



香港工業總會
FHKI

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Federation of Hong Kong Industries

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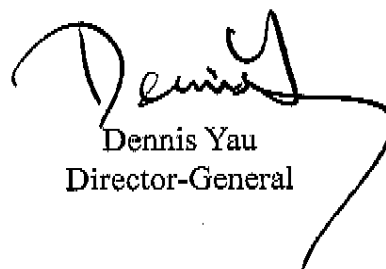
Food and Health Bureau
Government Secretariat
19/F, Murray Building
Garden Road
Central
Hong Kong

Dear Sirs,

Public Consultation on Healthcare Reform

In response to the above consultation, the Federation of Hong Kong Industries would like to submit its views as attached.

Yours faithfully,



Dennis Yau
Director-General

Encl.

FHKI's Views on Healthcare Reform

Preamble

The Federation of Hong Kong Industries acknowledges that Hong Kong needs to reform its healthcare system in order to ensure that the quality and provision of healthcare services will remain at high standards and continue to meet the health needs of Hong Kong people against the background of an aging population and rapid advancement of medical technology.

We are of the view that the reform should be a holistic one, aiming at upgrading the overall level and quality of Hong Kong's healthcare services. On top of financing, other structural problems inherent in the existing healthcare system, including the imbalance between the public and private sectors, abuse of public healthcare services, the protectionism of healthcare professions and insufficient emphasis on primary healthcare, should be addressed in this reform holistically.

Solving these structural problems is of critical importance as it will enhance the delivery and cost-efficiency of healthcare services, thereby facilitating the containment of the growth in healthcare expenditure.

Long-Term Healthcare Planning

The healthcare reform is necessarily a long-term process that affects the welfare of this and next generations of Hong Kong people. As such, the Government needs to draw up a comprehensive strategy for taking forward the reform and to inform the public of how they may benefit from it. The strategy should contain policy plans and measures to improve the healthcare system as well as specific targets at different stages of the reform. The key aspects that should be covered include:

- Time series projections of healthcare services requirements in Hong Kong (including the requirements for different levels of services in the private and public sectors) as well as financial projections under different funding scenarios;
- Enhancement of preventive care and primary healthcare;
- Cost and quality control of public healthcare services (on this, benchmarking against the costs of public hospital services in other jurisdictions is necessary);
- Development and regulation of private healthcare services;
- Promotion of private/public partnership and integration; and
- Supply and training of healthcare professionals.

We note that the Government has already proposed in the consultation paper a number of policy initiatives on some of the above areas, such as subsidising individuals for

preventive care, purchasing hospital services from the private sector and the development of an electronic infrastructure for sharing patient records. While we welcome these initiatives and look forward to their early implementation, it appears to us that they may not be adequate for a structural reform of the existing system.

We recommend that in preparing the next stage of consultation, the Government should actively engage the stakeholders and experts in the relevant fields with a view to mapping out a more comprehensive framework for realising the visions of the reform.

Fostering the Development of Private Hospitals

One crucial area that the Government needs to look at in drawing up the reform strategy is the creation of an environment conducive to the development of private hospitals, so that the existing private-public imbalance can be rectified.

As far as we understand, Hong Kong's private hospitals have practically no spare capacity to meet extra demands as their bed occupancy rates have already been very high. This necessitates the development of new private hospitals if Hong Kong is to see a more balanced usage of public and private hospital services.

On this, we find it necessary for the Government to take steps to support the development of private hospitals, in particular to help them overcome the high costs in acquiring lands. One option that the Government may consider in this regard is the adoption of a profit-sharing arrangement modelled on the Cyberport project, whereby a waiver of the land price is applied in exchange for a certain percentage of the profit earnings of the hospital developed on the land.

Providing Hong Kong-run Public Healthcare Services in Guangdong

In connection with the healthcare reform, we notice an increasing number of Hong Kong people choosing to reside in Guangdong after retirement to take advantage of its lower living costs. With our population getting aging, we expect this trend to continue and accelerate in the future.

In the long run, the Government may need to consider setting up Hong Kong-run and publicly-subsidised facilities, including elderly homes, clinics, hospitals and infirmaries, in major Guangdong cities to cater to this elderly group. With such facilities in Guangdong, it may obviate the need for them to travel back to Hong Kong to seek medical treatments if falling ill.

Supplementary Financing

As regards supplementary financing, we agree that our healthcare system needs a new source of funding for carrying out the many initiatives to achieve the reform objectives. After careful examination of the pros and cons of the various supplementary financing

options outlined in the consultation paper, we believe mandatory private health insurance encompassing the following features is most suitable for Hong Kong.

- Universal participation – every individual residing in Hong Kong should be required by law to participate in the scheme;
- Regulated system – the insurance policies, albeit provided by private insurance companies, will be regulated by law;
- A flat premium and same coverage and benefits for all the insured, irrespective of their age, gender and health conditions;
- Subsidy for disadvantaged groups – the premium for CSSA recipients will be paid for by the Government; and subject to a means test, people who cannot afford to pay for the premium may apply for government subsidy; and
- A built-in co-payment system to guard against abuse of healthcare services.

As we see it, mandatory private health insurance has a number of advantages over other supplementary financing options. These include:

- It is an equitable system where all the insured will pay for the same premium and enjoy the same level of benefits;
- The scheme will allow risk-pooling;
- The insurance premium should be more affordable to the public as it is community-rated;
- Through regulation, participation in the scheme is guaranteed;
- The source of funding is stable;
- Patients will have a choice of healthcare providers, thereby relieving the pressure on the public sector.
- No savings elements to reduce administrative costs (creating separate personal reserve accounts for healthcare would just duplicate MPF's saving functions);

We strongly encourage the Government to consider this financing option for further consultation.