For discussion
on 16 November 2015

Legislative Council Panel on Health Services

Proposed $10 Billion Endowment Fund to the Hospital Authority for Public-Private Partnership Initiatives

PURPOSE

This paper briefs Members on the funding proposal to allocate to the Hospital Authority (HA) an endowment fund of $10 billion as seed money to generate investment return for funding clinical Public-Private Partnership (PPP) programmes and initiatives.

BACKGROUND

2. Over the years, Hong Kong has developed a high-quality and highly efficient healthcare system for the public with impressive health standards achieved. Yet, with an ageing population, epidemiological shift to chronic diseases and the need to keep pace with medical technology advancement, Hong Kong's healthcare system is facing pressing challenges, calling for development of new concepts and new service delivery models to ensure its long-term sustainability.

3. In 2008, in the Consultation Document on Healthcare Reform "Your Health, Your Life", we took a critical look at how to channel the available resources into the system to achieve the best results for all and to enable the healthcare system to continue to meet the healthcare needs of the community. Taking into consideration the service structure, the following healthcare reform proposals were put forth, including –

(a) Enhance primary care;
(b) Promote public-private partnership in healthcare;

(c) Develop electronic health record sharing;
(d) Strengthen public healthcare safety net; and
(e) Reform healthcare financing arrangements.

4. With broad support received from the community, we have been taking active steps since then to actualize the proposed changes for addressing the foreseen challenges and achieving a more sustainable healthcare system that makes our community healthier.

5. In his 2015 Policy Address, the Chief Executive pledged to extend the General Outpatient Clinic Public-Private Partnership Programme (GOPC PPP) to 18 districts in phases. The Financial Secretary then pledged in the 2015-16 Budget to set up a fund ($10 billion) for the HA to make use of investment return for the HA's PPP initiatives (the HA PPP Fund) including the GOPC PPP with an aim to alleviate pressure on the public healthcare system due to manpower shortages and surge in demand and provide better quality of care for the patients.

OVERVIEW OF PPP

6. One of the proposals set out in the healthcare reform is the promotion of PPP in healthcare as it offers greater choice of clinical services; provides more convenience to the increasing ageing patient population so that they can have access to medical care within their neighbourhood without having to travel long distance to hospitals or consultation; promotes continuity of care so that the patient can be followed up by the same doctor as far as possible (see paragraph 8 below); facilitates collaboration among healthcare providers; and makes better use of resources in both the public and private healthcare sectors and facilitates cross-fertilization of expertise and experience. More importantly, pursuance of PPP can help build a common platform between the public and private healthcare sectors involving medical specialists, general practitioners and other disciplines of healthcare professionals across the two sectors, thereby facilitating integral medical care to our patients in a comprehensive and holistic manner. Furthermore, the platform could also network with social welfare, education and other non-medical sectors enhancing support to patients. Through the PPP programmes, relevant

infrastructure will be built to ensure functioning and continual development of the platform.

7. Another direction in the healthcare reform is to enhance primary care. Primary care is the first contact point in the healthcare system, not only providing episodic illness care, but also comprehensive, continuing, co-ordinated and person-centred healthcare in the context of family and community. Whilst facing an uprising prevalence of chronic diseases, patients with chronic diseases are now heavily relying on public healthcare services under the current system. Yet, in the existing healthcare system, about 70% of the outpatient consultations are provided by the private sector whilst the remaining some 30% by the public sector. Through PPP, there is a high potential to tap on the available capacity and capability of the private sector in managing more patients with chronic diseases. This will facilitate better disease prevention, early detection of health issues, timely intervention and personalized care; leading to better health maintenance and thus ultimately help achieve healthy ageing in the community.

8. Primary care also stresses the establishment of long-term continuous relationship between a patient and his/her family doctor. The family doctor concept allows a much more direct and continuous relationship with individual patients, as family doctors may provide better continuity and integration of holistic care through the access of lifelong health records of individual patients thereby also facilitating referral and follow-up of cases between different levels of care. Family doctors are also better positioned to carry out preventive care via enhanced public health education, promotion and protection of well-being as well as to improve patients' quality of life through holistic care. Currently, "doctor-shopping" is a fairly common phenomenon for patients who seek for medical care on the same health problem from multiple doctors in parallel. Also, a lot of patients are simultaneously seen by both the private and public sectors. Such behaviors bring a major drawback in affecting the continuity of patient care. PPP can encourage patients to build a long-term patient-doctor relationship with one family doctor, who will take care of the patient's chronic, acute and other health problems; thus actualizing the family doctor concept.

