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Panel on Public Service

Meeting on 16 March 2015

Updated background brief on medical and dental benefits for civil servants, pensioners and eligible dependants

Purpose

This paper provides background information on the provision of medical and dental benefits for civil service eligible persons ("CSEPs")¹. It also summarizes the major concerns expressed by members when the subject was discussed at meetings of the Panel on Public Service ("the Panel").

Background

2. The Government, as the employer of civil servants, has a contractual obligation to provide medical and dental benefits ("civil service medical benefits") for CSEPs. The scope of such benefits is set out in the relevant Civil Service Regulations ("CSRs"), Civil Service Bureau Circulars and Circular Memoranda. These provisions form part of the terms and conditions of employment of civil servants.

3. In 1979, the Civil Service Bureau ("CSB") established the Standing Committee on Medical and Dental Facilities for Civil Servants ("SCMDF") to provide a forum to discuss matters on civil service medical benefits. SCMDF comprises representatives from the staff sides of the four Central Consultative

¹ Civil service eligible persons consist of:

- (a) monthly paid civil servants and their eligible dependants;
- (b) retired civil servants living in Hong Kong and in receipt of a pension or an annual allowance and their eligible dependants living in Hong Kong;
- (c) eligible dependants of civil servants killed on duty and living in Hong Kong;
- (d) eligible dependants living in Hong Kong and in receipt of a pension under the Widows and Orphans Pension Scheme or the Surviving Spouses' and Children's Pension Scheme following the death of civil servants while in service or after retirement; and
- (e) other persons who are eligible for civil service medical benefits by way of their terms of appointment.

Councils², CSB, the Department of Health ("DH"), the Hospital Authority ("HA") and the Food and Health Bureau.

Scope of benefits

4. Under the existing policy, CSEPs are entitled to medical and dental treatment and services that are provided by DH or HA free of charge, save for the charges applicable to hospital maintenance, dentures and dental appliances as provided for in the CSRs³. In general, civil servants, irrespective of ranks and grades, are entitled to the same level of medical benefits.

5. In addition, CSEPs may also apply to DH for reimbursement of medical expenses if the attending HA doctors certify that the drugs, equipment and services concerned are prescribed in accordance with medical necessity and are chargeable by HA or not available in HA⁴. This arrangement enables CSEPs to have access to the necessary drugs for treatment, even though such drugs are classified as self-financed items in HA's Drug Formulary.

Service providers

6. At present, the major part of the Government's contractual obligation in the provision of civil service medical benefits is met through services provided by HA through its network of general out-patient clinics, specialist out-patient clinics, and hospitals throughout the territory. Most of HA's general out-patient clinics have specified varying numbers of priority discs during normal day clinic sessions for serving civil servants who need medical treatment. Besides, dedicated clinic sessions for specialist out-patient services for the exclusive use of CSEPs are available at L Block of the Queen Elizabeth Hospital, 9H Specialist Clinic in the Prince of Wales Hospital and Saturday Specialist Out-patient Clinic in the Queen Mary Hospital. In addition, a diagnostic imaging centre at G Block of the Queen Elizabeth Hospital provides diagnostic services for the exclusive use of CSEPs.

7. DH currently operates four families clinics which are located in Chai Wan, Wan Chai, Hung Hom and Tsuen Wan respectively. A fifth families

² They are the Senior Civil Service Council, Disciplined Services Consultative Council, Model Scale 1 Staff Consultative Council and Police Force Council.

³ CSR Annex 6.1 sets out the hospital maintenance fees applicable to all CSEPs. CSR Annex 6.2 sets out the schedule of charges for dentures, dental appliances and other restorations in accordance with a civil servant's monthly salary at specified Master Pay Scale ("MPS") pay points or equivalent. For pensioners, their monthly pension will be benchmarked against the MPS pay points for determining the applicable level of charges.

⁴ Similar reimbursement arrangement also applies to drugs prescribed by the attending doctors of DH's families clinics which form an essential part of the medical treatment to the patients concerned on medical ground but not available in DH's dispensaries.

clinic in Fanling, according to the Administration, is expected to come into operation in the first quarter of 2016. DH also operates more than 30 dental clinics for use by CSEPs only.

Past discussions

8. The Panel discussed the provision of civil service medical benefits at its meetings on 19 May 2008, 16 March 2009, 19 April 2010, 16 March 2011, 19 March 2012, 18 March 2013, 17 February 2014 and 19 January 2015. The major views and concerns expressed by Panel members, deputations and the Administration's responses are summarized below.

