



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

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電話號碼 Tel No.: (852) 3509 8959
傳真號碼 Fax No.: (852) 2868 3049

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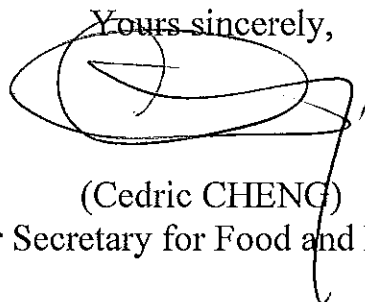
Ms Maisie LAM
Clerk to Panel
Legislative Council Panel on Health Services
Legislative Council Complex
1 Legislative Council Road, Central
(Fax: 2509 0775)

Dear Ms Lam,

**Proposed loan for the development of
the Chinese University of Hong Kong Medical Centre**

I refer to item 8 of LC paper no CB(2)1237/14-15(02). At the Panel meeting on 16 March 2015, the Administration was requested to provide supplementary information in relation to the proposed loan for the development of the Chinese University of Hong Kong Medical Centre. The requested supplementary information, compiled in consultation with the Chinese University of Hong Kong, is provided at **Annex**.

Yours sincerely,



(Cedric CHENG)
for Secretary for Food and Health

c.c. The Chinese University of Hong Kong (Attn: Prof T F Fok)
Hospital Authority (Attn.: Dr W L CHEUNG)
Finance Committee, Legislative Council (Attn.: Ms Anita SIT)

Administration's Response to
Follow-up to the meeting of the Panel on Health Services
on 16 March 2015 on matters related to
the proposed loan for the development of
the Chinese University of Hong Kong Medical Centre

Item (a)

Operational details of the partnership arrangement between HA and The Chinese University of Hong Kong ("CUHK") that CUHKMC would take up referrals of specialist outpatient and day procedure new cases from HA in the specialties of gynaecology, orthopaedics, gastroenterology cum colorectal surgery and urology, including, among others, definition of "new cases", the referral criteria, the range of services to be provided by CUHKMC and the service monitoring mechanism.

Administration's response

In addition to the acceptance of a set of Minimum Requirements in developing private hospitals, CUHK has also committed to help alleviate the current pressure on the public healthcare sector by taking up referrals of specialist outpatient ("SOP") and day procedure cases from the Hospital Authority ("HA"). The CUHKMC has agreed to receive up to 17,600 new SOP cases and 6,600 new day surgery cases each year on an ongoing and long term basis from the fifth year of operation of the Hospital onwards. Patients referred to the CUHKMC for treatment shall continue to be charged at HA's standard fees and charges.

CUHK has been in close contact with HA in drawing up the referral arrangements for SOP and day procedure cases. HA will discuss with CUHK the collaboration details including scope of services, referral criteria and performance monitoring mechanism. While a set of formalized operation details is not yet available at this stage in the light of potential medical developments and advancements of medical protocols before the CUHKMC comes into operation, in general, the design of scope of services will be guided by the following principles -

1. Services with high clinical service demand;
2. Services with relatively long waiting time within HA;

3. Services that need a one-off intervention or a short term time-limited care; and
4. Services that CUHKMC has the capacity and capability to provide.

CUHK and HA will continue to maintain close discussion in formulating the details of the referral arrangement with a view to benefiting patients in need and effectively alleviating pressure on public healthcare services.

Item (b)

(i) Elaboration on how CUHKMC could help to increase the overall training capacity for healthcare professionals in Hong Kong.

Administration's response

With the increase in medical student intake in recent years and in the future, CUHKMC will serve as an additional training venue complementing the Prince of Wales Hospital ("PWH"), the teaching hospital of the Faculty of Medicine of CUHK ("the Faculty").

Given the unique mission and approach of CUHKMC, as well as its focus on patient-centred and innovative healthcare, CUHKMC will provide an invaluable learning and teaching environment for the Faculty's students. When fully commissioned, the hospital would employ around 180 doctors, 600 nurses (full-time equivalent) and other allied health professionals, who are expected to contribute towards teaching duties, hence help increasing the training capacity of the Faculty.

CUHKMC also welcomes students in nursing, pharmacy, physiotherapy, occupational therapy and other healthcare professions from Hong Kong's higher education institutions for clinical attachment. In the longer run, CUHKMC plans to seek accreditation from the Hong Kong Academy of Medicine for specialist training of doctors.

