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Legislative Council Panel on Health Services

Assessment Criteria under the Samaritan Fund

Purpose

This is to brief Members on the revised assessment criteria for assistance under the Samaritan Fund (the Fund).

Background

2. At the meeting on 13 June 2005, we reported to the Panel on the public consultation on the Hospital Authority (HA) Drug Formulary. In respect of the view collected during the consultation period that there was a need to revise the assessment criteria under the Fund to cater for the needs of patients who have difficulties in meeting the cost of very expensive drugs, representatives of the HA indicated that they were working on a set of revised criteria with the Social Welfare Department (SWD) and with the participation of patient representatives. While the details were still being worked out at that time, the framework of the revised criteria, including the idea to use patients' disposable financial resources (DFR) as the basis for assessment, was presented to Members at the meeting. Members requested further information on the revised criteria.

Existing Assessment Criteria

3. At present, individual applications for assistance under the Fund are assessed on the basis of the following criteria –

(a) the patient's family income;
(b) the patient's total family savings;
(c) reference of (a) to the Median Monthly Domestic Household Income (MMDHI); and
(d) reference of (a) and (b) to the actual cost of the medical item.

Some patient representatives and members of public consider that it is inappropriate to make reference to the MMDHI in cases where assistance is sought for meeting the cost of very expensive drugs. Although it is recognised that Medical Social Workers do take into account the actual cost of the medical item(s) needed and exercise discretion in vetting patients' application for assistance, it is suggested that the HA should establish clear guidelines on the handling of such cases to enhance transparency and provide better assurance to the patients in need.

Revised Assessment Criteria

4. Having considered the views and proposals submitted by patient groups and in consultation with the SWD, the HA decided to revise the assessment criteria for assistance for drug expenditure, modelling on the Supplementary Legal Aid Scheme. Instead of making reference to MMDHI, the level of subsidy would be assessed on the basis of the patients' DFR, which essentially means the amount of their household disposable income (i.e. gross income minus allowable deductions for basic expenditure such as rent, living expenses, provident fund contributions, medical expenses, etc) and disposable capital (i.e. savings, investment, properties, etc minus the residential property and tools/implementation of the patient's trade). The adoption of the concept of DFR is to ensure that the patients' quality of life would be maintained largely even if they have to purchase the more costly drugs.

5. In line with the targeted subsidy principle, patients will be required to contribute to the cost of the drugs from their DFR. The level of their contributions will be determined on the basis of a sliding scale. Under the scale, patients with annual DFR under $20,000 would not be required to make any contributions. Patients with annual DFR between $20,001 and $40,000 would be required to make a fixed contribution of $1,000, whereas contribution from those with DFR between $40,001 and $60,000 is fixed at $2,000. For patients with DFR above $60,001, their contribution will be calculated at the prescribed rate starting from 5%, which will increase progressively at intervals of 2.5%. The contribution rate is capped at 30% for patients with DFR of $260,001 and above. Details of the revised assessment criteria are in the **Annex**.

6. Members are invited to note the contents of this paper for information.

Health, Welfare and Food Bureau
October 2005

<u>**Annex**</u>

Assistance Scheme for Drugs under the Safety Net Supported by the Samaritan Fund

Eligibility

To be eligible to apply, the applicant must satisfy the following requirements:

1. **Clinical requirement**

   Indication and commencement of treatment of the applicant must be supported by a designated doctor as stipulated under the Drug Formulary guidelines.

2. **Residence requirement**

   Applicant must be an eligible person according to Gazette.

3. **Financial requirement**

   Applicant must pass a financial assessment. The financial assessment will be made on a household basis, if the applicant is living with other family members. The financial assistance to be provided by the Scheme depends on the disposable financial resources of the household and the cost of the drug under application that the applicant is expected to pay for that year.

Annual disposable financial resources are taken as the ***monthly household disposable income*** multiplied by 12, plus the ***disposable capital***.

Monthly household disposable income

Monthly household disposable income is the monthly household gross income less allowable deductions.

Monthly household gross income includes salary, pension, rental income, financial contributions from relatives and friends received by the applicant and his/her family members, as well as income generated from the assets and properties of the applicant or family members. Normal Disability Allowance, Higher Disability Allowance, Normal Old Age Allowance and Higher Old Age Allowance will not be regarded as household income. Generally speaking, compensation received on a regular basis would be counted as income.

Allowable deductions include rent, rates, statutory personal allowances[(1)] for the applicant's own living expenses and those of his/her family members under the same household, child care expenses, provident fund contribution and medical expenses at public hospitals/clinics (other than the drug payment under application).

Disposable capital include cash owned by applicant and his/her family members at the time of the application and such which have been accrued through past savings from any sources or which have just been acquired, investments in stocks and shares, insurance, valuable possessions, real properties and other realizable assets. Generally speaking, compensation that comes in a lump-sum should be counted as asset. The residential property owned and occupied by the applicant's family, and the tools and implementation of his/her trade are excluded from the calculation.

Calculation of the amount of drug cost that the applicant is required to pay

The amount the applicant is required to pay for the drug is determined by the disposable financial resources of his/her household and the drug cost the applicant is expected to pay, with the latter being determined by multiplying the unit drug cost by the total units of drug consumption in one year. The maximum amount of payment per year is capped according to the scale of contribution set below.

