

EXECUTIVE SUMMARY

BACKGROUND

Since its establishment over 20 years ago, the Hospital Authority (HA) has been providing a wide range of quality healthcare services with the highest professional standard. The Hong Kong healthcare system, in which HA plays a linchpin role, has long been held in high regard around the world. Hong Kong has been consistently rated as having one of the most efficient healthcare systems in the world¹.

2. The reliable and high quality services provided by HA and the professionalism displayed by its staff are very well received by Hong Kong people. According to a patient satisfaction survey commissioned by HA and conducted by the Chinese University of Hong Kong in 2013, over 80% of the respondents rated the care provided by HA doctors and nurses as good or very good². On the operational front, our public hospitals have demonstrated remarkable professionalism and resilience in tackling unprecedented threats of infectious diseases pandemics in recent years. At the corporate level, HA received the Directors of the Year Award 2014 and the special recognition of Excellence in Board Diversity from the Hong Kong Institute of Directors.

3. Some 18 public hospitals, in a few years' time, have achieved full accreditation status by the Australian Council on Healthcare Standards since 2009. Various public hospitals have received different Asian Hospital Management Awards, which recognise hospitals in Asia for outstanding programmes and best practices. Professionally, renowned medical teams in HA excel in advanced treatment options as reflected, for example, in breakthroughs in organ transplant and bone marrow transplant operations and robot assisted technology in surgeries, winning international acclaims and more importantly benefiting local patients.

4. HA also supports the Government through a well-established emergency preparedness and contingency response mechanism to assist in natural and civil disasters, pandemics and major international events. Examples include providing emergency response support in the ferry collision off Lamma Island in

¹ Hong Kong was rated the first and second by Bloomberg in its ranking of the "Most Efficient Health Care Systems in the World" in 2013 and 2014 respectively.

² Hospital-based Patient Experience and Satisfaction Survey 2013 Report, the Jockey Club School of Public Health and Primary Care of the Faculty of Medicine of the Chinese University of Hong Kong, http://www.ha.org.hk/visitor/ha_view_content.asp?Parent_ID=220239&Content_ID=222116&Ver=HTML

2012, and sending rescue medical teams in emergency operations outside Hong Kong.

5. The scope and level of services provided by HA are enormous. In 2014-15, HA provided 7.0 million specialist outpatient clinic (SOPC) attendances, 8.0 million patient days (including inpatient and day inpatient services) and 2.2 million accident and emergency (A&E) attendances. The inpatient services of HA are particularly important as HA accounts for almost 90% of inpatient services in Hong Kong in 2013³.

6. With the rapid ageing of the local population and increased aspiration for healthcare services in Hong Kong, the demand for quality public services is high and will be even higher in coming years. HA faces the double challenges of the increasing cost of providing hospital care due to advance in medical technology and rising demand of an ageing population with changes in diseases pattern such as increased prevalence of chronic diseases. In this connection, the Chief Executive announced in his Policy Address in 2013 that the Government would set up a steering committee to conduct a comprehensive review of the operation of HA to explore viable measures for enhancing the cost-effectiveness and quality of its services with a view to providing HA with increased capability to cope with the future challenges.

THE REVIEW

7. The Steering Committee (SC) on Review of HA, chaired by the Secretary for Food and Health, was set up in August 2013. The Review covers the major areas that impact on HA's operation and service provision, including management and organisation structure, resource management, staff management, cost effectiveness and service management, and overall management and control.

8. The SC convened nine meetings, conducted three public fora and three stakeholders' fora, met with 31 professional organisations and patient groups, and participated in eight HA staff fora to listen to and exchange views with stakeholders. The SC has also received a total of 28 written submissions.

³ Based on "Public/private share by inpatient bed days occupied in 2013" from HA and Department of Health

SUMMARY OF FINDINGS AND RECOMMENDATIONS

9. This report sets out the findings and recommendations of the SC. Chapter 1 outlines the membership and terms of reference of the SC and Chapter 2 highlights the work of the SC, including the conduct of a comprehensive Public Engagement Programme as part of the Review to solicit views from HA's stakeholders. Chapter 3 gives an overview on the present situation and major challenges facing HA. Chapters 4 to 8 detail the SC's findings and recommendations on five areas concerning HA's operation, namely –

- (a) Management and organisation structure;
- (b) Resource management;
- (c) Staff management;
- (d) Cost effectiveness and service management; and
- (e) Overall management and control.

