

**For information on
19 April 2010**

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

**MEDICAL AND DENTAL BENEFITS FOR
SERVING CIVIL SERVANTS, PENSIONERS
AND ELIGIBLE DEPENDANTS**

PURPOSE

This paper updates Members on the provision of medical and dental benefits to civil service eligible persons¹ (hereafter referred to as “civil service medical benefits”).

BACKGROUND

2. The Government, as the employer, has a contractual obligation to provide civil service medical benefits to civil service eligible persons. The scope of such benefits is set out in the relevant Civil Service Regulations (CSRs), Civil Service Bureau Circulars and Circular Memoranda. These provisions form part of the terms and conditions of employment of civil servants.

¹ Civil service eligible persons consist of:

- (a) monthly paid civil servants and their eligible dependants;
- (b) retired civil servants living in Hong Kong and in receipt of a pension or an annual allowance and their eligible dependants living in Hong Kong;
- (c) eligible dependants of civil servants killed on duty and living in Hong Kong;
- (d) eligible dependants living in Hong Kong and in receipt of a pension under the Widows and Orphans Pension Scheme or the Surviving Spouses' and Children's Pension Scheme following the death of civil servants while in service or after retirement; and
- (e) other persons who are eligible for civil service medical benefits by way of their terms of appointment.

Civil servants appointed on or after 1 June 2000 on new terms are eligible for civil service medical and dental benefits while in service. As these civil servants are covered by the Mandatory Provident Fund Scheme or the Civil Service Provident Fund Scheme, they are not eligible for pension benefits and would thus cease to enjoy civil service medical and dental benefits once they leave the civil service. The only exception is those civil servants on new terms whose service is terminated as a result of injury on duty or occupational disease. They will continue to be eligible for civil service medical and dental benefits (in addition to incapacity benefits) after they leave the service and until they die.

3. Civil service eligible persons are entitled to medical treatment and services that are provided by the Department of Health (DH) or the Hospital Authority (HA) free of charge, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in the CSRs². They may also apply to DH for reimbursement of medical expenses if the attending HA doctor certifies that the drugs / equipment / services concerned are prescribed in accordance with the medical necessity of the patient and are chargeable by HA or not available in HA³. In general, civil servants, irrespective of ranks and grades, are entitled to the same level of medical benefits⁴.

IMPROVEMENT MEASURES

4. In the past few years, we have continued to work closely with DH and HA and implemented a number of measures to improve civil service medical benefits. These include expanding the capacity of DH's dental clinics, increasing the financial provision for reimbursement of medical expenses, and implementing an on-line eligibility checking system to replace the paper-based eligibility checking at DH and HA facilities for civil service eligible persons.

(A) Improvement measures implemented in 2009-10

5. Since we last briefed Members at the Panel meeting on 16 March 2009, we have implemented the improvement measures set out in paragraphs 6 to 11 below in 2009-2010.

(i) *Reimbursement of medical expenses*

6. To meet the anticipated increase in applications from civil service eligible persons, the provision for reimbursement of medical expenses has been increased to \$219.2 million in 2009-10, representing an increase of 27.7% as compared with the actual expenditure of \$171.6 million in 2008-09. The approved provision has been fully utilised by 31 March 2010.

² CSR Annex 6.1 sets out the hospital maintenance fees applicable to all civil service eligible persons. CSR Annex 6.2 sets out the schedule of charges for dentures, dental appliances and other restorations in accordance with a civil servant's monthly salary at specified Master Pay Scale (MPS) pay points or equivalent. For pensioners, their monthly pension will be benchmarked against the MPS pay points for determining the applicable level of charges.

³ Similar reimbursement arrangement also applies to drugs prescribed by the attending doctor of DH's families clinics which form an essential part of the medical treatment to the patient on medical ground but not available in DH's dispensaries.

⁴ The only exception is that civil servants at and above D3 level (or equivalent) are eligible to receive an annual medical examination for themselves only at designated clinics of DH.

