

立法會
Legislative Council

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(These minutes have been seen
by the Administration)

Panel on Health Services

**Minutes of special meeting
held on Monday, 7 July 2008, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Hon LI Kwok-ying, MH, JP (Chairman)
Dr Hon Joseph LEE Kok-long, JP (Deputy Chairman)
Hon Fred LI Wah-ming, JP
Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
Hon CHAN Yuen-han, SBS, JP
Hon Andrew CHENG Kar-foo
Hon Audrey EU Yuet-mee, SC, JP
Hon LEUNG Kwok-hung
Dr Hon KWOK Ka-ki
Dr Hon Fernando CHEUNG Chiu-hung

Members absent : Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon YEUNG Sum, JP
Hon Vincent FANG Kang, SBS, JP

Public Officers attending : Item I

Dr York CHOW, SBS, JP
Secretary for Food and Health

Mrs Ingrid YEUNG
Deputy Secretary for Food and Health (Health)2

Mr Thomas CHAN
Deputy Secretary for Food and Health (Health) Projects

Clerk in attendance : Miss Mary SO
Chief Council Secretary (2) 5

Staff in attendance : Ms Amy YU
Senior Council Secretary (2) 3

Ms Sandy HAU
Legislative Assistant (2) 5

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I. Consultation on Healthcare Reform

(Healthcare Reform Consultation Document entitled "Your Health, Your Life" published on 13 March 2008)

Discussion

Mr Fred LI and Dr KWOK Ka-ki enquired about the Administration's preliminary observations on views gathered during the first stage of the public consultation on healthcare reform which ended on 13 June 2008.

2. Secretary for Food and Health (SFH) responded that the Administration had received more than 4 700 submissions from individuals and organizations. These included some 1 280 submissions from individuals, 270 submissions from organizations and 3 200 standard forms. The Administration had also attended more than 150 forums organized by different sectors during the consultation period. A survey by questionnaire and focus group discussion were underway to collect more views on various issues relating to healthcare reform. As it would take time to consolidate and analyze views gathered through various channels during the consultation exercise, the Administration had yet to form any view on issues raised during the consultation exercise. Outcome of the first stage consultation and detailed proposals on service reforms and supplementary financing arising therefrom would be released for public discussion during the second stage consultation aimed to take place in the first half of 2009.

3. Responding to Ms Audrey EU and Dr Fernando CHEUNG's enquiries on the public's views on the six supplementary healthcare financing options set out in the Healthcare Reform Consultation Document (the Consultation Document), SFH advised that none of the options had received support from more than 50% of the public. People from different backgrounds had expressed mixed views on the six options. SFH further said that the Administration was all along open-minded on the supplementary financing arrangements to be adopted and had yet to come to a view on the matter. On the basis of the views received during the consultation, the Administration would formulate more detailed proposals that met the public's

concerns in the hope of reaching a consensus on the form of supplementary financing for healthcare best suited to the circumstances of Hong Kong. Such proposals were not necessarily confined to the six options spelt out in the Consultation Document and might contain a mix of the six supplementary financing options in different proportion.

4. Ms Audrey EU asked whether views submitted after the close of the first stage consultation would be taken into account by the Administration in formulating proposals for the second stage consultation.

5. SFH responded that while the public was welcomed to submit views on the healthcare reform any time, the consolidation and analysis would be conducted on the basis of the submitted responses to the consultation during the three-month consultation period ending on 13 June 2008 with a view to formulating proposals for the next stage of the consultation.

6. Ms Audrey EU said that many people had expressed the view that the Administration should introduce the various healthcare service reforms proposed in the Consultation Document first before asking the public for more money to finance public healthcare expenditure. Given that there was general consensus in the community on taking forward the proposed service reforms, Ms EU said that consideration should be given to implementing the service reform proposals first, instead of waiting until after decision had been made on supplementary financing. Dr Fernando CHEUNG echoed similar views, saying that the Administration should expeditiously carry out the proposed service reforms to address the shortcomings of the present healthcare system, such as long waiting time of public hospital services and exclusion of new drugs and treatments in the public healthcare safety net. Dr CHEUNG cautioned that the Administration should not drag its feet on the matter any longer; otherwise the level and quality of public healthcare services would further decline.

