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Panel on Public Service

Meeting on 18 March 2013

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

Purpose

This paper provides background information on the provision of medical and dental benefits for civil service eligible persons ("CSEPs")¹. It also summarizes the major concerns expressed by members when the subject was discussed at meetings of the Panel on Public Service ("the Panel").

Background

2. The Government, as the employer of civil servants, has a contractual obligation to provide medical and dental benefits for CSEPs ("civil service medical benefits"). The scope of such benefits is set out in the relevant Civil Service Regulations ("CSRs"), Civil Service Bureau Circulars and Circular Memoranda. These provisions form part of the terms and conditions of employment of civil servants.

¹ Civil service eligible persons consist of:

- (a) monthly paid civil servants and their eligible dependants;
- (b) retired civil servants living in Hong Kong and in receipt of a pension or an annual allowance and their eligible dependants living in Hong Kong;
- (c) eligible dependants of civil servants killed on duty and living in Hong Kong;
- (d) eligible dependants living in Hong Kong and in receipt of a pension under the Widows and Orphans Pension Scheme or the Surviving Spouses' and Children's Pension Scheme following the death of civil servants while in service or after retirement; and
- (e) other persons who are eligible for civil service medical benefits by way of their terms of appointment.

3. In 1979, the Civil Service Bureau ("CSB") established the Standing Committee on Medical and Dental Facilities for Civil Servants ("SCMDF") to provide a forum to discuss matters on civil service medical benefits. SCMDF comprises representatives from the staff sides of the four Central Consultative Councils², CSB, the Department of Health ("DH"), the Hospital Authority ("HA") and the Food and Health Bureau.

Scope of benefits

4. Under the existing policy, CSEPs are entitled to medical and dental treatment and services that are provided by DH or HA free of charge, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in the CSRs. In general, civil servants, irrespective of ranks and grades, are entitled to the same level of medical benefits.

5. In addition, CSEPs may also apply to DH for reimbursement of medical expenses if the attending HA doctors certify that the drugs, equipment and services concerned are prescribed in accordance with medical necessity and are chargeable by HA or not available in HA³. This arrangement enables CSEPs to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in HA's Drug Formulary.

Service providers

6. At present, the major part of the Government's contractual obligation in the provision of civil service medical benefits is met through services provided by HA through its network of general out-patient clinics, specialist out-patient clinics, and hospitals throughout the territory. Most of HA's general out-patient clinics have specified varying numbers of priority discs during normal day clinic sessions for serving civil servants who need medical treatment. Separately, dedicated clinic sessions for specialist services for CSEPs are available at Queen Elizabeth Hospital (L Block). In recent years, HA has set up a specialist out-patient clinic at the Prince of Wales Hospital and a diagnostic imaging centre at the Queen Elizabeth Hospital for the exclusive use of CSEPs. Additional special out-patient services sessions are also provided for CSEPs on Saturday mornings at the Queen Mary Hospital.

² They are the Senior Civil Service Council, Disciplined Services Consultative Council, Model Scale 1 Staff Consultative Council and Police Force Council.

³ Similar reimbursement arrangement also applies to drugs prescribed by the attending doctors of DH's families clinics which form an essential part of the medical treatment to the patients concerned on medical ground but not available in DH's dispensaries.

7. Separately, DH provides a small part of the civil service medical benefits through its 38 dental clinics and four Families Clinics reserved for the exclusive use of CSEPs, and other DH clinics providing social hygiene services and elderly services which are also open to the public.

Discussions by the Panel on Public Service

8. The Panel discussed the provision of civil service medical benefits at its meetings on 19 May 2008, 16 March 2009, 19 April 2010, 16 March 2011 and 19 March 2012. The major views and concerns expressed by Panel members and the Administration's responses are summarized below.

Reimbursement of medical expenses and direct payment arrangement

9. At the meeting on 19 May 2008, some members expressed the concern that with the introduction of the Drug Formulary⁴ by HA in 2005, some civil servants especially those suffering from chronic diseases had faced difficulties in bearing the high medical expenses for the drugs/equipment/services classified by HA as patient self-financed items.

