

ITEM FOR FINANCE COMMITTEE

HEAD 37 – DEPARTMENT OF HEALTH
Subhead 700 General non-recurrent
New Item “Health Care Voucher Pilot Scheme”

HEAD 140 – GOVERNMENT SECRETARIAT :
FOOD AND HEALTH BUREAU (HEALTH BRANCH)
Capital Account New Subhead
“Hospital Authority – Information Technology System for Health Care Vouchers”
New Item “Hospital Authority – Information Technology System for Health Care Vouchers”

Members are invited to approve the following new commitments of \$535.33 million in total –

- (a) a new commitment of \$505.33 million for the implementation of the Elderly Health Care Voucher Pilot Scheme under Head 37; and
- (b) a new commitment of \$30 million for developing and installing the electronic Health Care Voucher System and for its operation and maintenance during the pilot period under Head 140.

PROBLEM

The Government intends to provide elderly persons with partial subsidy, enabling them to choose within their local communities the private primary health care services that best suit their needs. This can help enhance the

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primary health care services for the elderly persons and encourage a “continuum of care” relationship. We expect that by reducing the reliance of the elderly persons on public health care services, other people in need of the services will benefit indirectly.

PROPOSAL

2. The Secretary for Food and Health proposes that the Department of Health (DH) launches a three-year pilot scheme under which all citizens aged 70 or above will be given annually five health care vouchers worth \$50 each through an electronic system, to partially subsidise their use of primary health care services in the private sector.

JUSTIFICATION

Objectives of the Health Care Voucher Scheme

3. The Health Care Voucher Scheme (the Scheme) aims at providing additional choices for the elderly persons on top of the existing public primary health care services with a view to enhancing primary health care services for the elderly. The Scheme will implement the “money-follow-patient” concept on a trial basis, enabling elderly persons to choose within their local communities the private primary health care services that best suit their needs, thereby piloting a new model for subsidised primary health care services in the future. The principle is that by providing partial subsidy, the Scheme helps promote the concept of sharing the costs of health care with patients, thus ensuring appropriate use of the services.

4. The existing public health care services available to elderly persons will not be reduced with the implementation of the Scheme. Elderly persons in need may still access the public health care services. However, we expect that with the implementation of the Scheme, some elderly persons will choose the private primary health care services close to their homes. With better access and a continuum of care from chosen providers, the primary health care provided for elderly persons will be enhanced. We also expect that the reliance of elderly persons on public health care services can thus be reduced and other people in need of the services will benefit indirectly.

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The Scheme

Elderly persons eligible to participate in the Scheme

5. We plan to implement the three-year pilot scheme in early 2009. Elderly persons aged 70 or above who hold a Hong Kong Identity Card (HKID) during the pilot period of the Scheme will be given annually five health care vouchers worth \$50 each for the use of services provided by health care providers participating in the Scheme. Those who reach the age of 70 during the pilot period will also be provided with health care vouchers from the year in which they reach 70. (For example, an elderly person who reaches the age of 70 in December 2009 will be provided with health care vouchers from January 2009.)

Health care providers eligible to participate in the Scheme

6. The following health care professionals who are registered in Hong Kong are eligible to participate in the Scheme: Western medicine practitioners, Chinese medicine practitioners, dentists, chiropractors, nurses and enrolled nurses, physiotherapists, occupational therapists, radiographers and medical laboratory technologists. Health care providers who wish to participate in the Scheme may register with DH in advance. DH will then provide them with the Scheme logo to be displayed outside their health care practices for identification. They will also be issued with a username, a personal password and a security token for accessing the electronic Health Care Voucher System (the System) (see paragraphs 16 to 17 below).

Restrictions on the use of health care vouchers by the elderly persons

7. Health care vouchers can be used for services provided by Western medicine practitioners, Chinese medicine practitioners, dentists, chiropractors, and allied health professionals and for laboratory test services in the private sector (the use of services provided by allied health professionals and laboratory test services is subject to the current referral arrangement). They can also be used for preventive and curative medical services. However, they cannot be used for the purchase of drugs at pharmacies or other medical products. Neither can they be used on subsidised public health care services, including those purchased from the private sector (such as the primary health care services proposed to be purchased by the Hospital Authority (HA) from the private sector in Tin Shui Wai under a pilot scheme).

8. Health care vouchers are valid within the three-year pilot period of the Scheme. Vouchers unused in a year may be retained for use in the following year or the third year of the Scheme, but advance of vouchers yet to be issued is not allowed. Since health care vouchers are meant to provide partial subsidy with a view to encouraging appropriate use of primary health care services by elderly persons, and they in general need such services several times a year, we encourage elderly persons to use one voucher at a time as far as possible so that they can receive services several times a year and establish a long-term relationship with the health care personnel for better health protection. At this stage, the Administration has no plan to impose a limit on the number of vouchers that can be used each time, but will review the matter in the light of actual operation.

