

**Speaking Note for Secretary for Food and Health
at the Special Meeting of the Finance Committee
on 24 March 2010**

Health

Madam Chairman and Honorable Members,

Recurrent government expenditure on health in 2010-11 is \$36.9 billion, which amounts to 16.1% of the overall recurrent government expenditure, representing an increase of more than \$1.5 billion over that of 2009-10. Recurrent health expenditure of the Government has increased by a total of \$6.4 billion or more than 20% since 2007-08. The Government will continue to improve and increase the funding for its health services. By 2012, the recurrent expenditure on health will increase to 17% of the overall recurrent government expenditure.

2. Here below I shall give a brief account of the main uses of this year's additional resources as well as our healthcare reform and tobacco control.

Public Healthcare Services

3. First on the main uses of the additional resources.

4. The financial provision for the Hospital Authority (HA) in 2010-11 is estimated at \$34.1 billion, representing an increase of about \$1.4 billion or 4.3% over that for last year. The additional provision allocated to the HA will be used for implementation of a series of improvement schemes, which include the following major items:

- (1) the number of drugs in the Drug Formulary to be increased with 38 200 patients expected to be benefited each year;
- (2) the training for nurses to be strengthened with the number of nurse graduates estimated to be increased to 1 400 in 2010, an increase of 40% over 2009;
- (3) the number of cataract surgeries to be increased to benefit 8 500 patients;
- (4) establishment of a specialist centre for joint replacement to take care of 750 more patients each year, an increase of 40% in comparison with last year;
- (5) haemodialysis services to be strengthened for renal patients;
- (6) a case management programme on cancer treatment to be introduced for 1 100 patients; and
- (7) mental health services to be strengthened with the provision of a case management programme for 5 000 patients with severe mental illness and a personalised care programme for 7 000 patients with common mental disorders.

5. In the area of public health, the Government will allocate \$42 million to step up the inspection of drug manufacturers, conduct more random tests on drugs in the market and expedite the processing of applications for drug registration. In addition, the Government will also spend \$36 million for developing safety standards for about 200 Chinese herbal medicines.

Healthcare Reform

6. Now I turn to healthcare reform, which involves service reform and financing reform.

Primary Care

7. Various service reforms are already being implemented, with reform of primary care being a key focus. Since last year the Government has implemented a series of pilot programmes to enhance primary care in collaboration with the HA. Over the next three years, we will allocate some \$600 million for expansion of these programmes. We will also set up a dedicated office to co-ordinate the overall development of primary care as well as the implementation of various improvement measures.

8. Meanwhile, we also plan to complete a report on the long-term development strategy of primary care and make public within this year. The strategic directions for development include the development of a primary care service model with an emphasis on preventive care, establishment of a primary

care directory, as well as setting up community health centres or networks on a trial basis.

Healthcare Financing Reform

9. The issue of healthcare financing is a matter of public concern. We are now devising a supplementary healthcare financing scheme, under which members of the public who can afford will have the choice to participate in a health insurance cum medical saving scheme. The details of the scheme are still being worked out, but our proposals will be based on the following broad principles —

- (1) As indicated in the Policy Address, the scheme will be operated on the basis of voluntary participation instead of being a mandatory one;
- (2) Basic terms of the insurance cum saving scheme will be set out and standardized by the Government in order to ensure that the interest of members of the public is adequately safeguarded. We encourage the insurance industry to participate, though the Government may need to consider setting up the health insurance as a public one if necessary;
- (3) We will consider how to use the \$50 billion earmarked by the Government in the fiscal reserve for implementing the healthcare financing reform to encourage public participation in the scheme;
- (4) The Government's commitment to healthcare services would not be reduced as a result of the scheme, but the scheme can redress the imbalance between the public and private healthcare sectors and be

conducive to the healthy development of our healthcare system in the long term; and

- (5) The scheme can benefit all strata of the community. People with greater affordability can participate in the scheme directly, allowing the public healthcare system to have greater capacity to take better care of lower income families.

10. The public consultation is planned to be conducted in the latter half of this year.

Tobacco Control Policy

11. Finally I turn to tobacco control. This year's Budget proposed to abolish the duty-free concessions on tobacco products for incoming passengers. The implementation of this proposal requires legislative procedures and is expected to take effect in the third quarter of this year the soonest. In the coming year, I shall closely monitor the effectiveness of various tobacco control measures, and consider making a proposal to the Financial Secretary to increase Hong Kong's tobacco duty in the coming year. At the same time, we will step up our efforts in enforcement and publicity on tobacco control. The annual funding allocated to the Tobacco Control Office under the Department of Health will be increased by 40% to \$87 million this year.

12. Madam Chairman, my colleagues and I are now happy to answer questions from Members.