

**Consumer Council's Submission
to the LegCo Panel on Health Services
on Regulation of Health Maintenance Organizations
(11 June 2007)**

1. In March last year, the Consumer Council (CC) provided views on the regulation of "Health Maintenance Organizations" (HMOs) for the consideration of Members of this Panel. A series of measures were recommended by CC, including the establishment of a HMO licensing system, medical doctor(s) to be on the board of directors of HMOs, and the implementation of a code of practice for HMOs. CC is pleased that the Government has taken into account some of the recommendations when considering the measures to be taken.

Medical Director Concept

2. CC understands that the Government will request group medical practices to appoint medically-qualified personnel as medical director (MD) of the groups. CC is in principle supportive of the medical director concept as the first step in enhancing regulation of HMOs.

3. On the effectiveness of having group medical practices to hire a MD in safeguarding patients' interests, CC considers the critical point is whether the MD appointed by the group medical practices can effectively act as a gatekeeper to ensure that the delivery of medical services by the group medical practices would not be compromised by commercial decisions. CC therefore recommends that the Government should require all group medical practices to appoint medical doctor as MD, and to delegate decision making power to the appointed MD for overseeing both the medical and operation-related aspects of the group practice. If there is no such requirement, then holding the appointed MD accountable for the conduct of the group would neither be fair to the MD nor be effective in safeguarding patients' interests.

4. Further, if owners of group medical practices are allowed to act as the MD of the groups, the Government would need to deal with the issue of conflict of interests. It calls into question how the owners/MD would effectively play the role of gatekeeper.

5. For the long run, CC considers that even with implementation of the MD concept, if the regulation remains solely of individual medical practitioners but not of non-medical staff and owners of group medical practices, patient's interest could still be at stake. CC suggests that the Government should continue to study the need to introduce a comprehensive regulatory framework for HMOs.

MD Subsidiary Guideline

6. CC notes that the Department of Health proposes to promulgate a guideline to cover additional requirements for MDs which will not fall under the purview of the Medical Council. Such guideline will serve to supplement the Professional Code and Conduct of the Medical Council. CC supports this initiative and urges the Government to stipulate the qualification required when considering the requirements to be satisfied by the MDs.

7. Given the rapid advances in technologies in the healthcare market, there may be drastic changes in the mode of operation in the provision of medical services. For the long run, CC considers that implementation of a code of practice for all individuals or organizations which provide medical services to the public would be more flexible and fair than a guideline directed to MD only.

8. The code of practice should also cover the operational aspects of HMOs, for example, transparency of fees, advertising and marketing materials, contract terms, consumer complaints handling mechanism. Setting directives in those aspects will help to enhance professional standard and service quality.

Listing of HMOs that have appointed MD

9. CC supports the maintenance of a list of group medical practices that have appointed MDs and making it available for public information. The listing will serve as a useful reference to consumers.

10. However, since the listing requirement will not be mandatory, and group medical practices that have not appointed MDs will still be providing medical services to the public, CC is concerned that this may not effectively serve the objective of protecting public health.

Establishing a Licensing System

11. CC recommends the Government to consider establishing a licensing system on top of requiring information disclosure. Apart from requiring group medical practices to appoint a MD, all organizations which provide medical services to the public, irrespective of their mode of operation, should be required to be licensed and to be accountable to the licensing authority in respect of their operational and medical-related matters.

12. If a HMO breaches the code of practice, the licensing authority can, depend on circumstances, reprimand or de-list the organization concerned. The relevant information should also be made public.

Conclusion

13. CC hopes that the Government will take into account the future development of the healthcare market when it implements any regulation on HMOs. CC is of the view that a proactive system should aim to regulate “medical activity” instead of “service providers”, so that it can better protect the interests of consumers.