

立法會
Legislative Council

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(These minutes have been
seen by the Administration)

Ref : CB2/PS/2/12

Panel on Health Services

Subcommittee on Health Protection Scheme

**Minutes of the eleventh meeting
held on Friday, 6 February 2015, at 9:30 am
in Conference Room 2 of the Legislative Council Complex**

- Members present** : Dr Hon LEUNG Ka-lau (Chairman)
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon CHAN Kin-por, BBS, JP
Hon CHEUNG Kwok-che
Hon YIU Si-wing
Hon Charles Peter MOK, JP
Hon CHAN Han-pan, JP
Hon Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
Hon POON Siu-ping, BBS, MH
- Members attending** : Hon WONG Kwok-hing, BBS, MH
Hon TANG Ka-piu, JP
- Public Officers attending** : Dr KO Wing-man, BBS, JP
Secretary for Food and Health
- Mr Chris SUN Yuk-han, JP
Deputy Secretary for Food and Health (Health) Special Duties
Food and Health Bureau

**Attendance
by invitation**

: New People's Party

Mr NG Ka-chui
Community Development Officer

Oi Man Estate Residents Union

Mr MA Hei-pang
Community Officer

Mr NGAN Man-yu, Kwun Tong District Council Member

The Lion Rock Institute

Mr Andrew SHUEN Pak-man
Research Director

Democratic Alliance for the Betterment and Progress of Hong Kong

Mr YIP Man-pan
Deputy Spokesperson of Health Services

The Federation of Hong Kong and Kowloon Labour Unions

Miss TAM Kam-lin
Deputy Director of Social Affairs Committee

Democratic Party

Mr YUEN Hoi-man
Spokesperson

Patients and Medical Professionals Rights Association

Mr Tony CHOW Kar-ming
Vice Chairman

Mr Paul LAW Siu-hung

Civic Party

Miss Vicky CHIU Pui-sze
District Developer (NTW)

Mr NG Chung-tat

Hong Kong Private Hospitals Association

Dr Anthony LEE
Chairman

Professor Raymond LIANG, Emeritus Professor of The
University of Hong Kong

Hong Kong Public Doctors' Association

Dr Pierre CHAN
President

The Society of Hospital Pharmacists of Hong Kong

Mr William CHUI
President

The Hong Kong Federation of Insurers

Ms Elaine CHAN
Deputy Chairman of Task Force on Health Care Reform

Medical Insurance Association of The Hong Kong
Federation of Insurers

Mr Terry TSANG
Chairman

Insurance Claims Complaints Bureau

Mr Mike LEE
Member of General Committee

Federation of Hong Kong Industries

Mr Jimmy KWOK
Deputy Chairman

Liberal Party Youth Committee

Mr Jeffrey PONG
Representative

The Hong Kong Medical Association

Dr Louis SHIH Tai-cho
President

The Association of Hong Kong Professionals

Dr Eugene K.K. CHAN
Chairman

Provisional Hong Kong Academy of Nursing Limited

Ms Civy LEUNG Sui-kei
Vice President

The Chinese General Chamber of Commerce

Mr Anthony KWAN Wai-ming
Committee Member

Employers' Federation of Hong Kong

Mr Victor Apps
General Council Member

Clerk in attendance : Ms Maisie LAM
Chief Council Secretary (2) 5

Staff in attendance : Ms Janet SHUM
Senior Council Secretary (2) 5

Ms Michelle LEE
Legislative Assistant (2) 5

Action

I. Election of Chairman and Deputy Chairman (if required)

Members considered it not necessary to re-elect the Chairman of the Subcommittee. Dr LEUNG Ka-lau agreed to continue to serve as the Chairman in the 2014-2015 legislative session.

2. Members agreed that election of a Deputy Chairman of the Subcommittee

Action

was not necessary.