9. Currently, there is a significant public-private imbalance in our healthcare system. With very limited choice for patients and inadequate collaboration among healthcare providers in both the public and private sectors,

service utilization for secondary and tertiary healthcare services is heavily skewed towards the highly subsidised public sector causing the current healthcare system to be unhealthy and unlikely to be sustainable in the long run. PPP seeks to enable a portion of patients currently relying mainly on the public sector to have better means to access private healthcare services, and choose between public and private healthcare services. This vital flow will help reduce the over-reliance on public healthcare services and thus help redress the current significant public-private imbalance. In addition, by channeling some prevailing patient load and pressing service demand to the private sector, it allows the public sector to free up certain capacity of secondary and tertiary healthcare services and to be more focused on its priority areas, including acute and emergency care; services for those in genuine need including low income group and the underprivileged; illnesses that entail high costs, advanced technology and multidisciplinary professional teamwork in their treatment; and training of healthcare professionals.

10. On the other hand, a large proportion of chronic disease patients, especially the elderly, are under the care of the public healthcare system. The GOPC PPP will help promote further exchange of clinical knowledge and experience between the public and private sectors in chronic disease management. It also helps promote the family doctor concept and continuity of care in the community.

11. Against the upcoming challenges, PPP has been pursued during recent years to help manage demand for and enhance patient access to clinical services. As aforementioned, in line with the Government's healthcare reform proposals, the HA has launched a variety of clinical PPP initiatives since 2008, including the Cataract Surgeries Programme (CSP) (2008), Tin Shui Wai Primary Care Partnership Project (TSW PPP) (2008), Haemodialysis Public Private Partnership Programme (HD PPP) (2010), Patient Empowerment Programme (PEP) (2010), Pilot Project on Enhancing Radiological Investigation Services through Collaboration with the Private Sector (Radi Collaboration) (2012), and GOPC PPP (2014).

12. Implementation of such clinical pilot PPP programmes has generally been smooth. A brief introduction and a snapshot of the current scope on individual programmes are given at **Annex A**.

INITIAL PROPOSAL ON THE HA PPP FUND

13. Having regard to the responses from the community, patients and healthcare professionals with these piloting clinical PPP programmes, the HA has drawn up initial plans to make use of the investment return from the HA PPP Fund for enhancing PPP initiatives undertaken on a pilot basis, as well as developing new clinical PPP initiatives in future. The implementation progress as at March 2015 for these programmes are given at **Annex B** and details are set out in the ensuing paragraphs.

Existing Programmes and Expansion

(a) Expansion of GOPC PPP

14. The GOPC PPP was launched by the HA in mid-2014 in three pilot districts namely Kwun Tong, Wong Tai Sin and Tuen Mun, targeting at patients with hypertension (HT) with or without hyperlipidaemia, and later diabetes mellitus (DM). The initial support and response from private doctors are positive. As at end-October 2015, 91 private doctors have enrolled in the GOPC PPP. The enrolment process is on-going and interested private doctors in these three districts are welcome to join at any time. The number of participating private doctors broken down by districts is detailed at **Annex C**.

15. The first batch of patient invitations was issued in July 2014, with subsequent batches sent out every three to six weeks. To facilitate patients' understanding of the Programme details and boost enrolment, district patient fora are arranged following the issuance of each batch of patient invitations. The initial response is positive. As at end-October 2015, 6 028 patients have been successfully enrolled under the Programme. Greater details are set out at **Annex C**.

16. Apart from providing some relief to the HA's general outpatient services by sharing the heavy service burden and tapping resources in the private sector, the GOPC PPP is considered a significant tool to help build a robust primary care system, drive the practice of family doctor concept and promote chronic disease management in the community with greater participation from private doctors.

