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Panel on Health Services meeting on 13 June 2005

Background paper prepared by the Legislative Council Secretariat

Hospital fees and charges for non-eligible persons and private patients

Purpose

This paper gives an account of the past discussions by the Panel on Health Services (the Panel) on hospital fees and charges for non-eligible persons (NEPs) and private patients.

Background

NEPs

2. Under the existing system of medical charges, only holders of Hong Kong Identity Card and children who are Hong Kong residents and under 11 years of age are entitled to use public medical services at heavily subsidised rates. NEPs are allowed to access public medical services in Hong Kong, but they are required to pay higher fees, which are set on a cost recovery basis.

3. Over the past two 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 female visitors from the Mainland and a large proportion of them use obstetric services in public hospitals. The number of non-resident Mainland women who gave birth in public hospitals 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.

4. As the fee level for NEPs is much higher, the amount of bad debts arising from cases of NEPs defaulting payment is also much higher. The amount of NEPS fees outstanding and written off by the Hospital Authority (HA) in 2002-03 and 2003-04 were \$21.9 million and \$59.5 million respectively, representing a default rate between 25% and 35%.

Private service consultation fees

5. The Hospital Authority provides some private services on a very limited scale. Such services are charged market rates, which should be at least equal to the full costs of providing the services.

Previous discussions by the Panel

NEPs

6. At the meeting of the Panel on 13 December 2004, members' views were sought on a number of possible measures under consideration by the Administration to address the increasing use of public medical services by non-residents of Hong Kong. The possible measures included raising NEPs' charges at public hospital and clinics to above costs, introducing a minimum package charge for obstetric admissions, increasing the deposit for hospital admissions and imposing a surcharge on outstanding fees.

7. Members were very concerned that the increasing use of public medical services by NEPs had created very heavy pressure on the frontline staff of the obstetrics and gynaecology departments of public hospitals and agreed that it was necessary to address the problem. However, members expressed doubts about the effectiveness of some of the proposed measures, such as increasing medical fees and imposing a surcharge on outstanding fees. Members urged the Administration to explore other more effective measures, such as not to issue a birth certificate to a newborn or to forbid a defaulter from leaving Hong Kong until the relevant medical charges had been settled. Other suggestions included enlisting the assistance of Mainland authorities in recovering the outstanding fees and forbidding Mainland women in a late stage of pregnancy from entering Hong Kong unless they could produce proof of arrangements made for admission to private hospitals in Hong Kong.

8. Members shared the view that it would be necessary for the Health, Welfare and Food Bureau (HWFB) to collaborate with the Security Bureau (SB) in tackling the problems of an increasing number of Mainland women coming to Hong Kong for childbirth and bad debts arising from such cases.

9. The Administration responded that HWFB had been liaising with SB in tackling the problems in question. The Administration would need more time to carefully consider the legal implications of the suggested measures and legislative amendments would be necessary for their implementation. The Administration undertook to provide a progress report on the Administration's deliberations on these issues in due course.

10. At the conclusion of the discussion, members unanimously supported a

motion moved by Hon Mrs Selina CHOW that the Chief Secretary for Administration should set up an inter-bureau working group to address the problems brought about by non-Hong Kong residents coming to Hong Kong for childbirth.

11. In his letter responding to the request, the Administrative Assistant to the Chief Secretary for Administration pointed out that HWFB and SB had been working closely together in addressing the problems and would continue to do so. The two Bureaux would also consult the Department of Justice as necessary. As such, the Administration saw no need for the proposed working group at this point in time.

Private service consultation fees

12. In a Legislative Council Brief on restructuring of fees and charges for public health care services issued by the Health, Welfare and Food Bureau on 5 November 2002, there was a short paragraph on private services provided by HA and services provided to NEPs. The Administration stated that with effect from 1 April 2003, HA would charge market rate for these services, which should be equal to the full costs of providing the services. The Administration was working with HA on the appropriate fee levels for these services. A rough estimate of the additional revenue arising from the revision of fees for these services was \$30 million.