II. Consultation Document on Voluntary Health Insurance Scheme

[File Ref.: FH CR 4/1/3822/13 Pt.4, LC Paper Nos. CB(2)766/14-15(01), CB(2)787/14-15(01), CB(2)795/14-15(01), CB(2)810/14-15(01) to (08), CB(2)877/14-15(01) to (02), CB(2)990/14-15(01) and CB(2)1123/14-15(01) to (02)]

3. The Subcommittee deliberated (index of proceedings attached at **Annex**).

4. The Subcommittee received views from 25 organizations and individuals on the Consultation Document on Voluntary Health Insurance Scheme ("the Consultation Document"), and noted the written submissions from Mr YEUNG Wai-sing, Eastern District Council Member, and Hong Kong Doctors Union who/which did not attend the meeting.

Admin

5. The Administration was requested to provide a response in writing to -

- (a) address the concern that existing group indemnity hospital insurance policies in the market were not limited to policies being held by employers for the benefit of their employees. According to the Consultation Document, group hospital insurance policies, which were confined to those policies purchased by employers for their employees as staff benefits, were not required to comply with the Minimum Requirements upon the implementation of the proposed Voluntary Health Insurance Scheme; and
- (b) provide an actuarial analysis on the estimated impact on premiums if employer-provided group indemnity hospital policies would be subject to the Minimum Requirements.

III. Any other business

Date of next meeting and items for discussion

6. Members agreed to further discuss the Consultation Document with the Administration at its next meeting. The Chairman said that the Clerk would follow up with the Administration on the arrangements and members would be informed of the details in due course.

Action

(Post-meeting note: With the concurrence of the Chairman, the twelfth meeting of the Subcommittee has subsequently been scheduled for 11 March 2015 at 2:30 pm.)

7. There being no other business, the meeting ended at 12:56 pm.

Council Business Division 2
Legislative Council Secretariat
12 October 2015

**Proceedings of the eleventh meeting of the
Subcommittee on Health Protection Scheme
on Friday, 6 February 2015, at 9:30 am
in Conference Room 2 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)/Discussion	Action required
<i>Agenda item I: Election of Chairman and Deputy Chairman (if required)</i>			
000152 - 000234	Chairman	Members agreed that there was no need for the re-election of the Chairman and election of a Deputy Chairman of the Subcommittee.	
<i>Agenda item II: Consultation Document on Voluntary Health Insurance Scheme</i>			
000235 - 000647	Chairman	Opening remarks	
000648 - 000933	Oi Man Estate Residents Union	Presentation of views	
000934 - 001226	Mr NGAN Man-yu, Kwun Tong District Council Member	Presentation of views	
001227 - 001446	The Lion Rock Institute	Presentation of views	
001447 - 001800	Democratic Alliance for the Betterment and Progress of Hong Kong	Presentation of views	
001801 - 002129	The Federation of Hong Kong and Kowloon Labour Unions	Presentation of views	
002130 - 002444	Democratic Party	Presentation of views (LC Paper No. CB(2)810/14-15(01))	
002445 - 002746	Patients and Medical Professionals Rights Association	Presentation of views (LC Paper No. CB(2)787/14-15(01))	
002747 - 003030	Mr Paul LAW Siu-hung	Presentation of views	
003031 - 003347	Civic Party	Presentation of views (LC Paper No. CB(2)877/14-15(01))	
003348 - 003705	Mr NG Chung-tat	Presentation of views	
003706 - 004016	Professor Raymond LIANG	Presentation of views (LC Paper No. CB(2)990/14-15(01))	
004017 - 004330	Hong Kong Public Doctors' Association	Presentation of views (LC Paper No. CB(2)810/14-15(02))	

