

**For discussion
on 17 May 2005**

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Legislative Council Panel on Health Services

Hospital Fees and Charges – Non-eligible Persons and Private Patients

PURPOSE

The purpose of this paper is to seek Members' views on a new proposed minimum package fee for Non-eligible Persons (NEPs) giving birth in public hospitals and a proposed revision of private service consultation fees.

BACKGROUND

2. We have briefed Members in December 2004 on a number of possible measures for addressing the increasing use of public medical services by non-residents of Hong Kong. One of the measures proposed was to introduce a minimum package charge for obstetrics hospital admissions to reduce the number of NEP mothers giving birth in public hospitals and discourage premature discharge against medical advice. With Members' support, we have proceeded to review the relevant in-patient charges and are now ready to brief Members on our concrete proposal in this regard.

3. We have also taken the opportunity to review the private service consultation fees of the Hospital Authority (HA) at the same time.

OBSTETRICS PACKAGE CHARGE FOR NEPs

4. Over the past couple of years, there has been a substantial increase in the number of non-residents accessing public medical services in Hong Kong. About 95% of such patients are visitors from the Mainland. These patients are predominantly female and a large proportion of them use our obstetric services. The number of non-resident Mainland women who gave birth in a public hospital

in Hong Kong increased from 8 727 in 2002-03 to 12,293 in 2004-05. These women currently account for over 30% of live births in public hospitals.

5. To ensure that there is a rational basis for the allocation of our social resources, it is a well established principle that heavily subsidized medical services should not be diverted to non-residents and visitors at the expense of local residents. Under the existing system of medical charges, only Eligible Persons (EPs) are entitled to enjoy public medical services at heavily subsidised rates. While NEPs are allowed to access our public medical services, they are required to pay higher fees, which are set on a cost recovery basis. For inpatient services, the NEP charge is \$3,300 per day, which reflects the average daily cost.

6. The Administration has reviewed our existing inpatient fees for obstetrics services for NEP women and concluded that there are a number of deficiencies. They include –

- (a) The existing charges are well below the level of private hospitals for obstetric services. Coupled with the fact that public hospitals have adjusted their obstetric and paediatrics manpower downwards in recent years because of Hong Kong's decreasing birth rate, the increasing number of NEP women giving birth in Hong Kong has made it difficult for the current manpower level to cope. In order to ensure that local mothers are well served at public hospitals, there is a need to increase our existing fees for obstetrics services so as to better channel the demand from NEP mothers to the private sector.
- (b) The existing fee structure encourages NEP mothers to minimise their length of stay in public hospitals. It is observed that a considerable number of NEP mothers would present themselves at the Accident and Emergency Department of public hospitals shortly after mid-night and discharge themselves against medical advice once the child is born. This has given rise to a much greater risk of complications in the delivery process. We believe that the introduction of a minimum package charge would remove the financial incentive for NEP mothers to cut short their length of hospital stay deliberately.
- (c) The existing charges are below the cost of HA's obstetrics services. The current rate of \$3,300 is the overall average daily cost of inpatient services. However, due to the fact that obstetrics services involve intensive investigations and interventions, the current rate is

insufficient to cover the full cost to the HA. In addition, since most of the more intensive obstetrics services for child delivery are provided in the early stage of hospitalisation, the late presentation and early discharge of NEP mothers has further hampered HA's ability in recovering the cost of services provided. We believe that the introduction of a minimum package charge will be a more rational implementation of the cost recovery principle.

7. To address the above problems, the Administration proposes to introduce a new minimum package fee of \$20,000 for obstetrics services at public hospitals. This charge will cover delivery and maintenance fees in a public ward for the first three days of hospitalization (i.e. a two-night stay). The same minimum charge will apply irrespective of the mode of delivery, vaginal or by caesarean section, which is a clinical decision to be made by the doctors and not a matter of choice for the patients. If the NEP mother stays more than three days in the hospital, the extra days will be charged at the current daily flat rate (i.e. \$3,300 per day). Other public ward charges that are currently applicable to NEPs will remain unchanged. In the event that a delivery does not take place, the daily flat inpatient rate would apply. These proposed changes are set out in the Annex.

8. The HA has made reference to the level of relevant fees in the private sector when determining the quantum of the minimum package charge at \$20,000. The HA has also taken into account that the private sector offers some extra benefits to their obstetrics patients (e.g. choice of doctor and mode of delivery), which are not available at public hospitals.

PRIVATE SERVICE CONSULTATION FEES

9. The HA provides some private services on a very limited scale. The HA charges market rates for its private services, which should at least equal to the full costs of providing such services. In 2003, the private service consultation fees for private wards and clinics were set at the following fixed standard rates – \$1,500 for in-patient consultations per specialty; \$1,500 for first outpatient consultations; and \$1,000 for subsequent follow-up out-patient consultations.

10. We have reviewed the private service consultation fees in the light of operational experience of the past two years. The fixed rates were found to be highly inflexible and they could not accurately reflect variations in the complexity of the patients' clinical conditions and in the special expertise that might be

required in providing treatment in different hospitals. In order to give HA hospitals and clinics where private services are provided greater flexibility in setting the appropriate consultation fees, the Administration proposes to replace the standard rates by pre-set ranges as shown in the Annex. Under our proposal, the relevant hospitals and clinics may charge for their private service consultations at appropriate levels within the pre-set ranges, taking into account the complexity of the patient's case and the expertise required to provide the service.

ADVICE SOUGHT

11. Members are invited to comment on the two fee proposals outlined in this paper.

**Health, Welfare and Food Bureau
Hospital Authority
May 2005**

Details of the Fee Proposals

	Current Charges	Proposed Charges
<p><u>Charge for Obstetric Delivery by NEP</u></p> <p>Admission to general ward</p>	<p>\$3,300 per day of hospitalization</p>	<ul style="list-style-type: none"> - \$20,000 includes 1st three days (two nights) of hospitalization due to delivery - Subsequent days at \$3,300 per day - Other charges are applied as existing practice
<p><u>Private Service Consultation Fee</u></p> <p>Inpatient consultation per visit per specialty</p> <p>Outpatient charges</p> <ul style="list-style-type: none"> - First consultation per visit - Subsequent follow up consultation 	<p>\$1,500 per day</p> <p>\$1,500</p> <p>\$1,000</p>	<p>\$550 – 2,250</p> <p>\$550 – 1,750</p> <p>\$450 – 1,150</p>