17. The HA will continue to monitor closely the implementation of the GOPC PPP and is also undertaking an interim review to look into the key implementation issues and operating experiences, focusing on the Programme's scope, operations, and support. With the investment return from the HA PPP Fund, it is anticipated that the Programme will be extended to the remaining 15 districts of Hong Kong in three years, starting from 2016-17. As a start, the target number of patients for each district will be maintained at around 2 000. Considering also the responses from private doctors and patients as well as results from the interim review, the scope of chronic diseases and number of patients to be benefited under the Programme may be expanded where appropriate. After the Programme is extended to all districts, the HA will consider room for further collaboration with private doctors in chronic disease management and primary care initiatives under the Department of Health (e.g. the primary care reference framework promulgated by the Primary Care Office and promoting wider use of the Primary Care Directory).

(b) Other Existing Programmes

18. With the investment income from the HA PPP Fund, the HA will continue to enhance the current clinical PPP programmes upon reviewing patient participation and growth in service demand.

New Initiatives and Development

19. In line with the Government's policy direction and the benefits of developing a social infirmary service in the longer-term, the HA has been exploring collaboration with non-governmental organisations (NGOs) to enhance the choices of infirmary care services for patients on the Central Infirmary Waiting List (CIWL) managed by the HA. An Infirmary Service PPP Programme is about to be implemented on a pilot basis, through contracting with an NGO to operate infirmary services at the Wong Chuk Hang Hospital with a maximum capacity of 64 beds for three years and a possibility of extension by two years subject to evaluation. The service is expected to commence in the second half of 2016.

20. Dovetailing with the Government's Colorectal Cancer Screening Pilot Programme, a Colonoscopy PPP Programme will be launched by the HA to refer patients to the private sector for additional services not covered by the Pilot Programme including colonoscopy assessment and corresponding clinical management. Histopathology and CT colonography service for such referred patients will also be procured when needed.

21. The $10 billion PPP Fund together with its investment income will enable the HA to continue to explore new PPP initiatives to meet the emerging healthcare needs of the public and to redress the imbalance between public and private healthcare services as set out in the preceding paragraphs. For instance, in response to rising occurrence and popularity of certain chronic diseases such as common mental disorder and dementia, the HA is exploring the possibility of referring suitable and stable patients to the private sector for continual medical follow-ups to help reduce waiting time for the HA's Special Outpatient Departments.

22. All in all, continual engagement of all relevant stakeholders is considered a key building block for a successful and sustainable clinical PPP programme. While exploring and developing new clinical PPP initiatives, there will be extensive consultations with all relevant stakeholders including the Legislative Council and District Councils, patients and patient groups, community partners and healthcare providers in both private and public sectors. Through such active involvement, valuable feedback can be obtained whilst overall acceptance to such clinical PPP initiatives can be promoted.

(c) Financial Arrangements

23. The HA PPP Fund will be provided as an endowment to the HA whereby the $10B will be a seed money (with principal remaining intact) for generating investment income for the HA in supporting its PPP initiatives. With reference to programmes under **Annex B**, the projected annual expenditure for the next five years[1] is estimated from about $240 million in 2016-17 to about $420 million by 2020-21.

---

[1] Relevant assumptions on contractual price changes and inflation adjustment have been incorporated.

24. Making reference to the existing placements with the Exchange Fund for the Samaritan Fund and the one-off grant for the HA's minor works projects, similar placement with the Exchange Fund will be made for the $10 billion endowment fund (the Placement). The actual investment return on the Placement each year will be tied to the performance of the Investment Portfolio of the Exchange Fund over the past six years and can fluctuate from year to year depending on the investment environment and other relevant factors. For the purpose of financial planning, it is assumed that the annual rate of return on the Placement is 4.3% (with reference to the estimated investment return for fiscal reserves on the placement with the Exchange Fund as adopted in the Medium Range Forecast of the 2015-16 Budget). Based on this assumption, the funding available to support the PPP programmes is estimated to be around $430 million per annum.

(d) Risk Assessment and Management

25. In anticipation of the scale, scope and complexity of clinical PPP programmes; also the increasingly complex clinical PPP opportunities and services models that involve multiple stakeholders; as well as the rising public scrutiny and patient expectation, it is necessary to come up with an organized risk mitigation and management mechanism for the HA PPP Fund.

26. With such regard, the HA has planned to conduct a risk assessment consultancy study aiming to provide independent review with a view to developing a PPP risk register with arisen or potential risks identified and prioritized, to advise necessary strategy, structure and controls to manage such risks; and to recommend risk mitigation approach and measures.

