

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

Item 530 Trust Fund for Severe Acute Respiratory Syndrome

Members are invited to approve an increase in the approved commitment for the Trust Fund for Severe Acute Respiratory Syndrome from \$150 million by \$50 million to \$200 million.

PROBLEM

The number of recovered or “suspected” Severe Acute Respiratory Syndrome (SARS) patients¹ who have reached the accumulative ceiling of \$500,000 in relation to the financial assistance they received from the Trust Fund for SARS (“the Trust Fund”) is on the increase. Some of them are still unable to resume work because of their health conditions. We need to decide how best to continue to provide these patients with financial support from the Trust Fund to assist them in their financial difficulties.

PROPOSAL

2. The Secretary for Health, Welfare and Food proposes to increase the approved commitment for the Trust Fund from \$150 million by \$50 million to \$200 million to –

- (a) continue to provide ex-gratia financial assistance to recovered or “suspected” SARS patients treated with steroids, subject to proof of medical and financial needs;

/(b)

¹ “Suspected” SARS patients refer to those who were clinically diagnosed as having SARS on admission, treated with medication for SARS, but turned out subsequently not to have SARS.

- (b) provide further ex-gratia financial assistance to the recovered and “suspected” SARS patients upon their reaching the accumulative assistance ceiling of \$500,000, subject to proof of medical and financial needs and without an accumulative ceiling; and
- (c) without creating any precedent effect for other ex-gratia schemes, make retrospective payments from the Trust Fund for recovered or “suspected” SARS patients who have reached the \$500,000 accumulative ceiling **before** the date of the Finance Committee’s (FC’s) approval of the increase in commitment (if so approved), such that they would not suffer from any break in assistance since reaching the accumulative ceiling, subject to proof of medical and financial needs from the date they reached the ceiling.

JUSTIFICATION

Objectives and Latest Position of the Trust Fund

3. Following the unique and unprecedented SARS outbreak in Hong Kong from March to June 2003, 1 456 SARS patients have recovered while 299 have died. Deceased SARS patients have left behind dependent family members who need assistance to support their maintenance. Some recovered or “suspected” SARS patients may suffer from dysfunctions² and may be in need of assistance to tide them over their financial difficulties. Against this background, the FC approved on 7 November 2003 the establishment of the Trust Fund to provide, on compassionate grounds, special ex-gratia payments to the families of deceased SARS patients; recovered and “suspected” SARS patients (Ref : FCR(2003-04)44).

4. Since the establishment of the Trust Fund three years ago, one-off ex-gratia payments have been provided to families of 185 deceased SARS patients. In accordance with the criteria approved by the FC, no financial eligibility test was conducted on the beneficiaries. As to recovered or “suspected” SARS patients with dysfunctions, monthly assistance has been provided to 634 individuals. So far, 342 persons, i.e. about 54%, have recovered from the SARS-related dysfunctions; 13 have reached the accumulative ceiling of \$500,000, and under the existing rule, they have to cease receiving financial assistance from the Trust Fund. Eight have died and 38 have withdrawn their applications. At present, 233 persons are receiving assistance from the Trust Fund.

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² The dysfunctions mainly include Avascular Necrosis (bone degeneration); pulmonary problems; limitations in daily living and activities; physical dysfunction and psychological dysfunction.

5. Of these 233 persons, 67% (156 patients) are receiving Medical Expenditure Assistance³. The remaining 33% (77 patients) are also receiving Monthly Financial Assistance as they have sustained income loss or increase in non-medical expenditure arising from SARS.

6. In sum, a total of 887 applications for Trust Fund assistance have been approved, involving 819 patients at \$135 million. Of these, 253 applications relate to the deceased SARS patients, with an approved amount of \$82 million. The other 634 applications relate to recovered or “suspected” patients and the amount of ex-gratia payment involved so far is \$53 million. The Trust Fund now has a balance of \$15 million.

Need for Continued Assistance

7. We note that of the 634 beneficiaries from the Trust Fund, over 50% of them have recovered from their dysfunctions and the accumulative assistance they each have drawn from the Trust Fund is below the \$500,000 ceiling. Given the difference in the pace of recovery of individual patients, however, there is a small number of Trust Fund beneficiaries who, upon reaching the accumulative ceiling, have yet to recover from their dysfunctions. All the 13 cases we have on hand fall under this category. We have reviewed their situation. Some of them are still unable to resume work because of their health conditions. Some have to rely on their own savings/resource of their family members for maintenance. Some are depending on the Comprehensive Social Security Assistance (CSSA) Scheme. Some have to change jobs and are earning a reduced income. According to present estimate, about 63 more patients will gradually reach the ceiling in the coming three years. If by then they have yet to recover from their dysfunctions, they may face similar financial predicament.

