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**Panel on Public Service
Meeting on 19 March 2012**

**Updated background brief on medical and dental benefits for civil servants,
pensioners and eligible dependants**

Purpose

This paper provides background information on the government policy on the provision of medical and dental benefits for civil service eligible persons (hereafter referred to as "civil service medical benefits"). It also summarizes the major concerns expressed by the Panel on Public Service (the Panel) on the subject.

Background

2. Before the establishment of the Hospital Authority (HA), the Administration provided civil service medical benefits through the facilities managed by the Department of Health (DH) and the then Hospital Services Department (HSD). When HA was established in late 1990, it took over the public hospitals and general out-patient clinics previously managed by HSD and DH in 1991 and 2003 respectively. The Administration considers it most appropriate and effective for HA to provide civil service medical benefits. The annual lump sum provision given by the Administration to HA has included the resources required for the provision of civil service medical benefits. In 2007-2008, the cost of providing civil service medical benefits by HA accounted for 7.1% of the government subvention to HA.

Service providers

3. At present, HA is the major medical service provider to civil service eligible persons through its network of general outpatient clinics, specialist

outpatient clinics and hospitals throughout the territory. A small part of the medical services is met through DH's 34 dental clinics and three general clinics reserved for the exclusive use of civil service eligible persons, and also other DH clinics providing social hygiene services and elderly services which are also open to the public, as well as through the reimbursement arrangement detailed in paragraph 6 below.

Scope of benefits

4. The Civil Service Regulations (CSRs) stipulate that as an employer, the Government will make every endeavour to give civil service eligible persons the "best available medical attendance and treatment". The scope of civil service medical benefits is set out in the relevant CSRs, Civil Service Bureau (CSB) Circulars and Circular Memoranda. These provisions form part of the terms and conditions of employment of civil servants.

5. Under the existing policy, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in CSRs, civil service eligible persons (i.e. serving / retired civil servants, their eligible dependants and other eligible persons)¹ are entitled to free medical treatment and medical services, X-ray examinations and medicines, but only when these benefits are provided by DH or the medical facilities of HA. In general, civil servants, irrespective of ranks and grades, are entitled to the same level of medical benefits.

Reimbursement arrangement

6. Under the existing policy, civil service eligible persons may apply to the Administration for reimbursement of expenses on drugs or equipment or other treatment services which form an essential part of the medical treatment as prescribed and certified by the attending HA doctors on medical grounds, and such items are not available in HA hospitals or clinics or are chargeable by HA. This arrangement enables civil service eligible persons to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in HA's Drug Formulary.

¹ Civil servants appointed on or after 1 June 2000 on new items (and their eligible dependants) will cease to enjoy civil service medical benefits once they leave the service. The only exception is those officers on new terms whose service is terminated as a result of injury on duty or occupational disease.

Communication forum

7. In 1979, CSB established the Standing Committee on Medical and Dental Facilities for Civil Servants (SCMDF) which provides a forum to discuss matters on civil service medical benefits. SCMDF comprises membership from the official sides and the staff sides. Official members include representatives from CSB, Food and Health Bureau, HA and DH. Staff sides members include representatives from the staff sides of the four Central Consultative Councils.

Discussions by the Panel on Public Service

8. The Panel discussed the provision of civil service medical benefits at its meeting on 19 May 2008, 16 March 2009, 19 April 2010 and 16 March 2011. The major concerns expressed by Panel members on the subject are set out below.

Reimbursing medical expenses

9. When the Panel discussed "medical benefits for serving civil servants, retired civil servants and eligible dependants" on 19 May 2008, members requested the Administration to provide adequate assistance to those civil servants and their eligible dependants, especially those suffering from chronic diseases, who had difficulties in paying for drugs classified as patient self-financed items in the Drug Formulary.