10. The Administration explained that CSEPs might apply to the Government for re-imburement of expenses for drugs/equipment/services which formed an essential part of the medical treatment as prescribed and certified by the attending HA doctors on medical grounds but were not available in HA's hospitals or clinics or were chargeable by HA. The Government had closely liaised with HA to remove any ambiguities about the arrangement, and the manpower resources in DH had been enhanced to expedite processing of the reimbursement applications⁵. Furthermore, the Administration had implemented a direct payment arrangement with HA for selected drugs, medical items and treatment⁶, under which HA would provide the required items to CSEPs first and

⁴ HA has implemented the Drug Formulary since July 2005 with a view to ensuring equitable access by patients to cost-effective drugs of proven safety and efficacy by standardizing the drug policy and drug utilization in HA. The Formulary contains two categories of drugs, namely General Drugs and Special Drugs, both are provided within the standard fees and charges. Four main types of drugs are classified as self-financed items which are not included in the Formulary. These drugs included drugs which are proven to be of significant benefits but extremely expensive for HA to provide as part of its standard services, drugs with preliminary medical evidence only, drugs with marginal benefits over available alternatives but at significantly higher costs, and lifestyle drugs. Patients have to purchase these drugs at their own expenses.

⁵ In response to the Panel's request at the meeting on 16 March 2011, the Administration provided vide LC Paper No. [CB\(1\)1996/10-11\(01\)](#) a breakdown by reimbursement items in respect of the reimbursement expenditure of medical expenses incurred by CSEPs for the period from 1 April 2010 to 31 December 2010, as well as the respective numbers of applications received, approved and rejected, and the reasons for rejection.

⁶ These include percutaneous transluminal coronary angioplasty (PTCA) procedures, intraocular lens operation, non-PTCA consumables for interventional cardiology, positron emission tomography (PET) service, and cancer drugs provided by HA.

DH would settle the payment with HA direct, without requiring the CSEPs concerned to make any upfront payment for these items.

11. At the meeting on 19 March 2012, the Administration advised that as at 31 December 2011, around 57% of the total reimbursement expenditure in 2011-12 was covered by the direct payment arrangement. A working group comprising representatives of DH, HA and CSB was formed in 2011 to examine the feasibility of further extending the coverage of the direct payment arrangement to all drugs provided by HA to CSEPs and to work out the detailed logistics.

Inclusion of Chinese medicine

12. Panel members had repeatedly called on the Administration to consider including Chinese medicine in the scope of civil service medical benefits. Members pointed out that the use of Chinese medicine was popular among members of the public, Chinese medicine had become a part of Hong Kong's public healthcare system and the certification given by registered Chinese medicine practitioners was recognized for taking sick leave.

13. 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 out-patient service of HA. The civil service medical benefits referred to in CSRs and the letters of appointment for civil servants were those provided by HA and DH. As the services provided by CMCs under HA were not part of the standard services of HA, it did not fall within the scope of the civil service medical benefits. Unless there were changes to the existing arrangements, the Administration had to abide by the contractual obligations to offer medical and dental benefits to CSEPs through HA and DH. The Administration would continue to keep in view the development of Chinese medicine in the public healthcare system in consultation with the Food and Health Bureau and HA.

Mode of provision of civil service medical benefits

14. At the meeting on 16 March 2009, the Panel met with representatives from six civil service staff unions/associations, which expressed dissatisfaction with the difficulties encountered by CSEPs in seeking timely and quality medical consultation and treatment under the existing system of provision of civil service medical benefits. In view of the staff sides' concerns, members called on the Administration to explore providing civil service medical benefits

outside the public healthcare system, such as taking out medical insurance or providing dedicated clinics for the use of CSEPs without being subject to any quota or the Drug Formulary. The Panel passed a motion at the meeting urging the Administration to expeditiously improve the existing medical services for civil servants by including Chinese medicine within the scope of civil service medical benefits and to explore the provision of medical benefits to civil servants by other better means, such as taking out medical insurance.

