

**For discussion  
on 10 January 2011**

**Legislative Council Panel on Health Services**

**Online checking of the eligibility of  
non-permanent Hong Kong Identity Card (HKIC) holders  
for subsidised public healthcare services**

**PURPOSE**

This paper briefs Members on the Government's proposal to implement an electronic system to conduct online checking of the eligibility of non-permanent Hong Kong Identity Card (HKIC) holders for subsidised public healthcare services.

**DETAILS**

**Eligibility for subsidised public healthcare services**

2. It has been the Government's policy to provide public healthcare services to Hong Kong residents at highly subsidised rates. The services are delivered by the Hospital Authority (HA) and the Department of Health (DH). As Hong Kong residents (including both permanent and non-permanent residents) are qualified to obtain HKIC, HA and DH have been accepting all holders of HKIC as Eligible Persons (EP) to access our public healthcare services at subsidised rate. As for non-Hong Kong residents, if they seek access to our public healthcare services, they will need to pay for the fees for Non-eligible Persons (NEP), which are in general set on a cost recovery basis. The current fees for major services applicable to EPs and NEPs are set out in **Annex A**.

3. There was no problem with accepting all HKIC holders as EPs before 1987. By way of background, HKIC is an identity document rather than a travel document showing the immigration status of the holder. Prior to July 1987, persons who left Hong Kong for good had to notify the registration officer before their departure and to surrender their identity cards, if so required under the then regulation 17 of the Registration of Persons Regulations. With the introduction of the Hong Kong permanent resident status through the Immigration (Amendment) Ordinance in 1987, the above regulation requiring

such surrender of identity cards was repealed. Consequently, there are over-stayers and former non-permanent Hong Kong residents (e.g. those who previously worked or studied in Hong Kong) who return to Hong Kong as visitors and use their “un-returned” non-permanent HKIC to access our healthcare services at subsidised rates as EPs when they are NEPs. Given the differences between the level of fees applicable to EPs and NEPs mentioned in paragraph 2 above, the use of our public healthcare services by former non-permanent Hong Kong residents and over-stayers at subsidised rates will cause revenue loss to the Government.

4. The Food and Health Bureau (FHB) has been considering how to address the problem and has set up in 2008 an inter-departmental working group comprising representatives of FHB, the Security Bureau (SB), the Immigration Department (ImmD), DH and HA to explore possible options. The Ombudsman conducted a direct investigation on the issue in May 2009 and issued the investigation report in January 2010. The Ombudsman stated in its report that non-permanent HKIC is not an absolute proof of resident status because the non-permanent HKIC gives no data whether the holder’s permission to remain in Hong Kong has lapsed or became invalid. It recommended that the current practice of HA and DH to accept all holders of HKIC as eligible for subsidised public healthcare services should be rectified and that electronic checking should be introduced as the long-term solution as soon as possible.

5. FHB has, in conjunction with relevant parties including SB, ImmD, DH and HA, assessed the magnitude of the problem and prepared for the setting up of an electronic system for the checking.

### **Assessment on the magnitude of the problem**

6. According to the record of ImmD, a total of 930 000 non-permanent HKIC were issued as at 1 July 2009. Among the holders of these non-permanent HKIC, 220 000 have their limit of stay expired. It is not certain how many of them continue to stay in Hong Kong or return to Hong Kong as visitors with their travel documents and use subsidised public healthcare services by presenting the unreturned HKIC.

7. To assess the size of the problem, ImmD and HA have jointly conducted two rounds of survey in December 2009 and January 2010 to find out the number of former non-permanent Hong Kong residents whose resident limit of stay had expired and who accessed our public healthcare services (including inpatient, specialist outpatient, general outpatient and accident & emergency services at the hospitals and clinics of HA) with their unreturned HKIC.

Results of the surveys indicated that around 0.05% of the HKIC holders who accessed HA's services during the survey period had their validity of stay expired and were not eligible for our services at subsidised rates.

