

立法會
Legislative Council

LC Paper No. CB(1)1001/08-09

Ref: CB1/PL/PS

**Panel on Public Service
Meeting on 16 March 2009**

**Background brief on
medical and dental benefits for civil servants**

Purpose

This paper provides background information on the government policy on provision of medical and dental benefits for civil servants and summarizes the major concerns expressed by the Panel on Public Service (the Panel) on the subject.

Background

2. Before the establishment of the Hospital Authority (HA), the Administration provided medical and dental benefits to civil service eligible persons through the facilities managed by the Department of Health (DH) and the then Hospital Services Department (HSD). When HA was established in late 1990, it took over the public hospitals and general out-patient clinics previously managed by HSD and DH in 1991 and 2003 respectively. The Administration considers it most appropriate and effective for HA to provide the relevant medical services for civil service eligible persons. The annual lump sum provision given by the Administration to HA has included the resources required for the provision of medical and dental benefits to civil service eligible persons. In 2007-2008, the cost of providing civil service medical and dental benefits by HA accounted for 7.1% of the government subvention to HA.

Service providers

3. At present, HA is the major medical service provider to civil service eligible persons through its network of general outpatient clinics, specialist outpatient clinics and hospitals throughout the territory. A small part of the medical services is met through DH's 34 dental clinics and three general clinics reserved for the exclusive use of civil service eligible persons, and also other DH clinics providing social hygiene services and elderly services which are also open to the public, as well as through the

reimbursement arrangement detailed in paragraph 6 below.

Scope of benefits

4. The Civil Service Regulations (CSRs) stipulate that as an employer, the Government will make every endeavour to give civil service eligible persons the “best available medical attendance and treatment”. The scope of civil service medical and dental benefits is set out in the relevant CSRs, Civil Service Bureau (CSB) Circulars and Circular Memoranda. These provisions form part of the terms and conditions of employment of civil servants.

5. Under the existing policy, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in CSRs, civil service eligible persons (i.e. serving / retired civil servants, their eligible dependants and other eligible persons)¹ are entitled to free medical treatment and medical services, X-ray examinations and medicines, but only when these benefits are provided by DH or the medical facilities of HA. In general, civil servants, irrespective of ranks and grades, are entitled to the same level of medical benefits.

Reimbursement arrangement

6. Under the existing policy, civil service eligible persons may apply to the Administration for reimbursement of expenses on drugs or equipment or other treatment services which form an essential part of the medical treatment as prescribed and certified by the attending HA doctors on medical grounds, and such items are not available in HA hospitals or clinics or are chargeable by HA. This arrangement enables civil service eligible persons to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in HA’s Drug Formulary.

Communication forum

7. In 1979, CSB established the Standing Committee on Medical and Dental Facilities for Civil Servants (SCMDF) which provides a forum to discuss matters on civil service medical and dental benefits. SCMDF comprises membership from the official sides and the staff sides. Official members include representatives from CSB, the Food and Health Bureau, HA and DH. Members from the staff sides include representatives from the staff sides of the four Central Consultative Councils.

¹ Civil servants appointed on or after 1 June 2000 on new items (and their eligible dependants) will cease to enjoy civil service medical benefits once they leave the service. The only exception is those officers on new terms whose service is terminated as a result of injury on duty or occupational disease.

Discussions by the Panel on Public Service

8. When the Panel discussed “medical benefits for serving civil servants, retired civil servants and eligible dependants” on 19 May 2008, Hon WONG Kwok-hing requested the Administration to provide assistance to those civil servants and their eligible dependants, especially those suffering from chronic diseases, who had difficulties in paying for drugs classified as patient self-financed items in the Drug Formulary.

9. The Administration pointed out that the reimbursement arrangement had been introduced to ease the financial burden of civil servants concerned. Moreover, the manpower resources in DH had been enhanced in the past two years to expedite processing of the reimbursement applications. Arrangements had also been made for the Administration to directly pay to HA for certain drugs/equipment/services required by civil service eligible persons, without requiring the latter to make any upfront payment for these items first. At present, about one-third of the total reimbursement claims could be settled through direct payment.

