

**立法會**  
**Legislative Council**

LC Paper No. CB(2)2260/13-14(02)

Ref : CB2/PS/2/12

**Panel on Health Services**

**Subcommittee on Health Protection Scheme**

**Paper for the meeting on 12 September 2014**

**Proposed extension of period of work of the Subcommittee**

**Purpose**

This paper seeks the views of members of the Subcommittee on Health Protection Scheme ("the Subcommittee") on the need for the Subcommittee to extend the period of its work and continue to operate in the 2014-2015 legislative session.

**Background**

2. The Subcommittee was appointed by the Panel on Health Services ("the Panel") in November 2012 to study issues relating to the introduction of the Health Protection Scheme ("HPS") as proposed by the Government for the Second Stage Public Consultation on Healthcare Reform and make recommendations where necessary. According to its work plan, the Subcommittee has focused its work on the following areas -

- (a) roles of public and private healthcare systems;
- (b) roles of public funding and health insurance in financing healthcare services including the utilization of government subsidy;
- (c) objectives, concept and design of HPS; and

- (d) supporting infrastructure for HPS including healthcare manpower planning and supply, healthcare service provision and regulatory framework for HPS and private health insurance ("PHI").

### **Work of the Subcommittee**

3. Under the chairmanship of Dr Hon LEUNG Ka-lau, the Subcommittee has held nine meetings since 12 December 2012 to study the following major issues -

- (a) role of public and private healthcare sectors and the Administration's latest efforts in facilitating the development of healthcare services for meeting future demands;
- (b) healthcare manpower planning and professional development;
- (c) design of PHI policies regulated under HPS;
- (d) public funding support for the implementation of HPS; and
- (e) institutional framework for the governance and operation of HPS, including the set up of a dedicated regulatory agency and the establishment of a claims dispute resolution mechanism ("CDRM").

### **Need for continuation of work**

#### Design of PHI policies regulated under HPS

4. HPS is meant to be a supplementary financing arrangement that complements the public healthcare system. It is expected that with the introduction of HPS for those who are willing and able to afford private healthcare services through making use of their PHI cover, resources in the private sector can be better utilized to meet community needs so as to enable the public sector to focus on providing services in its target areas. A Working Group and Consultative Group on HPS have been set up under the Health and Medical Development Advisory Committee to make recommendations on matters concerning the implementation of HPS. To facilitate the work of the Working Group and Consultative Group, the Administration commissioned the PricewaterhouseCoopers Advisory Services Limited ("the Consultant") to conduct a consultancy study to provide professional and technical advice on, among others, the formulation of a viable and sustainable product design for HPS.

5. Members have raised various concerns over the design of PHI policies to be regulated under HPS as recommended by the Consultant, including the desirability of introducing a set of Minimum Requirements to all individual-based indemnity hospital insurance products after the launch of HPS, the estimated average standard premium per insured person under the HPS Standard Plan, the appropriate entry age limit for guaranteed acceptance and the premium loading cap proposed for the HPS Standard Plan, the feasibility of the "informed financial consent" and "no-gap/known gap" arrangements, and migration of existing PHI policies to policies that complied with the Minimum Requirements.

#### Public funding support for the implementation of HPS

6. The Subcommittee notes the Administration's preliminary proposal on areas where public funding will be considered to ensure the viability and sustainability of HPS. These include funding injection into the High Risk Pool ("HRP") (i.e. the separate pool for the Standard Plan policies of high-risk individuals) to be set up under the regulatory agency for HPS, and tax deduction for premiums paid for individual-based indemnity hospital insurance policies that comply with the Minimum Requirements and voluntary supplementary plans purchased by individuals on top of their group-based indemnity hospital insurance policies. According to the Consultant, the funding injection required for financing HRP for the period of 2016 to 2040 is \$4.3 billion. Members have requested the Administration to provide further details on the estimated cost to the Government for financing HRP.