8. Based on the results of the survey, HA has estimated that the possible revenue loss so incurred per year by charging these patients at subsidised rates (i.e. EP rates) is about \$20.8 million. There is no separate assessment on the possible revenue loss in DH but we consider that the amount should be much lower given the smaller volume of service users of DH's services.

### **Proposed electronic checking system**

9. To plug the loophole and avoid possible revenue loss, we propose that an electronic system be put in place to conduct online checking of the eligibility of non-permanent HKIC holders for subsidised public healthcare services. The proposed electronic checking system would involve the setting up of a dedicated system in ImmD to extract and store the updated resident status information from its main data systems to enable the public hospitals/clinics under HA and DH to check with ImmD the resident status of holders of non-permanent HKIC.

10. Under the proposed checking arrangement, the frontline staff of DH and HA will first check the card face information of a patient's HKIC during patient registration. For holders of non-permanent HKIC with specified codes<sup>1</sup>, staff would input the HKIC number of patient to the computer system at public hospitals/clinics and the information will be transferred to ImmD electronically for checking. Upon receipt of each request for checking from the hospital/clinic, ImmD's dedicated system would provide a return to the hospital/clinic within a few seconds to confirm whether the non-permanent HKIC holder has a valid resident status on the day. Staff of HA and DH will then charge the patient at EP or NEP rate as appropriate depending on the checking result.

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<sup>1</sup> A non-permanent HKIC card has one of the following codes on the card face:

- (a) Code "C": for those whose stay in Hong Kong is limited by the Director of Immigration at the time of their registration (e.g. those coming to work or study in Hong Kong);
- (b) Code "U": for those whose stay in Hong Kong is not limited at the time of registration but whose validity of stay will expire upon their departure from Hong Kong for more than 12 months;
- (c) Code "R": for those who have the right to land in Hong Kong at the time of registration.

The proposed checking arrangement will apply to "C" code and "U" code holders. For "R" code holder, the probability of one being non-resident is very small.

11. The dedicated electronic system in public hospitals/clinics will be used exclusively by authorized staff of DH and HA for the sole purpose of verifying whether the limit of stay of a holder of non-permanent HKIC is valid when accessing our service. Measures will be put in place to safeguard data security of the system.

12. We have also considered the other option of performing manual checking of the travel documents of non-permanent HKIC-holders each time they seek service at public hospitals/clinics. Given that medical services are instantaneously required by a patient coming to our public hospital/clinic for treatment, the checking of the eligibility for subsidised services should be conducted instantly on the spot. Taking into account the massive volume of daily uses of our healthcare services at the public hospitals and clinics by the general public<sup>2</sup>, we consider that any additional procedures for manual checking procedures would likely lengthen the registration for patients and increase the waiting time for all patients, including the permanent residents and the bona fide non-permanent residents. We therefore consider it not feasible to conduct manual checking to ascertain the eligibility of holders of non-permanent HKIC for our subsidised public healthcare service because of the adverse impact on our service.

### **Resources requirement**

13. The implementation of the proposed electronic checking system will require a total capital cost of about \$34.5 million for the development and upgrading of the information systems in ImmD, DH and HA. Following the standing funding procedure, we will seek funding approval from the Finance Committee (FC) for \$17.5 million for the part of the system in ImmD and DH (under Capital Works Reserve Fund Head 710: Computerisation). The breakdown and cash flow of the required amount is at **Annex B**. As for HA, the requirement in an estimated sum of \$17 million will be absorbed by the annual subvention to HA under the block vote for information system (Head 140 Subhead 979: Equipment and Information System).

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<sup>2</sup> In 2009-10, the total number of attendances / patient discharges of major types of services in HA were as follows –

- (a) 4 724 300 at 74 General Out-patient Clinics and other Family Medicine Specialist Clinics
- (b) 6 166 000 at 48 Specialist Out-patient Clinics;
- (c) 2 147 000 at 16 Accident and Emergency Departments; and
- (d) 926 110 inpatient discharges at 39 public hospitals.

