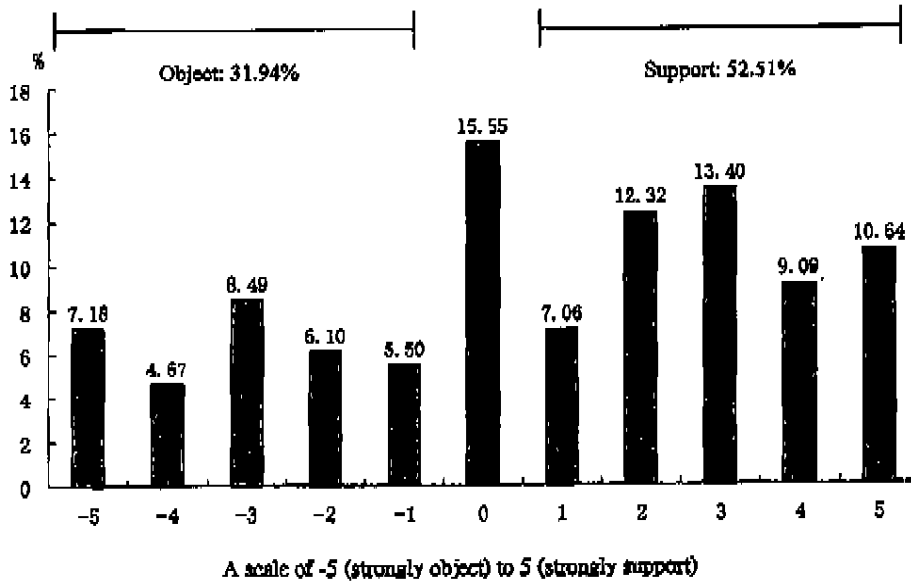


Figure 10

Higher user fees and annual capping of personal medical expenditures, if in place:

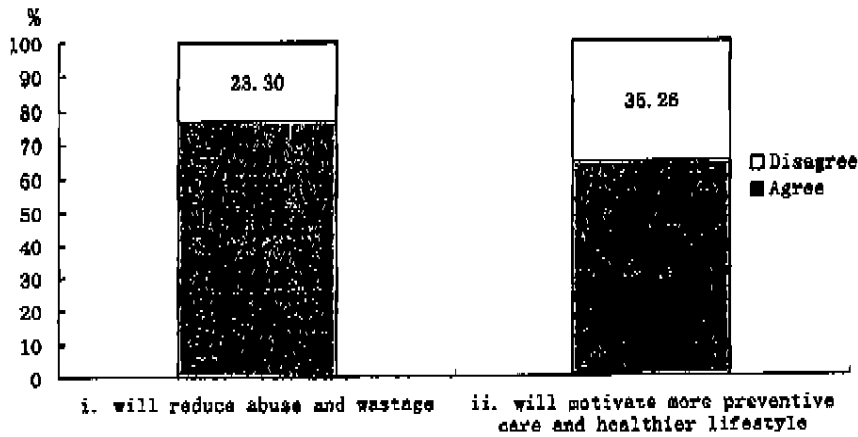




Figure 11

Do you think "Higher user fees and annual capping of personal medical expenditures" is politically feasible?

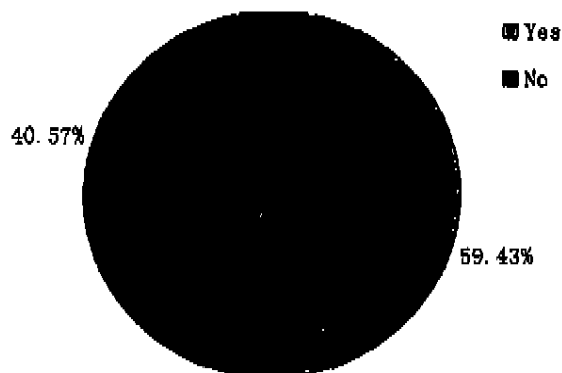


Figure 12

Do you agree that this annual cap should be reduced for those with less disposable income to reflect their lower ability to pay?

