



香港人力資源管理學會

**Hong Kong Institute of Human Resource Management**

operated by Hong Kong Institute of Human Resource Management Limited

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

[BY POST AND FAX]

June 13, 2008

Dear Dr York Chow,

**HKIHRM Submission on**  
**“Your Health Your Life - Healthcare Reform Consultation Document”**

This submission is made by the Hong Kong Institute of Human Resource Management (HKIHRM) in response to the first stage consultation regarding the proposed reform of the healthcare system in HKSAR. Established in 1977, the Institute is the most representative professional body for human resource management in Hong Kong. Currently, we have over 4,000 members, including 450 corporate members. The majority of our members are HR professionals at managerial level or above.

Healthcare reform is not a new subject for Hong Kong. The Institute agrees that it is time, if not too late, for the Government to thoroughly consult the public and major stakeholders in order to come up with a concrete action plan to take the matter forward. The consultation paper has set out five areas of reforms proposed for consultation, namely “*enhance primary care*”, “*promote public-private partnership in healthcare*”, “*develop electronic health record sharing*”, “*strengthen public healthcare safety net*” and “*reform healthcare financing arrangements*”. The Institute does not have any strong view regarding the first four areas. We trust from a layman’s point of view, they are valid and we understand that there is already concrete progress for the item “*develop electronic health record sharing*”. However, the Institute would like to forward our views from two perspectives.

1. The need to recognize the role of organizations making contribution in maintaining a healthy population through self-arranged medical / health care plans for their employees in Hong Kong and how such role should be sustained and enhanced regardless of how the healthcare reform would proceed;
2. The need for providing more information to facilitate community-wide discussion regarding the supplementary medical financing options in order to form more concrete views.

**The need to recognize the role of organizations making contribution in maintaining a healthy population through self-arranged medical / health care plans for their employees in HKSAR and how such role should be sustained and enhanced regardless of how the health care reform would proceed**

- Held with the responsibility for enabling organizations to attract, retain, develop and motivate talents, Human Resources professionals are in general required to draw up policies and execute programs to ensure a healthy and productive workforce. The collective efforts of organizations in nurturing a healthy workforce are beyond doubt contributing in many ways to the improvement of the state of



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health and quality of life of people in Hong Kong. On the kinds of health related policies and programs offered by organizations, the Institute has been conducting surveys to capture the latest status. Please refer to statistics summarized below and see enclosed appendices for your quick reference:

1. Medical coverage provided by organizations in general
    - over 95% of surveyed organizations provide hospitalization and out-patient benefits (Appendix A)
  2. Medical expenses as a percentage of the total remuneration
    - around 1.4-1.5% of the total remuneration (Appendix B)
  3. Medical coverage (all) provided by organizations in terms of annual premium
    - ranging from HK\$9,504 to HK\$2,441 depending on staff level (Appendix B)
  4. Prevalence of the Employee Wellness program
    - over 80% of surveyed organizations implement employee wellness programs, either formally or informally (Appendix C)
  5. Components of the Employee Wellness program (% of respondents companies)
    - ranging from 5-day working week to fitness programs (Appendix C)
- There are also increasing discussions among larger organizations about ways to facilitate a transition among retiring employees from company-sponsored medical schemes to self-financing schemes. We have to admit that the membership of HKIHRM could be biased towards larger organizations which are likely to be more willing to provide their employees with better medical protection. It is, however, highly desirable for the Government to study in depth how organizations are making efforts and contributing financial and other resources in building a healthy workforce via their sponsored medical plans and various wellness programs.
  - We trust the Government should explore ways to encourage these organizations to continue or to further enhance such efforts regardless of how the healthcare reform would proceed. It is most unfortunate to see some organizations choosing to reduce their more generous voluntary retirement scheme to a bare-bone MPF (Mandatory Provident Fund) scheme when retirement benefit was made mandatory in 2000. It is indeed a lesson that we have to learn hard.
  - The role of employers has in fact not been indicated in the consultation paper. We do worry that a lack of information on how organizations are contributing to a healthier workforce could lead to biased discussion. Should organizations be required to contribute to any mandatory medical scheme which may be operated in ways similar to those of MPF, we would recommend the following:
    1. There should be adequate flexibility to fully exempt existing medical / health care plans sponsored by employers which match or exceed mandatory requirements.
    2. Organizations offering staff medical / healthcare plans (some covering additional disability of various kinds) that match or exceed mandatory requirements should be encouraged to maintain or upgrade such plans by means of tax incentives.
    3. Organizations running wellness programs advocating a healthy lifestyle should be recognized. These programs, if carefully packaged, are contributing to the enhancement of the primary care of the community at large. They usually feature preventive and proactive approaches which should be advocated and encouraged by the Government.