Methods to issue and use health care vouchers

9. Health care vouchers will be issued and used through the System. They will not be issued in paper form separately. Elderly persons do not have to register in advance or collect the vouchers. When elderly persons want to use the vouchers, they just need to show their HKIDs and undergo a simple registration process at the health care practices of any participating providers. They will then receive and use the vouchers through the providers. Participating providers will input the personal particulars of the elderly persons (such as name, HKID number and date of birth) into the System for registering and opening individual health care voucher accounts for first-time voucher users. The vouchers for which elderly persons are eligible during the pilot period of the Scheme will be issued and deposited to the elderly persons' health care voucher accounts.

10. Having opened a health care voucher account, elderly persons can use the vouchers in their accounts through any participating providers. The System will ensure that there is sufficient voucher balance in the accounts before providers are allowed to deduct vouchers from the elderly persons' accounts. Prior to any voucher deduction, providers have to obtain consent forms signed by the elderly persons on the number of vouchers to be deducted. They are required to keep the consent forms for random checking and verification by the Administration. Upon deduction of vouchers from the elderly persons' accounts, providers have to input some basic information (e.g. the reasons for the elderly persons to seek medical consultation and the health care services they have received) into the System for random checking and verification and for future review of the Scheme by the Administration.

11. The Administration will provide support to participating providers so that they can access the System through various means, including computers, personal digital assistants, mobile phones, fixed-line telephones, etc. (Owing to technical constraints, phones without Internet access function can only be used for claiming health care vouchers for elderly persons who already have voucher accounts).

Arrangement for reimbursement for health care vouchers

12. After the end of each month, participating providers can access the System for their monthly statements which contain details of the amount reimbursable to them for the health care vouchers. The reimbursement will be paid directly into the accounts designated by the providers each month.

Publicity on how to use the health care vouchers

13. We will widely publicise the details of the Scheme and how to use the health care vouchers prior to launching the Scheme. We have set up a website and will produce television announcements of public interest, VCDs, posters, pamphlets, etc. We will also actively liaise with organisations providing elderly services and District Councils to brief them on the arrangements, including how to use the vouchers and check the usage. We will provide a standardised logo to be displayed outside the health care practices of the participating providers and upload a list of such providers onto the website to facilitate the use of the health care vouchers by elderly persons.

14. Subject to Members' approval of the funding proposal, we plan to invite, in the third quarter of this year, interested health care providers to register for the Scheme, and conduct briefing sessions on the detailed arrangements.

The System

15. As mentioned in paragraphs 9 to 11 above, health care vouchers will be issued and used through the System. Capitalising on HA's wealth of knowledge and experience in the development and application of computer systems in the health field, and considering HA's collaboration with DH in the development of medical computer systems, we will work with HA in developing the System. This will be conducive to implementing the Scheme within a short period of time. In addition, HA can make use of existing infrastructure and

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information technology systems in developing and maintaining the operation of the System during the pilot period. This will result in synergy and facilitate future integration of electronic health records with the System. Not only will this be convenient to health care providers, it will also be beneficial to providing continued care for elderly persons, thereby achieving the objectives of the Scheme. For instance, health care providers participating in both the Scheme and HA's pilot project on electronic health records can use the same security token for accessing elderly persons' health records with their consent. In order to implement the pilot scheme in 2008-09 as scheduled, HA has started planning work in-house with a view to commencing registration of participating health care professionals through the System in the latter part of 2008.

16. The functions of the System include –

(a) Managing information on health care providers

The System will establish a database of participating health care providers. Health care providers who wish to participate in the Scheme can provide through the System part of the information required for registration, amend the information after registration, access monthly statements, etc. by making use of the forms available on the Internet;

(b) Managing health care voucher accounts

The System will open health care voucher accounts for all elderly persons who go to participating providers' health care practices to use vouchers for the first time. The System will issue and deposit vouchers for which the elderly persons are eligible during the pilot period of the Scheme to their health care voucher accounts. It will also process the claims for the use of vouchers and record the usage;

(c) Managing the reimbursement for health care vouchers

The System will compile, on a monthly basis, information on the amount reimbursable to each participating provider for the health care vouchers. This will facilitate DH to pay the reimbursement directly into the accounts designated by the providers; and

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(d) Monitoring the Scheme

The System will generate regular statistical reports to facilitate the planning and management of the daily operation of the Scheme. The System will also generate alert messages whenever an irregularity in the use of vouchers is detected to facilitate DH's follow-up actions and investigations.