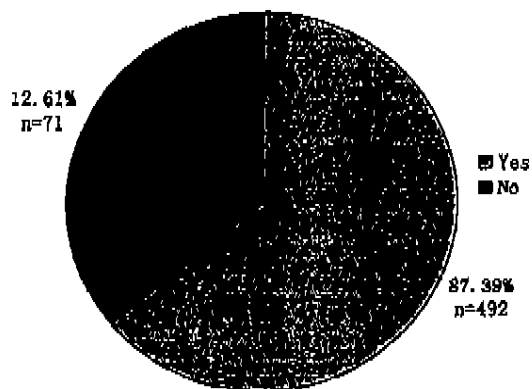
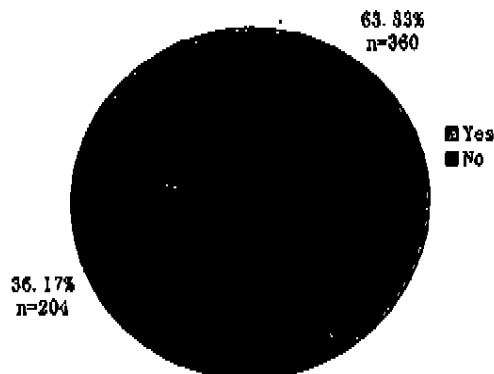




Figure 13

The annual cap on medical spending should be gradually increased after, say, 50 years old, to reflect the higher expected cost of caring for the elderly and to motivate young people to adopt a healthy lifestyle and to save for their future medical care



Appendix B

Table 1 - Where do you think the extra resources should come from? (Mean Value - a scale of 1 (not at all) – 7 (Entirely)) by medical spending per year, household and personal income, age and health status

Respondents background	Government general revenue including tax revenue	Mandatory Social Health Insurance	Higher user fees
Medical spending per year:			
below 1999	5.04	3.79	4.13
2000-4999	5.15	3.71	4.11
5000-9999	5.10	3.87	3.92
10000 or above	5.21	3.67	4.26
Household income :			
below 19999	4.91	3.96	3.80
20000-29999	5.01	3.97	3.77
30000-49999	5.22	3.70	3.98
50000-749999	5.17	3.81	4.24
75000 or above	4.96	3.78	4.30
Personal income:			
below 19999	5.10	3.84	3.72
20000-29999	5.11	3.74	3.95
30000-49999	5.21	3.87	4.17
50000-749999	5.04	3.72	4.17
75000 or above	4.81	3.74	4.46
Age group:			
20-29	4.78	3.79	4.03
30-39	5.19	3.82	4.13
40-49	5.10	3.73	4.13
50 or above	5.10	3.63	4.10
Health status:			
Not that good	4.96	3.46	3.52
Fair	5.16	3.81	4.04
Good	5.04	3.70	4.31

Appendix C

Survey on Hong Kong's Healthcare Reform

In response to the Government Consultation on Hong Kong's Healthcare Reform, we have invited the Centre for Public Policy Studies of Lingnan University to design this survey to seek your views on the government's proposals, a matter of key importance as it will affect every one of us in the community.

1. Do you agree that taxes should be the primary source of funding for publicly provided healthcare expenditures?

Yes

No

2. What should taxes fund?

- i. Public health and prevention e.g. Public Hygienic, Anti-smoking campaign

Yes *No*

- ii. Medical research

Yes *No*

- iii. Medical training and education

Yes *No*

- iv. Fixed costs of healthcare facilities and core manpower to maintain operation

Yes *No*

- v. Healthcare cost beyond citizen's threshold of affordability *Yes* *No*

3. Do you agree that more resources should be devoted to improving the quality (i.e. stability & timely availability) of healthcare services?

Yes

No (go directly to Question 5)

4. If yes, where do you think the extra resources should come from?

Not at all

Entirely

- i. Government general revenue including

tax revenue

1 2 3 4 5 6 7

- ii. Mandatory Social Health Insurance

1 2 3 4 5 6 7

- iii. Higher user fees

1 2 3 4 5 6 7



5. Do you agree that the absence of user fees or very low user fees will
- lead to abusive use of healthcare facilities and thus wastage. Yes No
 - result in less preventive care and thus unhealthy lifestyle for some citizens. Yes No
6. Do you agree that those with less disposable income should
- still have to pay but at a discounted rate? Yes No
 - not be asked to pay at all? Yes No
7. Do you agree that the actual healthcare spending borne by each citizen should be subject to an annual cap with the excess borne by government (referred to as annual capping of personal medical expenditure in questions 9, 10, 12 and 13)?
- Yes
- No (please go directly to Question 10)
8. Do you agree that this annual cap should be reduced for those with less disposable income to reflect their lower ability to pay?
- Yes
- No
9. Do you agree with the following:
- The annual cap on medical spending should be gradually increased after, say, 50 years old, to reflect the higher expected cost of caring for the elderly and to motivate young people to adopt a healthy lifestyle and to save for their future medical care.
- Yes
- No

10. Do you support the followings:

- Keeping user fees low as they are today and paying a monthly contribution (3-5% of monthly income) to the personal health reserve (which combines mandatory flat rate health insurance and personal medical savings).