7. In response, SFH said that so long as there was consensus in the community and where financial and manpower resources permitted, the Administration would take forward the proposed service reforms to improve the quality of healthcare services. As a matter of fact, the Administration had already embarked on a number of pilot projects to take forward some of the reform proposals. SFH further said that in the process of developing Hong Kong's future healthcare system, the Government's commitment to public healthcare would only be increased and not reduced. The Chief Executive (CE) had pledged to increase government expenditure on healthcare from 15% to 17% of recurrent government expenditure by 2011-2012, and the increased funding would be used for improving and enhancing healthcare services. However, the challenges faced by the healthcare system could not be simply resolved by a short-time increase in funding for public healthcare services. Instead, the community must look at the

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healthcare system and financing arrangements from a long-term perspective. If nothing was done to reform the current healthcare financing arrangements, the service reform initiatives would not be sustainable in the long run. Hence, it was necessary for the Administration to draw up a comprehensive blueprint containing reforms in both service and market structure as well as supplementary financing arrangements to guide the long-term development of the healthcare system. Such a blueprint would be formulated for public discussion during the next stage of the consultation aimed to be conducted in the first half of 2009.

8. Dr KWOK Ka-ki said that the survey on supplementary healthcare financing conducted by the Public Opinion Programme of the University of Hong Kong in May 2008 (LC Paper No. CB(2)2388/07-08(03)) showed that the public did not have a good grasp of the six supplementary financing options set out in the Consultation Document. In view of such, Dr KWOK queried the basis upon which the Administration would come up with further proposals on supplementary financing for the second stage consultation. Dr KWOK further asked whether consideration would be given to conducting another round of consultation on the Consultation Document before launching the second stage consultation so as to allow more time for the public to get a better grasp of the supplementary financing options.

9. SFH responded that healthcare reform was a highly complex issue which involved many different aspirations, values and decisions of the society. The first stage consultation which had just concluded had served to enhance the public's understanding on the key concepts of the healthcare service reform proposals, as well as the pros and cons of possible supplementary financing options. During the consultation, there were views that the Administration should provide more details about the various supplementary financing options to facilitate more meaningful discussion. Having regard to such views, the Administration considered it more appropriate to seek the views of the public on detailed reform proposals in the next stage, rather than expending further time on discussing the concepts of the service reforms and various supplementary financing options.

10. Miss CHAN Yuen-han said that she fully agreed with the Administration's diagnosis of the shortcomings of the present healthcare system as mentioned in paragraph 13 of SFH's speaking note [CB(2)1364/07-08(01)] when he introduced the Consultation Document at the Panel meeting on 13 March 2008. Miss CHAN further said that the grassroots were particularly disgruntled about the long waiting time of public hospital services and the inadequate coverage of primary healthcare services. She asked when the Administration would make improvements in these regards.

11. SFH responded that the Administration was well aware that bottlenecks did exist in the services of the public healthcare sector, and had been rolling out some new service arrangements recently to tackle the bottlenecks. A case in point was the provision of a subsidy to patients to undertake cataract surgeries in the private sector, which had successfully reduced the waiting time for such surgeries. Moreover, the Administration had embarked on a number of pilot programmes to try out new models for delivery of primary care services in collaboration with the private sector. Subject to the effectiveness of these programmes, consideration would be given to expanding their scope. SFH further reiterated that apart from implementing healthcare service reforms, it was also necessary to reform the current healthcare financing arrangements by introducing supplementary financing to provide a steady source of supplementary funding to fully carry out and sustain these reform initiatives. The Administration would put forward detailed proposals on both service reforms and supplementary financing arrangements to further consult the public during the next stage of the consultation.

12. Miss CHAN Yuen-han reiterated her view that the Administration should take prompt actions to reduce the long waiting time of public healthcare services and enhance the provision of primary care services before asking the public to contribute money to supplementary financing. Pointing out that staff costs accounted for some 80% of HA's total expenditure, Miss CHAN further said that the Administration should ensure that its additional funding to HA in the coming few years would be allocated primarily for service improvements in the aforesaid areas and not staff costs.

13. SFH responded that as the provision of healthcare services was labour intensive, requiring the input of many different medical and healthcare professionals, and healthcare manpower resources were costly, it was not surprising that staff costs accounted for a large share of HA's total expenditure. To ensure the appropriate use of resources and operational efficiency, HA was subject to stringent internal and external audit. SFH further said that he shared Miss CHAN's views on the need to enhance primary care and reduce the long waiting time of public hospital services. To achieve these ends, in addition to injecting more resources into the public healthcare sector in the next few years, the Administration would also reform the healthcare market structure to promote greater public-private partnership with a view to relieving the heavy demands on the public sector and making better use of the resources available in the community, thereby enhancing the overall cost-effectiveness in the provision of healthcare services.