10. The Administration informed members that it was also exploring with HA the feasibility of automating the direct payment of medical expenses with a view to extending the direct payment arrangement to all self-financed items in HA facilities. DH and HA would need to conduct a comprehensive review and re-engineer the relevant administrative procedures and workflow, as well as to implement system development and integration of the computer systems of the Administration and HA. Prior to automation, the Administration would expand the scope of the direct payment arrangement, and priority was to extend direct payment to cancer drugs, as they were the most expensive drug items and constituted a significant proportion of the self-financed drugs purchased from HA.

11. Some members asked what possible changes might be brought by the public healthcare reform to the civil service medical benefits scheme, such as replacing it with a mandatory medical insurance system. The Administration responded that it had no preconceived position and the views of the staff sides and retiree associations on the matter would be sought in the public consultation on the healthcare reform.

Latest developments

12. The Police Force Council Staff Associations (PFC SA) wrote to the Secretary for Civil Service on 24 September 2008 expressing dissatisfaction with the failure of HA to meet the medical service needs of police officers and their families, and suggesting that the funding allocation to HA for the provision of civil service medical benefits should not have been included in the annual lump sum provision given by the Government to HA but should be kept under a separate account to facilitate the monitoring of the relevant funding allocation. The PFC SA's letter (LC Paper No.

CB(1)2329/07-08(01)) and the Administration's reply letter dated 8 October 2008 (LC Paper No. CB(1)57/08-09(01)) have been copied to the Panel for reference.

13. At the Panel meeting on 14 October 2008, Hon Mrs Regina IP raised that the staff sides had expressed dissatisfaction with the general difficulties encountered in seeking medical consultation and treatment provided under the existing system of provision of civil service medical and dental benefits. The Panel decided to discuss the matter at its meeting scheduled for 16 March 2009 with the Administration and deputations from civil service organizations.

14. Two Legislative Council questions on the subject were raised by Hon Mrs Regina IP and Dr Hon LEUNG Ka-lau at the Council meetings on 4 and 11 February 2009 respectively. The questions and the Administration's replies are attached in **Appendix I**.

Relevant papers

15. A list of relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
13 March 2009

LCQ2: Medical benefits for civil service eligible persons

Following is a question by Dr Hon Leung Ka-lau and an oral reply by the Secretary for the Civil Service, Miss Denise Yue, in the Legislative Council today (February 11):

Question:

At present, the Government provides medical benefits to civil servants, retired civil servants, and their eligible dependants (civil service medical benefits) and the Hospital Authority (HA) is the major service provider. In this connection, will the Government inform this Council:

(a) whether it knows the numbers of "in-patient days", "discharges and deaths", "accident and emergency services attendances", "specialist out-patient (clinical) attendances" and "general out-patient attendances" in respect of the above persons who used HA's services in each of the past three years, as well as the respective percentages of such numbers in the relevant totals; based on the "unit costs" referred to in HA's Annual Report, of the total costs for the provision of civil service medical benefits by HA in the past three years; and in order to provide services to the above persons, the resultant increase in the average number of days that new cases of the out-patient clinics of each specialty have to wait at present;

(b) given that HA's main service target is the public, of the reasons and justifications for the Government to shift to HA its responsibility, as the employer, to provide medical benefits to its employees; and

(c) whether it has any plan to purchase private medical services and medical insurance to substitute the services provided by HA, with a view to providing better civil service medical benefits and addressing the problem of imbalance between the public and private health sectors?

Reply:

President,

Regarding part (a) of the question, based on the information provided by the Hospital Authority (HA), a breakdown of the number of attendances and the percentage of civil service eligible persons using HA services against the total number of persons using such services in each of the past three financial years is at Annex 1. The cost of medical services provided for civil service eligible persons by HA in each of the past three financial years is set out at Annex 2.