Time marker	Speaker	Subject(s)/Discussion	Action required
004331 - 004650	Hong Kong Private Hospitals Association	Presentation of views	
004651 - 004938	The Society of Hospital Pharmacists of Hong Kong	Presentation of views (LC Paper No. CB(2)877/14-15(02))	
004939 - 005300	The Hong Kong Federation of Insurers	Presentation of views (LC Paper No. CB(2)795/14-15(01))	
005301 - 005617	Medical Insurance Association of The Hong Kong Federation of Insurers	Presentation of views	
005618 - 005945	Insurance Claims Complaints Bureau	Presentation of views	
005946 - 010241	Federation of Hong Kong Industries	Presentation of views (LC Paper No. CB(2)810/14-15(03))	
010242 - 010611	Liberal Party Youth Committee	Presentation of views	
010612 - 010915	The Hong Kong Medical Association	Presentation of views (LC Paper No. CB(2)810/14-15(04))	
010916 - 011238	The Association of Hong Kong Professionals	Presentation of views (LC Paper No. CB(2)810/14-15(05))	
011239 - 011453	Provisional Hong Kong Academy of Nursing Limited	Presentation of views (LC Paper No. CB(2)810/14-15(06))	
011454 - 011802	The Chinese General Chamber of Commerce	Presentation of views (LC Paper No. CB(2)1123/14-15(01))	
011803 - 012132	Employers' Federation of Hong Kong	Presentation of views (LC Paper No. CB(2)1123/14-15(02))	
012133 - 012445	New People's Party	Presentation of views	
012446 - 014321	Chairman Admin	The Administration's response to views expressed by the deputations that - (a) the objective of the Voluntary Health Insurance Scheme ("VHIS"), which was designed to focus primarily on hospital services, was to provide an alternative for those who could afford and willing to use private healthcare services (e.g. the middle class) through enhancing the quality of private health insurance ("PHI"). Under the dual-track healthcare system, the public system would continue to be the safety net for the whole population, including VHIS subscribers who might suffer from catastrophic and complex illnesses. As more people	

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		<p>were willing to make use of private healthcare services through VHIS, resources could be released in the public sector to enhance service quality and reduce waiting time;</p> <p>(b) as regards the impact of VHIS on premiums of hospital insurance products, the Consultant's estimation was that the average annual standard premium of Standard Plan would be around \$3,600 (in 2012 constant prices), about 9% or \$300 higher than the average premium of existing individual indemnity hospital insurance products (ward level) in the market (i.e. around \$3,300 in 2012 constant prices). The estimation had taken into account, among others, that the implementation of VHIS would attract more people to subscribe to hospital insurance which was conducive to risk-pooling on the one hand, and on the other hand bring about enhanced premium transparency and product comparability which would foster market competition and in turn was expected to lead to a reduction of expense loading;</p> <p>(c) while the proposal of introducing tax reduction for premium paid might be less attractive to the non-working young population, they would be encouraged to join VHIS early as the requirement of guaranteed renewal for life would enable them to enjoy life-long protection without re-underwriting. At a young age, they were more likely to be healthy and thus might be able to lock in an underwriting class that attracted a lower premium. They could then maintain that underwriting class even when they developed health conditions at a later age;</p> <p>(d) with the development of new private hospitals and the redevelopment or expansion of existing private hospitals, it was expected that the number of private hospital beds would increase by at least 40% by 2020. The enhanced private healthcare capacity might have impact on the price levels of private hospital services. This apart, the various proposals put forward in the Consultation Document on Regulation of Private Healthcare Facilities ("the PHF Consultation Document") to enhance price transparency of all regulated private healthcare facilities (including private hospitals) would help encourage market competition and bring medical costs under better control;</p> <p>(e) the Administration was open-minded as to whether fine adjustments should be made to the proposal that the high risk pool ("HRP") would be opened to all in the first year upon the implementation of VHIS and limited to those aged 40 or below thereafter. It should be noted that this proposal would not only ensure the financial sustainability of HRP, but also encourage more people to enroll in VHIS when they were young and healthy;</p>	