10. On the management and organisation structure of HA, while the SC recognises the merits of having a cluster structure for HA and considers the present arrangement of having seven clusters appropriate, it recommends refining the delineation of cluster boundary so as to ensure a closer match between the supply of and demand for healthcare services in each cluster. For example, while Wong Tai Sin district is part of Kowloon West Cluster (KWC), it tends to be closer to Kowloon Central Cluster (KCC) in physical location with the majority of the acute patients there seeking services at the Queen Elizabeth Hospital in KCC. The SC recommends HA to consider re-delineating Wong Tai Sin district from KWC to KCC by adjusting the cluster boundaries of KWC and KCC, which may bring about greater benefits and convenience to the patients.

11. The SC understands that resource management, especially the internal allocation of resources between clusters, is an area of major concern to the staff of HA and other stakeholders. After reviewing HA's present resource allocation mechanism, which is mainly based on the scale of baseline operations and approved new services of each cluster, the SC recommends HA to adopt a refined population-based approach to enhance transparency, consistency and fairness of allocating resources between clusters. The SC considers that a population-based model better reflects the service demand of individual clusters. However, a simple "population-based" model is too crude to deal with the complexity of services provided across HA and reflect the division of role and responsibility between clusters or hospitals due to the unique nature of providing advanced medical care. The SC recommends that HA should develop a "refined population-based" model with a built-in mechanism to take into account, for example, the provision and development of tertiary and quaternary services

provided by designated hospitals and other central clinical or support services not being provided across all clusters, as well as the natural movement of patients between clusters due to referrals, proximity of services or patients' choice.

12. In a huge organisation like HA, effective human resources management is of paramount importance to the motivation of staff, development of their potential, ensuring the smooth operation of HA and effective delivery of services. The SC recognises that the objective of the cluster-based decentralised organisational structure of HA is to enable hospital care to be provided in response to the demographic and epidemiological characteristics of the local population. While there is a need to draw a right balance between central coordination and decentralisation on matters relating to recruitment, promotion and deployment of staff to reflect the cluster concept of delivery of services, HA Head Office (HAHO) should enhance its coordinating role to ensure greater consistency, fairness and parity in human resources management and practices in and between clusters. Furthermore, HAHO should strengthen its staff development programme for senior managerial and clinical staff, including cross posting, to widen their exposure to and familiarisation with different areas of work in HA and to promote a corporate spirit among the senior staff. HA should also strengthen the rotation arrangement for trainees as part of their training programme to inculcate in them a broader organisational view and a stronger foundation for their future professional and career development.

13. While the quality of HA services is well recognised and well received by the community, the long waiting time for SOPC services in many specialities and the disparity of waiting time among clusters remain an ongoing and major concern of the public. The SC recommends that HA should implement a comprehensive plan to shorten waiting time for SOPC and A&E services with a view to enabling timely access to medical services and minimising cross-cluster variance in waiting time between clusters and hospitals. HA should also coordinate with relevant specialties to address the serious access block problem in the A&E Departments in concerned hospitals.

14. The full set of the ten recommendations made by the SC is as follows

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Management and Organisation Structure

- Strengthening governance and rationalising the organisation structure

Recommendation 1

- (a) The HA Board, being the managing board, should play a more active role in leading and managing HA;
- (b) The existing arrangement of having seven clusters should be maintained;
- (c) The delineation of cluster boundary, particularly those of the Kowloon clusters, should be refined having regard to the supply and demand for healthcare services as well as the hospital development/redevelopment plans in the respective cluster; and
- (d) In reviewing the cluster boundary, opportunities should be taken to maximise coherence on vertical integration of services to ensure continuity of care for patients within the same cluster.

Recommendation 2

- (a) HAHO should strengthen overall coordination on service provision to minimise inconsistencies among clusters while exercising control over the development and introduction of highly specialised services and advanced technology to ensure well-coordinated development of services among clusters;
- (b) To ensure better division of labour, more effective support in cluster management, as well as better alignment of service provision at cluster level consistent with organisation goals, HA should –
 - (i) re-examine the overall cluster management structure, focusing on and streamlining the roles of the Cluster Chief Executive (CCE), Hospital Chief Executive (HCE), Coordinating Committee (COC) / Central Committee (CC), etc.; and
 - (ii) strengthen CCEs' participation in the overall management of HA, particularly on staffing, resources and services planning; and

- (c) To enhance cooperation, coordination and role differentiation of hospitals within the cluster, HA should consider –
 - (i) where appropriate, grouping two or more hospitals under the management of one HCE to bring the scope of duties of all HCEs to a comparable level and to facilitate job rotation among HCEs; and
 - (ii) delineating the role of individual hospitals within a cluster so as to ensure the coordinated and planned development of all hospitals within the cluster and between clusters.

