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Panel on Welfare Services and Panel on Health Services

Joint Subcommittee on Long-term Care Policy

Background brief prepared by the Legislative Council Secretariat for the meeting on 24 March 2014

Financial assistance on medications and medical/rehabilitation appliances

Purpose

This paper gives an account of past discussions of relevant committees of the Legislative Council regarding financial assistance on medications and medical/rehabilitation appliances.

Background

2. According to the Administration, the Government offers financial/material assistance for patients in need by means of waiving of medical charges, subsidies from trust funds, referral for social security benefits, and purchase of medical appliances. Patients may apply for financial assistance from relevant charitable funds (such as the Samaritan Fund ("SF")) to purchase medical supplies and rehabilitation appliances, as well as designated self-financed drugs which are not Standard Drugs[1] in the Drug Formulary implemented by the Hospital Authority ("HA").

Samaritan Fund

3. Established by resolution of the Legislative Council in 1950, SF aims to provide financial assistance to needy patients, who meet the specified

[1] Standard Drugs can be classified into General Drugs which have well-established indications and effectiveness and are available for general use by doctors of public hospitals and clinics, and Special Drugs which have to be used under specified clinical conditions with specific specialist authorization.

clinical criteria and pass the means test, for meeting expenses for designated Privately Purchased Medical Items (including home use equipment and appliances, expensive medical procedures and self-financed drugs) or new technologies required in the course of medical treatment which are not covered by hospital maintenance or outpatient consultation fees in public hospitals and clinics. Financial assessment is conducted by Medical Social Workers.

4. For non-drug items, financial assessment is based on the income and assets of the patient and his/her household members living under the same roof. If the patient's household income is below the corresponding Median Monthly Domestic Household Income ("MMDHI") and the household assets not exceeding three times of the item cost, the patient will generally receive assistance from SF.

5. For drug items, partial or full subsidy can be provided through the SF safety net to needy patients to cover their expenses on drugs proven to be of significant benefits but extremely expensive for HA to provide as part of its subsidized service under the Drug Formulary[2]. Under the SF mechanism, financial assistance will be granted if the estimated cost of the drug is above the patients' maximum annual contribution payable, the calculation of which is based on the applicant's annual disposable financial resources ("ADFR"), i.e. the sum of the patient's annual household disposable income and disposable capital. With the relaxation of the financial assessment criteria since 1 September 2012, a deductible allowance is also provided when calculating the value of disposable capital of the patient's household. The tiers of patients' contribution ratio for drug expenses are also simplified from the past 12 bandings to the present seven bandings.

6. The operation of SF mainly relies on donations and Government subsidies. HA is charged with the responsibility of managing SF and will seek additional funding from the Government if necessary. In view of the ageing population, advancement in medical technology and changing coverage of SF safety net, the Government provided a $10 billion grant to SF in 2012 which is expected to be able to sustain the operation of SF for about 10 years.

7. To support HA patients to purchase self-financed cancer drugs which have not yet been brought into the SF safety net and benefit needy patients who marginally fall outside the SF safety net for the use of specified self-financed drugs, the Government introduced First Phase and Second

[2] The safety net of SF does not cover the other three self-financed drug categories, namely (a) drugs which have preliminary medical evidence only; (b) drugs with marginal benefits over available alternatives but at significantly higher costs; and (c) life-style related drugs (e.g. weight loss drugs).

Phase of the Community Care Fund ("CCF") Medical Assistance Programmes in August 2011 and January 2012 respectively. The Second Phase has been incorporated into the regular mechanism of SF with effect from 1 September 2012.

Deliberations by members

Safety net for self-financed drugs

8. Members were concerned about the financial burden imposed on patients by the extremely expensive self-financed drugs such as cancer drugs. Question was raised as to whether the expenses borne by each patient for purchasing self-financed drugs could be capped at, say, $100,000 a year, and the amount exceeding the cap to be covered by HA as part of its subsidized services. There was also a view that patients' expenditure on self-financed drugs should be tax deductible.

9. The Administration stressed that it was its long-standing policy that no patients would be denied adequate medical treatment due to a lack of means. Needy patients could apply for assistance from SF to meet expenses on these drugs. The Administration further advised that two CCF Medical Assistance Programmes (the First Phase and Second Phase Programmes) were implemented in 2011-2012. The First Phase Programme provided subsidy to needy HA patients for the use of six specified self-financed cancer drugs that had not yet been brought into the SF safety net. The Second Phase Programme provided subsidy to needy patients who marginally fall outside the SF safety net for the use of SF subsidized drugs, and provided additional subsidy to HA patients by reducing their maximum contribution ratio from 30% to 20% of ADFR.

10. Members considered that drugs which were proven to be of significant benefits should be covered by the standard fees and charges in public hospitals and clinics, rather than being classified as self-financed items with safety net.

11. The Administration explained that the drug list in the Drug Formulary was regularly reviewed by the HA Drug Advisory Committee and the HA Drug Utilization Review Committee ("DURC"). The former would systematically appraise new drugs every three months while the latter would conduct periodic reviews on existing drugs in the Formulary. The committees would give regard to the principles of efficacy, safety and cost-effectiveness when reviewing individual drugs. Drugs meeting the established requirements would be incorporated into the scope of the SF

safety net or the Drug Formulary for the provision to the public at HA's standard fees and charges. In addition, HA would continue to identify self-financed drugs which met the requirements for subsidy under the First Phase Programme under CCF for inclusion into that Programme.