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		<p>(f) in respect of the use of the \$50 billion earmarked for healthcare reform, it was estimated that \$4.3 billion was required for supporting HRP for a 25-year period from 2016 to 2040. The funding arrangements for HRP beyond the 25-year period would have to be considered in due course having regard to operational experience. Part of the remaining sum of the \$50 billion would be used for setting up a fund for the Hospital Authority ("HA") to make use of the investment returns for public-private partnership ("PPP") initiatives. Any remaining sum of the \$50 billion would be reserved for general use, including provision of support for public hospital projects. In addition, the tax deduction proposal would have a bearing on tax revenue forgone;</p> <p>(g) the regulatory agency for VHIS proposed to be set up as an administrative unit under the Food and Health Bureau would ensure compliance of individual hospital insurance products with the Minimum Requirements. As regards the proposal to establish a Claims Dispute Resolution Mechanism for VHIS to resolve financial disputes concerning claims settlement of VHIS policies, the Administration would give consideration to the view of some deputations that the existing Insurance Claims Complaints Bureau was effective in handling claims disputes arising from individual insurance policies; and</p> <p>(h) the Administration would continue to step up publicity to heighten the awareness of the public of the public consultation exercise on VHIS. Along with other publicity activities, an announcement of public interests had been broadcast on television.</p>	
014322 - 015040	Chairman Mr WONG Kwok-hing Admin	<p>Mr WONG Kwok-hing's concurrence with the view of the Administration that VHIS could benefit patients in the public sector through reduction of waiting time; and his enquiry as to whether the annual claimable premiums was capped at \$3,600 per person insured under the proposal of providing tax deduction for premiums paid for VHIS products. In his view, the whole amount of annual premium payable should be eligible for tax deduction so as to provide greater financial incentives for VHIS.</p> <p>The Administration's clarification that assuming the annual ceiling on claimable premiums as \$3,600 per person insured (i.e. the average standard premium of Standard Plan (in 2012 constant prices) as estimated by the Consultant) was for pure illustration purposes in calculating how taxpayers could benefit from the proposed tax deduction. While the exact amount eligible for tax deduction would be determined by the Government upon implementation of VHIS, it was likely that a cap would be imposed given that VHIS was aimed at enabling policyholders to access general ward class of private healthcare services.</p>	

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015041 - 015754	Chairman Mr CHAN Kin-por Admin	<p>Referring to the remark of some deputations, Mr CHAN Kin-por clarified that according to statistics he had at hand, the average expense loading in 2013 was 31% for the individual health insurance market and 25% for the whole health insurance market. It should be noted that fees for insurance intermediaries, who helped the consumers to choose the insurance products that suited their needs, accounted for more than 10% of the amount of insurer expenses.</p> <p>Mr CHAN Kin-por's view that the average annual standard premium of Standard Plan and, hence, the long-term sustainability of VHIS would hinge on proper medical cost control and effective risk pooling. He was disappointed that the private healthcare sector was not required in tandem with the implementation of VHIS to introduce packaged charging for specific procedures categorized by diagnosis-related groups. The shortage of private hospital beds was another factor for rising charges for hospital services. In addition, it was most likely that many new joiners for individual indemnity hospital insurance after the implementation of VHIS would only be the higher-risk individuals as there was inadequate financial incentive for the young and healthy to do so.</p> <p>The Administration's reiteration of the enhanced private healthcare capacity by 2020 and the various proposals put forward in the PHF Consultation Document to enhance price transparency of private hospitals. In particular, the proposal that private hospitals had to provide patients with quotations for investigative procedures or elective, non-emergency therapeutic operations or procedures for known diseases on or before admission (or known as Informed Financial Consent arrangement) would help promote market competition and contain medical costs.</p>	
015755 - 020509	Chairman Miss Alice MAK Admin Mr CHAN Han-pan	<p>On Miss Alice MAK and Mr CHAN Han-pan's enquiry about how the proposed VHIS could encourage taxpayers to purchase VHIS plans on behalf of their dependent parents, the Administration's advice that it was proposed that a taxpayer might claim tax deduction on his or her own policy and/or his or her dependants (i.e. spouse, child, dependent parent, dependent grandparent, dependent brother or sister, etc). The details of the tax deduction arrangement would be determined in due course upon implementation of VHIS.</p> <p>Miss Alice MAK's concern about which class of ward the private hospital beds to be increased in the years to come would be falling under, and that patients having procedures for unknown diseases could not benefit from the Informed Financial Consent arrangement; and the Administration's advice that -</p> <p>(a) any change in the number and types of beds provided by a private hospital required prior written approval of the Director of Health for the purpose of registration of</p>	