(ii) The mechanism in place to ensure that the devotion of time on the part of the teaching staff of the Faculty of Medicine of CUHK to private services would not adversely affect their teaching and research activities and the provision of public services in the Prince of Wales Hospital ("PWH").

Administration's response

Under CUHK's existing regulations, CUHK's clinical professors are required to devote their time to both clinical services and academic services, i.e. teaching and research. They are permitted to conduct private clinical practices, subject to the time spent not exceeding the equivalent of 1 working day per week, which is equivalent to 2 half-day sessions or 8 hours of work.

CUHK has established clear guidelines governing the extent of private clinical practices its professors can engage in to ensure that public duties are not compromised. The clinical professors are required to document their time and place of private practices through an online system and submit quarterly reports to the Faculty of Medicine of CUHK via the department chairman.

In the future, CUHK's clinical professors may conduct private practices in CUHKMC. However, the time they could spend on private practices will remain the same, i.e. the equivalent of 2 half-day sessions per week. Full-time doctors working for CUHKMC will be employed by CUHKMC instead of the university to clearly differentiate their identities.

(iii) Information on the income generated from private patient services provided by the teaching staff from the Faculty of Medicine of CUHK in PWH in the past five years.

Administration's response

According to information provided by CUHK, the income generated from private patient services provided by the teaching staff from the Faculty of Medicine of CUHK in PWH in the past five years is as follows -

2010-11 ¹	2011-12 ¹	2012-13 ¹	2013-14 ¹	2014-15 (10 months) ²
\$37.0 M	\$40.0 M	\$43.8 M	\$45.3 M	\$39.4 M

Notes:

1. Reporting year is from April to March.
2. Data of February and March 2015 are not yet available.

Item (c)

Detailed explanations on how the net benefit brought about by the proposed loan to the public would outweigh the interest foregone by the Government in the five-year interest-free period.

Administration's response

The CUHKMC will provide affordable private healthcare services at transparent prices, thereby help divert cases from current public sector and relieve the pressure on service demand for public healthcare services. Specifically, the support from CUHKMC in taking up referrals from HA will help relieve HA's service demand and enhance the accessibility to care as elaborated below -

The partnership arrangement between CUHKMC and HA in referring SOP and day procedure cases as detailed in our response to item (a) above will on one hand have the benefit of shortening waiting time for public services, and on the other hand help ensure a comprehensive and diverse casemix for the CUHKMC and in turn the quality of training offered by the Hospital.

The CUHKMC will also use packaged prices extensively for its services to enhance price transparency. It will provide 50% of its inpatient bed-days for services provided through standard beds at packaged charges (which exceeds the Accepted Minimum Requirement of 30%) upon commencement of the operation of the Hospital, and the percentage will rise progressively to 70%. The extensive use of packaged charges should enhance clarity of private hospital charges, provide patients with more certainty on the costs of hospital services, and encourage other private hospitals to follow similar charging practices.

The interest forgone by the Government for providing CUHK a loan with five-year interest-free period is estimated to be \$533 million (at 2014 prices). This amount will be more than the cost saving of HA by referring SOP and day procedure cases to the CUHKMC, which is projected to be about \$1,058 million in total (at 2014 prices)¹.

¹ Since CUHKMC's commitment to take up referrals from HA is on an on-going and long term basis, the cost saving to the Government is computed using the perpetuity formula. A perpetuity is an annuity in which the periodic payments begin on a fixed date and continue indefinitely. The value of the perpetuity is finite because receipts that are anticipated far in the future have extremely low present value (present value of the future cash flows). The saving of \$1,058 million is a conservative estimate as HA's unit cost of a day procedure is not readily available. We have used HA's unit cost per patient day (general) in 2014-15, which is \$4,590, as a proxy to estimate HA's cost savings for referring day procedure cases to the CUHKMC. The figure of \$4,590 is significantly lower than the mean price of day procedures of private hospitals, e.g. the mean price of colonoscopy which is one of the most common types of day procedure in private hospitals in Hong Kong is \$11,042.

Taking into account the above estimated saving as well as the increased capacity for treating public patients, overall speaking, the net benefit of the proposed loan to the public would outweigh the interest foregone by the Government arising from the granting of the loan.