

**THE HONG KONG MEDICAL ASSOCIATION
SUBMISSION TO THE LEGISLATIVE COUNCIL ON
VOLUNTARY HEALTH PROTECTION SCHEME**

4 August 2011

EMPHASIS SHOULD BE ON PRIMARY CARE, NOT HOSPITAL CARE

Contrary to the Government's emphasis on refinancing for hospital care, the Hong Kong Medical Association (HKMA) believes that the best way to contain cost in medical expenditure is to strengthen primary healthcare. A strong primary healthcare takes care of a great number of patients who are currently treated by the more expensive Specialist care and hospital treatment. A strong primary healthcare provides better preventive medicine, thereby enabling treatment of diseases at an earlier, more treatable stage. Lives will be saved and cost will be lowered. The current emphasis on insurance for hospital care is poor allocation of resources.

INTERPRETATION OF THE PUBLIC CONSULTATION IS OVERLY OPTIMISTIC

Based on the results of 564 submissions from institutions and individuals, the Government contended itself to have attracted broad-based community support for the Voluntary Health Protection Scheme (HPS). HKMA reminds the Government that the vast majority of the population has not expressed their opinion, and they could as well be cynical about HPS. Since HPS is a voluntary scheme, those who find the scheme undesirable will not buy the HPS plans, and it is not until then that the Government will know the actual support it receives from the public. The conclusion of a broad-based community support is overly optimistic and unduly simplistic.

STAY PUT BEFORE HEALTHCARE MANPOWER REVIEW IS COMPLETED

The Government decides to review healthcare manpower. HKMA agrees. HKMA advises the Government against taking drastic steps to affect the current manpower supply before the review is completed.

HPS WILL NOT BE SUSTAINABLE UNLESS FUND FLOWS IN INCESSANTLY

To be sustainable, HPS relies on Government subsidy of the high risk pool, i.e. the pool of fund taking care of individuals more likely to require hospital treatment. The current annual expenditure of the Hospital Authority is in excess of \$30 billion, and is rising. By the time HPS launches, \$50 billion could be no more than a year's expenditure of the Hospital Authority. It is unlikely that the sum will last a long time. Without guarantee from the Government of

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continuous inflow of fund, HPS will become unsustainable.

ON REVIEW OF REGULATORY LEGISLATURE

HKMA advises the Government to bear in mind the following if a review of the regulatory legislature of doctors is considered:

- Professional autonomy is guaranteed by the Basic Law, and it should not be violated.
- There must be extensive engagement of the profession before any change is made.
- Currently, doctors are regulated by the Medical Registration Ordinance, Cap. 161 (MRO) and private hospitals are regulated by the Department of Health. Health Management Organizations (HMO) are regulated by neither. Regulation of HMO by the same degree of stringency as doctors is required to protect the public.

FEE TRANSPARENCY

HKMA agrees that fee transparency safeguards patients' right. We wish to remind the Government not to forget HMOs in her quest for fee transparency. When medical care is provided through HMOs, a lion's share of the doctors' professional fee is often pocketed by HMOs, without the patient's knowledge. The portion can easily be 50% or more. This amount contributes only to the profitable businesses of these middleman companies and not a sliver goes to direct patient care.

PACKAGED FEES UNDESIRABLE

HKMA holds the strong view that packaged fee is undesirable.

First of all, it is impossible to set a packaged fee for most disease conditions. Fever could be common cold, or chicken flu, or pneumonia, or leukaemia. The list goes on and on. Headache will be just another example. No single packaged fee will readily encompass the great range of possibility of conditions as common as fever and headache.

The Government quoted that some private hospitals had already been offering packaged fees for certain well defined conditions, such as appendicectomy and

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Caesarian section. While this is true, HKMA wishes to remind the Government that these packages are currently offered to patients according to the hospital's discretion. The hospital chooses her patients, not the patients choose their hospitals. Packages have been offered to the fit and young, but not to the frail and elderly. The currently available packages are not all-inclusive. They include defined treatment and a preset length of hospital stay. Once a patient exceeds the package limit, he has to pay the extra.

It will therefore be misleading the public by saying that packages as proposed by HPS are feasible and already in use.

Intrinsic to the function of insurance is to shoulder the risk of unforeseen, extra cost. Examples of extra cost are unforeseen disease complexity and procedure related complications. Packaged fee is reimbursement without regard to such unforeseen financial risk. Without insurance consideration, the risk will inevitably fall on doctors and hospitals. A risk that should rightly be borne by insurance will thus fall on doctors and hospitals. To put it lightly, this is the most ludicrous example of division of labour of our time. To put it plainly, it is wrong.

Finally, the Code of Professional Conduct issued by the Medical Council of Hong Kong explicitly spelt out that *arrangements under which the remuneration for a doctor's medical services, if averaged out among the services provided, diminishes with the quantity of services provided are incompatible with proper medical standards. They encourage lowering of the standard of service to match the diminishing remuneration and will compromise the interests of the patients. Such arrangements include commercial capitation schemes and similar medical schemes. Doctors must not enter into such arrangements. Doctors are also prohibited from administering or operating such schemes. (s 13.2.5)*

Packaged fees can easily be such a scheme and doctors should not engage themselves in such a scheme.

ON DRG

The Government proposes to set a reference price tag for each diagnosis or procedure. Time and again, the Government maintained that she has no intention to dictate doctors' professional fees. Setting of a price tag is nonetheless strongly persuasive, if not imposing. It would be naïve to believe that the market will be a free market anymore if the Government (not a Mickey Mouse organization) sets price tags.

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HKMA hereby warns that the use of DRG is a brutal intrusion into free market, a notion that Hong Kong values so dearly. It may violate the upcoming Competition Bill.

HKMA urges the Government to take reference to s6(1)(a) of the upcoming Competition Bill, which states that,

An undertaking must not give effect to an agreement if the effect of the agreement, or decision is to prevent, restrict or distort competition in Hong Kong.

Under the same section, subsection (2)(a), (b) state that,

[The above] applies in particular to agreements, concerted practices and decisions that (a) directly or indirectly fix purchase or selling prices or any other trading conditions, (b) limit or control markets No one wishes to take the Government to Judicial Review a few years down the road, but if the Government stubbornly insists, no one can help her.

THE HEALTHY SUBSIDIZING THE UNHEALTHY

The Government has promised that the high risk pool will be completely separated from the general risk pool, so that the young and healthy will not be subsidizing the frail and elderly of high risk profile. However, the insurance industry revealed that such is not possible and some subsidy from the general risk pool will be inevitable. HKMA urges the Government to clarify this issue.

TAX REBATE

HKMA maintains her advocacy on tax rebate for money spent on HPS plans.