

**For discussion on  
18 December 2012**

**Legislative Council Panel on Health Services**

**Issues relating to the Development and  
Operation of Private Hospitals**

**PURPOSE**

This paper briefs Members on the existing regulatory framework for monitoring the operation of private hospitals, the review on the regulation of private healthcare facilities to enhance regulation of private hospitals, as well as the new policy initiatives for private hospital development.

**EXISTING REGULATORY FRAMEWORK FOR OPERATION  
OF PRIVATE HOSPITALS**

2. The Department of Health (DH) is responsible for registration and inspection of private hospitals in Hong Kong. The Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) empowers the Director of Health to register private hospitals subject to conditions relating to accommodation, staffing or equipment. DH monitors compliance of private hospitals with the Ordinance by conducting inspections and handling complaints lodged by the general public.

3. In August 2003, DH issued a “Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes” (the Code). It sets out the standards of good practice for private hospitals to adopt with a view to enhancing patient safety and quality of health care services. These standards include requirements on the management of staff, management of the premises and services, protection of the rights of patients and their right to know, the setting up of a system to deal with complaints, as well

as management of medical incidents, etc. The Code also includes requirements on specific types of clinical and support services.

### **Sentinel Event Reporting System for Private Hospitals**

4. Since 1 February 2007, DH introduced a sentinel event reporting system for private hospitals. In designing the system, reference has been made to guidelines developed by the World Health Organization, viz. that successful reporting systems should be non-punitive and confidential, and lead to constructive responses. The purpose of the reporting system is to encourage private hospitals to report sentinel events so that lessons learnt could be shared among hospitals and healthcare professionals.

5. Since 2008, all private hospitals have been required to report to DH, within 24 hours of occurrence, medical incidents falling into specific categories of sentinel events. With effect from 2010, the list of sentinel events reportable to DH has been revised so as to enhance the comparability of relevant data with that of the Hospital Authority. The category of reportable events and the statistics of reported events from 2010 to 2012 (as of end-October) are at **Annex A**.

6. Upon receipt of the notification of a reportable sentinel event, DH will gather preliminary information from the hospital concerned. It will also conduct hospital visit and its own investigation if the event constitutes high public health risk. The private hospital concerned is required to investigate into the root cause of the event, take remedial actions with a view to reducing the likelihood of recurrence of such event in the future, submit to DH a full investigation report within 4 weeks of the occurrence of the event and put in place a mechanism for monitoring the implementation of improvement measures. DH will examine the investigation reports and follow up on the implementation of remedial measures during subsequent inspections. DH will disseminate information on the root cause of event and recommended improvement measures to facilitate experience sharing among hospitals.

7. Public announcement will be made by DH if the event is of

significant public health impact or ongoing public health risk. Depending on the nature of events and the significance of risk identified, DH may alert all private hospitals to the occurrence of a particular event, and recommend precautionary measures and relevant good practices.

8. Moreover, DH has been disseminating good practices and learning points of cases to all private hospitals through an annual newsletter (i.e. Patient Safety Digest) and through letters for important issues. The cases chosen for sharing were mainly selected from complaints, sentinel events and other events reported to the DH. More recently, the Patient Safety Digest issued in September 2012 also covered cases relating to findings of DH inspections.

### **Transparency of Charges of Private Hospitals**

9. According to the Code, patients visiting private hospitals have the right to be informed of hospital charges prior to consultation and any procedures. The Code requires private hospitals to prepare a schedule of charges in respect of room charges, investigative and treatment procedures, medical supplies, medicines, medical reports, photocopy of medical records, and any charges that will be levied. The schedule should be available for reference by patients at the admission office, cashier and wherever appropriate. The Code also requires that the schedule is updated when there is a change in the charges, and that patients are informed of the service charges where practicable.

10. Besides, DH requires private hospitals to report information on charges on an annual basis and to make further reporting in case of change. During its inspections of private hospitals, DH would monitor the compliance with the requirements set out in the Code. From 2009 to November 2012, DH detected no non-compliant case over the provision of charging information by private hospitals.

### **Financial Management and Procurement Procedures of Private Hospitals**

11. While the Code sets out the standards of good practice for private hospitals in order to provide quality care to patients,

requirements are also set out in regard to hospital management.

12. It is stipulated in the Code that a Board of Governors should be formed for each private hospital to oversee the management of the establishment. The Board of Governors is responsible for, among others, overseeing the financial management of the hospital and ensuring the establishment's adherence to relevant legislations and the Laws of Hong Kong.

13. As regards the procurement procedures, the Code also stipulates that private hospitals should have written procedures for procurement of drugs and equipments. They are also required to keep proper procurement records to allow tracing.

## **REVIEW ON REGULATION OF PRIVATE HOSPITALS**

14. In the light of the need to review the regulatory regime for private hospitals amid the changing ecology of healthcare market, rising public concern over service quality of private hospitals, as well as the audit recommendations, we have established a Steering Committee on Review of the Regulation of Private Healthcare Facilities ("Steering Committee") to conduct a review on the regulatory regime for private healthcare facilities. The Steering Committee, chaired by the Secretary for Food and Health, comprises 16 non-official members and four ex-officio members, is tasked with reviewing the regulatory regime for private healthcare facilities which cover private hospitals, nursing homes, non-profit-making clinics and others. The review aims at strengthening the regulatory control over private healthcare facilities so as to safeguard peoples' health and consumer rights. The Steering Committee will put forward recommendations on the regulatory approach and scheme for private healthcare facilities, taking into account views from various sectors of community.

