

**立法會**  
**Legislative Council**

LC Paper No. CB(2)3148/03-04  
(These minutes have been  
seen by the Administration)

Ref : CB2/PL/HS

**Panel on Health Services**

**Minutes of meeting**  
**held on Monday, 14 June 2004 at 8:30 am**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon Michael MAK Kwok-fung (Chairman)  
Dr Hon LO Wing-lok, JP (Deputy Chairman)  
Dr Hon David CHU Yu-lin, JP  
Hon Cyd HO Sau-lan  
Hon CHAN Kwok-keung, JP  
Hon CHAN Yuen-han, JP  
Dr Hon YEUNG Sum  
Hon Andrew CHENG Kar-foo  
Dr Hon LAW Chi-kwong, JP  
Dr Hon TANG Siu-tong, JP  
Hon LI Fung-ying, JP
- Members absent** : Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP  
Hon Jasper TSANG Yok-sing, GBS, JP
- Member attending** : Hon WONG Sing-chi
- Public Officers attending** : All items  
Mr Thomas YIU, JP  
Deputy Secretary for Health, Welfare & Food (Health)

Mr Freely CHENG  
Assistant Secretary for Health, Welfare & Food (Health) 1

Item III

Dr S V LO  
Head, Research Office,  
Health, Welfare and Food Bureau

Mr Nicholas CHAN  
Assistant Secretary for Health, Welfare & Food (Health) 6

Items IV and V

Mrs Ingrid YEUNG  
Principal Assistant Secretary for Health, Welfare and Food  
(Health) 2

Dr W M KO, JP  
Director (Professional Services and Human Resources),  
Hospital Authority

Item IV

Mr H K WONG  
Assistant Secretary for Health, Welfare & Food (Health) 5

Mr Donald LI  
Executive Manager (Hospital Planning), Hospital Authority

Mrs Marigold LAU LAI Siu-wan,  
Project Director 2  
Architectural Services Department

Item V

Mr Clement TSE Kwan-man  
Senior Human Resources Manager (Staff Relations and  
Communication), Hospital Authority

Dr Raymond W H YUNG  
Consultant-in-charge Infectious Disease Control Training  
Centre, Hospital Authority

**Clerk in attendance** : Miss Mary SO  
Chief Council Secretary (2) 4

**Staff in attendance** : Ms Amy LEE  
Senior Council Secretary (2) 8

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**I. Information papers issued since the last meeting**

(LC Paper Nos. CB(2)2474/03-04(01), CB(2)2536/03-04(01) and FS16/03-04)

Members noted the above information papers issued since the last meeting and did not raise any questions.

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

(LC Paper Nos. CB(2)2692/03-04(01) and (02))

2. Members agreed to hold the next regular meeting on 19 July 2004 at 8:30 am to discuss the following items -

- (a) Primary health care; and
- (b) Report on the approved SARS-related fundings.

**III. Studies on health care financing and feasibility of a medical savings scheme in Hong Kong**

(LC Paper No. CB(2)2692/03-04(03))

3. Deputy Secretary for Health, Welfare & Food (Health) (DSHWF) conducted a power point presentation on the key findings of the Administration's initial research on the feasibility of a medical savings scheme in Hong Kong, i.e. the Health Protection Account (HPA) scheme, details of which were given in the

above Administration's paper.

4. Mr Andrew CHENG said that as the HPA concept was new, the HPA scheme, if implemented, should first be made a voluntary scheme, to be moved to a mandatory one when the scheme had gained wide public acceptance and Hong Kong's economy had fully recovered. Mr CHENG further raised the following points -

- (a) the Mandatory Provident Fund (MPF) scheme and the HPA scheme should be merged, so that persons participating in these schemes would have greater flexibility in the use of their accumulated funds; and
- (b) the age for participants of the HPA scheme to withdraw their savings should not be set at 65, as nowadays increasingly more middle-aged people were suffering from chronic illnesses.