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		<p>the hospital under the existing Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) as well as the future regulatory regime for private healthcare facilities; and</p> <p>(b) while treatments under emergency situation and for diseases that were not yet diagnosed by the hospitals or doctors concerned might be exempted from the proposed requirement of provision of price quotation on or before admission, the requirement that fee schedules covering all chargeable items should be made publicly available would facilitate prospective patients to have a good grasp of the overall charging schedule beforehand.</p> <p>Miss Alice MAK's suggestions that the window period for policyholders of existing individual hospital insurance policies to migrate to compliant policies under VHIS, which was proposed to be one year, should be longer; and both compliant and non-compliant products should be made available for prospective customers to choose during the migration window period. The Administration took note of the suggestions.</p>	
020510 - 021204	Chairman Mr CHAN Han-pan	<p>Mr CHAN Han-pan's concern about whether the Informed Financial Consent arrangement could effectively contain the rise in medical costs (and hence premium escalation), and that VHIS might lead to brain drain of doctors from the public to private sector and aggravate the medical manpower shortage problem in public hospitals.</p> <p>The Administration's advice that -</p> <p>(a) apart from Informed Financial Consent, the proposals that a regulatory agency should be set up to monitor the operation of VHIS (including the claim ratio), and that private hospitals should make public historical bill sizes statistics for common treatments or procedures could help keep the price level of private healthcare services in check; and</p> <p>(b) to increase the local supply of doctors, there would be an increase in the number of intake of university places for doctors starting from the 2016-2017 academic year. To address the doctor shortage in time, the Medical Council of Hong Kong had increased the frequency of the licensing examination for overseas-trained doctors from once to twice a year starting from 2014. More flexibility would also be introduced into the internship arrangement so as to facilitate more overseas-trained doctors to register for practice in Hong Kong.</p>	
021205 - 021729	Chairman Mr YIU Si-wing Admin	<p>Mr YIU Si-wing's enquiry as to whether the Government would be involved in the setting of the standard premiums for Standard Plan; and his concern that the average annual premium of Standard Plan would trend upward if it turned out that the young and healthy population, who might have</p>	

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		<p>already been covered by group hospital insurance policies, did not enroll in VHIS given the lack of financial incentives for them to do so. To encourage more people to subscribe to VHIS, the insurers should not be restricted to offer Standard Plan only.</p> <p>The Administration's advice that -</p> <ul style="list-style-type: none"> (a) under VHIS, insurers would set their own age-banded premium schedules for Standard Plan. It was proposed that a regulatory agency would be set up to monitor the implementation and operation of VHIS and HRP with Government financial support; (b) insurers were required to provide a conversion option as an optional component in the group hospital insurance products that they offered to employers. This would allow an employee to transfer to an individual Standard Plan at the same underwriting class when leaving employment if he or she had been employed for a full year immediately before the transfer. Insurers might also provide voluntary supplement(s) (on a group policy basis) to employers so that employees who wished to procure at their own costs additional protection on top of their group plans could opt to do so; and (c) insurers might provide enhanced benefits in the form of a Flexi Plan or a Top-up Plan to suit the specific needs of consumers. 	
021730 - 022243	Chairman Mr POON Siu-ping Admin	<p>Mr POON Siu-ping's view that the success of VHIS would hinge on, among others, whether the Administration could enhance regulation of private hospitals through the measures proposed in the PHF Consultation Document; and his enquiry about under what circumstances would the Administration adjust the guaranteed acceptance age limit (which was proposed to be 40 years of age) and extend the proposed one-year period for the provision of guaranteed acceptance with a premium loading cap for all ages as suggested by some deputations.</p> <p>The Administration's response that -</p> <ul style="list-style-type: none"> (a) VHIS was one among the many healthcare reform initiatives to improve the quality of healthcare services and to enhance the long-term sustainability of the healthcare system which included, among others, promoting PPP in healthcare, enhancing regulation of private healthcare facilities, increasing public healthcare infrastructure, and reviewing the operation of HA as well as healthcare manpower planning and professional development; and (b) it would assess the implications on the size of HRP membership and in turn the financial implications for the Government when considering whether or not guaranteed 	