Resource Management

- Enhancing equity and transparency in resource management

Recommendation 3

- (a) HA should adopt a refined population-based resource allocation model by reviewing the present approach and taking into consideration the demographics of the local and territory-wide population. The refined population-based model should take into account the organisation of the provision and development of tertiary and quaternary services, and hence the additional resources required by selected hospitals or clusters, as well as the demand generated from cross-cluster movement of patients; and
- (b) HA should develop the refined population-based resource allocation model and implement through its service planning and budget allocation process within a reasonable timeframe. To avoid unintentional and undesirable impact on the existing baseline services of individual clusters, HA should consider appropriate ways to address the funding need of clusters identified with additional resources requirement under the new model, while maintaining the baseline funding to other clusters.

Recommendation 4

- (a) HA should work to improve and simplify the procedures of bidding new resources by clusters for new or improved services at the next resource allocation exercise (in 2016-17), with a view to streamlining and expediting the process and minimising the administrative

workload of frontline clinical staff, balancing the need for efficiency and accountability; and

- (b) HA should enhance transparency of the resource bidding and allocation processes through better internal communication with clusters and within clusters on the methodologies, priorities and selection criteria. For the same reason, HA should explain the rationale and considerations behind the final decisions and allocation result starting with the next resource allocation exercise (in 2016-17) so that clusters can have a better understanding of how priorities are being determined and how resources are being allocated within the whole organisation.

Staff Management

- Enhancing consistency in staff management and strengthening staff development

Recommendation 5

- (a) While there is a need to draw a right balance between central coordination and decentralisation on matters relating to recruitment, promotion and deployment of staff to take into account the cluster-based organisational structure of HA, HAHO should enhance its coordinating role to ensure greater consistency, fairness and parity in human resources management and practices in and between the clusters. In particular, HA should exercise greater central coordination in the annual recruitment of Resident Trainees and their placement to different specialties to promote a corporate identity and spirit;
- (b) Transparency in staff promotion and transfer processes should be enhanced through involvement of HAHO. HA should also enhance transparency in promotion with clear criteria and guidelines and well defined foci of representatives from HAHO and/or Hong Kong Academy of Medicine as appropriate;
- (c) HAHO should strengthen its staff development programme for senior managerial and clinical staff whereby senior staff will be given wider exposure through different postings. HA should also strengthen the rotation arrangement for trainees as part of their training programme;
- (d) HAHO should be able to assume the central coordinating role of staff

deployment within the organisation when situation so warrants, such as in response to a large emergency situation, staff shortage or surge in service demand;

- (e) To address the needs of specific disciplines and maintain consistency in practices between hospitals, HA should enhance the coordinating role of COC in different specialties; and
- (f) Regular communication and reporting between clusters and HAHO should be established to ensure common understanding on corporate personnel policies.

Recommendation 6

- (a) HA plays a key role in training and developing future generations of healthcare professionals in Hong Kong. To ensure it performs this function effectively, HA should enhance its role in central planning and provision of training. More specifically, HA should set up a high-level central training committee under the HA Board to set overall training policy, allocate designated resources for training, and oversee implementation of the policy within HA; and
- (b) Mechanism on selection of candidates for training should be put in place to enhance transparency and facilitate career development.

Cost Effectiveness and Service Management

- Providing better services

Recommendation 7

- (a) The HA Board, being a managing board, should play a more active role in setting key standards and targets to –
 - (i) monitor the overall performance and service provision for public accountability; and
 - (ii) facilitate management decision to improve performance and drive best practices; and
- (b) HA should enhance and refine the Key Performance Indicators in 2015 to better address service demand and management, facilitate service planning and resource allocation, and drive best practices

among various specialties, hospitals and clusters.

Recommendation 8

- (a) HA should implement a comprehensive plan to shorten waiting time for specialist outpatient clinics and accident and emergency services with a view to enabling timely access to medical services and minimising cross-cluster variance in waiting time; and
- (b) HA should coordinate with relevant specialties to address the serious access block problem in the Accident and Emergency Departments in concerned hospitals.

Recommendation 9

- (a) HA should enhance its service capacity and review its service delivery model to better prepare itself to meet the challenges of the ageing population;
- (b) Specifically, HA should enhance step-down care, strengthen ambulatory services, and enhance partnership with non-governmental organisations and the private sector with a view to providing comprehensive healthcare and support for patients, in particular elderly patients;
- (c) HA should actively work with the Department of Health and the welfare sector on healthcare services to promote and enhance primary care and rehabilitation services in non-hospital setting. The objective of this new model of care is not only to make better use of the resources but also to address the needs and provide better care for patients, in particular elderly patients, in an ageing society; and
- (d) HA should ensure an effective mechanism is in place to take into account patients' feedback for service planning and improvement.