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³ Assistance under the Trust Fund to recovered or “suspected” SARS patients is made up of the following two components –

- (a) the Monthly Financial Assistance, having regard to (i) the income loss/reduction of the patient arising from SARS; and (ii) any justifiable increase of expenditure arising from SARS (which includes any reasonable non-medical expenses incurred by the patients arising from SARS, such as expenditure for domestic helpers for patients who cannot carry out household chores after SARS). The assistance to cover the income loss/reduction in (i) is subject to a cap of 200% of the prevailing Median Monthly Domestic Household Income, while that in (ii) is provided on a reimbursable basis; and
- (b) the Medical Expenditure Assistance, which covers (i) expenditure for dietary supplement and transport expenses capped at \$1,000 and \$750 per month respectively; and (ii) other justifiable medical expenses reimbursable with reference to the HA rates. The HA has since February 2005 launched a fee waiver scheme to provide SARS patients with life-long free medical services for potential SARS related problems. SARS patients are no longer required to seek reimbursement from the Trust Fund for medical fees relating to the HA. They may continue to seek reimbursement for medical expenses in respect of consultations with private doctors.

8. We consider that there is a need to provide continued assistance to these patients, to give them more time to recover from their dysfunctions, to rehabilitate, and where appropriate be retrained for jobs that may be different from their pre-SARS employment. The extension of assistance to those who have reached the accumulative ceiling subject to the medical and financial needs would be in keeping with the original objective of setting up the Trust Fund, viz. to provide tide-over assistance to SARS patients pending their recovery from the dysfunctions.

9. Also, according to the Hospital Authority's (HA's) assessment, some patients of major diseases may suffer from permanent dysfunctions. As our medical knowledge about SARS and its long-term effects is still limited, we would need to observe the patients for a longer period to ascertain if any of them would similarly suffer from permanent dysfunctions. If so, in the longer term, we may need to consider whether we should provide these patients with financial assistance through a more permanent framework outside the CSSA. In this regard, the HA advises that most of the complications arising from serious illness should have surfaced within five to six years after the patients' discharge from the hospitals. As such, we expect the health conditions of the SARS patients should stabilise in another three years' time, towards end 2009. We would then have more reliable data to decide if there should be some longer term arrangements for patients who, according to HA, will suffer from permanent dysfunctions.

Proposal

10. We propose to adjust the criteria for the Trust Fund to address the needs of those who have reached or will reach the accumulative ceiling under the Trust Fund. Details are set out below.

Continuing the Financial Assistance

11. We propose to give special consideration to Trust Fund beneficiaries upon their reaching the accumulative ceiling, in enabling them to continue to apply for, and receive from the Trust Fund, further financial assistance. This continued assistance will, as with existing criteria, be subject to periodic medical and financial assessments.

12. We will review the situation of all Trust Fund beneficiaries and decide by the end of 2009 the need for a more permanent scheme outside the CSSA to cater for the needs of those who are assessed by the HA to be suffering from permanent dysfunctions. We will provide interim report to the Legislative Council (LegCo) Panel on Welfare Services, and consult the FC as and when necessary.

/Retrospective

Retrospective Payments

13. Subject to the FC's approval to increase the commitment as proposed to top up the Trust Fund, for those SARS patients who have reached the \$500,000 accumulative ceiling **before** the date of such approval, we propose backdating their Trust Fund payments so that they would not suffer from any break in assistance since reaching the \$500,000 ceiling. The retrospective payments, subject to proof of medical and financial needs from the date they reached the ceiling, will be net of the amount of CSSA they might have received.

14. Such a retrospective arrangement is proposed having regard to the unique and unprecedented nature of SARS, and the spirit behind setting up of the Trust Fund. The proposed backdating of financial assistance is justified taking into account the very particular circumstances of the SARS incident, and should not create a precedent for other ex-gratia schemes.

Frequency of Medical Assessment

15. Under the existing arrangement, the HA carries out medical assessments on the patients every six months to ascertain their continued eligibility for Trust Fund assistance. The HA advises that the medical conditions of some of the patients are settling down, and that there may not be significant change as frequently as every six months. Hence, rather than requiring mandatory medical assessments to be conducted every six months to ascertain the continued eligibility of the SARS patients for assistance under the Trust Fund, we propose that we should defer to the medical professionals in the HA to decide on the appropriate frequency of medical assessments on the basis of the health conditions of individual patients. This will allay concerns of the patients over the uncertainty of continual assistance. The frequency of financial reviews will be adjusted accordingly.

