

**立法會**  
**Legislative Council**

LC Paper No. CB(2)574/00-01  
(These minutes have been  
seen by the Administration)

Ref : CB2/PL/HS

**LegCo Panel on Health Services**

**Minutes of meeting**  
**held on Tuesday, 12 December 2000 at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

- Members Present** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP (Chairman)  
Dr Hon LO Wing-lok (Deputy Chairman)  
Hon CHAN Yuen-han  
Dr Hon YEUNG Sum  
Hon Andrew CHENG Kar-foo  
Hon LAW Chi-kwong, JP  
Dr Hon TANG Siu-tong, JP  
Hon LI Fung-ying, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Michael MAK Kwok-fung
- Members Absent** : Hon Cyd HO Sau-lan  
Hon Bernard CHAN  
Hon WONG Yung-kan
- Member Attending** : Hon David CHU Yu-lin
- Public Officers Attending** : Dr E K YEOH, JP  
Secretary for Health and Welfare
- Dr Margaret CHAN, JP  
Director of Health

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Mr Gregory LEUNG, JP  
Deputy Secretary for Health and Welfare

Dr William HO, JP  
Chief Executive, Hospital Authority

Dr Sarah CHOI  
Principal Medical Officer, Health and Welfare Bureau

Dr W K CHING  
Senior Medical Officer, Health and Welfare Bureau

**Clerk in Attendance** : Ms Doris CHAN  
Chief Assistant Secretary (2) 4

**Staff in Attendance** : Miss Mary SO  
Senior Assistant Secretary (2) 8

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**I. Confirmation of minutes of meetings held on 16, 17 October and 13 November 2000**

(LC Paper Nos. CB(2)336/00-01, CB(2)337/00-01 and CB(2)424/00-01)

The minutes of the above meetings were confirmed.

**II. Date of next meeting and items for discussion**

(LC Paper Nos. CB(2)412/00-01(01) - (02))

2. At the request of the Administration to brief members on the Consultation Document on Health Care Reform at this meeting, members agreed to defer the discussion of the following three items, originally scheduled for this meeting, to the next regular meeting to be held on 8 January 2001 -

- (a) Regulation of health claims;
- (b) Removal of A&E of Tang Shiu Kin Hospital to Ruttonjee Hospital; and
- (c) Tobacco Control Office of the Department of Health.

### **III. Consultation Document on Health Care Reform**

3. At the invitation of the Chairman, Secretary for Health and Welfare (SHW) briefed members on the salient points of the Consultation Document on Health Care Reform entitled "Lifelong Investment in Health" tabled at the meeting. He outlined the proposed strategic directions for strengthening the three main pillars of our health care system, namely, service delivery, quality assurance and financing arrangement. The proposals had been devised based on careful analysis of the feedback received on the Harvard Report and discussions on the subject with different stakeholders.

4. At the end of his presentation, SHW pointed out that -

- (a) Government would continue to subsidize heavily on public health care services but there would be a limit to the resources available; and
- (b) Consultation period of three months was flexible. As the issues were complex and the changes were far-reaching, he hoped that the Consultation Document would provide a useful basis for rational in-depth discussion on what changes were necessary.

5. Dr YEUNG Sum said that the Democratic Party would not object to the proposal of conducting a full-scale review of the fees structure of the public health care system in order to target public subsidies at areas of greatest needs. It however was of the strong view that the revised fees structure should continue to be affordable, and that no means test should be put in place to determine who should be eligible for the subsidized medical fees. Dr YEUNG noted the proposed Health Protection Account scheme which required every individual from the age of 40 to 64 to put approximately 1 to 2% of the earnings to a personal account to cover the future medical needs of both the individual and the spouse, and queried about the adequacy of the savings. Referring to paragraph 50 of the Consultation Document which stated that one of the barriers which had given rise to the lack of effective interface between the public and private sectors was significant price differences between the two sectors, Dr YEUNG enquired whether the Administration intended to greatly increase the fees and charges of the Hospital Authority (HA) so as to force patients to make more use of private hospitals.

6. SHW assured members that whatever the revisions, the fees would be set at a level generally affordable by individual patients. As there were always patients who could not afford even a highly subsidized fee, the Administration would continue to uphold its long-held policy of ensuring that no one would be denied adequate medical care because of insufficient means. He emphasized that the Administration had not set any goal on the level of fees increase, and the review of the existing fees would be carried out in a cautious and paced manner with due regard given to the affordability

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of the general public. SHW further said that whatever the revisions, the Administration would continue to waive the medical fees of the recipients of Comprehensive Social Security Assistance (CSSA).