5. DSHWF clarified that the Administration had not come to a view on implementing the HPA scheme. The Administration would consider the suggestion of merging the HPA and MPF schemes if a medical savings scheme was generally accepted by the public. DSHWF further said that setting 65 as the age which a person could withdraw his savings from the HPA scheme was merely for projecting the extent that the HPA scheme could assist individuals to pay for medical services after retirement, as older persons tended to use more health care services and were more likely to be affected by chronic illnesses than younger people.

6. Ms LI Fung-ying asked whether the feasibility study on the implementation of the HPA scheme had taken into account the fact that due to economic restructuring it had become increasingly difficult for middle-aged people with little or no skills and/or of low educational attainment to hold on to their jobs and some of them were even forced to retire early. Noting from paragraph 45 of the Administration's paper that short-term and medium-term measures would continue to be implemented to address the issue of the financial sustainability of the public health care system, Ms LI asked what these measures were.

7. DSHWF responded that the incomes of the different age groups used in the feasibility study were deployed from the Thematic Household Survey published by the Census and Statistics Department in 2002. The Administration would address the issues raised by Ms LI in paragraph 6 above and other implementational details if it was decided that the HPA scheme should be pursued. As regards the short-term and medium-term measures to address the issue of the financial sustainability of the public health care system, DSHWF said that they

were containment of costs and enhancement of productivity and revamp of public fees structure to better target public subsidies to those in need.

8. Ms Cyd HO asked whether the implementation of the HPA scheme would change the heavily-subsidised nature of Hong Kong's public health care system. Ms HO also expressed concern that the HPA scheme would add too much financial burden on the working population who already had to contribute to the MPF scheme, not to mention the impending sales tax likely to be set at 3%. Moreover, the HPA scheme might give rise to excessive use of public health care services. Although it was proposed that people earning below \$5,000 per month should be exempted from joining the HPA scheme, Ms HO questioned the appropriateness of setting a standard contribution rate for people earning a monthly income of \$5,000 or more, which was at variance with the principle that people who could afford to pay should pay more. In her view, a better approach might be to set aside a certain percentage of Government income from general taxation to fund public health care expenditure.

9. DSHWF reiterated that the Administration had not come up with a view on the HPA scheme. Given the complexity of health care financing and the far-reaching implications a new financing arrangement might have on the community and the economy, further studies would be needed to develop new financing options that would be sustainable in the long-term, and equitable and accessible to all members of the public. DSHWF pointed out that the objective of conducting a research on the HPA scheme was to find out whether it was feasible to introduce a medical savings scheme in Hong Kong. Although the initial research had demonstrated that it was feasible to introduce a medical savings scheme in Hong Kong, more studies still needed to be conducted to examine the role of such a scheme and how it would complement other measures in the present health care financing arrangement, as well as the detailed features of such a scheme. The Administration would take into account the feedback received in the focus group research exercise, as well as other comments from the major stakeholders and the general public. In particular, the Administration was mindful of the viewpoint that a medical savings scheme should not be introduced in times when Hong Kong was facing economic difficulties. The Administration would continue with its previous discussion with the private insurance industry to explore the provision of new insurance products that would enhance the HPA scheme's flexibility and attractiveness.

10. DSHWF assured members that regardless of what form the new health care financing would take, the Administration would maintain the long-established principle that no one would be denied appropriate medical care due to lack of means. DSHWF further said that the moral hazard of the HPA scheme should not be high, as people would be paying out of their own pockets for these services.

Moreover, in case they did not utilise the savings fully before their death, the residual savings could be passed to their family members or a designated person.

11. Dr YEUNG Sum said that the Administration should not rush into adopting a medical savings scheme to address to the issue of long-term health care financing, just because public opposition to a mandatory social insurance scheme proposed by the Harvard consultants in its report published in 1999, the Health Security Plan (HSP), was louder than that for the HPA scheme. As Hong Kong's economy had not fully recovered, Dr YEUNG urged the Administration to take more time to carefully examine other health care financing options. To his understanding, many people had begun to understand the merits of the risk-pooling concept of the HPA. In the meantime, efforts should be stepped up to contain public health care expenditure, raise productivity and revamp public fees structure to better target subsidies to those in need.

