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**Panel on Public Service
Meeting on 19 April 2010**

**Background brief on
medical and dental benefits for civil service eligible persons**

Purpose

This paper provides background information on the government policy on the provision of medical and dental benefits for civil service eligible persons (hereafter referred to as "civil service medical benefits"). It also 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 civil service medical benefits 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 outpatient clinics previously managed by HSD and DH in 1991 and 2003 respectively. The Administration considers it most appropriate and effective for HA to provide civil service medical benefits. The annual lump sum provision given by the Administration to HA has included the resources required for the provision of civil service medical benefits. In 2007-2008, the cost of providing civil service medical 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 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 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.

Discussions by the Panel on Public Service

8. The Panel discussed the provision of civil service medical benefits with the Administration at its meeting on 19 May 2008. The Panel further discussed the subject at its meeting on 16 March 2009 with the Administration and deputations from civil

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.

service organizations. The major concerns expressed by the Panel on the subject are set out below.

Reimbursing medical expenses

9. When the Panel discussed "medical benefits for serving civil servants, retired civil servants and eligible dependants" on 19 May 2008, members requested the Administration to provide adequate 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.

10. 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 recent years to expedite processing of the reimbursement applications. Arrangements had 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 the Panel meeting on 16 March 2009, the Administration further advised that for the reimbursement of medical expenses, the amount of total reimbursement was expected to increase by \$33.4 million to \$158.3 million by 31 March 2009. In 2009-2010, the Administration would further increase the provision for reimbursement of medical expenses by \$60.9 million to \$219.2 million to meet the anticipated increase in applications from civil service eligible persons.

Automating direct payment of medical expenses

11. At the Panel meeting on 19 May 2008, the Administration informed members that it was 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. At the Panel meeting on 16 March 2009, the Administration informed the Panel that the direct payment arrangement for cancer drugs provided by HA would be implemented in the first half of 2009. When this was implemented, over 70% of the current reimbursement expenditure would be covered by the direct payment arrangement.

Long waiting time and exclusion of Chinese medicine from the scope of civil service medical benefits

12. At its meeting on 16 March 2009, the Panel met representatives of six civil service staff unions/associations, which submitted views on the general difficulties encountered by civil service eligible persons in seeking medical consultation and treatment under the existing system. They cited examples of cases in which civil servants concerned had not been given timely and appropriate specialist treatment, difficulty to book consultation slots due to shortage of services provided by Families Clinics, and long waiting time for dental service which could span one and a half years. They called on the Administration to improve the current medical benefit provision by separating the provision of civil service medical benefits from the public healthcare system. They further suggested that the Administration should explore implementing measures such as taking out medical insurance, or providing dedicated clinics for the use of civil service eligible persons without being subject to any quota or the Drug Formulary. They also requested inclusion of Chinese medicine within the scope of civil service medical benefits.

13. Some Panel members expressed support for the staff sides' proposals and considered that separating the provision of civil service medical benefits from the public healthcare system could allow the latter to better serve the general public. These members queried whether the Government had fulfilled its obligation to provide the "best available medical attendance and treatment", as stipulated in the relevant CSRs, for civil service eligible persons since the medical service they received was generally no different from that received by the general public in terms of quality and standard.

14. The Administration advised that it would improve the provision of civil service medical benefits by DH and HA by taking the following measures -

- (a) the Administration had put aside funding in 2009-2010 for the opening of one more Families Clinic with six consultation rooms in the New Territories, and for adding two consultation rooms to the existing Chai Wan Families Clinic, thus increasing the total number of Families Clinics from three to four, and that of consultation rooms from 20 to 28 in due course;
- (b) for dental service, two additional orthodontic surgeries would be established in 2008-2009 to increase their number to 13. If the Legislative Council approved the expenditure estimates for 2009-2010, the number of surgeries in the general dental clinics would be increased from 175 to 186 in 2009-2010. It was hoped that with these enhanced facilities, the general waiting time at DH dental clinics would be reduced to less than 12 months;

- (c) on the waiting time for specialist service and scanning services, the Administration was exploring with HA the possibility of shortening the waiting time by purchasing more equipment or increasing service sessions; and
- (d) extending direct payment arrangement to cover cancer drugs classified as self-financed items in the Drug Formulary from mid-2009 onwards.

15. Concerning the comments on whether the Government was, according to CSRs, providing "the best available medical attendance and treatment" to civil servants, the Administration pointed out that CSR 902, in fact, provided that the treatment provided to an eligible person and his family would be dictated by the medical necessity of the case. Although every endeavour would be made to give officers and their families the best available medical attendance and treatment, the medical officer in charge of the case had sole discretion as to the amount and the nature of treatment provided.

16. As regards the request for including Chinese medicine within the scope of civil service medical benefits, the Administration explained that the Chinese medicine clinics (CMCs) under HA were operated under a tripartite model under which HA collaborated with a non-governmental organization and a local university for each CMC. As they were research-oriented and operated on a self-financing basis, the service they provided could not be regarded as a standard general outpatient service of HA.

17. At the meeting on 16 March 2009, the Panel passed the following motion -

"That this Panel urges the Government to expeditiously improve the existing medical services for civil servants by -

- (a) providing Chinese medicine treatment and services to civil servants; and
- (b) exploring the provision of medical benefits to civil servants by other better means such as taking out medical insurance, so as to allow the public healthcare system to better serve the general public."

The Panel requested the Administration to follow up and report any further improvements proposed to be made to the provision of civil service medical benefits in the next legislative session.

Latest developments

18. The Administration has proposed to brief the Panel on the latest developments in improving the provision of civil service medical benefits at the meeting on 19 April 2010.

Relevant papers

19. A list of relevant papers is in **Appendix**.

Council Business Division 1
Legislative Council Secretariat
13 April 2010

Medical and dental benefits for civil service eligible persons

List of relevant papers

Date of meeting of Panel on Public Service	Minutes / Paper	LC Paper No.
19.5.2008	<p>Administration's paper on medical benefits for serving civil servants, 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>
16.3.2009	<p>Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants</p> <p>Minutes of meeting</p>	<p>CB(1)978/08-09(04)</p> <p>http://www.legco.gov.hk/yr08-09/english/panels/ps/papers/ps0316cb1-978-4-e.pdf</p> <p>CB(1)1977/08-09</p> <p>http://www.legco.gov.hk/yr08-09/english/panels/ps/minutes/ps20090316.pdf</p>