15. On the staff sides' dissatisfaction with the shortage of medical consultation slots, the Administration advised that it had been making efforts to improve the civil service medical benefits provided through DH and HA. For example, there was an 18% increase in the provision for meeting civil service medical and dental expenses in the 2009-2010 draft Estimates. Besides, in 2009-2010, one more Families Clinic would be opened in the New Territories, two consultation rooms would be added to the existing Chai Wan Families Clinic, and two additional orthodontic surgeries would be provided.

16. As regards the suggestion of providing civil service medical benefits outside the public healthcare system, the Administration agreed to discuss the matter with the staff sides but stressed the need to take into account the Government's financial capability and the cost-effectiveness of relevant proposals.

17. At the meeting on 19 April 2010, some members expressed the view that the Administration should explore the possibility of engaging service providers other than HA and DH to bring about genuine improvements to the provision of civil service medical benefits. At the Panel's request, the Administration provided information after the meeting on the historical background to HA's role in providing medical services to CSEPs⁷.

Civil servants appointed on or after 1 June 2000

18. At the Panel meeting on 19 May 2008, some members noted with concern that civil servants appointed on or after 1 June 2000 and their dependents ceased to enjoy civil service medical benefits upon their departure from the Government, and enquired whether the Administration would review the relevant policy.

⁷ See paragraph 5 to LC Paper No. [CB\(1\)2902/09-10\(01\)](#)

19. The Administration advised that in response to demands from the public and the Legislative Council in the latter half of the 1990's, a series of reforms had been carried out in the civil service during the turn of the century. These reforms included revision of the terms and conditions of service for civil servants. With the implementation of the reforms, civil servants appointed on or after 1 June 2000 were not eligible for local education allowance for their children, or pension and medical benefits for themselves and their eligible dependants after leaving the civil service. In order to keep abreast of time, the terms and conditions of employment for civil servants had been revised from time to time over the years, and civil servants joining the civil service at different periods might be employed on different terms and conditions. These changes would not lead to division among the civil servants. The Administration therefore had no plan to review the medical benefits arrangements for civil servants appointed on or after 1 June 2000.

Latest developments

20. The Administration will brief the Panel on the updated position regarding the provision of civil service medical benefits at the Panel meeting on 18 March 2013.

Relevant papers

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

**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>Minutes of meeting</p> <p>Administration's follow-up paper</p>	<p><u>CB(1)1476/07-08(03)</u></p> <p><u>CB(1)1827/07-08</u></p> <p><u>CB(1)2056/07-08(01)</u></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>Administration's follow-up paper</p>	<p><u>CB(1)978/08-09(04)</u></p> <p><u>CB(1)1977/08-09</u></p> <p><u>CB(1)1301/08-09(01)</u></p>
19.4.2010	<p>Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants</p> <p>Minutes of meeting</p> <p>Administration's follow-up paper</p>	<p><u>CB(1)1582/09-10(04)</u></p> <p><u>CB(1)2234/09-10</u></p> <p><u>CB(1)2902/09-10(01)</u></p>

Date of meeting of Panel on Public Service	Minutes / Paper	LC Paper No.
16.3.2011	Administration's paper on medical and dental benefits for serving civil servants, pensioners and eligible dependants Minutes of meeting Administration's follow-up paper	<u>CB(1)1544/10-11(05)</u> <u>CB(1)2123/10-11</u> <u>CB(1)1996/10-11(01)</u>
19.3.2012	Administration's paper on medical and dental benefits for civil servants, pensioners and eligible dependants Minutes of meeting Administration's follow-up paper	<u>CB(1)1217/11-12(05)</u> <u>CB(1)1715/11-12</u> <u>CB(1)2402/11-12(01)</u>

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