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		<p>acceptance would only apply to those aged 40 or below starting from the second year of implementation of VHIS as currently proposed.</p>	
022244 - 022822	<p>Chairman Mr TANG Ka-piu Admin</p>	<p>Mr TANG Ka-piu's concern about the level of expense loading under VHIS given that the current level of average expense loading for the individual health insurance market was relatively higher than in many other jurisdictions; and his enquiry as to whether a platform would be set up to gauge views on the priority areas in the use of the remaining sum of the \$50 billion earmarked for healthcare reform.</p> <p>The Administration's reiteration of how VHIS would bring about enhanced transparency and product comparability, which in turn was expected to lead to a reduction of expense loading and the use of the \$50 billion. The Administration welcomed any views on the use of the remaining sum of the \$50 billion.</p>	
022823 - 023521	<p>Chairman Mr CHEUNG Kwok-che Admin</p>	<p>Mr CHEUNG Kwok-che asked whether the Administration would consider formulating an indicative price list for common treatments or procedures on a yearly basis for reference of consumers, and setting up a social enterprise to operate VHIS through insurance brokers on a self-financing basis.</p> <p>The Administration's advice that at present, HA would list the ranges of charges for various items of medical services for private patients through a gazette notice. In addition, private hospitals would be required under the revamped regulatory regime to publish key historical statistics of their actual bill size for common treatments or procedures as prescribed by the regulatory authority to enhance price transparency. Given that VHIS was voluntary in nature and it was common that insurers offering individual indemnity hospital products would offer other insurance products to suit the consumers' needs, the Administration had reservation to operate VHIS through a social enterprise at this stage.</p>	
023522 - 024442	<p>Chairman Dr KWOK Ka-ki Admin Mr CHAN Kin-por</p>	<p>Dr KWOK Ka-ki's view that -</p> <p>(a) priority of Government funding for healthcare should be accorded to enhancing primary care to improve the health of individuals in the community and reduce their need for hospital services, and improving the public healthcare system in particular the waiting time for various services. At present, public health expenditure only accounted for about 50% of total health expenditure, and about 2.6% of Gross Domestic Product ("GDP") which was lower than that of other advanced economies;</p> <p>(b) there was no mechanism under VHIS to control the administration fee charged by the insurers. At present, the average expense loading of the individual health insurance market (which stood at 36% in 2013</p>	

