

**LegCo Panel on Manpower
(Meeting on 20 February 2003)**

**Medical Expenses
under the Employees' Compensation Ordinance
and the Pneumoconiosis (Compensation) Ordinance**

Purpose

This paper sets out a proposal to revise the levels of medical expenses under the Employees' Compensation Ordinance (ECO) and the Pneumoconiosis (Compensation) Ordinance (PCO) on 1 April 2003, when the new fee structure for public health care services is implemented.

Background

2. It has been our policy to provide adequate cover for medical expenses incurred by injured employees and pneumoconiotic persons in relation to work injury or in connection with pneumoconiosis respectively. Whenever we review the level of medical expenses under the two ordinances, we have all along adopted the principle that the amount is set to cover the costs for consultation, treatment, therapy and hospitalisation in a public clinic or hospital. The same principle underlies the proposal outlined in paragraph 6 below.

3. Under the ECO and PCO, a claimant who has received medical treatment in respect of a work injury or in connection with pneumoconiosis may claim reimbursement of the actual amount of medical expenses incurred, subject to a daily maximum. "Medical expenses" is defined to mean all or any of the following expenses incurred in respect of the medical treatment of an injured employee or a pneumoconiotic person –

- (a) the fees of a medical practitioner, registered dentist, registered chiropractor, registered physiotherapist or registered occupational therapist¹;
- (b) the fees for any surgical or therapeutic treatment;
- (c) the cost of nursing attendance;
- (d) the cost of hospital accommodation as an in-patient;

¹ Under the PCO, only the fees of medical practitioners are covered.

(e) the cost of medicines, curative materials and medical dressings.

4. Under the two ordinances, daily maximum levels have been set for the medical expenses for (a) hospitalisation; (b) out-patient treatment; and (c) hospitalisation plus out-patient treatment respectively. Currently, the daily maximum levels for the three categories of treatment, which have been in place since 1 August 1998, are set at the same amount of \$175.

5. In November 2002, the Executive Council approved the revision of the fee structure for public health care services. A summary of the respective changes to the fees and charges is set out at Annex A. The maximum expenses that may be incurred by injured employees or pneumoconiotic persons in seeking medical treatment in the public health system on any day under the new fee structure are set out in Annex B.

The Proposal

6. To maintain an adequate cover for the treatment of injured employees and pneumoconiotic persons, it is proposed that the daily maximum levels for the three different scenarios of treatment should be revised as follows:

| | <u>Existing Daily Maximum</u> | <u>Proposed Daily Maximum</u> |
|---|-----------------------------------|-----------------------------------|
| Hospitalisation | \$175 | \$200 |
| Out-patient treatment | \$175 | \$200 |
| Hospitalisation and out-patient treatment | \$175 | \$280 |

7. To make it simple for employers to administer their reimbursement of medical expenses, we propose to adopt a two-tier instead of a more complicated three-tier system.

Consultation

8. The Labour Advisory Board was consulted and agreed to the proposed revision to tie in with the revision of the fee structure of the public health care services on 1 April 2003.

Economic Implication

9. The insurance industry is assessing the implications of the proposal on the premium level of employees' compensation (EC) insurance. According to the preliminary result of a survey carried out by the Accident Insurance Association, the amount of medical expenses incurred by insurers underwriting EC insurance ranges from 0.2% to 5% of total compensation payouts.

10. The proposal should not have significant economic implications for the Pneumoconiosis Compensation Fund Board. Medical expenses only account for 0.88% of the Board's total annual compensation expenditure.

Financial and Staffing Implications

11. There is no staffing implication for the Government arising from adjustments to the levels of medical expenses under the ECO and PCO.

12. The adjustments to the levels of medical expenses would have impact on the Pneumoconiosis Ex Gratia Scheme funded by the Government.

Implementation Timetable

13. The levels of medical expenses under both ordinances may be revised by LegCo resolutions. We plan to implement the revised levels on 1 April 2003, when the new fee structure of public health care services is fully implemented after the current moratorium on public fees has been lifted.

Economic Development and Labour Bureau (Labour Branch)

February 2003

Fees and Charges for Public Health Care Services

(I) New fee implemented since 29 November 2002

| <u>Service</u> | <u>Existing fee</u> | <u>New fee</u> |
|----------------------|---------------------|----------------|
| Accident & Emergency | Nil | \$100 |

(II) Revised fees to be implemented from 1 April 2003

| <u>Services</u> | <u>Existing fees</u> | <u>Revised fees</u> |
|------------------------------------|----------------------|--|
| Hospitalisation | \$68 | \$100 ¹ |
| Specialist Out-patient | \$44 | \$60 ² + \$10 per drug item |
| General Out-patient | \$37 | \$45 |
| Physiotherapy/Occupational Therapy | \$44 | \$60 |
| Dressing & Injection | \$15 | \$17 |

¹ An additional admission fee of \$50 will be charged for the 1st day of hospitalisation. This admission fee will be waived if the patient is referred by A&E Department.

² The charge for a patient's first attendance at a Specialist Out-Patient clinic is \$100. Subsequent charge is \$60 per attendance.

**Maximum Expenses That May Be Incurred
in A Day In Seeking Treatment under the Public Health System**

| | Hospitalisation | Out-patient treatment | Hospitalization & out-patient treatment¹ |
|-------------------------------------|------------------------|----------------------------------|--|
| A&E service | \$100 | - | - |
| Hospital admission fee | - ² | - | \$50 |
| Hospitalisation charge per day | \$100 | - | \$100 |
| Specialist out-patient and drugs | - | \$110 ³ | \$110 ³ |
| Therapeutic treatment | - | \$60 | - |
| Injection and dressing | - | \$17 | \$17 |
| Total | \$200 | \$187 | \$277 |

¹ This Scenario would arise when an injured employee attends out-patient treatment and is then referred by the medical practitioner for admission to public hospital on the same day. The occurrence of such scenario should be rare.

² No admission fee is charged if the patient is referred by A & E Department.

³ Attendance at specialist out-patient clinic will be charged at \$60. It is assumed that on average a claimant will take 5 drug items, at \$10 per item, at each attendance for treatment.