Overall Management and Control

- Enhancing the safety and quality of services

Recommendation 10

- (a) HA should strengthen the roles of COCs on clinical governance, including the development of clinical practice guidelines, services

standards, introduction of new technology and service development plan for its respective specialty to achieve more standardised service quality and treatment and to ensure safety;

- (b) HA should review the role of Chief of Service (COS) with greater emphasis on clinical governance;
- (c) HA should review the inter-relationship of COC/CC and various services committees with a view to streamlining internal consultation on annual resource planning and clinical service development. HA should address the concerns of frontline clinical staff and review their administrative workload to ensure they can concentrate and focus on their core duty of providing care for the patients;
- (d) HA should, through COCs, develop a system of credentialing and defining scope of practices to ascertain professional competence and to ensure patient safety;
- (e) HA should step up the implementation of clinical outcome audits as a tool to assess and monitor clinical competence and service outcome for seeking service quality improvement; and
- (f) In examining the root cause for the occurrence of a medical incident, HA should strengthen the sharing of lessons learnt among clusters to minimise the possibility of its recurrence, and consider measures to enhance communication with and support for patients.

Ultimate Goal : Benefits to the Public Healthcare System

15. The purpose of the Review is to find ways to improve the service and operation of HA for the ultimate goal of bringing better healthcare services to Hong Kong. The most important stakeholders for public healthcare services are undoubtedly HA staff and patients, who are the respective providers and ultimate users of the services. The SC is keen to see that the Review and the implementation of the recommendations would bring about the following benefits –

For Patients

- Better services with shorter waiting time
- Increased service capacity to meet the growing public demand of services

- More efficient use of resources, greater choices and more diverse modes of service delivery to cater for different needs
- More consistent service provision among clusters
- Enhanced safety and quality of services
- Increased sustainability of the development of our healthcare system amid the challenges of increasing cost and ageing population

For HA Staff

- More equitable and transparent resource allocation
- Provision of additional manpower support and resource to pressure areas
- Streamlined administrative and resource allocation procedures
- Greater transparency, consistency and fairness in staff management practices
- Better training and staff development
- Improved clinical governance and more advance service development

IMPLEMENTATION OF RECOMMENDATIONS OF THE REPORT

16. In making the above recommendations, the SC is mindful that the recommendations should provide HA with the directions towards which it should implement enhancement measures to improve its operation. HA should be allowed the flexibility to formulate specific action plans for implementing the recommendations, with suitable engagement with its staff at appropriate stages. As proposed by the SC, the Government has set aside additional time-limited resources totalling \$1,170 million for 2015-16 to 2017-18, on a one-off basis, on areas where further financial support would be necessary to facilitate HA in implementing the recommendations, as described in paragraphs 17 to 24 below.

Enhanced allocation of resources

17. The SC recommends HA to adopt a refined population-based resource allocation model by reviewing the present approach and refining it to

take into account the different age groups within the population, as well as the patient population served by HA. The SC appreciates that it would take time and detailed deliberations to develop and agree on an appropriate methodology for incorporating relevant factors into the refined population-based model.

18. To assess the impact of the proposed change, HA should conduct an initial review of the population distribution, demographics of different clusters and healthcare utilisation pattern of different clusters to identify those clusters which would receive a higher allocation of resources under the proposed new refined population-based model. This is to enable the early planning and formulation of catch-up plans to lessen the impact on individual clusters when the change in resource allocation model is implemented in future years. As the first step, it is found that there is a priority need for topping up funding for three clusters, namely New Territories West Cluster (NTWC), New Territories East Cluster (NTEC) and Kowloon East Cluster (KEC), so that they can build up the capacity progressively now to serve the growing population demand in their catchment districts before the switch over to the proposed refined population-based funding model. This echoes the concerns expressed at some staff consultation fora on under-provision of resources for some hospitals in these three clusters.

19. The Government plans to allocate a time-limited funding of \$300 million for the next three years from 2015-16 to 2017-18 to enhance the existing services of these three clusters pending the implementation of the refined population-based funding model.

Enhanced manpower

20. The Government fully shares the concern of the SC and the general public on the insufficient level of services with manpower shortage being a major cause. Indeed, the successful implementation of a number of recommendations made by the SC (e.g. Recommendation 5 concerning staff deployment, Recommendation 6 concerning training, Recommendation 8 concerning the reduction of waiting time, and Recommendation 9 concerning the enhanced service capacity) hinges on, among other things, a sufficient supply of manpower.