Currently, according to the triage system under HA, specialist out-patient (SOP) clinics will determine the urgency of the clinical conditions of new SOP patients based on various factors including the patients' clinical history, the presenting symptoms, and the findings of physical examinations and investigations before arranging the dates of medical appointment. The status of a patient is not a factor of consideration. The dates of medical appointment for serving / retired civil servants and their eligible dependants, like that for all other members of the public, are arranged according to the triage system for new SOP cases. Therefore, the waiting time for SOP patients will not be prolonged or shortened due to HA's

provision of medical services for civil service eligible persons.

Regarding part (b) of the question, before HA was established, the Government provided medical and dental benefits to civil service eligible persons through the facilities managed by the Department of Health (DH) and the then Hospital Services Department (HSD). When HA was established in late 1990 and took over the public hospitals and general out-patient clinics previously managed by HSD and DH in 1991 and 2003 respectively, the Government considered it most appropriate and effective for HA to provide the relevant medical services for the civil service eligible persons. The annual lump sum provision given by the Government to HA has included the resources required for the provision of medical benefits to civil service eligible persons.

Regarding part (c) of the question, the Government (as an employer) is committed to honouring its employment contractual obligation of providing medical and dental benefits to civil service eligible persons. Through the Standing Committee on Medical and Dental Facilities for Civil Servants (SCMDF), the Government discusses with the staff sides various feasible measures regarding civil service medical benefits. Besides, taking the opportunity of the release of the consultation document on healthcare reform by the Food and Health Bureau (FHB) in mid-March last year, we issued letters to invite civil service staff bodies to express their views, in particular on how we could leverage the possible reforms to the public healthcare system to improve the provision of medical benefits to civil service eligible persons.

At present, the Government does not have any plan to purchase private medical services and medical insurance for civil service eligible persons to substitute the services provided by HA. We will continue to discuss with the staff sides through the SCMDF all feasible proposals that can improve the medical benefits for civil service eligible persons. In considering any improvement proposals, we will weigh up the Government's financial capability, cost-effectiveness of the proposals and the views of the staff sides.

As regards addressing the problem of imbalance between the public and private health sectors, I understand this is one of the objectives of FHB in launching its consultation on healthcare reform, which is to optimise the use of public and private resources to ensure sustainability of the overall healthcare system and pave the way for improved quality and efficient healthcare services in both the public and private sectors.

Thank you, President.

Ends/Wednesday, February 11, 2009
Issued at HKT 12:48

NNNN

Annex 1

A breakdown of the number of attendances and the percentage of civil service eligible persons using HA services concerned¹ against the total number of persons using such services from 2005-06 to 2007-08

	Total	Civil service eligible persons	%	Total	Civil service eligible persons	%	Total	Civil service eligible persons	%
	2005/06			2006/07			2007/08		
In-patient days	7,209,732	311,102	4.32%	7,126,390	317,226	4.45%	7,153,036	327,416	4.58%
In-patient discharges and deaths ²	1,125,265	73,282	6.51%	1,155,224	74,860	6.48%	1,224,643	79,571	6.50%
Accident and emergency services attendances	2,019,451	142,765	7.07%	2,052,774	142,791	6.96%	2,087,902	141,848	6.79%
Out-patient attendances for all specialties	6,018,338	594,008	9.87%	6,005,257	590,955	9.84%	6,117,618	596,794	9.76%
General out-patient attendances	5,179,203	665,883	12.86%	4,842,247	666,129	13.76 %	4,841,927	685,414	14.16%

¹ The figures are consolidated based on the categories given in HA's Annual Report.

² The figures include attendances for inpatient and day care services.

**The costs of medical services provided to
civil service eligible persons by HA
from 2005-06 to 2007-08**

	2005-06 (\$ billion)	2006-07 (\$ billion)	2007-08 (\$ billion)
The costs of medical services provided to civil service eligible persons by HA	1.8590	1.9990	2.1076

Note : The “unit costs” in HA’s Annual Report refers to the total costs for the provision of various services. The above costs for the provision of medical services to civil service eligible persons by HA are calculated on the basis of the actual number of attendances of civil service eligible persons using paid HA services and the relevant cash cost.