(e) Technology and IT Infrastructure for PPP

27. Since the first rollout of clinical PPP programmes in 2008, private sector healthcare providers in these programmes have used, and modified where necessary, the Public-Private Interface – Electronic Patient Record Sharing Pilot Project (PPI-ePR) platform to access as well as to share key clinical data of patients across sectors. The technical systems of PPI-ePR and existing clinical PPP programmes were migrated to the eHR Sharing System (eHRSS) platform in November 2014. This new eHRSS platform now serves as the common infrastructure for the PPI-ePR, clinical PPP programmes as well

as the future eHRSS, to be launched in the first quarter of 2016. This will facilitate more efficient integration of PPP data with the eHRSS and the eHRSS platform will provide easy access to eHRSS and different clinical PPP programmes in a secure manner. This will be a powerful motivating force for private medical professionals to participate in the future eHRSS.

(f) Governance

28. In line with the governance framework for the Samaritan Fund, a HA PPP Fund Management Committee co-chaired by the Chief Executive/ HA and FHB will be set up to oversee the use of investment return for the HA PPP Fund to fund PPP initiatives under the HA. The HA will provide regular reports on the use of the PPP Fund and outcome of the PPP initiatives for monitoring by FHB. We will also brief the Panel on the progress of these PPP initiatives, including development of new initiatives to meet community demands.

WAY FORWARD

29. Subject to Members' support, we will submit the funding proposal on the HA PPP Fund to Legislative Council Finance Committee for approval as soon as possible.

ADVICE SOUGHT

30. Members are invited to give their views on the funding proposal for the HA PPP Fund as set out in the paper.

Food and Health Bureau
Hospital Authority
November 2015

Annex A

Programme Brief of Public-Private Partnership Programmes

Cataract Surgeries Programme (CSP)

Commenced in February 2008, the Programme aimed to address the service demand and improve access of HA patients to cataract surgeries through a PPP delivery model. Patients on the HA clusters' routine cataract surgery waiting lists for a specified period are invited to undertake surgeries in the private sector on a voluntary basis with a fixed government subsidy of $5,000 subject to a co-payment of no more than $8,000 for each cataract surgery. Charity quotas are offered to those patients with limited economic means such as recipients of Comprehensive Social Security Assistance (CSSA) and patients granted with medical fee waiver.

Tin Shui Wai Primary Care Partnership Project (TSW PPP)

2. The Programme is a pilot PPP model for the delivery of primary care service and promoting the family doctor concept in the community. First piloted in Tin Shui Wai (TSW) North as the Tin Shui Wai Primary Care Partnership Project (TSW PPP) in June 2008, the Programme purchased primary care service from private medical practitioners (PMPs) and was extended to the whole TSW district since June 2010. The TSW PPP primarily targets at clinically stable patients suffering from specific chronic diseases such as diabetes and/ or hypertension who need long-term follow up management at the General Outpatient Clinics (GOPC). The patients are invited to join the TSW PPP voluntarily, paying the same fee as for the HA GOPC service.

Haemodialysis Public-Private Partnership Programme (HD PPP)

3. Clinically suitable end stage renal disease patients, as assessed by Nephrologists of the HA, are invited to join the Programme voluntarily. Recruited patients received HD treatment in one of the partner community HD centres of their choice. The HD services are procured from six qualified community HD centres. HA renal units continue providing regular clinic follow-up, drug prescriptions and investigations. A two-way communication system was developed such that community HD providers could access the clinical information of participants while the community HD treatment records were made available to clinicians of HA taking care of the patients.

Patient Empowerment Programme (PEP)

4. A chronic disease patient empowerment course is consisted of two components, namely a disease-specific knowledge enhancement part and a generic self-enablement part. The former was designed by the HA specialists while the latter was designed by the selected non-governmental organisations (NGOs) partner of the Programme. Suitable primary care chronic disease patients, mainly suffering from diabetes and hypertension, are referred by the HA to attend empowerment sessions in the community. The empowerment sessions are procured from three NGOs in the community covering all seven clusters. A two-way communication system was developed such that partner NGOs could access the clinical information of participants as needed while the progress and outcomes of the empowerment course were made available to HA clinicians taking care of the patients.