Sliding Scale

(A) Annual Disposable Financial Resources ($)	(B) Contribution Ratio (%)	(C) Annual Contribution from applicant ($) (C = A x B)	(D) Annual Disposable Financial Resources after deducting Annual Contribution ($) (D = A-C)
0 - 20,000	-	0	0 – 20,000
20,001 - 40,000	-	1,000	19,001 – 39,000
40,001 - 60,000[(2)]	-	2,000	38,001 – 58,000
60,001 - 80,000	5	3,000 - 4,000	57,000 - 76,000
80,001 - 100,000	7.5	6,000 - 7,500	74,001 - 92,500
100,001 - 120,000	10	10,000 - 12,000	90,001 - 108,000
120,001 - 140,000	12.5	15,000 - 17,500	105,001 - 122,500

[(1)] *Adjusted in February every year in line with the Consumer Price Index A, and every five years in line with the latest Household Expenditure Survey conducted by the Census and Statistics Department.*

[(2)] *For the applicants whose annual disposable financial resources are under $60,000, their annual contribution is fixed, and so the formula of calculating the applicant's annual contribution (annual disposable financial resources X contribution ratio) does not apply to them.*

(A) Annual Disposable Financial Resources ($)	(B) Contribution Ratio (%)	(C) Annual Contribution from applicant ($) (C = A x B)	(D) Annual Disposable Financial Resources after deducting Annual Contribution ($) (D = A-C)
140,001 - 160,000	15	21,000 - 24,000	119,001 - 136,000
160,001 - 180,000	17.5	28,000 - 31,500	132,001 - 148,500
180,001 - 200,000	20	36,000 - 40,000	144,001 - 160,000
200,001 - 220,000	22.5	45,000 - 49,500	155,001 - 170,500
220,001 - 240,000	25	55,000 - 60,000	165,001 - 180,000
240,001 - 260,000	27.5	66,000 - 71,500	174,001 - 188,500
260,001 - 280,000	30*	78,000 - 84,000	182,001 - 196,000
280,001 - 380,000	30*	84,000 - 114,000	196,001 - 266,000
380,001 - 480,000	30*	114,000 - 144,000	266,001 - 336,000
480,001 - 580,000	30*	144,000 - 174,000	336,001 - 406,000
580,001 - 680,000	30*	174,000 - 204,000	406,001 - 476,000
680,001 - 780,000	30*	204,000 - 234,000	476,001 - 546,000
780,001 - 880,000	30*	234,000 - 264,000	546,001 - 616,000
880,001 - 980,000	30*	264,000 - 294,000	616,001 - 686,000
980,001 - 1,080,000	30*	294,000 - 324,000	686,001 - 756,000
>1,080,001	30*	as calculated	

* *Capped at a flat contribution ratio of 30%*

Where the estimated cost of the applied drug for the year is below the maximum contribution payable, the applicant is required to pay the drug cost and no assistance will be granted. Where the estimated drug cost is above the maximum contribution payable, the Scheme will pay the outstanding balance.

Full Subsidy by Safety Net

Example 1

	Monthly household gross income	=	$13,000	
-	Allowable deductions	=	$12,000	
	Monthly household disposable income	=	$1,000	
	Annual household disposable income	=	$1,000	X 12
		=	$12,000	
+	Disposable capital	=	$ 5,000	
	Annual disposable financial resources	=	$17,000	

Note 1: Since the annual disposable financial resources is less than $20,000, annual contribution from applicant will be = $0

Assumption based on patient on Glivec

Annual drug expenditure	=	$270,000
Annual contribution from applicant	=	$0
Subsidy from Samaritan Fund	=	$270,000

Partial Subsidy by Safety Net

Example 2

	Monthly household gross income	=	$17,000	
-	Allowable deductions	=	$16,000	
	Monthly household disposable income	=	$1,000	
	Annual household disposable income	=	$1,000	X 12
		=	$12,000	
+	Disposable capital	=	$110,000	
	Annual disposable financial resources	=	$122,000	
	Annual contribution from applicant	=	$122,000	X 12.5%
		=	$15,250	

Assumption based on patient on Glivec

Annual drug expenditure	=	$270,000
Annual contribution from applicant	=	$ 15,250
Subsidy from Samaritan Fund	=	$254,750

Full Payment by Patient

Example 3

	Monthly household gross income	=	$50,000
-	Allowable deductions	=	$30,000
	Monthly household disposable income	=	$20,000
	Annual household disposable income	=	$20,000 X 12
		=	$240,000
+	Disposable capital	=	$660,000
	Annual disposable financial resources	=	$900,000
	Annual contribution from applicant	=	$900,000 X 30%
		=	<u>$270,000</u>

Note 2: Applicant whose annual disposable financial resources is more than or equal to the annual drug expenditure will have to pay full drug cost

Assumption based on patient on Glivec

Annual drug expenditure	=	$270,000
Annual contribution from applicant	=	$270,000
Subsidy from Samaritan Fund	=	No subsidy