Press Releases

LCQ2: Medical and dental benefits for civil service eligible persons

Following is a question by the Hon Mrs Regina Ip Lau Suk-ye and an oral reply by the Secretary for the Civil Service, Miss Denise Yue, in the Legislative Council today (February 4):

Question:

The Civil Service Regulations stipulate that as the employer, the Government will make every endeavour to give civil servants, retired civil servants, and their eligible dependants "the best available medical attendance and treatment" (civil service medical benefits), including services of the Hospital Authority (HA). Yet, a number of civil servant organisations have relayed to me that there is a huge gap between the actual situation and the Government's pledge, and encountering difficulties in seeking medical consultation and obtaining drugs is a common phenomenon. For example, there is an acute shortage of the services provided by families clinics, rendering it very difficult to book consultation slots; the waiting time for specialist out-patient services is too long; potent but expensive drugs with little side effect have to be purchased at the patient's own expenses; and the procedure for claiming reimbursement of medical expenses are complicated. In this connection, will the Government inform this Council:

(a) of the expenditure on civil service medical benefits and the year-on-year percentage changes in each of the past five financial years;

(b) of the amount and percentage of the provision for HA in 2007-2008 allocated for providing civil service medical benefits, and the basis used by the authorities in determining the amount; and

(c) as the healthcare reform consultation document did not mention civil service medical benefits, when and how the Government plans to commence the relevant consultation, and what specific new measures are in place to improve civil service medical benefits?

Reply:

President,

Before giving a reply to the Hon Mrs Regina Ip's question, I would like to explain the medical and dental benefits enjoyed by civil service eligible persons.

Under the existing policy, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in the Civil Service Regulations, civil service eligible persons (i.e. serving / retired civil servants, their eligible dependants and other eligible persons) are entitled to free medical treatment and medical services, X-ray examinations and medicines, but only when these benefits are provided by the Government's Department of Health (DH) or the medical facilities of the Hospital Authority (HA). Every endeavour will be made to give civil service eligible persons the best available medical attendance and treatment through these medical facilities, but the medical officer in charge of the case has sole discretion as to the nature and the amount of treatment provided.

Apart from medical treatment, if the attending HA doctor certifies that the prescribed drugs or equipment or other treatment are necessary for the patient on medical grounds, and such items are not available in HA or are chargeable by HA, civil service eligible persons may apply to the Government for reimbursement of the concerned expenses. This arrangement enables civil service eligible persons to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in HA's Drug Formulary.

The provision of medical and dental benefits forms part of the employment contract between the Government (as employer) and civil servants (as employees). The Government is committed to honouring its contractual obligation through the facilities of DH and HA. Since 1979, the Civil Service Bureau (CSB) has established the Standing Committee on Medical and Dental Facilities for Civil Servants (SCMDF) which provides a useful forum to discuss with the staff sides matters regarding the provision of medical and dental benefits for civil servants. The SCMDF comprises membership from the official sides and the staff sides. Official members include representatives from CSB, Food and Health Bureau (FHB), HA and DH. Members from the staff sides include representatives from the staff sides of the four Central Consultative Councils. The SCMDF meets regularly. At Members' request, we have already arranged to increase the frequency of the SCMDF meetings from half-yearly to quarterly to facilitate Members to discuss important issues promptly.

We understand the concerns of civil service organisations over the provision of medical and dental services to civil service eligible persons. Given the size of the pool of civil service eligible persons and the ageing population, there will inevitably be a growing demand for medical and dental services. Medical and dental staff of HA and DH will accord priority to urgent cases having regard to the condition of individual patients. Service is also provided to patients through a booking arrangement.

Regarding Part I of the question, the annual cost of civil service medical and dental benefits provided by the Government through HA and DH and the year-on-year percentage changes in each of the past five financial years are provided at Annex.

