

HMO Practice in Hong Kong

Summary

Hong Kong offers a limited range of Health Maintenance Organisation (HMO) practices. Because the definition of an HMO is

“ a prepaid medical service in which members pay a fee for all health care including hospitalization”

In this widely accepted definition, it refers to organizations that manage the health needs of customers from primary to secondary and tertiary health services, through a contract with a client or customer.

This service only exists in Hong Kong through some limited primary and secondary care for out-patient services only, through doctor 'panel' groups. Regulation of the doctor groups is through the individual licencing of the doctors involved and the Hong Kong companies ordinance as well as other relevant ordinances according to the business purpose and facilities e.g. imaging equipment radiation protection.

Introduction

The term HMO was first introduced in North America in the 1970's to describe the provision of an insurance service that integrated outpatient physician (doctor) treatment with hospitalization treatment. The doctor is allocated a financial amount for this, fixed per person per year. In order for this to work, insurers limited the number of doctors and hospitals involved in the schemes, packaging this to a client as a service. These HMO's are part of 'managed care' plans offered across the USA today where approximately 67m people are insured under HMO schemes out of 187m insured Americans.

What is the status of “HMO” services in Hong Kong ?

The nearest thing comparable to HMO service in Hong Kong is:

- a) managed care insurance products; some insurers offer insurance packages that cover out-patient, GP and specialist care as well as hospitalization cover. These are usually through limited doctor / hospital networks and involve some form of medical management such as pre-authorisation for specified treatment. These packages are purchased by employers on behalf of their employees to help control their risks / costs and to assure quality of service.
- b) pre-paid medical plans for out-patient services offered through doctor groups. These are mainly services offered to employers where the employer pays a fixed sum to the doctor group for future healthcare needs of their employees. In the USA, these services are structured as pre-paid insurance plans. Most of the plans in Hong Kong have some integration of specialist doctor services with the GP service, however there are none that we are aware of that integrate hospital services as well. Some insurers purchase these HMO plans for their clients and integrate this into the insurance package sold.

Why have these plans been popular ?

These plans have been popular in Hong Kong because to employers, they are value for money and enable the employer to mitigate health risks through doctor groups.

How are these plans regulated ?

At present the Insurance Authority does not view the contracts offered by Doctor Group HMOs, where a doctor panel accepts pre-payment for the future potential illnesses of an employer's workforce, as insurance. Those offered by insurers are regulated by the Insurance Authority.

Hence the regulatory mechanism for the service provision is under the regulation of the MCHK / HKMA and similar groups as well as the companies ordinance.

Regulation of the activities of the doctor groups such as imaging, pathology and pharmacy may be regulated through other ordinances or regulatory bodies in Hong Kong.

Lastly market forces may regulate quality of service such as through insurers or knowledgeable customers.

Dr Damien Marmion
Managing Director
BUPA Health Insurance

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