7. As regards the Health Protection Account scheme, SHW said that the reason for setting the proposed mandatory contribution at 1 to 2% of the earnings was because the Administration did not intend to greatly increase the existing medical fees or to peg the fees to costs. Based on the estimate for a family at median income level, a couple would be able to pay for, from their savings from the Health Protection Accounts, based on the territory's average utilization rates, their medical expenditure at public sector rates from age 65 up to the average life expectancy age. For those patients who had managed to have saved very little or who had already exhausted their savings because of frequent sickness, they would have the assistance of the second safety net provided by the Administration. SHW further said that while Health Protection Accounts would assist individuals to pay for their medical needs, a small number of people would require, in addition to medical treatment, long term nursing care. As prolonged long term care was expensive, the Administration would proceed with a study on the establishment of a separate savings account, called MEDISAGE, recommended by the Harvard consultants which had been well received by the community. Under the MEDISAGE, an individual would be required to contribute 1% of his/her salary to purchase long term care insurance upon retirement. As long term care insurance was not well developed in Hong Kong, the study would first examine different options for long term care and the detailed features of such a scheme, including the rate of contributions, the services to be included in the scheme, and whether or not the purchase of insurance should be mandatory or voluntary. In this connection, the Administration would not seek public views on MEDISAGE until the study on it was completed.

8. Responding to Dr YEUNG's question as to whether the medical fees of public sector would be greatly increased in order to narrow down the significant price differences between the public and private sectors, SHW said that there was no question of such a situation as the Administration would strictly adhere to its policy of providing affordable public health care services to the general public. SHW however pointed out that there would always be price differences between the public and private sectors, but when patients chose a provider, they normally would have regard to the entire service package. Although fee level was an important factor to consider, other factors such as freedom to choose doctors, convenience and confidence were also relevant to people in choosing a provider. In this connection, the private sector would be encouraged to consider further the value of product differentiation.

9. In reply to Dr YEUNG's further enquiry about the extent to which the Administration expected savings from Health Protection Accounts could help to reduce Government funding on the public health care system, SHW said that the purpose of the Health Protection Accounts was not as such but to assist people to pay

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for heavily subsidized medical services bills and not to shift the burden to the next generations. SHW assured members that the Administration had no intention of reducing Government commitment to the financing of the public health care system and allocation from General Revenue was expected to increase in future, having regard to community needs and economic growth.

10. Miss CHAN Yuen-han objected to the establishment of a Health Protection Account scheme and was also of the strong view that the Administration should not even put forward such a proposal for discussion at a time when many people's salaries had been frozen or reduced and when the working population was now required to contribute 5% of their salaries to the Mandatory Provident Fund (MPF) Scheme. She pointed out that as the Health Protection Account scheme required every individual from the age of 40 to 64 to contribute 1 to 2% of the earnings to a personal account, the financial burden on many low income people would aggravate as many of them were within the 40 to 64 age group. Miss CHAN noted the Administration's concern that the public health care recurrent expenditure, as a percentage of the total recurrent public expenditure, might increase from the existing 14.7% to as much as 28.4% by 2016 because of the aging population, but considered that the Administration should explore other avenues to reduce cost, say, by examining how best HA and the Department of Health (DH) could be restructured to achieve cost savings, instead of turning to the public to help foot part of the health care bill. Miss CHAN further said that the Democratic Alliance for the Betterment of Hong Kong and the Hong Kong Federation of Trade Unions would have no objection to the Administration's proposal to revamp the fees structure of the public health care system but would strongly oppose the establishment of a Health Protection Account scheme.

11. SHW fully agreed with Miss CHAN that it was not the right time to implement a Health Protection Account scheme, given that the economy had not yet fully recovered. Nevertheless, in view of the increasing demands which the aging population, advances in medical technology and rising public expectations for quality health services would put on the public health budget, the Administration considered it now timely to seek the public views on the Health Protection Account scheme, the objectives of which were to reduce the burden on the next generations and to strengthen the long-term financial sustainability of the public health care system. SHW cautioned that if there was inadequate funding, people of the lower income groups would suffer most as they were the ones who had to depend on public sector health care services. SHW further said that the Administration was well aware that the first place to look for resources was within the public health sector. To this end, the Administration had already implemented many programmes to enhance productivity and reduce cost, and these efforts would continue. The Administration was confident that with health cost increases under control by means of improvement of productivity and operational efficiency through service re-design and process re-engineering; structured management of health technology to ensure cost-effectiveness; development of clinical guidelines and protocols to minimize inappropriate investigations and

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services; and appropriate pricing of the public health services to influence provider and patient behaviour, there would be no need to increase the fees of the public health care system substantially.