13. There was no discussion on the subject at the Panel meeting on 5 November 2002 as members' attention was mainly focused on the introduction of a new charge of \$100 per attendance for accident and emergency service in public hospitals.

Recent developments

14. At the Panel meeting on 17 May 2005, members' views were sought on a new proposed minimum package fee for NEPs giving birth in public hospitals and a proposed revision of private service consultation fees (LC Paper No. CB(2)1530/04-05(05)).

NEPs

15. While expressing support for the proposed introduction of a new minimum package fee of \$20,000 for obstetric services for NEPs at public hospitals, members were doubtful whether it could reduce the number of NEPs giving birth in Hong Kong. Some members were of the view that the proposed package charge could lead to an increase in the number of cases of defaulting payment and worsen the bad debt situation.

16. As to the suggestions made by members at the meeting on 13 December 2004, the Administration said that some of the proposals had legal and administrative implications and the Administration would need more time to deliberate the viable options. One possible option being considered was to refuse re-entry of NEP women from the Mainland who had defaulted payment of charges after giving birth in public hospitals in Hong Kong.

17. Members considered that the situation of an increasing number of NEPs coming to Hong Kong for childbirth should be controlled at source through joint efforts with the Mainland authorities. The Administration should hold discussions with the Mainland authorities on finding solutions to the problem and enlist their help in recovering the outstanding fees. The Administration should also draw reference from the experience of other countries in considering appropriate measures to be adopted.

Private service consultation fees

18. The Administration stated in its paper that in 2003, the private consultation fees for private wards and clinics were set at fixed rates of \$1,500 for in-patient consultations per specialty; \$1,500 for first outpatient consultations; and \$1,000 for subsequent follow-up outpatient consultations. It had reviewed the private service consultation fees in the light of the operational experience in the past two years. The fixed rates were found to be highly inflexible and unable to 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.

19. The Administration proposed to replace the standard rates by pre-set ranges of \$550 - 2,250 for inpatient consultation per visit per specialty; \$550 - 1,750 for first outpatient consultation per visit and \$450 - 1,150 for each subsequent follow up consultation.

20. As there had been no previous discussion on the subject and since only very brief information was provided in the paper, members asked the Administration to provide more details, including the costs of private medical service provided by different specialties at individual public hospitals and the methodology for setting the proposed revised fees, to facilitate their consideration of whether the fees were reasonable.

21. Some members expressed the view that HA should not compete with the private sector in providing private service consultation and were concerned that the provision of private services might adversely affect medical services in other areas. These members asked the Administration to explain its policy on provision of private services at HA hospitals and clinics as well as to provide information the number of patients involved and whether a monitoring mechanism had been put in place to regulate the provision of such services.

22. The Administration explained that public hospitals and clinics had long been providing private consultation service to patients and HA had no intention of changing the level of the service. Private service only accounted for a small part of the overall services provided at HA hospitals and clinics and hence changes in the fees for private service would not have a significant effect on the overall financial position of HA.

23. The two items would be further discussed at the meeting of the Panel on 13 June 2005 with additional information to be provided by the Administration.

Relevant papers

24. Members are invited to access the LegCo website (<http://www.legco.gov.hk>) to view -

- (a) the minutes of the meeting of the Panel held on 13 December 2004;
- (b) the papers provided by the Administration for the meetings on 13 December 2004 and 17 May 2005 (LC Paper No. CB(2)337/04-05(04) and LC Paper No. CB(2)1530/04-05(05));
- (c) questions relating to use of obstetric services in Hong Kong by NEPs asked by Hon LI Kwok-ying, Hon James TIEN and Dr Hon KWOK Ka-ki at the Council meetings on 27 October 2004, 10 November 2004 and 8 June 2005 respectively; and
- (d) question on private services of HA asked by Hon NG Leung-sing at the Council meeting on 7 May 2003.