21. HA's manpower projection shows that 1,244 of its staff are due for retirement in 2015-16. In order to address the manpower shortage problem and encourage transfer of knowledge and experience, the Government would allocate to HA a time-limited funding of \$570 million for 2015-16 to 2017-18 to re-employ suitable retirees of those grades and disciplines which are facing a severe staff shortage problem, for a specific tenure period to be considered by HA. For retiring medical staff, it is proposed that they would only be re-employed for

clinical duties and not management role, so as to help relieve staff shortage at service front without blocking normal career progression. The re-employment of retirees would also help retain experienced staff for coaching new recruits, providing staff relief for training and enhancing staff training.

22. For the longer term, in line with the Government's strategy, HA has adopted a higher retirement age of 65 for new recruits commencing employment on or after 1 June 2015. For HA staff whose employment commenced before 1 June 2015, their retirement age will remain unchanged at 60. They can apply for HA jobs in compliance with prevailing recruitment policies, practices and selection process should they wish to continue working for HA after retirement at 60.

Enhanced staff training

23. Recommendation 6 sets out that HA should enhance its role in central planning and provision of training.

24. The Government agrees that training of healthcare professionals is of paramount importance to sustaining Hong Kong's healthcare system and continued improvement of healthcare services, and that implementation of this recommendation should be given priority. For this purpose, the Government would allocate a time-limited funding of \$300 million for the next three years to HA for enhancing staff training, including strengthening of training support for staff, especially clinical staff, through scholarship, commissioned training programmes, staff rotation development programmes, simulation training courses and provision of additional manpower support for training relief.

Public-Private Partnership (PPP)

25. The Government encourages HA to actively explore measures to reduce the long waiting time in certain specialties. HA should also review its service delivery model in order to meet the challenges of the ageing population. To this end, the Government would facilitate HA to expand and roll out more PPP programmes to make better and more efficient use of the capacity in the private healthcare sector to help it cope with increase in service demand and enhance patient access to clinical services, before the supply of new medical and allied health graduates is able to catch up with the growth in demand of the public healthcare sector. The key strategic vision is to achieve an overall improvement in both the waiting time and quality of care of patients by bringing together the resources and expertise from both the public and private sectors, promoting

training and sharing of experience and helping ensure the sustainability of our healthcare system.

26. To do so, the Financial Secretary has pledged in the 2015-16 Budget to allocate to HA a sum of \$10 billion as endowment to generate investment return for funding HA's PPP initiatives.

27. HA would actively explore more clinical PPP opportunities within the strategic vision, try out new concepts with pilot projects and formulate long-term programmes based on the evaluation of the experience and outcome of the pilot projects.

Timetable

28. The recommendations contained in this Report set out the overall direction to guide HA to reorganise its internal management structure, refine its resources allocation system and improve its human resource management policy, among other things, so that it is better prepared to handle its immediate and future challenges. To facilitate HA in implementing these recommendations, the Government has earmarked special allocations where extra resources are called for so that HA can devise detailed plans and operational procedures to implement the recommendations. To ensure timely implementation of the recommendations of the Report, HA will prepare an action plan within three months with a view to implementing the recommendations within three years. HA will report progress on the implementation of recommendations to the Food and Health Bureau on a regular basis.

CONCLUSION

29. HA has worked strenuously to look after the health of the public. Over the past two decades, HA has grown in terms of its service scope and capacity, and improved in tandem with the advance in medical technology. Their contribution is well recognised and there is growing public expectation on HA. The purpose of the Review is to take stock of HA's work, and to review and refine its management and operation and set new direction for its betterment. With the guidance of the views gathered and the recommendations in this Report, we are confident that HA will continue to perform well its role under our twin-track healthcare system as the cornerstone of our public healthcare system and to provide a safety net for all, amid the challenges of an ageing population, increased prevalence of chronic diseases and rapid advance in medical technology.

30. Lastly, the Chairman of the SC would like to put on record his sincerest gratitude to all Members for their tireless efforts and tremendous inputs in the conduct of this Review. Without their active participation and invaluable advice, it would not have been possible to come up with this comprehensive Report for the betterment of the public healthcare services. The Chairman would like to thank all stakeholders who have put forward their views and participated in the Public Engagement Programme. Their views have provided constructive inputs for the SC to map out the recommendations. The Chairman is also truly grateful for the unfailing and professional support of HA in the conduct of the Review. The support from HA, ranging from provision of background information to professional advice on public healthcare services, has been instrumental to the preparation of this Report.