17. The issue and use of health care vouchers through the System and participating providers can streamline procedures, provide convenience to the elderly persons and reduce administrative costs. Elderly persons are not required to register in advance, collect physical vouchers or bring along the vouchers every time they seek services. Eligible elderly persons are only required to approach a participating provider of their choice and use the vouchers by producing their HKIDs. This can avoid such problems as loss of vouchers, failure to bring along vouchers, etc. Elderly persons can also check their voucher account balance through the service providers. We will consider allowing elderly persons to check the usage of their vouchers through the System or via telephone. To further streamline procedures and provide greater convenience to the elderly persons, we are also exploring the feasibility of making use of the "card face data"¹ function in the chips of the smart HKIDs for registration and claiming for the use of health care vouchers.

Administration and Monitoring

18. DH will set up a new Health Care Voucher Unit tasked with the planning and implementation of the Scheme. It will also take various measures, such as auditing and inspection, to prevent any inappropriate use of health care vouchers to ensure that they are used by eligible elderly persons only and are genuinely used for health care services in compliance with the requirements of the Scheme.

19. Participating providers have to check the HKIDs of elderly persons who request to use the vouchers for the purpose of identity verification and eligibility confirmation. With the information of elderly persons input by

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¹ "Card face data" refer to the data of card holders printed on the face of smart HKIDs, i.e. the Chinese and English names, date of birth, HKID number and the date of issue of the HKIDs.

service providers into the System, voucher accounts will be opened in the System for the elderly persons concerned and vouchers used will be deducted from the accounts. DH will also validate the information of elderly persons input into the System by service providers with the registration of persons records kept by the Immigration Department² where necessary to further ensure that only eligible elderly persons are entitled to have health care voucher accounts and to prevent frauds.

20. As mentioned in paragraph 10 above, service providers also have to obtain consent forms signed by the elderly persons before deducting vouchers from their accounts. Upon deduction of vouchers, service providers also need to input some basic information on the health care services provided. DH will conduct random inspections on the service providers and conduct investigations on complaints or suspected cases, check the consent forms signed by the elderly persons concerned and relevant information. This is to ensure that consent of the elderly persons concerned has been obtained when the service providers claim for reimbursement for the health care vouchers and investigate whether the providers concerned have provided the elderly persons concerned with health care services in compliance with the requirements for the use of the health care vouchers. The System will also be designed with corresponding functions to generate alert messages whenever an irregularity in the use of vouchers is detected to facilitate follow-up actions and investigations.

Implementation and Review

21. Subject to Members' approval of the funding proposal, we plan to launch the three-year pilot scheme in early 2009. The development plan of the System will tie in with the implementation schedule of the Scheme. A comprehensive review will be conducted upon the completion of the pilot scheme. The review will cover the utilisation rate of the health care vouchers, the types of health care services used by the elderly persons with the voucher subsidy, the operating cost and arrangements of the Scheme, and the use of public health care services by the elderly persons after the implementation of the scheme. In the second year of implementation, we will also conduct an interim review to fine-tune the operational details of the Scheme in light of operational experience.

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² The Administration will consult the Privacy Commissioner for Personal Data on the proposed validation procedure, and will obtain the consent of the elderly persons concerned before conducting the validation.

FINANCIAL IMPLICATIONS

22. According to the projections of the Hong Kong elderly population by the Census and Statistics Department, the number of elderly persons aged 70 or above in Hong Kong in 2009, 2010 and 2011 will be about 660 000, 670 000 and 680 000 respectively. Based on these projections, we propose to include a non-recurrent provision of \$505.33 million³ for the reimbursement for the health care vouchers. The estimated cash flow requirement is as follows –

Year	\$ million
2009	165.80
2010	168.58
2011	170.95
Total	505.33

23. We also propose providing a sum of \$30 million to HA for developing the System and maintaining it in operation during the pilot period. A breakdown is as follows –

	2008-09	2009-10	2010-11	2011-12	Total
	\$ million				
(a) Project management, system design and application development	7.3	3.7	-	-	11.0
(b) Server infrastructure	1.6	-	-	-	1.6
(c) Interactive voice response system	1.0	0.5	-	-	1.5
(d) Network and security infrastructure	2.8	0.1	-	-	2.9

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³ The number of elderly persons eventually claiming for use of health care vouchers may be different from the above population projections. This is because some eligible elderly persons may choose not to use health care vouchers on the one hand, and some eligible elderly persons who are not permanently residing in Hong Kong may use the health care vouchers on the other.

