

**For information
on 20 May 2013**

Legislative Council Panel on Health Services

Regulation of Healthcare Intermediary Service

PURPOSE

This paper briefs Members on healthcare intermediaries in Hong Kong, the existing regulation over medical services for quality assurance, the policy responses of selected overseas jurisdictions to healthcare intermediary services, and the review underway to revamp regulatory regime for private healthcare facilities.

CURRENT SITUATION

2. Healthcare intermediaries usually refer to providers of healthcare intermediary services who collect payment (usually in the form of pre-payment) from employers and/ or insurers for the provision of medical services (usually outpatient services) at pre-determined fees (with or without co-payment) to their employees and/ or subscribers through a network of medical practitioners contracted by these intermediaries. Healthcare intermediaries do not necessarily own healthcare facilities or employ medical practitioners as salaried staff. Many enter into contract with individual medical practitioners who have their own independently run clinics as “panel doctors” to provide services for clients subscribed to their schemes. Panel doctors receive payments from patients as well as healthcare intermediaries that are in turn funded by employers or insurers.

3. According to a Thematic Household Survey conducted by the Census and Statistics Department in 2009/10,¹ it was estimated that 11.8% of the total population had participated in or were entitled to medical schemes/ insurance plans that covered out-patient services

¹ Thematic Household Survey Report No.46: Utilisation of Out-patient Services Provided by Managed Care Organizations. Census and Statistics Department: 2011.

provided by panel doctors. There was no information on the levels of premiums for such schemes or charge rates by panel doctors. Nonetheless, it is generally accepted that charges by panel doctors are usually lower than those for walk-in patients paying out of pocket.

4. The relationship between healthcare intermediaries and individual medical practitioners joining as panel doctors is a commercial contractual arrangement between two consenting parties. Disputes between the parties involved will be dealt with in accordance with legal provisions governing contractual relationship in general.

EXISTING REGULATION OVER HEALTHCARE SERVICES

5. The vast majority of medical services provided through schemes under the administration of healthcare intermediaries are ambulatory in nature. While panel doctors would receive the whole or part of their consultation fees from the employers/ insurers through the healthcare intermediaries, the doctors remain responsible to the patients for the care quality, safety and professional standard similar to their other patients. Under the Medical Registration Ordinance (Cap. 161), medical practitioners are required to be registered with the Medical Council of Hong Kong (MCHK), and are under obligation to ensure that their medical services are up to the professional standards stipulated by MCHK in the Code of Professional Conduct for the Guidance of Registered Medical Practitioners (the Code). This obligation is the same and is not affected by the payment arrangement between the panel doctors and the patients or who pay or settle the fees for the patients.

6. In addition, the Code delineates the appropriate conduct for medical practitioners participating in contract medicine and managed care, apart from the general responsibilities to patients. It is stipulated that “doctors should exercise careful scrutiny and judgement of medical contracts and schemes to ensure that they are ethical and in the best interests of patients. Doctors should dissociate themselves from organizations that provide substandard medical services, infringe patients’ rights or otherwise contravene the Professional Code and Conduct.” In particular, the Code provides that medical practitioners must not enter into such arrangements that the standard of service is

lowered to match the diminishing remuneration. Medical practitioners failing to comply with the Code might commit an act of professional misconduct and could therefore be subject to disciplinary actions imposed by MCHK.

7. In the event that hospital services are involved, patient rights and safety are safeguarded under the Hospitals, Nursing Homes and Maternity Homes Ordinance (Cap. 165) and the Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes promulgated by the Director of Health. Patients admitted into private hospitals by medical practitioners under schemes administered by healthcare intermediaries are no different from others in terms of quality assurance and regulatory requirements.

OVERSEAS EXPERIENCE

8. Healthcare intermediary services are not under any specific regulation in the United Kingdom, Singapore, Canada (Ontario) and Australia (New South Wales). The regulatory regimes of these jurisdictions, similar to the case in Hong Kong, focus on regulating professional conduct of medical practitioners and standard of healthcare premises rather than business model of medical services per se.

REVIEW OF REGULATION OF PRIVATE HEALTHCARE FACILITIES

9. To further enhance service quality and safeguard patient safety, the Administration has undertaken to review the regulatory regime for private healthcare facilities, including private hospitals and those providing high-risk medical procedures/ treatment in ambulatory settings. A Steering Committee on Review of the Regulation of Private Healthcare Facilities (Steering Committee) chaired by the Secretary for Food and Health was established in October 2012. Four working groups, each focussing on a well-defined topic, have been set up and are now in full swing to look into the subject matters entrusted to them –

- (a) Differentiation between medical procedures and beauty services
- (b) Defining high-risk medical procedures/ practices performed in an ambulatory setting
- (c) Regulation of premises processing health products for advanced therapies
- (d) Regulation of private hospitals

10. The Steering Committee will look into the modus operandi of medical services offered under different organization forms, including professional partnership, group practice under different ownership and management structure (healthcare intermediary schemes being one of them) to ascertain whether difference in organization forms would pose risks to patient safety and care quality, and make recommendations as it sees fit having regard to, among other things, overseas experience and local circumstances unique to Hong Kong.

ADVICE SOUGHT

11. Members are invited to note the operation of healthcare intermediaries in Hong Kong and how patients' rights are protected for services provided by medical practitioners under schemes administered by such healthcare intermediaries.

Food and Health Bureau
Department of Health
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