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**Re: Comments on Second Stage Healthcare Reform Consultation Document
Legislative Council Meeting, Dec 11, 2010**

Thank you for inviting me to provide comments on the second stage healthcare reform consultation document. First of all, I applaud the Government's efforts to pursue healthcare reform before Hong Kong's healthcare financing becomes an emergency. With an ageing population and ever-increasing medical costs, it's inevitable that Hong Kong's health system will need injection of alternative and more sustainable financing sources. The consultation document has much to recommend towards this goal.

However, I also have a major concern and that is that the fundamental design of the Health Protection Scheme specifically excludes primary care and pays little attention to prevention. I believe this would put Hong Kong's healthcare reform on a track opposite to the direction set forth earlier by the government. The idea reflected in the document that the use of primary care is discretionary may reflect the current situation in Hong Kong, but is exactly one of the major areas that require reform. Indeed, the 2008 Healthcare reform consultation document *Your Health Your Life* put enhancing primary care (including emphasis on preventive care and reducing the need for hospital care) as the first and foremost area of reform. International comparisons also suggest that those countries with health systems that are more primary care orientated are more likely to have better health outcomes as well as lower costs and greater satisfaction.

As people in Hong Kong live longer and prevalence of non-communicable disease increases, an insurance scheme that focuses on inpatient care, particularly elective inpatient care, will not be able to meet the population's health needs. Primary care is the best route to universal access, the best way to ensure sustainable improvements in health outcomes, and the best guarantee that access to care will be fair. By excluding primary care from the scheme, it not only discourages use of primary care and leaves a huge hole in terms of providing comprehensive coverage for all, but also creates challenges to continuity and coordination of care (the lack of which would increase financial burden on both government and individuals). In particular, as our research shows, to many individuals with lower income, primary care services from the private sector still represent a significant but unpredictable financial burden, because of lack

of transparency, regulation and standard pricing in the private market. Therefore, many rely on the public sector, which leads to long waiting time in GOPCs and SOPCs. We strongly recommend another serious look at this exclusion. It will be a great opportunity missed if primary care—both its financing (i.e. including it in the covered insurance benefits) and provision (i.e. more regulation on private sector)—is excluded from the Scheme.

Another concern of mine is whether the incentives as currently designed in the scheme would be effective and efficient to encourage *additional new* take-up of private health insurance much beyond the current level (especially among those who are older, sicker, and/or have lower income) and eventually improve health care. The appropriate incentives should be encouraging people who are not currently insured to buy into the Scheme, instead of subsidizing people already insured (who would have insurance without subsidies anyway and would simply migrate to the Scheme). If the objective of having additional people buy private insurance cannot be successfully met with the current scheme and subsidy design, then perhaps more research should be conducted to better understand barriers to individuals' insurance purchase decision, before committing the HK\$50 billion government resource. Regardless of the incentive design, the other objective of the reform, that is, to improve transparency in the private health insurance and service markets, can still be realized through other provisions suggested in the consultation document.

Thank you again for the opportunity to share some of my personal view and join this great ongoing debate!