12. Miss CHAN maintained her view that it was not an opportune time to even discuss the establishment of a Health Protection Account scheme. Miss CHAN further opined that one of the reasons for the high public health cost was because many people preferred to use the health care services provided by the public sector because of the low user fees. To encourage people who could afford to pay more to use the health care services provided by the private sector, HA should cease to provide services which were very expensive and were infrequently used and let them be provided by the private hospitals. SHW responded that Miss CHAN's suggestion was not acceptable as the fundamental role of the public health care system was to protect the health of the community regardless of the costs required. He reiterated that the best way to induce people who could pay more to use the services provided by private hospitals was to make greater differentiation of the services provided by the public and private sectors.

13. Referring to paragraph 116 of the Consultation Document which stated that the recommendation made by the Harvard consultants to establish a Health Security Plan (HPS) with mandatory contribution of 1.5% to 2% of the salaries from the working population to pay for large medical expenses had not been well received by the local community, Mr Andrew CHENG enquired about the rationale for establishing the Health Protection Account scheme which also required a mandatory contribution from employees. Mr CHENG further enquired whether, similar to the MPF Scheme, people earning salaries below a certain level would be exempted from making contributions under the proposed scheme. Noting that savings from the Health Protection Accounts could be used either to pay for medical and dental expenses at public sector rates, Mr CHENG enquired why this was so.

14. SHW responded that HPS and the Health Protection Account were very different in nature, despite the fact that they both required mandatory contribution from employees. HPS was based on the risk-sharing concept, spreading the financial risks arising from serious illnesses among the entire population and relying on substantial copayments (user fees) and deductibles as demand management tools to maintain its financial viability. While the concept of risk-pooling was appealing, it involved inter-generation subsidization; and given the aging population and the declining percentage of young people in Hong Kong, such an approach would put undue funding pressure on future generations. Moreover, the adequacy of the levels of contribution had not been studied, and with a smaller proportion of the population in actual employment as the population aged, the premium would inevitably rise. In order to maintain the financial viability of the system, there would be a need to raise the premium and/or increase copayments. As the public generally did not support HPS, the Administration had therefore decided not to pursue it any further. As regards the

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Health Protection Account, it was essentially a personal savings account to cover the future medical needs of both the individual and the spouse when the individual reached the age of 65 or earlier in case of disability. It should be noted that savings from the Health Protection Account were not expected to be adequate in all cases to cover the medical expenses of the individual and the spouse, as they were intended to be used as a supplementary source of income for the individual and the spouse to pay their medical expenses after retirement. SHW further said that savings from the Health Protection Accounts were intended for sustaining continuing improvements to the quality of the public health care system, as the substantial and major part of the public health care system would continue to be financed by the Government.

15. Responding to Mr CHENG's second question, SHW said that the Administration was open-minded to the introduction of income cap to the Health Protection Account scheme for the calculation of employees' contribution. The reason why this was not mentioned in the Consultation Document was because the Administration would like to first obtain a mandate from the community before drawing up the details of the scheme. On the question why savings from the Health Protection Accounts could only be used to pay for medical and dental expenses at public sector rates, SHW clarified that the such savings could also be used to pay for medical and dental insurance plans and if an individual chose services in the private sector, he/she would still be reimbursed only at the public sector rates from the accumulated savings. The price difference would have to be met from either the individual's own means outside the savings account or from the entitlement of private insurance.

16. Dr TANG Siu-tong echoed members' concerns about the Health Protection Account scheme. As regards the proposal to transfer DH's general out-patient service to HA, Dr TANG enquired whether this meant that the scope of responsibilities of the Director of Health would be reduced. Dr TANG further expressed concern about the proposal to set up a Complaint Office in DH to assist patients in lodging complaint, as this was at variance with the public views that such an office should be an independent body.

17. SHW responded that the responsibilities of the Director of Health would not be reduced as a result of the transfer of DH's general out-patient service to HA. On the contrary, the responsibilities of the Director of Health would increase as she would take up the role as the coordinator or regulator to ensure quality in the health care. On the proposal to set up a Complaint Office in DH to assist patients in lodging complaint, SHW said that DH was well placed to take on this task after taking on the role of an advocate for health and a regulator to ensure quality, and giving up its direct health care services. SHW further said that there were several advantages in setting up a Complaint Office in DH. Firstly, with the Complaint Office taking on the role of an independent third party, the transparency and credibility of the investigations were enhanced. Secondly, complainants would have the full benefit of the expertise and

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advice of the Complaint Office and be in a better position to appreciate the facts of the case. Thirdly, with the final decision and discipline resting with the regulatory body, the principle of professional self-regulation was preserved and the professions would find it more acceptable that their practice and conduct were not to be judged by a layman who did not possess the relevant professional knowledge.