	2008-09 \$ million	2009-10 \$ million	2010-11 \$ million	2011-12 \$ million	Total \$ million
(e) Miscellaneous	0.5	0.5	-	-	1.0
(f) Contingency	0.6	0.4	-	-	1.0
Sub-total	13.8	5.2	-	-	19.0
(g) Maintaining the System in operation during the pilot period	-	3.0	4.0	4.0	11.0
Total	13.8	8.2	4.0	4.0	30.0

24. On paragraph 23(a) above, the estimate of \$11 million is for the engagement of IT professionals to support the management, planning and launching of the System.

25. On paragraph 23(b) above, the estimate of \$1.6 million is for the procurement of computer system hardware, including application servers, web servers, database servers and programmes for the application system and equipment for database setup.

26. On paragraph 23(c) above, the estimate of \$1.5 million is for the procurement of hardware and software for the interactive voice response system.

27. On paragraph 23(d) above, the estimate of \$2.9 million is for the procurement and installation of network and security infrastructure necessary for the application system and related servers.

28. On paragraph 23(e) above, the estimate of \$1 million is for DH and HA to meet other start-up costs of the System and for providing training to users of the System.

29. On paragraph 23(f) above, the estimate of \$1 million represents a 5% contingency on the cost items set out in paragraphs 23(a) to (e) above.

30. On paragraph 23(g) above, the estimate of \$11 million is for the maintenance of server infrastructure, network infrastructure, security infrastructure and interactive voice response system, as well as the licensing fees for system software and communication line rental during the three-year pilot period.

31. In addition, the Food and Health Bureau (FHB) and DH have earmarked \$38 million to cover the non-recurrent staff cost and operational expenditure arising from the implementation of the pilot scheme. This comprises an annual staff cost of about \$30 million for the creation of eight time-limited non-directorate civil service posts and the employment of ten contract staff in FHB and DH. A breakdown is as follows –

	2008-09	2009-10	2010-11	2011-12	Total
	\$ million				
(a) Staff Cost	7.6	7.6	7.6	7.6	30.4
(b) Administrative Cost	3.0 ⁴	1.5	1.5	1.5	7.5
Total	10.6	9.1	9.1	9.1	37.9

32. Almost half of the operational expenditure for health care vouchers is used for setting up the System (including procurement of hardware and development of software). This is a one-off investment. If the Scheme is expanded in future, the average operational cost for health care vouchers will be reduced correspondingly.

PUBLIC CONSULTATION

33. We consulted relevant professional bodies of the private health care sector on the proposed Scheme in April 2008. They welcomed the Scheme, and generally supported the issue and use of health care vouchers through the System. We also consulted relevant professional councils (namely the Medical Council of Hong Kong, the Chinese Medicine Council of Hong Kong, the Dental Council of Hong Kong, the Nursing Council of Hong Kong and the Supplementary Medical Professions Council) on the operational arrangements of the Scheme, including the verification of registration status of health care service providers and promulgation of the list of service providers registered in the Scheme. The professional councils raised no objection to the arrangements.

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⁴ The expenses for establishing the office of Health Care Voucher Unit in DH are included.

34. We consulted the Legislative Council Panel on Health Services on 14 April 2008 on the pilot scheme. Members supported in principle the issue of health care vouchers to the elderly persons. Nevertheless, Members passed a non-binding motion requesting the Government to launch the Scheme within this year; lower the eligibility from the age of 70 to 65; provide at least ten health care vouchers worth \$100 each to the elderly persons annually, and adopt measures to prevent the health care sector from taking the opportunity to increase their fees.

35. Given the trial nature of the Scheme, which serves to provide partial subsidy to elderly persons for their use of primary health care services and to promote the “money-follow-patient” concept, we consider it prudent to launch the pilot scheme with a smaller population at a lower voucher value. This will facilitate a practical review of the effectiveness of subsidising primary health care services in the form of health care vouchers, and ensure that a smooth and efficient system can be put in place for launching similar schemes in future. As mentioned in paragraph 21 above, we will conduct a comprehensive review upon the completion of the three-year pilot scheme and an interim review in the second year of implementation. The reviews will cover the effectiveness of the Scheme as well as the scope, quantity and value of the health care vouchers.

BACKGROUND

36. The Chief Executive announced in the 2007-08 Policy Address that the Government will launch a three-year pilot scheme in the 2008-09 financial year under which all citizens aged 70 or above will be given annually five health care vouchers worth \$50 each to subsidise the primary health care services they purchase from the private sector.