10. The Administration pointed out that the reimbursement arrangement had been introduced to ease the financial burden of civil servants concerned. Moreover, the manpower resources in DH had been enhanced in recent years to expedite processing of the reimbursement applications. Arrangements had been made for the Administration to directly pay to HA for certain drugs/equipment/services required by civil service eligible persons, without requiring the latter to make any upfront payment for these items first. At the Panel meeting on 16 March 2009, the Administration further advised that for the reimbursement of medical expenses, the amount of total reimbursement was expected to increase by \$33.4 million to \$158.3 million by 31 March 2009. In 2009-2010, the Administration would further increase the provision for reimbursement of medical expenses by \$60.9 million to \$219.2 million to meet the anticipated increase in applications from civil service eligible persons.

Automating direct payment of medical expenses

11. At the Panel meeting on 19 May 2008, the Administration informed members that it was exploring with HA the feasibility of automating the direct payment of medical expenses with a view to extending the direct payment arrangement to all self-financed items in HA facilities. DH and HA would need to conduct a comprehensive review and re-engineer the relevant administrative procedures and workflow, as well as to implement system development and integration of the computer systems of the Administration and HA. Prior to automation, the Administration would expand the scope of the direct payment arrangement, and priority was to extend direct payment to cancer drugs, as they were the most expensive drug items and constituted a significant proportion of the self-financed drugs purchased from HA. At the Panel meeting on 16 March 2009, the Administration informed members that the direct payment arrangement for cancer drugs provided by HA would be implemented in the first half of 2009. When this was implemented, over 70% of the current reimbursement expenditure would be covered by the direct payment arrangement.

Long waiting time and exclusion of Chinese medicine from the scope of civil service medical benefits

12. At its meeting on 16 March 2009, the Panel met representatives of six civil service staff unions/associations, which submitted views on the general difficulties encountered by civil service eligible persons in seeking medical consultation and treatment under the existing system. They cited examples of cases in which civil servants concerned had not been given timely and appropriate specialist treatment, difficulty to book consultation slots due to shortage of services provided by Families Clinics, and long waiting time for dental service which could span one and a half years. They called on the Administration to improve the current medical benefit provision by separating the provision of civil service medical benefits from the public healthcare system. They further suggested that the Administration should explore implementing measures such as taking out medical insurance, or providing dedicated clinics for the use of civil service eligible persons without being subject to any quota or the Drug Formulary. They also requested inclusion of Chinese medicine within the scope of civil service medical benefits.

13. Some Panel members expressed support for the staff sides' proposals and considered that separating the provision of civil service medical benefits from the public healthcare system could allow the latter to better serve the general public. These members queried whether the Government had fulfilled its obligation to provide the "best available medical attendance and treatment",

as stipulated in the relevant CSRs, for civil service eligible persons since the medical service they received was generally no different from that received by the general public in terms of quality and standard.

14. The Administration advised that it would improve the provision of civil service medical benefits by DH and HA by taking the following measures -

- (a) the Administration had earmarked funding in 2009-2010 for the opening of one more Families Clinic with six consultation rooms in the New Territories, and for adding two consultation rooms to the existing Chai Wan Families Clinic, thus increasing the total number of Families Clinics from three to four, and that of consultation rooms from 20 to 28 in due course;
- (b) for dental service, two additional orthodontic surgeries would be established in 2008-2009 to increase their number to 13. With the Legislative Council's approval on the expenditure estimates for 2009-2010, the number of surgeries in the general dental clinics would be increased from 175 to 186 in 2009-2010. It was hoped that with these enhanced facilities, the general waiting time at DH dental clinics would be reduced to less than 12 months;
- (c) on the waiting time for specialist service and scanning services, the Administration was exploring with HA the possibility of shortening the waiting time by purchasing more equipment or increasing service sessions; and
- (d) extending direct payment arrangement to cover cancer drugs classified as self-financed items in the Drug Formulary from mid-2009 onwards.