18. Mr LAW Chi-kwong said that he would support the Health Protection Account scheme if the Administration could give a guarantee that it would meet the outstanding medical expenses of the public who were unable to pay. SHW reiterated that the Administration was committed to continue to fund the public health care system. Apart from the CSSA Scheme, the Administration intended to provide a second safety net to assist people who had managed to have saved very little or who had already exhausted their savings because of frequent sickness. The mode of provision of the second safety net would be worked out later.

19. Mr Michael MAK expressed objection to the establishment of the Health Protection Account scheme, as it would increase the financial burden on people of lower income groups, the majority of whom were within the 40 to 64 age group targeted by the scheme. Mr MAK was of the view that the best way to meet the rapidly rising health costs was to allocate more public revenue to health care. Mr MAK further expressed concern that the proposals contained in the Consultation Document lacked details and timetable for implementation, for example the Document did not provide any information on how Chinese medicine would be incorporated into the public health care system. As HA would take over DH's out-patient service, Mr MAK considered that HA should be renamed as it would no longer just provide hospital-based services.

20. SHW responded that as many proposals contained in the Consultation Document had never been implemented in Hong Kong, the Administration considered it more prudent to hear public views on them before deciding the way forward. As regards the incorporation of Chinese medicine into the public health care system, SHW said that the Administration needed more time to examine how best to take the matter forward. On the question of bidding more resources for health care, SHW said that Hong Kong's public health care recurrent expenditure, representing 14.7% of the total recurrent public expenditure, was considered to be on the high side compared with our neighbouring countries. Although it was desirable to have more resources for health care, it would not be realistic to expect a major increase in this regard as this would mean corresponding major reductions in other equally deserving public programmes such as education, welfare and infrastructure. Regarding the suggestion of changing the name of HA, SHW said that there was no such need as according to the Hospital Authority Ordinance (Cap. 113), the term "hospital services" meant "services provided in, or in connection with, public hospitals, and includes services specified in a notice under subsection (2) to be hospital services". For example, apart from out-patient clinics, HA was currently also providing community and ambulatory



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services which were not hospital-based services.

21. Dr LO Wing-lok said that he would support the proposals contained in the Consultation Document if the Administration could give a guarantee that it would first seek public views before implementation, and that it would not renege on its commitment to finance the public health care system. As no mention was made in the Consultation Document on the short and immediate term measures to solve the long working hours of doctors and other frontline medical staff and the uneven distribution of workload between the public and private health sectors, Dr LO enquired about the Administration's plans in this regard. Dr LO noted that in order to ensure patients would receive quality services in all circumstances, a comprehensive review of the present statutory regulations in relation to the operation of clinics, use of medical facilities/equipment, and provision of medical services in general was proposed to be carried out. He enquired whether legislative changes would be made to effect such; and if so, he hoped that professional autonomy would be respected.

22. SHW assured members that the Administration would continue to finance the public health care system and would thoroughly consult the public before deciding whether and, if so, how to proceed with the implementation of the various proposals contained in the Consultation Document. In respect of the latter, for example, subject to the community's views on the proposal to establish a Health Protection Account scheme, the Administration would commission a consultancy study to examine in detail the merits of the proposal and its feasibility for application in Hong Kong. The Administration would consult the public on the findings and recommendations of the study before deciding on the way forward. SHW added that HA was currently working out plans to resolve the problem of long working hours of doctors and other frontline medical staff. In respect of the measures to address the uneven distribution of workload between the public and private sectors, SHW said that the proposals set out in paragraphs 52 to 55 of the Consultation Document were made to address the problem. The Administration expected that some of these proposals, such as the formulation of common clinical protocols and mechanisms for outcome evaluation, could be implemented earlier. Responding to Dr LO's last question, SHW said that the Administration would not rule out the possibility of making legislative changes to strengthen its regulation of the operation of clinics, use of medical facilities/equipment, and provision of medical services in general.

23. In summing up, the Chairman suggested and members agreed to further discuss the Consultation Document on Health Care Reform at the next regular meeting to be held on 8 January 2001 and that other Members of the Legislative Council should be invited to join the discussion. Members further agreed to further defer the discussion of the three items originally scheduled for this meeting to the regular meeting to be held on 12 February 2001. As the Administration would be inviting public views on the Consultation Document, the Chairman considered it not necessary for the Panel to invite deputations to give views on the same for the time being. Members agreed.

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24. There being no other business, the meeting ended at 4:20 pm.

Legislative Council Secretariat

5 January 2001