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Panel on Health Services

Background brief prepared by the Legislative Council Secretariat for the meeting on 11 December 2006

Grant for the Samaritan Fund

Purpose

This paper gives an account of the past discussions by the Panel on Health Services (the Panel) on the grant for the Samaritan Fund (the Fund).

Background

Establishment and objective of the Fund

2. The Fund was established as a trust in 1950 by resolution of the Legislative Council (LegCo) to provide financial assistance to needy patients to meet expenses on privately purchased medical items, including expensive drugs, surgical implants/prosthesis and home-used medical equipment such as wheelchairs.

Financial situation of the Fund

3. The Fund was started without the benefit of an endowment. Since its establishment, private donations have always been a significant source of funding for the Fund. For recipients of Comprehensive Social Security Assistance applying for assistance under the Fund, Government reimburses the Fund for its actual expenditure on them. However, as there are fluctuations in the amount of private donations that the Hospital Authority (HA) is able to solicit, the Fund has to rely on funding support from the Government from time to time to meet its expenditure.

Administration of the Fund

4. The HA is charged with the responsibility of managing the Fund. All items supported by the Fund are subject to close scrutiny before these are covered by the Fund. To ensure that the Fund is put to appropriate use, the HA adopts a prioritisation mechanism to vet and evaluate items of new technologies to make the best use of public resources.

Factors taken into account in the evaluation process include efficacy, effectiveness and cost-effectiveness; fair and just use of public resources targeting subsidies to effective interventions to areas of greatest need; and societal values and views of professionals and patients. The HA is assisted by Medical Social Workers in vetting funding applications of individual patients based on the following criteria :

- (i) the patient's family income;
- (ii) the patient's total family savings;
- (iii) reference of (i) to the Median Monthly Domestic Household Income (MMDHI); and
- (iv) reference of (i) and (ii) to the actual cost of the medical item.

5. In respect of cases where assistance is sought for meeting the cost of very expensive drugs, instead of making reference to MMDHI, the level of subsidy would be assessed on the basis of the patients' disposable financial resources (DFR), which essentially means the amount of their household disposable income and disposable capital. The adoption of the concept of DFR is to ensure that the patients' quality of life would be maintained largely even if they have to purchase the more costly drugs.

Past discussions

6. The Administration consulted the Panel on 18 April 2005 on the proposal to make a one-off grant of \$200 million to the Fund. Members were advised that until 2004-2005, the income and expenditure of the Fund were largely in line with each other. With a cash balance of \$8.5 million at the beginning of 2004-2005, it was estimated that the Fund would, with its income of the year, have an accumulated deficit of around \$38.8 million as at 31 March 2005. A projection on the income and expenditure of the Fund for the next three years from 2005-2006 to 2007-2008 revealed that the estimated deficit of the Fund would come to \$66.2 million, \$98.8 million and \$137.5 million respectively. According to the Administration, four major factors contributed to the substantial increase in the expenditure of the Fund. These included: a decrease in funding support from private donations and other charitable organisations; rapid advancement in medical technologies; ageing population; and substantial increase in the expenditure on drugs, for instance, the drug Imatinib (Glivec) alone added an additional \$20 million to the Fund's expenditure in 2004-2005.

Long-term sustainability of the Fund

7. While members generally supported the proposal to make a one-off grant of \$200 million to the Fund, they were very concerned about the long-term sustainability of the Fund. They urged the Administration to expedite its work on health care financing and the HA to explore new possibilities of private donations for the Fund.

8. The Administration responded that it was its intention to study the long-term funding arrangement for the Fund in the context of its on-going planning and discussion on health care financing and funding arrangement for the HA. To allow sufficient time for the community as a whole to reach consensus on these issues, a one-off grant to the Fund was proposed to meet its funding requirements at least up to 2006-2007. In the meantime, the Administration would explore with the HA new possibilities of private donations for the Fund.

Provision of expensive drugs at standard charges

9. Dr Hon YEUNG Sum pointed out that the HA should include all drugs within the standard charges at public hospitals and clinics regardless of how expensive the drug was, rather than asking patients with sufficient means to pay and providing financial assistance to needy patients under the Fund.

10. The Administration responded that as resources were limited, public resources should be targeted at the needy. It should be recognised that the opportunity cost for treating a single patient with highly expensive drugs would mean forgoing treatment for a much larger number of patients with other effective means. In order to maximise the health benefits for the public as a whole, it was reasonable for patients who required highly expensive drugs and could afford to do so to contribute to the charges for these highly expensive drugs. The Fund would continue to act as a safety net for needy patients to ensure their access to the drugs.

Relevant papers

11. Members are invited to access the LegCo's website (<http://www.legco.gov.hk>) for details of the relevant papers and minutes of the meeting.