7. We have also implemented the direct payment arrangement for certain medical items and treatment. Under this arrangement, HA will purchase the required items on behalf of the patient and DH will settle the payment with HA direct. We have further extended the direct payment arrangement to cancer drugs provided by HA since April 2009. Cancer drugs are generally quite expensive and accounted for 37% of the total reimbursement expenditure in 2008-09. The implementation of the direct payment of cancer drugs has greatly helped alleviate the cash flow problems for some civil servants and pensioners as they would not have to pay for the drug expenses first and seek reimbursement later. Upon implementation of this initiative, around 63% of the current reimbursement expenditure could be covered by the direct payment arrangement. In addition, we have streamlined the administrative procedures and brought greater convenience to civil service eligible persons by waiving the medical certification requirement for cancer drugs obtained from HA.

8. For the first nine months of fiscal year 2009-10, DH has processed 23 278 applications for reimbursement of medical expenses from civil service eligible persons, amounting to \$154 million. Amongst the reimbursement items, the major items were drugs, medical equipment and services. They accounted for 67%, 24% and 5% of the total reimbursement expenditure respectively.

(ii) Dental service

9. We have earmarked additional provision to open eleven additional dental surgeries in 2009-10 to cope with the increasing demand from civil service eligible persons for dental services. Four of them have commenced operation, and have brought about an increase of 7,000 service hours annually, representing an increase of 2.2% of the service capacity as compared with that of 2008-09. The remaining seven additional surgeries will commence operation by phases upon completion of the necessary building and refurbishment works. When all the additional surgeries are in place, the service capacity will increase by 19 250 service hours annually, representing an increase of about 6.1% of the service capacity of 2008-09.

(iii) Families clinics

10. With the completion of the in-situ expansion of the Hong Kong Families Clinic, the number of consultation rooms therein has increased from six to eight with effect from 22 February 2010. In addition, DH has opened a fourth Families Clinic in Kwai Chung, which has commenced partial operation from 1 March 2010. Upon its full operation, the service capacity of DH's families clinics will be increased by 40%.

(iv) Enhancement of diagnostic services

11. In collaboration with HA, we have implemented a new initiative aimed to enhance diagnostic services for civil service eligible persons. With effect from 11 January 2010, extra sessions of Computed Tomography (CT), Magnetic Resonance Imaging (MRI) and ultrasound scanning services have been allocated to civil service eligible persons at specified diagnostic centres, on top of the existing diagnostic services available at HA facilities. The new measure will significantly improve the waiting time of civil service eligible persons for the concerned diagnostic services without affecting the services provided to the public. Based on the first two months of actual operational experience, the average waiting time for CT, MRI and ultrasound services in respect of those civil service eligible persons who have used the new services has improved by 184 days, 314 days, and 184 days respectively. We will continue to monitor the utilisation of the extra services.

(B) Improvement measures to be implemented in 2010-11

12. Subject to approval of the 2010-11 Draft Estimates of Expenditure by the Legislative Council, we will continue to improve the provision of civil service medical benefits further in 2010-11 as follows –

- (a) increase the provision for reimbursement of medical expenses from \$219.2 million in 2009-10 to \$335.4 million in 2010-11 to meet the anticipated increase in applications from civil service eligible persons. This represents an increase of 53%;
- (b) strengthen the administrative and accounting support in the provision of dental services and in processing payment and reimbursement of medical fees and hospital charges;
- (c) enhance specialised dental service by adding three orthodontic surgeries. This will increase the capacity of service by 26%;
- (d) continue to explore with HA measures to further enhance CT, MRI and ultrasound scanning services provided to civil service eligible persons; and
- (e) explore with HA ways to improve specialist out-patient clinic services for civil service eligible persons.

13. The estimated provision in 2010-11 for civil service medical benefits under DH's purview, including additional provision for items (a) to (c) above, has been increased to \$823.5 million, which is 21.6% higher than the 2009-10 revised estimate (\$677.2 million).

WAY FORWARD

14. We will continue to monitor the implementation of the improvement measures set out above and continue the ongoing discussions with HA. In considering any improvement proposal, we will take into account the Government's financial capability, cost-effectiveness of the proposal and the views of the staff sides.

15. Members are invited to note the contents of this paper.

Civil Service Bureau
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