Strongly object -5 -4 -3 -2 -1 0 1 2 3 4 5 Strongly support

- Higher user fees, annual cap on personal medical expenditures, and not having to pay any monthly contributions.

Strongly object -5 -4 -3 -2 -1 0 1 2 3 4 5 Strongly support



11. The proposed mandatory health insurance in the personal healthcare reserve, if introduced:
- will lead to more abuse and wastage. *Agree* *Disagree*
 - will lead to less preventive care and less healthier lifestyle. *Agree* *Disagree*
12. Higher user fees and annual capping of personal medical expenditures, if in place
- will reduce abuse and wastage. *Agree* *Disagree*
 - will motivate more preventive care and healthier lifestyle. *Agree* *Disagree*
13. Do you think "Higher user fees and annual capping of personal medical expenditures" is politically feasible?
- Yes*
 No
14. How would you rate your health status?
- Not that good* *Fair* *Good*
15. Please indicate the amount of your personal medical expenses in 2007, including amount out of pocket plus reimbursement from insurance company if any (in HK\$)
- | | | |
|---|---|--|
| <input type="checkbox"/> <i>Below \$1,999</i> | <input type="checkbox"/> <i>\$2,000 - 4,999</i> | <input type="checkbox"/> <i>\$5,000 - 9,999</i> |
| <input type="checkbox"/> <i>\$10,000 - 14,999</i> | <input type="checkbox"/> <i>\$15,000 - 19,999</i> | <input type="checkbox"/> <i>\$20,000 - 39,999</i> |
| <input type="checkbox"/> <i>\$40,000 - 49,999</i> | <input type="checkbox"/> <i>\$50,000 - 99,999</i> | <input type="checkbox"/> <i>\$100,000 or above</i> |

About you

It is important we understand a little about you when analyzing the results of this survey. Please spend a few moments completing the following questions, which will be used for analysis purpose only.

16. Sex : *Male* *Female*
17. Age range: *20-29* *30-39* *40-49* *50-59* *60+*
18. Personal income per month (in HK\$):
- | | | |
|---|--|---|
| <input type="checkbox"/> <i>Below \$9,999</i> | <input type="checkbox"/> <i>\$10,000 - 14,999</i> | <input type="checkbox"/> <i>\$15,000 - 19,999</i> |
| <input type="checkbox"/> <i>\$20,000 - 24,999</i> | <input type="checkbox"/> <i>\$25,000 - 29,999</i> | <input type="checkbox"/> <i>\$30,000 - 34,999</i> |
| <input type="checkbox"/> <i>\$35,000 - 39,999</i> | <input type="checkbox"/> <i>\$40,000 - 49,999</i> | <input type="checkbox"/> <i>\$50,000 - 74,999</i> |
| <input type="checkbox"/> <i>\$75,000 - 99,999</i> | <input type="checkbox"/> <i>\$100,000 or above</i> | |



19. Household Income per month (In HK\$):

- | | | |
|---|--|---|
| <input type="checkbox"/> <i>Below \$9,999</i> | <input type="checkbox"/> <i>\$10,000 - 14,999</i> | <input type="checkbox"/> <i>\$15,000 - 19,999</i> |
| <input type="checkbox"/> <i>\$20,000 - 24,999</i> | <input type="checkbox"/> <i>\$25,000 - 29,999</i> | <input type="checkbox"/> <i>\$30,000 - 34,999</i> |
| <input type="checkbox"/> <i>\$35,000 - 39,999</i> | <input type="checkbox"/> <i>\$40,000 - 49,999</i> | <input type="checkbox"/> <i>\$50,000 - 74,999</i> |
| <input type="checkbox"/> <i>\$75,000 - 99,999</i> | <input type="checkbox"/> <i>\$100,000 or above</i> | |

20. Marital status: *Married* *Single* *Divorced* *Widowed*

Thank you