#### Institutional framework for the governance and operation of HPS

7. The Subcommittee notes the Administration's proposal to set up a dedicated regulatory agency to perform the functions essential for ensuring a smooth implementation and operation of HPS, and to ensure that the policy objectives of HPS can be achieved. While in the long run the regulatory agency could take the form of a statutory body, the Administration considers that it should be set up as an administrative unit under the Food and Health Bureau in the interim. Separately, a CDRM will be established under HPS to provide an independent and credible claims dispute resolution channel for policyholders of HPS. Subject to the caseload of CDRM, it is proposed that secretariat support to CDRM could be taken up by the regulatory agency. The Administration will work out the detailed institutional frameworks for the above two proposals.

8. The original plan of the Administration was to consult the public on the proposal for implementation of HPS within the first half of 2014. In July 2014, the Administration has advised the Subcommittee that its

current plan is to put forth the HPS proposal for public consultation in the third or fourth quarter of 2014, in conjunction with the public consultation exercise on regulation of private healthcare facilities. The Administration will brief the Subcommittee on the HPS proposal upon the launch of the public consultation exercise. It is incumbent upon the Subcommittee to actively participate in the public consultation, follow up the report on the public consultation to be published, and the final proposal to be formulated by the Government for the implementation of HPS.

#### Healthcare manpower planning and professional development

9. As a step to take forward HPS, the Administration has set up the Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development ("the Steering Committee") in January 2012. It is tasked to formulate recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring the healthy and sustainable development of the healthcare system. The review covers primarily the 13 healthcare professions under statutory regulation<sup>1</sup>. The University of Hong Kong ("HKU") and the Chinese University of Hong Kong ("CUHK") are commissioned to provide professional input and technical support to the review.

10. The Subcommittee considers that the success of HPS hinges on having an adequate supply of healthcare manpower to meet the rising private healthcare service demand, including those arising from the implementation of HPS, and a regulatory framework that is conducive to quality improvement and professional development. It notes that given the complexity of the task, more time than expected is required for HKU in coming up with the projection on the manpower demand for healthcare professionals from the designated disciplines. According to the Administration, the forecasts for doctors, dentists and nurses (including midwives) will be available in around two months' time, and that of the remaining nine professions will follow. The study of CUHK on the local and overseas regulatory frameworks is also progressing in full swing. The Subcommittee will continue to monitor the progress of the two commissioned studies, invite views from relevant stakeholders on the findings of the studies and follow up the recommendations on healthcare manpower planning and professional development to be drawn up by the Steering Committee.

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<sup>1</sup> The 13 healthcare disciplines are medical practitioners, dentists, dental hygienists, nurses, midwives, Chinese medicine practitioners, pharmacists, chiropractors, medical laboratory technologists, occupational therapists, optometrists, radiographers and physiotherapists.

Proposed extension of period of work

11. Rule 26(c) of the House Rules provides that a subcommittee should complete its work within 12 months of its commencement and report to the relevant Panel(s). If it is necessary for a subcommittee to work beyond that 12 months, the subcommittee should, after obtaining the endorsement of the relevant Panel(s), report to the House Committee and give justifications for an extension of the 12-month period. In accordance with the said House Rule, approval was previously given by the House Committee at its meeting on 15 November 2013 for the Subcommittee to extend the period of its work after expiry of the 12-month period in December 2013 until 3 November 2014.

12. The work of the Subcommittee ties in with the progress of the Administration's work on taking forward HPS. The Administration will provide supplementary information to address members' concerns on various matters concerning the design of and funding support for HPS and the manpower projection model constructed by HKU for doctors at the meeting of the Subcommittee on 12 September 2014. Having regard to the outstanding matters which need to be followed up by the Subcommittee as set out in paragraphs 4 to 10 above and the time required by the Subcommittee to conclude its work and finalize its recommendations, members may wish to consider the need for the Subcommittee to continue to work in the 2014-2015 legislative session.

**Advice sought**

13. Members' views are sought on whether the Subcommittee should seek for an extension of its work in the 2014-2015 legislative session (i.e. until 30 September 2015). Subject to members' views and the endorsement of the Panel, a report will be made to the House Committee for seeking its approval of the proposal.

Council Business Division 2  
Legislative Council Secretariat  
5 September 2014