As for DH, the total attendance for different kinds of public healthcare services amounted to 4 621 000 in 2009. These include attendances of maternal and child health centres, woman health services, elderly health services, child assessment services and other services of DH.

14. Apart from the above one-off capital cost, time-limited staff costs in the amount of about \$6.58 million will be required for the development of the system. Upon completion of the project, an annual recurrent cost of about \$6.1 million will be incurred mainly for the operation and maintenance of the electronic system. The above requirements will be reflected in the Estimates of the relevant years.

### **Cost-benefit analysis of the proposed checking system**

15. The proposed electronic system would enable our public hospitals/clinics to verify effectively and efficiently the eligibility of non-permanent HKIC holders for subsidised public healthcare services and ensure that all non-residents using our service would be charged at NEP rates. It can avoid abuse of our public healthcare resources by former non-permanent Hong Kong residents and safeguard against potential loss of Government revenue. This is particularly important given the rising demand for public healthcare services in the community with our growing and ageing population.

16. Based on the estimated annual potential revenue loss of about \$20.8 million, which may continue to increase with the growing number of persons issued with non-permanent HKIC, the total cost of the proposed checking system (including the one-off capital cost of \$34.5 million, a non-current cost of \$6.58 million and the annual recurrent cost of \$6.1 million) will be more than offset by the potential revenue loss in a few years time after implementation of the checking arrangements. We consider that the costs for implementation of the electronic system are justified by the benefits in terms of the potential revenue loss that could be avoided.

### **Implementation of the proposed electronic checking system**

17. Subject to Members' views, we will proceed to seek the approval of FC later this month for the one-off capital funding of \$17.5 million for the project with a view to commencing the development of the proposed electronic system in April 2011. Based on our current assessment, the proposed system will take about 21 months to develop. It is our target to start the online checking arrangement in the first quarter of 2013. A table showing the milestones of the project is at **Annex C**.

## **ADVICE SOUGHT**

18. Members are invited to support the proposed implementation of an electronic system for online checking of the eligibility of non-permanent HKIC holders for subsidised public healthcare services.

Food and Health Bureau  
Security Bureau  
Department of Health  
Immigration Department  
Hospital Authority

January 2011

**Fees of major public hospital services**

<b>Services</b>	<b>Fees for Eligible Persons</b>	<b>Fees for Non-eligible Persons</b>
Attendance at General Outpatient Clinics	\$45/attendance	\$215/attendance
Attendance at Specialist Outpatient Clinics	\$100 for first attendance and \$60 for each subsequent attendance	\$700/attendance
Attendance at Accident & Emergency Department	\$100/attendance	\$570/attendance
Inpatient service	\$100/day	\$3,300/day

**Estimated capital cost for setting up the  
proposed electronic checking system in ImmD and DH**

	<b>2011-12</b>	<b>2012-13</b>	<b>Total</b>
<b>Items</b>	<b>Estimated Expenditure ( \$'000 )</b>		
1. Consultancy Services		130	130
2. Hardware		3,820	3,820
3. Software		3,179	3,179
4. Communication Network		96	96
5. Implementation Services		7,495	7,495
6. Contract Staff	390	390	780
7. Site Preparation		400	400
8. Training		33	33
9. Consumables		24	24
10. Contingency	39	1,557	1,596
<b>Total</b>	<b>429</b>	<b>17,124</b>	<b>17,553</b>

**Milestones of the implementation of the  
proposed electronic checking system**

1. Tender for contracts for development of the proposed checking system	April – October 2011
2. System Analysis & Design	November 2011 – January 2012
3. System Development	February – June 2012
4. System Installation	May – August 2012
5. User Acceptance	July – October 2012
6. Security Risk Assessment and Audit	November – December 2012
7. Data Conversion	December 2012
8. System Live-run Date	December 2012
9. Project Completion and system nursing	January – March 2013