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(Incorporated in Hong Kong with limited liability)

9 March 2015

Dr Ko Wing Man

Secretary for Food and Health

Food and Health Bureau

17—19/F, East Wing

Central Government Offices

2 Tim Mei Avenue

Tamar, Hong Kong

Dear Dr Ko,

Public Consultations on Voluntary Health Insurance Scheme and Regulation of Private Healthcare Facilities

Thank you for your letter dated 18 December 2014 concerning the consultation documents titled "Voluntary Health Insurance Scheme" and "Regulation of Private Healthcare Facilities". The Hong Kong College of Physicians is in general agreement with the proposed framework for regulation of private healthcare facilities and shall provide technical support to the various committees and working groups when called upon. Regarding the Voluntary Health Insurance Scheme, our College has the following comments.

The dual track healthcare system, namely the public and the private sectors, in Hong Kong has been in place for years, with the public sector providing 90% of the total hospital bed days. Within the Hospital Authority, medical patients constitute a significant proportion of the patient load both in inpatient settings and specialist outpatient clinics. In the past decade, physicians in the public healthcare system have been facing ever increasing workload as a result of multiple contributing factors including an ageing population, chronicity of diseases with multiple organ involvement, not to mention the escalating public expectation and complexity of treatments. Admissions to



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medical wards account for a major proportion of emergency admissions in public hospitals. Despite the rising trend in emergency and elective workload in the public sector, there has not been a parallel increase in the physician workforce.

The pressing need to address the medical patient load in the public healthcare system cannot be over emphasized. Apart from the Voluntary Health Insurance Scheme (VHIS), which targets at healthcare financing, facilitating private-public partnership (PPP) and electronic health record (eHR) sharing are the pillars of our healthcare reform, yet their effectiveness in alleviating the medical patient load within the public healthcare system remains doubtful or inconspicuous at this stage.

The success of the Voluntary Health Insurance Scheme would be measured by its attractiveness to direct affordable patients from the public to the private sector. The scope of the Standard Health Protection Plan (SHP) includes hospital admissions and ambulatory procedures, chemotherapy and radiotherapy, and associated radiological imaging investigations, but excluding primary and specialist clinic visits. While some medical patients might benefit from the plan, many more with chronic medical conditions requiring regular follow up would not. Any health insurance scheme is vulnerable to provider induced demand, cherry-picking behaviour and other moral hazards, raising concern that the health care activities generated or being covered by the standard HPS may not achieve any significant impact in relieving the medical patient load in the public sector. Moreover, the capacity of beds in private hospitals would be affected by its number, as well as its efficiency and pattern of use. Access of medical patients in the public sector to beds in the private hospitals could be limited by these factors, and possibly many others. We welcome the parallel initiative to regulate the private health care facilities so as to improve transparency, but this may not be the key drivers for patients to seek private medical service. Moreover, with the ageing population and prevalence of multiple chronic diseases, the majority of



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medical patients would fall into the category of "high risk pool" (HRP). Even before the disease advances, many medical patients would be regarded as "high risk" based on their propensity for repeated and frequent claims from the perspective of the insurers.

As such, we envisage that the vast majority of medical patients will continue to depend on the public healthcare system. At this stage, if actions are not taken to enhance the medical manpower in the public healthcare system, the service provided will no longer be sustainable with or without the VHIS. In particular, the stability of the existing medical manpower within the public healthcare system and its potential shift to the private sector are of paramount concern. It has been estimated that around 20% of consultant physicians in the Hospital Authority would have retired in a few years' time. The recruitment of internal medicine trainees in the past few years has lagged behind in meeting the increasing service demand, not to mention building capacity for the future. While there has been enhanced advancement opportunity for physicians within the Hospital Authority in recent years with its scheme to promote specialists to Associate Consultants at 5 years postfellowship, the boost in morale is only short-lived as a significant proportion of the promoted Associated Consultants in internal medicine have to continue serving as firstline doctors. The constantly heavy patient load with an increasing level of comorbidities and the unfavourable working condition may induce existing staff to seriously consider leaving the public healthcare system and deter prospective trainees from selecting internal medicine as their career. We are facing the threats of a breakdown in service succession in the public healthcare system with an efflux of the middle layer physicians, with potential negative impact on professional training and development as well as the quality of patient care.

One may argue that the HRP is designed to shift some of the patients and workload from the public to the private sector. Acceptance of patients to the HRP is guaranteed for all ages within the first year of implementation of the



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VHIS, and only to patients under 40 years of age from the second year onwards. Although setting a higher age limit may affect the sustainability of the HRP, a modest lift of the age ceiling from 40 to 45 or 50 years should be considered to attract more patients to join. In addition, extending the window period from one year after implementation to say, 3 years, would allow patients to have more time to become acquainted with and have confidence in the VHIS. Sustaining the HRP is a big challenge and the fiscal impact should not be underestimated. A total of 50 billion Hong Kong dollars has been reserved for subsidizing, sustaining and providing incentives to the HRP. Be that as it may, the reserve fund may still fall short in meeting the challenge of a rapidly ageing population and technological advances in medicine, and providing a value-for-money solution to care of the HRP.

In summary, the Hong Kong College of Physicians recognizes the pertinence of the Healthcare Reform and would like to see implementation of the control knobs that could improve the balance of public and private healthcare without undermining the professional training and standard of physicians. However, we also recognize that the VHIS is not a panacea to the existing problems of our healthcare system and other measures should be implemented in parallel. For the latter, there is an urgent need to address the current and projected shortage in physician manpower in the public sector as its sustainability is now at stake. With implementation of the VHIS, we envisage that patients with complex debilitating chronic medical diseases will account for an even bigger proportion of the workload in the public sector. A promise not to curtail the budget to the public healthcare system is simply not enough. What we need is a parallel increase in funding and manpower to cater for the medical patients who are unlikely to benefit from the VHIS. This is crucial if we mean what we say that the Hospital Authority shall continue to provide a “safety net” for patients in need, and most importantly, to maintain equity in health care.



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We hope the above viewpoints would be useful in your further deliberations on the Voluntary Health Insurance Scheme. We sincerely hope that the Healthcare Reform will be successfully implemented to ensure long-term sustainability of our healthcare system and as always, our College will be ready to provide technical support to the Government when called upon.

Yours sincerely

Dr LI Chung KI Patrick

President

cc Dr Donald LI, President, Hong Kong Academy of Medicine