Other Arrangements

16. Other than the changes outlined above, all the existing arrangements set out in FCR(2003-04)44 for setting up the Trust Fund, such as the continued use of the Trust Fund to provide ex-gratia payments to dependent families of deceased SARS patients, the requirements of financial reviews and medical reviews (albeit the frequency may vary as proposed in paragraph 15 above) for all Trust Fund beneficiaries (regardless of whether they have reached the accumulative ceiling of \$500,000) and the types of assistance available to them will remain unchanged following the proposed injection of fund to the Trust Fund.

/Applications

Applications for Continued Financial Assistance

17. The Committee on Trust Fund for SARS and the Review Committee on Trust Fund for SARS will continue to respectively process and review applications. As we undertook to the Panel on Welfare Services at the meeting on 8 January 2007, to ensure that financial assistance is provided as expeditiously as possible to those needy SARS patients who have reached the assistance ceiling, we are putting in place advanced administrative arrangements so as to process related applications as a matter of priority once the funding proposal is approved by the FC. We are working towards making disbursements to these SARS patients before the Chinese New Year.

FINANCIAL IMPLICATIONS

18. We are unable to provide a precise estimate on the financial implications arising from the above proposals in the coming three years as much would depend on the number of patients who would remain eligible for Trust Fund assistance. For the purpose of budgeting, we estimate that we would require a maximum amount of \$65 million to provide in the coming three years at least, continued financial assistance to the beneficiaries under the Trust Fund, and those who have reached the accumulative ceiling. The amount is calculated based on the following assumptions –

- (a) the current monthly expenditure to support the existing beneficiaries of the Trust Fund will remain at the same levels and all the patients who have reached or will reach the ceiling will be successful in their new applications; and
- (b) in total, the maximum retrospective payments to the patients who have reached the ceiling will amount to about \$5 million if approval of the FC can be obtained in early 2007.

19. A rough estimate on the cash flow projections is as follows –

	2006-07 \$'million	2007-08 \$'million	2008-09 \$'million	2009-10 \$'million ⁴	Total \$'million
(a) Special ex-gratia financial assistance for existing Trust Fund beneficiaries	2.56	15.36	15.36	15.36	48.64
(b) Special ex-gratia financial assistance for the 13 patients who have reached the ceiling	0.60	3.60	3.60	3.60	11.40
(c) Retrospective Payments for the 13 patients who have reached the ceiling	5	-	-	-	5
Total	8.16	18.96	18.96	18.96	65.04 (Say 65)

20. The cash flow for the financial assistance cannot be projected with certainty as much would depend on the number of patients who will recover from their dysfunctions and the timing. The above estimates serve to illustrate the cash flow if the situation of all existing beneficiaries and SARS patients who have reached the accumulative ceiling of \$500,000 remain unchanged in the coming three years.

21. At present, the Trust Fund has a balance of \$15 million. We propose to increase the non-recurrent commitment by **\$50 million** to top up the Trust Fund. The proposed increase is one-off in nature and there are no recurrent implications arising from the proposal.

/PUBLIC

⁴ To cater for any unforeseen circumstances so as to ensure that there is no break in assistance for the needy SARS patients when we conduct the review and decide by end 2009 the need for a more permanent scheme, we have provided allowance in the financial implications calculations to allow the Trust Fund to continue operation until end March 2010, instead of end December 2009.

PUBLIC CONSULTATION

22. We consulted the LegCo Panel on Welfare Services on our proposals on 8 January 2007. The meeting was also open to all LegCo Members. All who attended the meeting indicated strong support to the proposal and urged the Administration to seek the funding approval of the FC as a matter of priority.

BACKGROUND

23. The FC approved on 7 November 2003 the creation of a new commitment of \$150 million for the establishment of the Trust Fund to assist families affected by SARS in 2003.

24. The purview of the Trust Fund is confined to families of deceased SARS patients, and recovered and “suspected” SARS patients. Specifically, the Trust Fund provides –

- (a) special one-off ex-gratia relief payments for eligible surviving family members of the deceased SARS patients; and
- (b) special monthly ex-gratia tide-over financial assistance for eligible recovered or “suspected” SARS patients treated with steroids suffering from longer term effects attributable to SARS (including the effects of medication received for the treatment of SARS, if any), resulting in some degree of relevant dysfunction, subject to proof of medical and financial needs.

25. On medical needs and to be eligible for assistance, recovered or “suspected” SARS patients must have some degree of SARS-related dysfunctions.

26. The accumulative ceiling of financial assistance for recovered or “suspected” SARS patients is set at \$500,000 per patient.