15. Concerning the comments on whether the Government was, according to CSRs, providing "the best available medical attendance and treatment" to civil servants, the Administration pointed out that CSR 902, in fact, provided that the treatment provided to an eligible person and his family would be dictated by the medical necessity of the case. Although every endeavour would be made to give officers and their families the best available medical attendance and treatment, the medical officer in charge of the case had sole discretion as to the amount and the nature of treatment provided.

16. As regards the request for including Chinese medicine within the scope of civil service medical benefits, the Administration explained that the Chinese medicine clinics (CMCs) under HA were operated under a tripartite model under which HA collaborated with a non-governmental organization and a local university for each CMC. As they were research-oriented and operated on a self-financing basis, the service they provided could not be regarded as a standard general outpatient service of HA.

17. At the meeting on 16 March 2009, the Panel passed the following motion -

"That this Panel urges the Government to expeditiously improve the existing medical services for civil servants by -

- (a) providing Chinese medicine treatment and services to civil servants; and
- (b) exploring the provision of medical benefits to civil servants by other better means such as taking out medical insurance, so as to allow the public healthcare system to better serve the general public."

The Panel requested the Administration to follow up and report any further improvements proposed to be made to the provision of civil service medical benefits in the next legislative session.

Improvement measures on civil service medical and dental benefits implemented in 2009-2010 and those planned for implementation in 2010-2011

18. At the Panel meeting on 19 April 2010, the Administration briefed the Panel on the progress of implementation of the improvement measures for provision of civil service medical benefits and those planned for implementation in 2010-2011 -

Improvement measures implemented in 2009-2010

- (a) *Reimbursement of medical expenses* – the provision for reimbursement of medical expenses had been increased to \$219.2 million in 2009-2010, representing an increase of 27.7%. The Administration had also implemented the direct payment arrangement for certain medical items and treatment, and it had further extended such arrangement to cancer drugs provided by HA since April 2009;

- (b) *Dental service* – the Administration earmarked additional provision to open 11 additional dental surgeries in 2009-2010;
- (c) *Families clinics* – the Hong Kong Families Clinic was expanded and its number of consultation rooms had increased from six to eight. The fourth Families Clinic in Kwai Chung commenced partial operation in March 2010; and
- (d) *Enhancement of diagnostic services* – extra sessions of Computed Tomography (CT), Magnetic Resonance Imaging (MRI) and ultrasound scanning services were allocated to civil service eligible persons at specified diagnostic centres, on top of the existing diagnostic services available at HA facilities.

Improvement measures planned for implementation in 2010-2011

- (a) The provision for reimbursement of medical expenses would be increased from \$219.2 million in 2009-2010 to \$335.4 million in 2010-2011, representing an increase of 53%;
- (b) the administrative and accounting support would be strengthened in the provision of dental services and in processing payment and reimbursement of medical fees and hospital charges;
- (c) the specialized dental service would be enhanced by adding three orthodontic surgeries, thus increasing the service capacity by 26%;
- (d) discussion would continue to be held with HA on measures to further enhance CT, MRI and ultrasound scanning services provided, and ways to improve specialist out-patient clinic services for civil service eligible persons.

19. Panel members welcomed the implementation of the direct payment arrangement to save civil service eligible persons the trouble of applying for reimbursement. They requested that the arrangement be extended to cover all reimbursement expenditures instead of covering only 63% of the current reimbursement expenditures. The Administration explained that given the large number of hospitals and clinics under HA, substantial time and manpower resources were required to effect the modification of all computer systems to enable that the direct payment arrangement could cover all reimbursement

expenditures. The Administration advised that while it would continue to liaise with HA to progressively extend the arrangement, priority was given to cancer drugs first, as they were the most expensive drug items and constituted a significant proportion of the self-financed drugs required by civil service eligible persons.

20. At the Panel meeting in April 2010, members also expressed concern that Chinese medicine was not covered within the scope of civil service medical benefits although the certification given by registered Chinese medicine practitioners was also recognized for taking sick leave.