Inclusion of Chinese medicine

9. Panel members had repeatedly called on the Administration to consider including Chinese medicine in the scope of medical benefits for CSEPs in view of the increasing popularity of members of the public seeking medical assistance from Chinese medicine practitioners. The Panel passed a motion at its meeting held on 18 March 2013 and 17 February 2014 respectively, urging the Government to immediately review the policy of not providing Chinese medicine service in the scope of civil service medical benefits. At the meeting on 17 February 2014, the Panel also urged the Administration to consider providing Chinese medicine service in families clinics operated under DH.

10. The Administration advised that it was not in a position to provide Chinese medicine service as part of the medical and dental benefits for CSEPs. Presently, DH did not operate any Chinese medicine clinics ("CMCs"). HA also did not operate any CMCs as part of its standard services, although 17 public CMCs operating on a tripartite collaboration model each involving HA, a non-governmental organization ("NGO") and a local university had been commissioned to promote the development of "evidence-based" Chinese medicine. The NGOs were responsible for the day-to-day operation of the public CMCs, and staff of these clinics were employed by them (i.e. they were not HA staff). Having regard to the main purpose of these CMCs and their mode of operation, CMC services were not regarded as part of HA's standard services and fell outside the scope of civil service medical benefits under the prevailing policy.

11. Regarding the proposal on providing Chinese medicine service in families clinics, the Administration advised that it had no plan to introduce a fundamental change to the service scope of DH's families clinics to cover Chinese medicine service in that DH's role was more of a regulatory body over the Chinese medicine industry and DH's current medical staff did not practice Chinese medicine. Nonetheless, the Administration would keep in view any

significant changes to the nature and mode of service delivery of Chinese medicine service in the public sector in future that would merit a review on the provision of civil service medical benefits.

Mode of provision of civil service medical benefits

12. At the meeting on 17 February 2014, the Panel met with representatives from nine civil service staff unions/associations, which expressed dissatisfaction with the difficulties encountered by CSEPs in seeking timely and quality medical consultation and treatment under the existing system of provision of civil service medical benefits. The Administration was urged to engage the private healthcare sector in the provision of civil service medical benefits.

13. The Administration responded that whilst it was committed to improving civil service medical benefits within its contractual obligations, a balance had to be struck between the need to improve the civil servant medical benefits and the need to ensure prudent use of public funds. The Administration had, in the 1980s, introduced a private dental treatment scheme on a pilot basis whereby CSEPs could choose to obtain treatment from private dentists and claim reimbursement from the Government for the costs incurred. As there were difficulties in controlling the cost and service quality provided by private dentists, the pilot scheme was subsequently terminated.

14. On the suggestion that the Government should cease the operation of families clinics and take out group health insurance for CSEPs to use private healthcare services, the Administration advised that enabling CSEPs to use private healthcare services through group health insurance funded by the Government might not be better than the existing arrangements of DH or HA providing medical services to CSEPs free of charge. In addition to the families clinics which were dedicated for use by CSEPs, certain medical services provided by HA were also reserved or dedicated for use by CSEPs. CSEPs might also apply to DH for reimbursement of medical expenses if the attending HA/DH doctors certified that the drugs, equipment and services concerned were prescribed in accordance with medical necessity and were chargeable by HA or not available in HA/DH. As regards dental benefits, DH operated more than 30 dental clinics for use by CSEPs only. In 2014, additional general dental surgeries had been provided in some of these DH's dental clinics. As changing the mode of providing medical and dental benefits for CSEPs was a major change, detailed examination would be required. The Administration would keep in view of the outcome of the public consultation on the Voluntary Health Insurance Scheme to see how the Scheme, if it were to be implemented, would impact on the existing provision of medical benefits for CSEPs.

Quality of medical services for CSEPs

15. Members urged the Administration to put in more resources to enhance its medical and dental benefits for CSEPs, as the existing provision of medical and dental services that could be received by CSEPs was no different than that received by members of the public seeking public healthcare.

16. The Administration pointed out that the medical services received by CSEPs and the general public were not the same. CSEPs could apply to DH for reimbursement of medical expenses if the attending HA/DH doctors certified that the drugs, equipment and services concerned were prescribed in accordance with medical necessity and were chargeable by HA or not available in HA/DH. CSEPs therefore had free access to the necessary drugs for treatment even though such drugs were classified as self-financed items in HA's Drug Formulary. Furthermore, government dental service was not generally available to the public but CSEPs could enjoy such service.