12. Miss CHAN Yuen-han echoed similar views expressed by Dr YEUNG in paragraph 11 above. Miss CHAN added that apart from exploring other health care financing options, more effort should be made to improve the present uneven distribution of workload between the public and private sectors and encouraging the public to purchase private medical insurance.

13. DSHWF explained that the reason for conducting a feasibility study on the HPA scheme was because the scheme, though received mixed response from the community during the consultation exercise on health care reform in 2001, there was a wide support to the Government's suggestion to conduct further studies on the concept's feasibility. DSHWF reiterated that the Administration had not come to any decision on the solution to the financing problems. The initial research on the HPA scheme was to find out whether such a scheme was feasible, which it was based on the framework and methodology set out in paragraph 6 of the Administration's paper. If the public considered the HPA scheme worth pursuing, more studies would be conducted to see how it would complement other measures in the overall scheme of things and to hammer out the detailed features of such a scheme. DSHWF assured members that the Administration would not introduce any long-term health care financing scheme unless it was supported by the public and Members of the Legislative Council. In the meantime, the Administration and the Hospital Authority (HA) would continue to press ahead with various cost-containment and enhancement of productivity measures set out in the paper provided to members in April 2004 (LC Paper No. CB(2)1956/03-04(04)).

14. Dr TANG Siu-tong asked the following questions -

(a) whether people who had already purchased their own medical

insurance would be exempted from joining the HPA scheme;

- (b) whether the management and investment of the medical savings would be entrusted to outside financial institutions; if so, what was the administrative cost which the Administration had in mind; and
- (c) whether there would be a cap on the monthly contribution to the HPA scheme.

Noting that 65 was set as the age for participants of the HPA scheme to withdraw their savings from the scheme, Dr TANG expressed concern over the lack of medical coverage for people under 65.

15. DSHWF responded that the questions raised by Dr TANG's in paragraph 14 would be carefully examined if wide support for the HPA scheme from the public was received. DSHWF however pointed out that many participants of the focus group on the HPA scheme had suggested that a specific agency should be designated for the management and investment of the medical savings with close monitoring by the Government. Moreover, they had raised the issue of potential administrative cost which should be kept at a reasonable level. Assuming that participants of the HPA scheme could only withdraw their savings after they reached 65, this did not mean that people under 65 would be denied appropriate medical care due to lack of means as the Administration would continue to uphold the long-established principle that no one would be denied appropriate medical care due to lack of means.

16. Dr David CHU expressed opposition to the adoption of "user-pay" principle in providing public health care services, as all human lives should be treated on an equal footing regardless of how much they had contributed to the HPA scheme. Dr CHU suggested implementing a health care financing scheme containing both a saving and an insurance elements to support less serious and catastrophic medical conditions respectively.

17. DSHWF clarified that the "user-pay" principle had never been pursued in the provision of public health care services. Funding of public health care expenditure would continue to largely rely on general taxation. However, a too heavy reliance on general taxation could render a health care system vulnerable in times of economic and fiscal difficulties and would reduce user awareness on the social cost of services. In the light of this, it was considered necessary to implement a health care financing scheme which could provide a steady supplementary income to help support the sustainability of Hong Kong's public health care system.

18. Dr David CHU asked whether savings from the HPA scheme could be used to pay for private medical expenses incurred inside and outside Hong Kong and purchase private medical insurance.

19. DSHWF responded that the Administration had not looked into details of the issues raised by Dr CHU in paragraph 18 above. DSHWF however pointed out that many focus group participants had suggested a more flexible use of medical savings and the free choice of service providers (both public and private), as well as a greater range of services and products, should be allowed.

20. Mr WONG Sing-chi said that it was very difficult for members to decide whether or not to support the HPA scheme, in the absence of information such as how the scheme would complement with other measures to sustain the public health system.

21. DSHWF reiterated that the feasibility study on the HPA scheme was conducted in response to members' request to see whether this was a viable option. The Administration would certainly carefully examine how the HPA scheme would complement other measures to support and sustain the public health care system should the public decide that further studies on the feasibility of the HPA scheme should be conducted.