15. The Steering Committee convened its first meeting on 2 November 2012 and decided to set up four working groups at the meeting, one of them is to review the regulation of private hospitals. In conducting the review, reference will be made to regulatory frameworks

in overseas jurisdictions and the international trend for safeguarding patient interests, while taking into account the local circumstances of private healthcare services and the demands and expectations of the public at large.

## **NEW POLICY INITIATIVES FOR PRIVATE HOSPITAL DEVELOPMENT**

16. Public healthcare services have been and will continue to be the cornerstone of our healthcare system, acting as the healthcare safety net for all and remaining strong and robust through continued investment and commitment from the Government. To complement the public system, it is our policy to facilitate private hospital development to address the imbalance between the public and private sectors in hospital services. It will also help to increase the overall capacity of the healthcare system in Hong Kong, to provide the public with more choices and affordable high quality private hospital services, and to cope with the increasing service demand.

17. To this end, the Government invited tenders for private hospital development at two hospital reserved sites at Wong Chuk Hang and Tai Po in April 2012.

18. In promoting the development of private hospitals, we seek to ensure that the services of the new hospitals are of good quality, will cater for the needs of the general public and help develop the medical industry. We have therefore included a set of special requirements for the private hospital development at the two sites, covering the following aspects –

- (a) land use: restriction on land use primarily for hospital service while allowing at most 30% of the total gross floor area of the hospital for non-clinical supporting services or facilities, such as accommodation service for families and carers of patients and staff quarters;
- (b) date of commencement of operation: requirement for the hospital to commence operation within 60 months from the

date of execution of the agreement between the successful tenderer and the Government to ensure timely development of the hospital to meet public needs;

- (c) bed capacity: provision of no less than 300 beds to ensure optimal use of the land;
- (d) service scope: provision of a mix of specialties without slanting towards any particular types of service. Specifically, the hospitals will be required to provide services of general medicine, general surgery, orthopaedics and traumatology, and gynaecology and to cap the number of obstetric beds at no more than 20% of the total number of beds in the hospital;
- (e) packaged charge and price transparency: provision of at least 30% of in-patient bed days taken up in a year for services provided at packaged charge through standard beds, and to make available comprehensive charging information of its services (covering room charges, diagnostic procedures, therapeutic services/procedures, nursing care, medication, consumables and equipment, and other miscellaneous items) for easy reference by the public and patients;
- (f) service target: provision of at least 50% of in-patient bed days taken up in a year for services to local residents with additional score given for a higher percentage commitment up to 70% to ensure that the priority of the hospital is to meet local demand;
- (g) service standard: requirement to attain hospital accreditation on a continuous basis to ensure service standard and quality; and
- (h) reporting: requirement for the hospital to regularly report to the Government on its compliance with the obligations as set out in the tender documents, including those summarized above.

19. To facilitate monitoring of the operations of the new private hospitals, the successful tenderer will be required to enter into, in addition to the land lease, a service deed with the Government. The service deed, which will be co-terminus with the land lease, will incorporate the successful tenderer's proposals for the operation of the private hospitals. A number of measures are available to the Government if the successful tenderer breaches any of its obligations. Such measures include the right to require the successful tenderer to implement a cure plan and pay liquidated damages, the right to exercise step-in rights to temporarily take partial or total control of the hospital and the right to terminate the service deed. The Government may also resort to the performance guarantee and bank bond provided by the successful bidder.

20. The tenders for the private hospital development at the two reserved sites were closed in late July 2012. We are now undertaking tender evaluation and expect to announce the tender results in the first quarter of 2013. Having regard to the experience of these tender exercises, the responses of the market and the aspirations of the community, we will consider the way forward for private hospital development.

**Food and Health Bureau  
Department of Health  
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**Category and Number of Sentinel Events Reported by Private Hospitals (2010-2012)**

Category of Sentinel Event		Number of Sentinel Events (Number of fatal case)		
		2010	2011	2012 (Jan-Oct)
<b>I. Events that leads to death/ serious outcomes</b>				
1	Surgery or interventional procedure involving wrong patient or body part	-	-	-
2	Unintended retention of instruments or other materials after surgery or interventional procedures	-	1(0)	1 (0)
3	Transfusion reaction arising from incompatibility of blood/blood products	-	-	-
4	Medication error involving death or serious injury	-	-	-
5	Intravascular gas embolism resulting in death or serious injury	-	-	-
6	Death of an in-patient from suicide	-	-	-
7	Unanticipated maternal death or serious maternal injury associated with labour or delivery and occurring within 42 days after delivery	3(1)	-	-
8	Infant discharged to wrong family or infant abduction	-	-	-
9	Unanticipated death or serious injury of a full-term infant within 7 days after birth	3(2)	1(0)	2(2)
10	Unanticipated death or serious injury that occurs during or within 48 hours after operation or interventional procedures	2(1)	2(1)	1(1)
<b>II. Unanticipated events that possibly lead to death or serious injury / possess significant public health risk</b>				
11	Medication error that carries a significant public health risk	-	1(1)	-
12	Patient misidentification which could have led to death or serious injury	-	-	-
<b>III. Others</b>				
13	Any other events that have resulted in unanticipated death or serious injury, or with significant public health risk	1(0)	-	1(1)