HKFI Comments on the Consultation Document -
Regulation of Private Healthcare Facilities ("PHF")

The Hong Kong Federation of Insurers ("HKFI") is the representative body of insurers in Hong Kong with 130 insurance companies. Together they contribute more than 90% of the gross premiums written in the Hong Kong insurance market.

General Comments –

The review of the regulatory system for health care is definitely needed. The community expects the private health care sector to be affordable, reliable, efficient, high quality regardless of the type of financing (insurance or out-of-pocket).

Hence, the underlying principles of the Regulation of PHF consultation to foster the robust development of the private healthcare sector to support the growing healthcare demands of Hong Kong's ageing population in partnership with the public healthcare sector in a seamless manner are supportive.

The Government is concurrently proposing the Voluntary Health Insurance Scheme with enhancing transparency and consumer protection by incorporating financial consent. We strongly believe the regulatory changes proposed in the PHF consultation should come at a higher priority as insurance is just a vehicle to help drive patients to use private medical service, the quality, efficiency, and affordability of private health care service should be fundamental to protect consumers and gain their confidence in using private health care services. The proposed changes in the PHF consultation should also foster the sustainability of the medical insurance in long run.

Specific Comments –

Regulation

- We support the PHF proposals of updating regulatory regime to align with international best practices for the private healthcare sector, specifically focusing on hospitals and out-patient ambulatory facilities where high-risk medical procedures are carried out.

- On the other hand, it is believed that the medical services provided by doctors practicing at their own private clinics are of similar nature to the medical services provided by doctors practicing within a medical group or under the management of incorporated bodies, with strict governance from registration bodies such as Department of Health ("DOH"). Therefore, for the benefit and interest of the general public, we propose the inclusion of all medical facilities in the private sector as the overarching principle of the PHF proposal. With the vast number of solo medical practitioners in the private sector, we suggest taking a staged approach in the implementation to include all private hospitals and out-patient ambulatory

facilities with high–risk medical procedures in the first phase, followed by all other private medical facilities in the second phase.

- To regulate the private health care sector, setting guidelines, handling complaints, performing audit, professional registration etc, the Regulatory Authority should be an independent body and should have sufficient enforcement power to ensure the non-hospitals PHF function effectively as recommended, e.g. to expand the role of DOH to supervise private health care providers.

- It is also supportive of voluntary enrolment onto the Electronic Health Record Sharing System (eHRSS) for more seamless care transition between the public and private health care sectors.

- In addition, to better understand the health care service system/utilization, the community needs to have standard coding systems for Laboratory, Drugs, Surgical Procedures and Diagnosis. With assistance of the Hospital Authority, the Food and Health Bureau ("FHB")/Regulatory Authority can develop/implement coding systems in the private health care sector. With the standardized coding system implemented, the Regulatory Authority can collect health service statistics for future analyses and planning. In addition, there is a need for updating the government Gazette (classification of procedures) on regular basis, say every 3-5 years, for the reference of Private Healthcare Facilities and the insurance industry, as the last version was updated in 2003.

- In the consultation, there is no mentioning how to promote cost effective and evidence-based clinical practice. Service providers should adopt evidence-based clinic protocol to prescribe cost-effective investigation and/or treatment. In insurance claims, it was seen that a lot of the diagnostic procedures for example endoscopies and advanced imaging, could be carried out at out-patient setting, but carried out at in-patient setting. Prescriptions of services and its place of service are often based on the interest/expectation of the patients and the service providers. Also, we often see unnecessary or inefficiency in the service delivery, for example, screening test package done at in-patient setting.

- The regulation only stipulates the regulatory standards to facilitate conducting high risk medical procedures. It would be better for the public to understand the specific list of medical procedures to be performed and procedures prohibited at non-hospitals PHF. Regulation should include the type of anesthetic that can be used at non-hospitals PHF.

- It is of paramount importance to regulate on credentialing of staff for non-hospitals PHF and on the use and type of equipment. In the long-run, medical clinics should also be subject to the clinical audit. The clinical audit system would encourage solo practices to implement proper administration of drugs, medical records, etc. It can enhance the confidence of the general public and can be done in a smaller scale clinical audit.

Price Transparency

- We advocate fee transparency to empower consumer choice in selecting health care services. There has been a general lack of fee transparency in the private healthcare sector, especially with inpatient services at private hospitals, whereby there are huge variations between hospitals and hardly any reference figures for consumers to plan their budget. Adopting price transparency will enable more informed choices for consumers and more confidence in utilizing the private healthcare sector within their means.

- The proposal on Provision of Packages/Quotation can increase transparency. We opin that disregard the financing option, the PHFs are required to provide common surgical/diagnostic procedures (Recognized Service Package) including endoscopies. In addition, to be more effective, it is suggested that as evidenced in other countries, such as Japan and Malaysia, the Regulatory Authority takes the lead to maintain a Fee Schedule based on the data collected from the medical industry, insurance industry etc., for consumers' reference to achieve the following benefits:
  - This is a more effective and transparent approach to allow consumers to understand how different their doctors are charging as compared to the reference fee schedule in order to make a more informed choice on financial options
  - To encourage more competition among service providers.
  - Insurers can easily determine reasonable & customary charges in claim adjudication.

- Information of each bill should be collected from PHFs (which can start with hospitals and ambulatory centres) and, with statistical tools, provide "Reference" Fee Schedules to public on regular basis, for example every 2 years.

- Provision of Quotation can facilitate benefit coverage pre-assessment before the insured members receive advanced medical treatment.

- The Regulatory Authority should lead to determine common service packages and require all hospitals/specialists to have the packages.

Others

There are other aspects that the insurance industry would consider important but not addressed. They are:

- *Shortage of private medical service*
  The consultation is unable to address the shortage of medical service (professional and facility). There should be minimum requirements e.g. number/percentage of General Ward beds. The guidelines on licensing of overseas medical graduates should be relaxed.

- *Dispensary of drugs and carrying out laboratory services at medical clinics*
  In most developed countries, the segregation of duties in dispensary of drugs and performing investigative test is an effective measure to minimize clinical errors as well as to promote efficiency in the delivery chain.

  However, the Regulatory Authority/Government would need to implement quality assurance regime to ensure the quality of the pharmacy facilities and laboratory centres.

- *Provider contracting methodologies*
  There are other contracting methodologies, such as Diagnosis-Related Group, in other countries that can promote efficiency in the delivery chain. It would be necessary for the Regulatory Authority to drive the implementation of such contracting methodology.