14. Dr KWOK Ka-ki said that the Government's total healthcare expenditure as a percentage of the Gross Domestic Product (GDP) had been gradually declining over the past few years. Furthermore, despite the huge budget surplus, the Administration's funding allocation to HA in 2008-2009 had merely increased by

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\$780 million, representing less than 1% of the total budget surplus in the last financial year. He said that these statistics hardly tally with the Administration's claim that it was committed to increasing its funding support for healthcare services. He asked whether the Administration would undertake to increase its funding allocation to HA for service enhancement and improvement in the next financial year. He further asked whether the \$50 billion that the Financial Secretary (FS) had committed to be drawn from the fiscal reserve could be released immediately to assist the implementation of the service reforms.

15. In response, SFH reiterated that CE had pledged to increase the share of expenditure for health services in overall recurrent government expenditure from 15% to 17%. It was estimated that by 2011-2012, the annual recurrent health expenditure committed would be up to \$40 billion, representing an increase of about \$10 billion. The Administration believed that these additional resources would be able to cope with the growth in service needs in the coming few years and bring about improvements in existing services before putting in place any supplementary financing arrangements. As regards the \$50 billion committed by FS, SFH said that FS had already made it clear that such sum would be used for the purpose of kick-starting the supplementary financing arrangements after decision had been made in that regard, for instance by providing each participant in a contributory supplementary financing scheme with an individual start-up capital. SFH further said that if additional funding was required by HA for service enhancement or improvement, such request would be considered under the annual funding allocation exercise.

16. Mr LEUNG Kwok-hung criticised that instead of asking the rich and the high-income group to contribute more towards supplementary healthcare financing, the Administration had placed the burden of providing supplementary financing on the low- to middle-income groups. Mr LEUNG considered this unfair and ran counter to the public revenue principle of "the rich pays more and the poor pays less". Mr LEUNG also considered it unsatisfactory that the public was merely asked to contribute to supplementary financing but was not told what kind of healthcare protection they could get by contributing to a supplementary financing option. Mr LEUNG further sought information on the Government's overall healthcare expenditure as a percentage of GDP, and how it compared with that of other countries.

17. SFH advised that in 2004, Hong Kong's total health expenditure and public health expenditure as a share of GDP was 5.3% and 2.9% respectively. He referred members to Table D.2 in Appendix D to the Consultation Document for detailed information on comparison of healthcare expenditure and source of financing between Hong Kong and some selected economies.

18. Mr LEUNG Kwok-hung noted from Table D.2 in Appendix D to the Consultation Document that Hong Kong's total health expenditure and public health expenditure as a percentage of GDP were among the lowest in the selected economies listed in the table, and sought explanation for such.

19. Deputy Secretary for Food and Health (Health)2 (DSFH(H)2) responded that when comparing healthcare expenditure as a percentage of GDP among different economies, it was necessary to take into account differences in local circumstances such as tax regime and type of healthcare system. While Hong Kong's public health expenditure as a percentage of GDP was low as compared with the other selected economies listed in Table D.2, it should be pointed out that among the selected economies, Hong Kong had the lowest standard salary tax rate and was the only place which did not have sales tax. It was also noteworthy that, as shown in the last column of Table D.2, Hong Kong's public expenditure on healthcare as a percentage of total tax revenue was the third highest among the selected places, at 23.6%, meaning that with every \$100 tax revenue, \$23.6 was spent on public health expenditure. DSFH(H)2 further pointed out that experience in other countries such as the United Kingdom and Canada had shown that merely increasing public health expenditure would not necessarily eliminate service bottlenecks or waiting queues when the services were highly subsidized and charged at no or very low fees. It was equally important to ensure that the healthcare system was run in a cost-effective manner. To bring about sustainable improvements to the healthcare system, it was necessary to take forward reforms to the healthcare services, market structure as well as supplementary financing arrangements as an integrated whole.

20. Dr Fernando CHEUNG said that the low-income families were under immense financial pressure in face of rising inflation. He asked whether the Administration would undertake not to increase the fees and charges for public healthcare services before decision was made on supplementary financing arrangements.