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4. Special attention should be paid to very small organizations which may face difficulties in financing the mandatory medical scheme. We urge the government to refer to the experience of Japan and South Korea in providing exemption to every small organization.
5. In order not to repeat the administrative nightmare experienced by organizations when MPF was first launched in 2000, the Institute strongly requests an early involvement of the HR profession and other parties which are expected to play an important role in the actual operation in the future. The HR department in an organization is usually responsible for handling staff communication and related administrative procedures. An early engagement of the profession and other related parties at the stage of drafting related laws and regulations is necessary so that they could be drawn up in the context of operational realities. This will facilitate effective communication and enforcement of related laws and regulations upon their enforcement.

**The need for providing more information to facilitate community-wide discussion regarding the supplementary medical financing options in order to form more concrete views.**

- The consultation paper has mapped out the upcoming challenges we may face in setting the scene for reform and the pros and cons of various options of supplementary medical financing. It would, however, be useful if more information could also be disclosed regarding the efficiency of resource deployment in our current healthcare system which is funded by tax income. Such information would help the community at large to understand and to debate on how urgent the need for supplementary medical financing would be.
- At the individual level, we believe people in Hong Kong, especially the middle-income group are encountering problems of inadequate protection if they prefer not to rely on medical service rendered by the public sector:
  1. The medical services rendered by the private sector are hugely expensive and there is also a lack of transparency on the charges;
  2. The level of protection of employer-sponsored health insurance plans for employee varies;
  3. Employer-sponsored health insurance plans do not cover employees who are between jobs and who have retired;
  4. The high-risk groups like chronic patients and the elderly are unlikely to be able to get insured or have to pay high premium;
  5. Exclusions and pre-existing medical conditions stipulated by private health insurance plans have put an individual in an extremely disadvantageous position in seeking protection.
- We trust the Government is also well aware of the above. In our opinion, there is a good chance that a consensus could be reached in the community at large regarding the idea of requiring all or some individuals to contribute a certain percentage of their wages earned in return for better healthcare



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protection, including lessening of the above-mentioned difficulties. More concrete scenario analysis should be provided for people to understand the costs and benefits of various options. For instance, information about the extent to which a particular option could help individuals at different age groups to cope with such "catastrophic cases" as being diagnosed with fatal illness like cancer is crucial for one to decide if he or she will buy into the option.

- In addition, at an individual level, the other concerns would include:
  1. The treatment of current medical insurance policy holders in case any one of the six options is implemented – will they be encouraged or discouraged to continue to self-finance their health insurance scheme?
  2. The issue of excessive administration costs – the most undesirable possibility must be avoided right at the beginning that the administration costs of various MPF schemes are getting so high that they may eat up the savings in an alarming and on-going way.
- The consultation paper is silent on the former and more discussion is required about the latter.
- Moreover, should an option eventually be chosen that involves health insurance, there is definitely a need for some form of control to be imposed on the fees charged by doctors and hospitals. Otherwise we may run the risk of being required to pay ever-increasing premium, thus making the entire system less sustainable. It would facilitate individuals to form their views if important success factors could be elaborated in greater detail in the consultation paper.

### Concluding remarks

As mentioned in your message, where healthcare is concerned, every member of society is a stakeholder. In the process of developing our future healthcare system, the Government's commitment to public healthcare will only increase and not reduce. The principle that no one should be denied adequate healthcare due to a lack of means will be upheld. With these in mind, we trust every individual, especially those who can afford healthcare other than the public sector, should be provided with more information, including those described in this submission, to help formulate his / her opinion regarding:

- (a) the urgency of the need to go for supplementary medical financing; and
- (b) how effective the various options, with the public health care system as the back up, could be in providing solutions to the difficulties currently encountered as mentioned in page 4 of this letter.

Regarding the role of employers, whether organizations should be required by law to contribute financially to the community-wide medical scheme remains controversial. Operating costs of all kinds are always things, among others, to consider when ascertaining the competitiveness of a city or a country for organizations to operate. More importantly we would like to draw the special attention of the Government to better understand and recognize the current roles of some organizations in contributing to maintaining a healthy workforce which is in line with the vision of our healthcare system. We urge the Government to



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conduct in-depth study in this area and try every means to encourage, rather than discourage, these organizations to continue such roles, regardless of how the health reform would proceed.