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		<p>according to the Consultation Document on VHIS) was much higher than that of overseas jurisdictions such as Australia, Ireland, the Netherlands and Switzerland; and</p> <p>(c) the illustrative annual premium of Standard Plan for those aged 65 to 69 (viz. \$8,600 for individuals with standard risk and \$25,800 for those with higher risk and were charged a premium loading at 200% of standard premium) would be unaffordable to most of the retirees when they needed health protection the most.</p> <p>The Administration's reiteration that VHIS was only part of its effort in recalibrating the public-private balance among other policy initiatives that it was taking forward, including, among others, strengthening primary care and promoting prevention of diseases; and its advice that while the total health expenditure as a percentage of GDP (i.e. about 5%) was not high compared to that of other advanced economies, it should be noted that the implementation of VHIS would result in a growth of private health expenditure. Moreover, public health expenditure already accounted for about 17% of total recurrent expenditure of the Government. On the affordability of premiums payable by high risk individuals, the estimation of the Consultant that the membership of HRP would be around 69 800 in 2016 (assuming that VHIS would be implemented in 2016) could serve as a reference.</p>	
024443 - 024823	Chairman Mr Paul LAW Siu-hung	Mr Paul LAW's remark that insurance intermediaries played an important role in helping consumers to choose the insurance products (health insurance being one of them) that suited their needs. They also stood ready to promote VHIS upon its implementation. It was considered that the current commission level for insurance intermediaries (i.e. about 15% taken out of the premium paid by an insured, or less than \$600 under the assumption that the average annual standard premium of Standard Plan would be around \$3,600) was reasonable given their professional services.	
024824 - 025227	Chairman The Hong Kong Federation of Insurers	<p>The Hong Kong Federation of Insurers's view that -</p> <p>(a) the Administration should allow the co-existence of an unregulated market segment where products were not bound by Minimum Requirements (but with features to enhance the quality and transparency of the products, such as guaranteed renewal and standardized exclusion clauses) and a regulated market segment where products were bound by Minimum Requirements in order to provide more choices for consumers. Otherwise, some of the young and healthy individuals would be left with no choice but not to purchase individual hospital insurance because they were unable to afford the comprehensive coverage of compliant products, the average annual standard premium of which was estimated to be \$3,600 (in 2012 constant prices);</p> <p>(b) the proposed tax deduction should also apply to premiums paid for grandfathered policies; and</p>	

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		<p>(c) greater budget certainty for policyholders could only be achieved if private hospitals would provide patients with the estimation of total charges for treatment on or before their admission to private hospitals. HA should also maintain its list of private service charges current and transparent.</p>	
025228 - 025835	Chairman Admin	<p>The Administration's assurance of the important role played by insurance intermediaries in the implementation of VHIS, and its advice that -</p> <p>(a) according to the indicative annual standard premiums for Standard Plan estimated by the Consultant as set out in Table 3.3 in the Consultation Document on VHIS, the respective average annual premium for the age groups of 15 to 19 and 20 to 24 were \$1,500 and \$1,450 (in 2012 constant prices);</p> <p>(b) the Administration would consider any views received during the public consultation period on the proposed grandfathering arrangements. It should, however, be noted that given VHIS aimed at addressing the shortcoming of existing PHI products in the market and provide minimum protection for consumers when taking out PHI policies, all individual hospital insurance in the market should be required to comply with the Minimum Requirements. For instance, the benefit limits of Standard Plan should be at the prescribed levels so as to provide reasonable coverage for general ward in average-priced private hospitals. Against this backdrop, tax deduction would only apply to compliant products; and</p> <p>(c) it would encourage private hospitals to provide greater budget certainty to consumers through the various measures proposed in the PHF Consultation Document, so as to enhance consumer confidence in using private healthcare services, thereby contributing to achieving the policy objective of VHIS.</p>	
025836 - 030044	Chairman The Federation of Hong Kong and Kowloon Labour Unions	<p>The Federation of Hong Kong and Kowloon Labour Unions's concern about the portability of the group policy with the Conversion Option component in case of a change of employment; and its view that the Administration should keep the expense loading under VHIS under better control.</p>	
030045 - 030329	Chairman Democratic Party	<p>Democratic Party's view that the Administration should publicize the charges of private hospital services on the Government's website for easy reference of the public, and insurers should be required to provide Voluntary Supplement(s) on a group policy basis for individual policy members concerned to choose whether to procure at their own costs additional protection on top of their group policy; and its concern that those employees whose employers did not purchase the group policy together with the Conversion Option could not enjoy the benefits of not having to undergo</p>	