21. SFH responded that the Consultation Document had listed increasing user fees for public healthcare services as one of the supplementary financing options. In his view, relying solely on a significant increase in fees for public health services could not resolve the financing problem completely and would not on its own bring about the necessary market structure reform. SFH further assured members that the Administration would not make any hasty decision on adjusting the fees and charges for public healthcare services when decision had yet to be taken on the blueprint for the healthcare reform.

22. Miss CHAN Yuen-han said that while many people agreed that there was a need to tackle the issue of supplementary financing for healthcare services, they did not support any one of the six supplementary financing options presented in

the Consultation Document which were considered to target at the middle class. There was also strong public sentiment that the Administration should implement the proposed service reforms before asking the public to contribute towards supplementary financing. In view of such and given that the consultation on supplementary financing would likely take a long time, Miss CHAN shared the view that the Administration should immediately release the \$50 billion committed by FS to enhance primary care services and relieve bottlenecks in public hospital services during the transitional period before the introduction of supplementary financing arrangements. Miss CHAN further said that the Administration should also give consideration to enhancing collaboration with non-governmental organisations (NGOs) in the provision of healthcare services to cope with the ever-rising service demand.

23. SFH assured that the Administration would take account of public views in taking forward the healthcare reform, which was the primary objective of conducting the consultation exercise. SFH reiterated that to effectively address the shortcomings in the existing healthcare system such as bottlenecks in services, the series of inter-connected reform proposals, including those relating to supplementary financing arrangements, had to be taken forward as a whole package rather than in a piecemeal manner. SFH further reiterated that the \$50 billion was for the implementation of supplementary financing and the Administration had already committed to providing additional resources to improve existing services in the coming few years. [Note: SFH left the meeting at this juncture owing to a prior engagement.]

24. DSFH(H)2 supplemented that the Administration was in unison with members on the need to implement service reforms to improve the quality of healthcare. However, in tandem with these service reforms must come a change in the financing arrangements to make the reform sustainable. As mentioned earlier at the meeting, the Administration would provide additional funding allocation to HA in the coming few years. However, the challenges faced by Hong Kong's healthcare system could not simply be resolved by a short-term increase in funding. A large surplus did not happen every year and past experience had shown that the financial situation of the Government changed according to the economy. A one-off budget surplus was not something that could be relied on to meet recurrent healthcare expenses. In addition to implementing service reforms, it was necessary to introduce supplementary financing to ensure that funding for healthcare would be stable and sustainable. DSFH(H)2 further pointed out that even after decision had been made on the supplementary financing arrangements to be adopted, it was estimated it would take at least five to eight years to implement the arrangements. In view of the long lead time required for implementation, it was important not to hold up discussions on supplementary financing so that the introduction of supplementary financing would not be delayed.

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25. Miss CHAN Yuen-han remained of the view that the Administration should immediately release the \$50 billion to implement the proposed service reforms. She further clarified that it was not her view that consultation on supplementary financing should be shelved. She was merely urging the Administration not to wait for the introduction of supplementary financing before implementing the service reforms.

Motion

26. Miss CHAN Yuen-han proposed to move the following motion -

"本委員會要求政府當局在醫療輔助融資安排尚未落實前，在未來過渡的七至八年間，把財政司司長承諾會從財政儲備撥出的五百億元，用作改善現有的'樽頸'服務，及加強基層醫療服務。"

(Translation)

"That this Panel requests the Administration to utilize the \$50 billion committed by the Financial Secretary from the fiscal reserve on improving the existing 'bottleneck' services and enhancing primary healthcare services during the next seven to eight years pending the implementation of supplementary healthcare financing arrangements."

27. The Chairman put the motion to vote. All members present voted in favour of the motion. The Chairman declared that the motion was carried.

28. DSFH(H)2 reiterated that the Administration was committed to improving the quality of healthcare services, as evidenced by CE's pledge to increase the recurrent funding for the public healthcare sector in the coming years. She further said that even if financial resources were available, manpower resources could not be made available overnight as medical and healthcare professionals took time to train. The Administration would actively work on measures to make the best use of available resources to achieve the best results, for instance by enhancing collaboration with the private sector and NGOs in the provision of healthcare services.

29. There being no other business, the meeting ended at 12:39 pm.