The Institute is most happy to participate and contribute in any further consultation. For any enquiries, please feel free to contact me or the General Manager, Ms Carrie Chau on 2837 3888 or email [carrie@hkihrm.org](mailto:carrie@hkihrm.org).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Lai Kam-tong', written over a horizontal line.

Lai Kam-tong

President

Hong Kong Institute of Human Resource Management



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**Appendix A: Medical Benefits and Insurance Plans Provided for Employees Working in Hong Kong****Table A1) Provision of Various Types of Medical Benefit**

Types of Medical Benefit	Percentage of Respondent Companies
Hospitalization	98.3%
Clinical (out-patient)	95.7%
Dental	50.2%
Medical check-up	42.1%

Source: HKIHRM 2006 Benefits Survey

**Table A2) Coverage of Different Types of Medical Benefit**

	Types of Medical Benefit			
	Medical check-up	Clinical (out-patient)	Dental	Hospitalization
	Percentage of Respondent Companies			
Family members covered	18.6%	75.5%	58.6%	75.0%
a. covering spouse	18.6%	75.5%	58.6%	75.0%
b. covering children	12.4%	74.5%	56.9%	73.7%

Source: HKIHRM 2006 Benefits Survey

**Table A3) Insurance: Coverage and Types of Medical Insurance Plans**

Medical Insurance item	Top Management	Managerial/ Qualified Professional	Supervisory/ Officer/ Foreman/ Clerical/ Secretarial/ Technical	Manual
	Percentage of Respondent Companies			
Clinical (out-patient)	95.3%	94.3%	94.3%	92.6%
Hospitalization (excluding maternity benefit)	91.6%	92.1%	91.6%	90.7%
Hospitalization (including maternity benefit)	16.7%	15.4%	15.0%	13.0%
Medical check-up	36.3%	32.5%	22.0%	22.2%
Dental	44.7%	44.7%	42.3%	37.0%
Supplementary major medical	40.0%	39.0%	37.4%	29.6%

Source: HKIHRM 2006 Benefits Survey



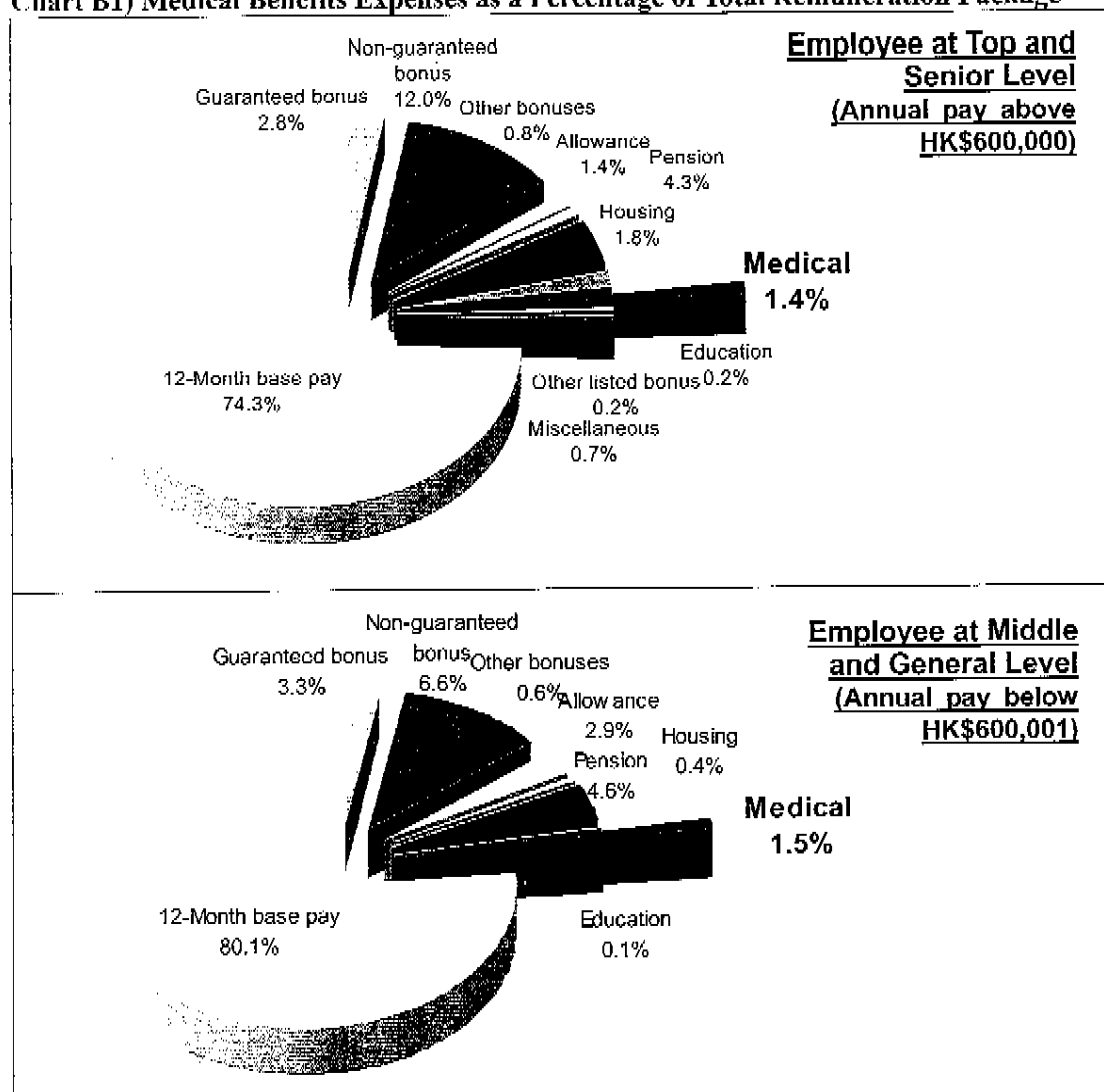
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**Appendix B: Expenses of Medical Benefits and Insurance Plans Provided for Employees Working in Hong Kong**