Time marker	Speaker	Subject(s)/Discussion	Action required
		re-underwriting when switching to an individual Standard Plan, and take on an individual policy beforehand in order to secure a sustained and affordable insurance protection upon retirement or leaving employment.	
030330 - 030608	Chairman The Society of Hospital Pharmacists of Hong Kong	The Society of Hospital Pharmacists of Hong Kong's view that healthcare professionals, including doctors, nurses and pharmacists, should be encouraged to promote to the public the importance of taking out VHIS policies. In the longer term, consideration could be given to extending the coverage of VHIS to specialist outpatient consultations as future advancement in medical technology would enable more patients to receive treatment without admission to hospitals. On enhancing price transparency of private healthcare services, the regulated private healthcare facilities should be required to disclose their charges for medication.	
030609 - 031934	Chairman Admin Mr Vincent FANG	<p>The Chairman's request for the Administration to provide a response in writing to (a) address the issue that existing group indemnity hospital insurance policies in the market were not limited to policies being held by employers for the benefit of their employees; and (b) provide an actuarial analysis on the estimated impact on premiums if employer-provided group indemnity hospital policies would be subject to the Minimum Requirements.</p> <p>In response to Mr Vincent FANG's enquiry about the proposed arrangements for group health insurance and the views expressed by The Federation of Hong Kong and Kowloon Labour Unions, Democratic Party and the Society of Hospital Pharmacists of Hong Kong, the Administration's advice that -</p> <p>(a) under VHIS, group hospital insurance policies were confined to those policies purchased by employers for their employees as staff benefits. Given that purchase of hospital insurance was voluntary under VHIS, it would be important to encourage employers to maintain or take up group hospital insurance – even if it fell short of the Minimum Requirements – for their employees so as to prevent employers from dropping the cover altogether because they could not afford the compliant products;</p> <p>(b) the proposed Voluntary Supplement arrangement would provide insurance protection at a level comparable to the protection of an individual Standard Plan. Tax deduction would cover premium paid for Voluntary Supplements. The Administration would look into the deputations' concerns on the operation of the proposed Voluntary Supplement(s) and Conversion Option for group hospital insurance;</p> <p>(c) outpatient consultations were not a mandatory coverage item under VHIS as doing so would drive up claims and</p>	Admin

Time marker	Speaker	Subject(s)/Discussion	Action required
		<p>premium; and</p> <p>(d) the Administration would require private hospitals to make public the fee schedules for all chargeable items, including medication, under the revamped regulatory regime for private healthcare facilities.</p>	
031935 - 032000	Mr Vincent FANG Admin	In response to Mr Vincent FANG, the Administration's advice that the proposed revamped regulatory regime for private healthcare facilities received support from the Hong Kong Private Hospitals Association.	
032001 - 032434	Chairman Mr CHEUNG Kwok-che Admin	<p>Mr CHEUNG Kwok-che's view that -</p> <p>(a) the Administration should set up a social enterprise to operate VHIS and leave the insurance companies to offer non-compliant products, with a view to providing more choices for consumers; and</p> <p>(b) given that certain procedures (e.g. endoscopy) could be performed under an ambulatory setting, the publication of the fee schedules for private healthcare services should cover not only that of private hospitals but also that of the ambulatory centres.</p> <p>The Administration's reiteration that it had no plan to set up a social enterprise to operate VHIS at this stage; and its advice that the measures proposed in the PHF Consultation Document that regulated private healthcare facilities should make public their fee schedules on all chargeable items would cover those ambulatory centres providing high-risk procedures.</p>	
032435 - 032628	Chairman Mr CHAN Kin-por Admin	Mr CHAN Kin-por's remark that employers, in particular the small and medium enterprises, might drop the insurance cover for employees should the Minimum Requirements be imposed on group hospital insurance. On the indicative average annual premium for Standard Plan for the age group of 15 to 19 which was estimated in 2012 constant prices, the premium level might stand as high as \$2,900 if VHIS was implemented in 2017 if due regard was given to an annual general inflation rate of 6% and that the estimation of the Consultant was subject to a potential range of variation which stood at +45% the highest.	
<i>Agenda item III: Any other business</i>			
032629 - 032712	Chairman	Date of next meeting to be scheduled	