Regarding Part II of the question, the annual subvention given by the Government to HA is a lump sum provision, in which the resources required for the provision of medical benefits to civil service eligible persons have been included. The Government does not have a separate annual provision for HA for civil service medical benefits. The total cost spent by HA on the civil service medical benefits each year can only be calculated on the basis of the unit cost and attendances by civil service eligible persons using HA services in that financial year. On this basis, in 2007-08, the cost of providing civil service medical benefits by HA accounted for 7.1% of the Government subvention to HA.

Regarding Part III of the question, FHB released the healthcare reform consultation document in mid-March last year and launched its first stage public consultation exercise, the purpose of which is to reach a consensus in the community on the reform of medical services and the financing arrangements of the existing healthcare system, so as to ensure the sustainability of the healthcare system in both the private and public sectors as a whole, cope with the challenges posed by the ageing population, improve the level of medical services, and continue to provide quality medical services to the public. The consultation period ended in mid-June last year. FHB released

the report on the first stage public consultation on healthcare reform at the end of last year, and plans to proceed to the second stage of public consultation in the first half of this year.

At the same time, we note that the healthcare reform may bring possible changes to the provision of services by medical institutions in the public sector, including those provided by HA, which may have impact on the medical benefits provided by the Government as an employer to civil service eligible persons. Hence, when the first stage public consultation paper on healthcare reform was released, we had issued letters to the staff sides of the four Central Consultative Councils and retiree associations and invited them to examine the proposals in the document, in particular how we could leverage the possible changes to the public healthcare system to improve the provision of medical benefits to civil service eligible persons.

During the first stage of the public consultation exercise, we received views from individual retired civil servants, retiree associations, staff associations and the staff sides of the Central Consultative Councils. Views relating to the healthcare reform consultation document and the administration of HA have been forward to FHB for consideration. When FHB commences the second stage public consultation on healthcare reform, we will consult the staff sides and retiree associations as in the past.

As regards specific measures to improve civil service medical benefits, we have sought additional funding in this financial year to meet the rising expenses of reimbursing civil service eligible persons for medical expenses that are necessary for their medical treatment, to meet the additional costs arising from the participation of civil service eligible persons in the public-private partnership programmes launched by HA, and to improve the dental service provided by DH for civil service eligible persons. In the near future, we plan to improve the service capacity of the Families Clinics and dental clinics under the management of DH, and to extend the direct payment arrangement to cover cancer drugs supplied by HA. We will continue to discuss with the staff sides on matters relating to civil service medical and dental benefits through the SCMDF.

Thank you, President.

Ends/Wednesday, February 4, 2009
Issued at HKT 13:10

NNNN

**Costs of civil service medical benefits
and the year-on-year percentage changes
between 2003-04 and 2007-08**

	2003-04 (\$Billion)	2004-05 (\$Billion)	2005-06 (\$Billion)	2006-07 (\$Billion)	2007-08 (\$Billion)
Hospital Authority	1.8850	1.8280	1.8590	1.9990	2.1076
Department of Health	0.4699	0.4378	0.4550	0.4844	0.5288
Total costs	2.3549	2.2658 (-3.8%)	2.3140 (+2.1%)	2.4834 (+7.3%)	2.6364 (+6.2%)

() Numbers in brackets denote percentage changes

Employment of medical and dental benefits for civil servants

List of relevant papers

Date of meeting	Committee	Minutes/ Paper	LC Paper No.
19.5.2009	Panel on Public Service	<p>Administration's paper on medical benefits for serving civil servant, retired civil servants and eligible dependants</p> <p>Administration's paper on civil service medical benefits</p> <p>Minutes of meeting</p>	<p>CB(1)1476/07-08(03)</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0519cb1-1476-3-e.pdf</p> <p>CB(1)2056/07-08(01)</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0519cb1-2056-1-e.pdf</p> <p>CB(1)1827/07-08</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/minutes/ps080519.pdf</p>