

ITEM FOR FINANCE COMMITTEE

HEAD 170 – SOCIAL WELFARE DEPARTMENT

Subhead 700 General non-recurrent

Item 530 Trust Fund for Severe Acute Respiratory Syndrome

Members are invited to approve an increase in the approved commitment for the Trust Fund for Severe Acute Respiratory Syndrome from \$200 million by \$50 million to \$250 million.

PROBLEM

There is a need to inject \$50 million into the Trust Fund for Severe Acute Respiratory Syndrome (SARS) (the Trust Fund) so that it can continue to provide financial assistance to patients who have not yet recovered from SARS-related dysfunctions and are still in need of assistance from the Trust Fund.

PROPOSAL

2. The Secretary for Labour and Welfare proposes to increase the approved commitment for the Trust Fund from \$200 million by \$50 million to \$250 million to continue to provide financial assistance to incumbent recipients who have not yet recovered from the SARS-related dysfunctions, subject to proof of medical and financial needs.

JUSTIFICATION

Objectives and Latest Position of the Trust Fund

3. Following the unprecedented SARS outbreak in Hong Kong from March to June 2003, 1 456 SARS patients have recovered while 299 died. Deceased SARS patients have left behind dependent family members who need

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assistance to support their maintenance. Some recovered or suspected SARS patients¹ may suffer from dysfunctions, which may include bone abnormality (namely avascular necrosis), pulmonary dysfunction, physical dysfunction and psychological dysfunction, and may be in need of assistance to tide them over their financial difficulties. Against this background, the Finance Committee (FC) approved the establishment of the Trust Fund with a commitment of \$150 million in 2003 to provide special ex-gratia relief payment or financial assistance on compassionate grounds to families of deceased SARS patients, and recovered and suspected SARS patients. FC further approved in January 2007 an increase of the approved commitment from \$150 million to \$200 million so that all eligible recipients may continue to receive the ex-gratia financial assistance without a ceiling.

4. Since the establishment of the Trust Fund, special one-off ex-gratia payments were approved for families of 185 deceased SARS patients. In accordance with the criteria approved by FC, no financial eligibility test was conducted on the recipients. As for recovered or suspected SARS patients with dysfunctions, monthly assistance was approved for a total of 637 individuals. So far, 490 persons, i.e. about 77%, have ceased to receive financial assistance from the Trust Fund. Of the remaining 147 persons, 59% (87) are receiving medical expenditure assistance from the Trust Fund while the remaining 41% (60) are receiving both medical expenditure assistance and monthly financial assistance.

5. In sum, a total of 890 applications for Trust Fund assistance have been approved, involving 822 patients at \$188 million. Of these, 253 applications relate to deceased SARS patients, with an approved amount of \$82 million. The other 637 applications relate to recovered or suspected patients and the amount of ex-gratia payment involved so far is \$106 million. The Trust Fund now has a balance of about \$19 million².

Proposed Injection of Funding

6. To demonstrate the Government's commitment to support those patients who have not yet recovered from SARS-related dysfunctions and still need assistance from the Trust Fund, we propose to inject \$50 million into the Trust Fund so that it can continue to help these patients meet their medical and living expenses pending recovery.

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¹ Suspected SARS patients refer to those who were clinically diagnosed as having SARS on admission, treated with medication for SARS, but turned out subsequently not to have SARS.

² The balance also includes other kinds of income generated from the interests of the saving account and the repayment from the recipients of the Trust Fund after they succeeded in claiming common law damages.

7. The Trust Fund has been operating smoothly since its establishment. All the existing arrangements under the Trust Fund, including the requirement of periodic financial reviews and medical assessments for the beneficiaries and the types of assistance available to them etc., will remain the same after the proposed injection. We will keep under review the health conditions of the recipients and the operation of the Trust Fund with the assistance of the Hospital Authority (HA) and the Social Welfare Department (SWD).

FINANCIAL IMPLICATIONS

8. Together with the current balance of about \$19 million, the injection of \$50 million from the Government will enable the Fund to continue to make ex-gratia payments to eligible beneficiaries at the current level of about \$9.5 million per year for another seven years. An estimate on the cash flow projection is as follows –

Financial Year	\$ million
2011-12	9.5
2012-13	9.5
2013-14	9.5
2014-15	9.5
2015-16	9.5
2016-17	9.5
2017-18	9.5
Remaining balance	2.5
Total	69

9. The cash flow requirements of the Trust Fund cannot be projected with certainty as much would depend on the number of patients who will recover from their dysfunctions and the timing. The above estimate serves to illustrate the cash flow if the situations of all existing recipients remain unchanged in the coming years.

10. The proposed injection is one-off in nature. As in the past, the costs for administering the Trust Fund will be absorbed by existing resources of SWD.

PUBLIC CONSULTATION

11. We consulted the Legislative Council Panel on Welfare Services on our proposal on 9 May 2011. Members were supportive of the proposal.

/BACKGROUND

BACKGROUND

12. In 2003, FC approved a commitment of \$150 million vide FCR(2003-04)44 to enable establishment of the Trust Fund to provide special ex-gratia relief payment or financial assistance on compassionate grounds to families of deceased SARS patients, and recovered and suspected SARS patients. The approved commitment was increased from \$150 million to \$200 million vide FCR(2006-07)34 in January 2007 so that all eligible recipients could continue to receive the ex-gratia financial assistance without a ceiling.

13. Specifically, the Trust Fund provides –

- (a) special one-off ex-gratia relief payments for eligible family members of the deceased SARS patients; and
- (b) special monthly ex-gratia financial assistance for eligible recovered or suspected SARS patients treated with steroids suffering from longer term effects attributable to SARS (including the effects of medication received for the treatment of SARS, if any), resulting in some degree of bodily dysfunctions, subject to proof of medical and financial needs.

14. To be eligible for the ex-gratia financial assistance, recovered or suspected SARS patients must have some degree of SARS-related dysfunctions. The assistance is made up of the following two components –

- (a) monthly financial assistance, having regard to (i) the income loss/reduction of the recovered/suspected patient arising from SARS; and (ii) any justifiable increase of expenditure arising from SARS³. The assistance to cover the income loss/reduction in (i) is subject to a cap of 200% of the prevailing Median Monthly Domestic Household Income, while that in (ii) is provided on a reimbursable basis; and
- (b) medical expenditure assistance, which covers (i) expenditure for dietary supplement and transport expenses capped at \$1,000 and \$750 per month respectively; and (ii) other justifiable medical expenses reimbursable with reference to the rates⁴ of the HA.

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³ The justifiable increase in expenditure includes any reasonable non-medical expenses incurred by the patients arising from SARS, such as expenditure for domestic helpers for patients who cannot carry out household chores after SARS.

⁴ HA has since February 2005 launched a fee waiver scheme to provide SARS patients with life-long free medical services for potential SARS-related problems. SARS patients are no longer required to seek reimbursement from the Trust Fund for medical fees relating to the HA. They may continue to seek reimbursement for medical expenses in respect of consultations with private doctors.

15. Ex-gratia financial assistance to recovered and suspected SARS patients is subject to medical proof and financial need assessment. At present, the frequency of medical assessments is determined by the HA professionals on the basis of the health conditions of individual recipients. The frequency of financial review by SWD ties in with that of the medical assessment conducted by HA.

16. The Committee on Trust Fund for SARS and the Review Committee for Trust Fund for SARS process and review respectively applications for assistance under the Trust Fund. Both comprise non-officials as Chairman and members.

Labour and Welfare Bureau
June 2011