17. The Administration further pointed out that improvements had been made over the past years regarding the provision of medical and dental benefits for CSEPs. Such improvements included the setting up of two additional dedicated specialist out-patient clinics and an imaging centre in HA for the exclusive use by CSEPs to shorten their waiting time for specialist out-patient and diagnostic services. Regarding the dental services provided by DH, the number of surgeries in the general dental clinics had increased from 169 in 2009 to 223 in 2014 which represented, an increase of about 32%. During the same period, the number of orthodontic surgeries had also increased from 13 to 16, representing an increase of 23%. For the provision of reimbursement of medical expenses, there was a 20% increase in 2013-2014 over the Revised Estimates of 2012-2013. As for the general out-patient service, most of the HA's general out-patient clinics had specified varying numbers of priority discs at the beginning of the morning and/or the afternoon session during normal day clinic sessions for serving civil servants who needed medical treatment. The main purpose of giving serving civil servants priority treatment was to enable them to return to work early, if their conditions permitted. Currently, there were still unused discs in some general out-patient clinics.

18. Members noted that the provision allocated to DH to provide medical services to CSEPs had increased from \$677.2 million in the 2009-2010 Revised Estimates to \$984.1 million in the 2013-2014 Revised Estimates, representing an increase of 45%. For HA, additional resources had also been provided on top of the Government's annual subvention to provide specific enhanced services for CSEPs exclusively. The full-year provision for such additional resources was around \$85 million in 2013-2014.

Post-retirement medical protection for civil servants appointed on or after 1 June 2000

19. Members noted that civil servants appointed on or after 1 June 2000 ceased to enjoy civil service medical benefits upon their departure from the Government. Members were concerned that such revised civil service terms and conditions could no longer attract candidates of high calibre to join the civil service which had caused succession problem in the civil service.

20. The Administration responded that in order to keep abreast of time, the terms and conditions of employment for civil servants had been revised from time to time over the years, and civil servants appointed at different periods might be subject to different terms and conditions of service. In response to demands from the public and the Legislative Council in the latter half of the 1990's, a series of reforms were carried out in the civil service at the turn of the century. These reforms included revision of the terms and conditions of service for civil servants. Civil servants appointed on or after 1 June 2000 were not eligible for medical benefits for themselves and their eligible dependants after leaving the civil service. The decision was made after careful consideration and consultation with stakeholders concerned, and the revised fringe benefits package had been clearly explained to the civil servants concerned upon their joining the civil service. In the light of the aforesaid and having regard to the facts that the Government had not encountered any significant recruitment or retention problem after the implementation of the new package of fringe and retirement benefits in 2000 and that pension or post-retirement medical protection for employees was not prevalent in the private sector, the Administration had no plan to change the arrangement.

Provision of civil service medical benefits to non-civil service contract ("NCSC") staff

21. Members were of the view that as NCSC staff were employed under less favourable terms and conditions than their civil service counterparts, the Administration should offer appropriate medical benefits to NCSC staff, in particular those NCSC staff who had been employed for a long time.

22. The Administration explained that as the civil service and NCSC appointments were two different types of employment, it was inappropriate to make direct comparison between them. NCSC staff were employed on fixed term contracts with an all-inclusive pay package. As such, no separate medical and dental benefits were provided. That said, in determining the remuneration package for NCSC staff, heads of department would take into account all the relevant factors, including nature of their duties, conditions of the employment market, recruitment results and cost of living, etc., to ensure that the pay was set at a rate that was competitive with the market level.

Latest position

23. The Administration will update members on the provision of civil service medical benefits at the meeting of the Panel on 16 March 2015.

Relevant papers

24. A list of relevant papers is set out in the **Appendix**.

Council Business Division 4
Legislative Council Secretariat
12 March 2015

Appendix

Medical and dental benefits for civil servants, pensioners and eligible dependants

List of relevant papers

Meeting	Date of meeting	Paper
Panel on Public Service	19 May 2008 (item V)	Agenda Administration's paper Minutes Administration's follow-up paper
	16 March 2009 (item III)	Agenda Administration's paper Minutes Administration's follow-up paper
	19 April 2010 (item V)	Agenda Administration's paper Minutes Administration's follow-up paper

Meeting	Date of meeting	Paper
Panel on Public Service	16 March 2011 (item VI)	Agenda Administration's paper Minutes Administration's follow-up paper
	19 March 2012 (item IV)	Agenda Administration's paper Minutes Administration's follow-up paper
	18 March 2013 (item IV)	Agenda Administration's paper Motion passed at the meeting Minutes Administration's response to the passed motion
	20 January 2014 (item IV on Policy Address)	Agenda Administration's paper Minutes

Meeting	Date of meeting	Paper
Panel on Public Service	17 February 2014 (item V)	Agenda Administration's paper Motion passed at the meeting Minutes Administration's response to the passed motion
	19 January 2015 (item III on Policy Address)	Agenda Administration's paper

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