Role of SF

12. Noting that HA was responsible for determining the drugs to be introduced and categorized as self-financed drugs with safety net, as well as managing SF, some members doubted whether SF could serve its intended purpose of providing relief to needy patients. In their view, SF might be used as a justification for HA to exclude drugs proven to be of significant benefits but extremely expensive to provide in the Formulary. They urged the Administration to enhance the transparency of the operation of SF.

13. The Administration held the view that SF had never deviated from its objective of providing relief to needy patients. The introduction of drugs into the Formulary and the inclusion of self-financed drugs into the scope of SF would foremost be based on the latest scientific and clinical evidence on efficacy and safety of drugs and not their cost. Recommendations for major changes to the Formulary would be considered in the HA Annual Planning process. Recommendations of DURC for including drugs as self-financed drugs under SF would be considered by the Samaritan Fund Management Committee, which in turn would make recommendations to the Medical Services Development Committee for endorsement. HA pointed out that a number of measures had been implemented to enhance the transparency of the overall drug policy. A consultation mechanism with patient groups had also been put in place to gauge their views on the formulation and changes to the scope of the Formulary and SF.

14. In view of the rapid advancement in medical technologies and the ageing population, members had expressed concern about the sustainability of SF and urged the Administration to hammer out a long term funding arrangement for SF. Whilst expressing support to the grant of $10 billion to SF in 2012, members were of the view that upon receiving the grant, HA should expand the safety net of SF to cover more self-financed drugs such as cancer drugs, Imatinib and drugs for treating Thalassaemia. The Administration assured members that HA would continue to review the safety net of SF on a regular basis and include those self-financed drugs which met the scientific and clinical requirements into the safety net of SF.

Financial assessment for drug subsidies under SF

15. Some members took the view that income of the extended family

members living with the patients should not be counted as the patients' household income when assessing the financial condition of the applicants for SF. They suggested that patients living with their family members should be allowed to apply for assistance from SF on an individual basis. A high-level committee should also be set up for the exercise of discretion to grant approval for subsidy to patients who fell marginally outside the safety net.

16. The Administration advised that the practice of using patients' household income in assessing the level of subsidy granted under SF was in line with other safety nets funded by public money, such as public housing, student loans, legal aid and the Comprehensive Social Security Assistance ("CSSA"). This assessment criterion for public assistance was also adopted in many developed countries. The rationale was to encourage family members to support each other and to prevent the avoidance of responsibility by resorting to public assistance in the first instance. It should be noted that due regard would also be given to non-financial factors, such as medical and social grounds meriting special discretion, when vetting an application for SF.

17. While expressing support for the provision of a $10 billion grant to SF and the regularization of the Second Phase CCF Medical Assistance Programme which reduced the patients' maximum contribution ratio from 30% to 20% of their ADFR, many members considered that the Administration should further relax the financial assessment criteria to benefit more needy patients, in particular those from the middle class families who were often required to purchase the costly self-financed drugs at their own expense. According to the Administration, it was estimated that about 3 000 patients would benefit from the regularization of the Second Phase CCF Medical Assistance Programme and the relaxation of the financial assessment criteria of SF. These included patients who were receiving partial subsidy and would become fully subsidized or contributed a smaller amount of the drug cost, patients who would become newly eligible for the subsidy, as well as those who were currently enjoying full subsidy from SF.

Subsidies for medical and rehabilitation equipment and appliances

18. Members were concerned about the lack of support for persons with disabilities for renting necessary but expensive medical equipment to maintain their health condition. They suggested that special subsidies under the Disability Allowance scheme should be provided for persons with disabilities not supported by CSSA for the purchase of medical equipment and appliances.

19. According to the Administration, a special subsidy was introduced under CCF in January 2013 to persons with severe physical disabilities for renting respiratory support medical equipment and a one-year programme was introduced in September 2013 to support expenses for purchasing medical consumables related to respiratory support medical equipment. Regarding members' concerns about income limit for the programme, the Administration advised that the income limit had been relaxed from 100% to 150% of MMDHI. CCF would keep in view the development before considering further relaxing the income limit.

Relevant papers

20. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
18 March 2014

Appendix

Relevant papers on
Financial assistance on medications and
medical/rehabilitation appliances

Committee	Date of meeting	Paper
Panel on Health Services	10 November 2008 (Item IV)	Agenda Minutes
Panel on Health Services	8 June 2009 (Item VI)	Agenda Minutes
Panel on Health Services	19 June 2009 (Item I)	Agenda Minutes
Panel on Health Services	14 February 2011 (Item VI)	Agenda Minutes CB(2)1602/10-11(01)
Panel on Health Services	14 June 2011 (Item I)	Agenda Minutes
Panel on Health Services	14 November 2011 (Item VI)	Agenda Minutes
Panel on Health Services	16 April 2012 (Item IV)	Agenda Minutes
Panel on Health Services	10 July 2012 (Item II)	Agenda Minutes
Panel on Welfare Services	10 December 2012 (Item V)	Agenda Minutes
Subcommittee on Poverty	24 May 2013 (Item II)	Agenda Minutes
Subcommittee on Poverty	17 December 2013 (Item I)	Agenda Minutes

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