22. Dr LO Wing-lok noted from the power point presentation that with the implementation of the HPA scheme, Government subsidy on in-patient services would reduce from the existing 96% to 90% and for out-patient services from the existing 80% to 70%. In the light of this, Dr LO asked when this would likely be realised. Dr LO was of the view that even if these objectives could be achieved, it was questionable how much the HPA scheme could help to ease the financial burden on the public coffer. First, the scheme might take over 40 years to have any effect of providing a steady income to the public health care system, assuming people start contributing to the scheme as soon as they started working. Second, although workers were required to contribute 2% of their monthly income to the scheme, the money ended up going into the public health care system would be less than the total sum of accumulated savings, as the residual savings could be passed to the participants' family members after the death of the participants. Although the moral hazard of the HPA scheme might not be high, it would invariably tie people to the public health care system which ran counter to the efforts to encourage better off patients to use services provided by the private sector.

23. DSHWF clarified that the subsidy rates referred to by Dr LO in paragraph 21 above were merely for illustration purpose. There was no timetable set for reducing Government subsidy on public health care services so that resources



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would be used on areas most in need. However, in so doing, due regard would be given to the affordability of the public.

24. Responding to Dr LAW Chi-kwong's concern that non-working population was not covered by the HPA scheme, DSHWF said that this would be looked at if the public should decide that the scheme was worth pursuing.

Admin 25. Ms Cyd HO requested the Administration to provide more details of the feasibility study of the HPA scheme. In response, DSHWF proposed to provide members with a recently completed report on the findings of the initial study on various health care financing sources. Members agreed.

26. In summing up, the Chairman urged the Administration to explore other long-term financing options, taking into account the views of members expressed at the meeting.

**IV. Prince of Wales Hospital - current condition and way forward**  
(LC Paper No. CB(2)2692/03-04(04))

27. Director (Professional Services and Human Resources), HA (Director, HA) took members through the above Administration's paper which set out the current condition of the Prince of Wales Hospital (PWH) and the Government and HA's plans on the way forward.

28. Mr WONG Sing-chi asked whether the reason why the only 20-year old PWH needed to be rebuilt was because it was built on swampy ground, as exposed by a flooding problem that had occurred in the basement of the hospital in 2000.

29. Project Director, Architectural Services Department clarified that PWH was not built on swampy ground and the flooding problem that occurred in 2000 in the basement of the hospital was only an isolated incident which had long been resolved. The structure of the hospital was safe.

30. Dr LO Wing-lok noted from the Administration's paper that although refurbishment was possible, the redevelopment option was considered more cost-effective. In the light of this, Dr LO asked what were the areas that required frequent refurbishment.

31. Mr Andrew CHENG wondered whether the reason to re-build PWH was because of the faulty decision made at the planning and development stage of the hospital, given that the problems depicted in paragraph 8 of the Administration's

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paper were also faced by other major acute hospitals which did not need to be re-built.

32. Ms Cyd HO said that as the design of PWH could no longer meet present day requirements, consideration should be given to remodeling the existing buildings into a rehabilitation center and finding any suitable site for redeveloping PWH.

33. DSHWF referred members to paragraphs 11 to 13 of the Administration's paper which set out the justifications for redeveloping PWH. As regards Ms HO's suggestion mentioned in paragraph 31 above, DSHWF agreed to consider.

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34. On closing, the Chairman requested the Administration to report to members in due course the outcome of the feasibility study to explore the Public/Private Partnership option to see if it could enhance efficiencies in the PWH project. DSHWF agreed.

**V. Utilisation of the Training and Welfare Fund for the Hospital Authority**  
(LC Paper No. CB(2)2692/03-04(05))

35. Due to time constraint, the Chairman suggested to cancel discussion on the above item. If members had any questions on the subject matter, they could forward their questions to the Secretariat for a written response from the Administration.

36. There being no other business, the meeting ended at 10:45 am.

Council Business Division 2  
Legislative Council Secretariat  
23 July 2004