

20 March 2006

Your Ref: CB2/PL/HS  
Our Ref: 2869-9255

**By fax and e-mail** – 2509-9055 / mchiu@legco.gov.hk

Legislative Council  
Hong Kong SAR of the People's Republic of China

Dear Sir,

**Re: Panel on Health Services**

Following the Panel on Health Services on 13<sup>th</sup> February 2006 at which the subject of HMO's was discussed, we would like to offer the following submission.

A large number of insurers operate an extensive network of doctors (through both individual and Panel Doctor Group contracts) for the benefit of their customers, insuring their financial and health risks. The fact that over 2 million customers purchase these insurances is an endorsement of the need for such services.

We feel there are a number of points of clarification for the next meeting, that need to be made in order for an objective debate on the structure and function of Doctor Groups in the private health services market, including:

- HMO's or Health Maintenance Organisations are integrated health services providing risk control mechanisms across primary, secondary and tertiary care between doctors and hospitals. We are not aware of any 'HMO' services in Hong Kong, no insurers operate such a service as far as we understand.
- We are aware of significant price competition between Panel Doctor Groups as they seek to service contracts where employers are purchasing closed network doctor services on behalf of their employees. The healthcare needs of over 1m people are serviced by such arrangements with doctors. Such cost effective, and quality assured, services are necessary during a period of rationed public services.
- Competition between doctors, within the current market regulations, such as the Code of Conduct of the Medical Council of Hong Kong, is a necessary and integral part of "Building a Healthy Tomorrow". Such competition, however, must be within a framework of quality assurance to maintain public confidence in the medical system.
- Central to this debate should be the views of the consumer of such services. We cannot ignore this group of people who fund private healthcare in Hong Kong. Without their choice to seek private services, there would be greater demand on the Hospital Authority. Developing a cost effective, quality based, solution for the consumer should be the main focus of the debate.

Within this context we do not see a rationale for increased regulation of Panel Doctor Groups. Current regulation and quality assurance needs to be promoted for the interests of the consumer.

Yours sincerely,

Dr Damien Marmion  
Managing Director  
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