21. The Administration explained that Chinese medicine was outside the scope of civil service medical benefits as defined in the relevant civil service regulations and circulars because the service provided by the Chinese medicine clinics under HA could not be regarded as a standard general outpatient service of HA. Nevertheless, medical certificates issued by registered Chinese medicine practitioners were recognized for the grant of sick leave and maternity leave to civil servants as required under the Employment Ordinance (Cap. 57). Civil servants who had sustained injury on duty/occupational disease were also eligible to claim reimbursement for medical expenses incurred for treatment given by registered Chinese medicine practitioners up to the statutory limit in accordance with the Employees' Compensation Ordinance (Cap. 282).

Last discussion on the provision of civil service medical benefits

22. At the Panel meeting on 16 March 2011, members were briefed on the progress of implementation of improvement measures on civil service medical benefits and those planned for implementation in 2011-2012, which included setting up additional dental surgeries and procuring specialist dental equipment, as well as an increased provision of \$90 million (i.e. 31% over the 2010-2011 revised estimates) for the payment and reimbursement of medical fees and hospital charges for civil service eligible persons in 2011-2012.

23. Panel members were generally disappointed that the Administration upheld its position not to include Chinese medicine within the scope of civil service medical benefits. Some members considered that Chinese medicine should be covered as the Government should fulfill its contractual obligation of providing the best available medical attendance and treatment for civil servants. The Administration explained that the scope of medical benefits for civil service eligible persons was defined as those medical services provided by the Government or HA. As DH and HA did not offer any standard Chinese medicine general outpatient service, Chinese medicine did not fall within the scope of civil service medical benefits. In response to the Panel's concern, the

Administration advised that it would closely monitor relevant developments and review its stance regarding the inclusion of Chinese medicine in the scope of civil service medical benefits, should there be significant changes to the nature and mode of service delivery of Chinese medicine clinics in future.

Latest developments

24. The Administration has proposed to brief the Panel on the updated position regarding the provision of civil service medical benefits at the next meeting on 19 March 2012.

Relevant papers

25. A list of relevant papers is in **Appendix**.

Council Business Division 1
Legislative Council Secretariat
14 March 2012

**Medical and dental benefits for civil servants,
pensioners and eligible dependants**

List of relevant papers

Date of meeting of Panel on Public Service	Minutes / Paper	LC Paper No.
19.5.2008	<p>Administration's paper on medical benefits for serving civil servants, retired civil servants and eligible dependants</p> <p>Administration's paper on civil service medical benefits</p> <p>Minutes of meeting</p>	<p>CB(1)1476/07-08(03)</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0519cb1-1476-3-e.pdf</p> <p>CB(1)2056/07-08(01)</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/papers/ps0519cb1-2056-1-e.pdf</p> <p>CB(1)1827/07-08</p> <p>http://www.legco.gov.hk/yr07-08/english/panels/ps/minutes/ps080519.pdf</p>
16.3.2009	<p>Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants</p> <p>Minutes of meeting</p>	<p>CB(1)978/08-09(04)</p> <p>http://www.legco.gov.hk/yr08-09/english/panels/ps/papers/ps0316cb1-978-4-e.pdf</p> <p>CB(1)1977/08-09</p> <p>http://www.legco.gov.hk/yr08-09/english/panels/ps/minutes/ps20090316.pdf</p>

Date of meeting of Panel on Public Service	Minutes / Paper	LC Paper No.
19.4.2010	Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants	CB(1)1582/09-10(04) http://www.legco.gov.hk/yr09-10/english/panels/ps/papers/ps0419cb1-1582-4-e.pdf
	Minutes of meeting	CB(1)2234/09-10 http://www.legco.gov.hk/yr09-10/english/panels/ps/minutes/ps20100419.pdf
16.3.2011	Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants Minutes of meeting	CB(1)1544/10-11(05) http://www.legco.gov.hk/yr10-11/english/panels/ps/papers/ps0316cb1-1544-5-e.pdf CB(1)2123/10-11 http://www.legco.gov.hk/yr10-11/english/panels/ps/minutes/ps20110316.pdf

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