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5 June 2007

Miss Mary SO  
Clerk to Panel on Health Services  
Legislative Council Secretariat

Dear Miss So,

### **Regulation of “Health Maintenance Organizations” (“HMOs”)**

At the Health Services Panel meeting on 12 March 2007, Members asked for a summary of the views collected by the Department of Health’s Working Group on the Regulation of “Health Maintenance Organizations” (the Working Group) on the medical director concept.

The Working Group conducted a new round of consultation between December 2006 and January 2007 to brief stakeholders on the Administration’s initial thinking on the medical director concept. The Working Group met a total of 16 stakeholders, which are listed in the Appendix. The ensuing paragraphs summarize the views gathered in this round of consultation.

### **Views of Consumers**

The Consumer Council welcomed the medical director proposal as an additional measure to consumers’ advantage. It is important that the medical director could act as a gatekeeper to ensure the delivery of medical services by the “HMOs” would not be compromised by commercial decisions.

Furthermore, the Council supported the development of code of practice for “HMOs”. For example, they considered that it should be the responsibility of “HMOs” to ensure that their clinic premises, facilities and equipment were up to standard; the content of their advertisements must be factual; and the quality of their services should not be compromised solely because of financial incentives, without regard to professional justifications.

The Council expressed concern about the possibility that some unscrupulous “HMOs” might appoint inexperienced medical practitioners as medical directors to dodge responsibilities of malpractices.

### **Views of Professional Bodies**

Doctor and dentist associations were of the opinion that statutory regulation should be the most desirable way to protect public health. Some proposed to restrict “HMO” ownership to doctors or dentists only.

That said, the professional associations did not oppose the medical director concept, but were worried that medical directors, as employees, might not be able to override decisions of the employers. The professional associations also supported a voluntary listing system as a measure in the short-term. Nevertheless, they urged the Government to make compliance mandatory.

Some associations expressed reservation about requiring “HMOs” to monitor the performance of practitioners and clinic premises. They did not see the need to place additional control here.

### **Views of Group Medical Practices, Scheme Administrators and Insurers**

Group medical practices, scheme administrators and insurers were interested in clarifying the exact definition of “HMOs” and which parties should fall under the relevant regulatory proposals. Some proposed that as certain insurers also played the role of scheme administrators, they should be regarded as “HMOs”, while insurers did not share this view in general.

In addition, some group practices opined that as they were providing healthcare services in a mode similar to that of solo practitioners, the latter’s clinics ought to be regulated as well.

Most of the companies in this group did not oppose the appointment of medical director in “HMOs”. Some even indicated that they already had medical directors in their organizations. However, some expressed concern about the medical director being held accountable for malpractices at clinic level for which they might not have direct involvement. Hence, there was a need to delineate clearly the respective role and responsibilities of medical directors and front-line doctors.

On formulation of guidelines for “HMOs”, all interviewed stakeholders indicated support. Some group medical practices opined that their current practices had been properly managed, and that the introduction of guidelines could encourage medical service providers in the market to improve the standard of their services and facilities. Moreover, they also supported the listing of “HMOs” which comply with the medical director requirement.

Yours sincerely,

(Miss Pamela LAM)  
for Secretary for Health, Welfare and Food

c.c. Director of Health (Attn : Dr Gloria TAM) (Fax : 2573 7432)

## Appendix

### **List of organizations consulted by the Working Group between December 2006 and January 2007**

#### **1. Professional Organizations**

The Association of Licentiates of Medical Council of Hong Kong  
Hong Kong Dental Association  
Hong Kong Doctors Union  
The Hong Kong Medical Association  
Practising Estate Doctors Association

#### **2. User**

Consumer Council

#### **3. Service Providers**

Dr Jones Fok & Associates  
Global Health Connect Medical Centre  
Human Health Medical Centre  
Primary Health Care Medical Group  
Quality HealthCare  
Town Health International Holdings Co Ltd

#### **4. Insurance Companies**

The Hong Kong Federation of Insurers  
BUPA (Asia) Limited

#### **5. Scheme Administrators**

Dr Jones Fok & Associates  
Medinet Services Limited  
Quality HealthCare  
Union Concordia Medical Group