**Chart B1) Medical Benefits Expenses as a Percentage of Total Remuneration Package**



Source: HKIHRM 2007 Pay Trend and Pay Level Survey

**Table B2) Insurance: Average Annual Premium Pcr Employee by Insured Items**

Insurance item	Top Management	Managerial/ Qualified Professional	Supervisory/ Officer/ Foreman/ Clerical/ Secretarial/ Technical	Manual
	Average annual premium (HK\$)			
Clinical (out-patient)	3,061	2,380	1,816	1,577
Hospitalization (excluding maternity benefit)	2,280	1,648	1,061	842
Hospitalization (including maternity benefit)	3,842	3,076	2,086	1,226
Medical check-up	2,013	1,624	1,132	1,049
Dental	752	639	555	517
Clinical and Hospitalization	5,304	3,279	2,599	2,557
All medical covered	9,504	3,770	2,852	2,441

Source: HKIHRM 2006 Benefits Survey

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**Appendix C: Various Employee Wellness Programs Provided for Employees Working in Hong Kong**

**Table C1) Prevalence of the Employee Wellness Program**

	Percentage of respondents companies
Implementing informal program	53.5%
Implementing formal program	31.4%
Not implementing any program	15.3%

*Source: HKIHRM 2007 Topical Study on Employee Wellness Program*

**Table C2): Major Components of the Employee Wellness Program**

Components	Percentage of respondents companies
<b>Five-day working week</b>	<b>77.6%</b>
<b>Family leave benefits</b>	<b>56.0%</b>
<b>Interpersonal/ personal development</b>	<b>50.9%</b>
<b>Voluntary work</b>	<b>48.3%</b>
<b>Safety/ first-aid training</b>	<b>44.0%</b>
<b>Health screening</b>	<b>44.0%</b>
<b>Employee assistance program</b>	<b>35.3%</b>
<b>Flexible work arrangement</b>	<b>31.9%</b>
<b>Fitness facilities and programs</b>	<b>28.4%</b>

*Source: HKIHRM 2007 Topical Study on Employee Wellness Program*

Remarks:

1. HKIHRM 2006 Benefits Survey  
Conducted every three years, the latest 2006 survey was held from June to October 2006, covering a total of 234 companies from 19 different industrial and business sectors. The report was published in February 2007. ISBN: 962-8393-87-1
2. HKIHRM 2007 Pay Trend and Pay Level Survey  
The survey was conducted from January to October 2007. It covered a total of 104 companies from 15 different industrial or business sectors, employing some 120,000 full-time salaried employees. The full report was published in November 2007. ISBN: 978-962-8989-04-1
3. HKIHRM 2007 Topical Study on Employee Wellness Program  
This study was conducted during August and September 2007. It covered a total of 137 companies and over 100,000 employees from 18 different industrial or business sectors. The report was published in November 2007. ISBN: 978-962-8989-06-5