Pilot Project on Enhancing Radiological Investigation Services through Collaboration with the Private Sector (Radi Collaboration)

5. This Pilot Project aims at exploring a new operation model to cope with the increasing demand for cancer radiological investigation services through purchase of Computed Tomography (CT) and Magnetic Resonance Imaging (MRI) services from the private sector. Subject to clinical eligibility screening, patients from selected cancer groups that are in need of CT / MRI examinations for sequential clinical management can be invited to join the Pilot Project. The Pilot Project, initially providing services to selected patients with colorectal cancer, breast cancer, nasopharyngeal cancer and lymphoma and, was extended from May 2014 onwards to cover selected patients suffering from prostate cancer, stomach cancer, cervix cancer, corpus uteri cancer, head and neck cancer, sarcoma and germ cell tumor.

6. Invited patients can take part in the Pilot Project on a voluntary basis under full subsidy and can choose their own service provider from HA's panel of contractors engaged through open tender. Patients' health information under the HA is, with consent, shared with private service providers through the Public Private Interface - Electronic Patient Record Sharing System (PPI-ePR) and investigation results are returned to the HA through the Radiological Image Sharing System.

7. The Pilot Project was launched in May 2012 covering the Hong Kong East Cluster, Kowloon East Cluster, Kowloon West Cluster and New Territories West Cluster and was extended to the Hong Kong West Cluster, Kowloon Central Cluster and New Territories East Cluster from September 2012 onwards. Generally speaking, the results of investigations are returned to HA in electronic form within five working days after the day of service booking.

General Outpatient Clinic Public-Private Partnership Programme (GOPC PPP)

8. The Programme aims to help HA manage demand for general outpatient service, enhance patient access to primary care services, provide choice to patients for receiving primary care services from the private sector, promote family doctor concept, and foster the development of the territory-wide electronic health record.

9. The Programme was launched in Kwun Tong, Wong Tai Sin and Tuen Mun districts in mid-2014 on a pilot basis targeted to enroll about 6 000 patients initially. Clinically stable patients having hypertension with or without hyperlipidemia, and later diabetes mellitus patients, currently taken care of by HA GOPC were invited for voluntary participation. All private doctors practising in these three districts were welcomed to participate in this Programme.

10. Each participating patient will receive up to 10 subsidised visits per year, including medical consultations covering both chronic and acute care; drugs for treating their chronic conditions and episodic illnesses to be received directly from private doctors at their clinics; and investigation services provided by HA as specified through private doctors' referral.

11. Under the Programme, participating patients only need to pay the HA GOPC fee of $45 (as per Gazette) for each consultation. Those who are recipients of CSSA or holders of valid full or partial medical fee waiver certificates will enjoy the same fee waiver arrangements as for HA's services. Under mutual agreement, individual patients may receive further services and treatment at their own expenses. Those who are aged 70 or above and have participated in the Elderly Health Care Voucher Scheme can meet such additional charges from their Health Care Voucher accounts.

12. For service provision, participating private doctors may receive a maximum total payment of $2,872 per year (on a reimbursement basis), covering a maximum of 10 consultations, including the HA GOPC fee of $45 to be paid by the patients to the private doctors direct after each consultation. For CSSA recipients and waiver patients, HA will bear the GOPC fee.

13. HA has commenced an interim review to look into the key implementation issues and operating experiences, focusing on the Programme's scope, operations, and support. It is anticipated that, by end-2015, HA will map out an initial roll-out plan for extending the GOPC PPP Programme, including the scope of chronic diseases, number of patients, and the implementation timeframe for individual districts.

Annex B

Cumulative Progress of HA Clinical PPP Programmes since Launch

Programmes	Provisions up to 2014/15	Progress as of 31 March 2015
Cataract Surgeries Programme	15 400 surgeries	15 599 surgeries
Tin Shui Wai Primary Care Partnership Project	1 500 patients enrolled	1 618 patients enrolled
Haemodialysis Public-Private Partnership Programme	188 patients	292 patients
Patient Empowerment Programme	64 200 patients	84 031 patients
Pilot Project on Enhancing Radiological Investigation Services through Collaboration with the Private Sector	15 500 scans	19 541 scans
General Outpatient Clinic Public-Private Partnership Programme*	3 000 patients# enrolled	3 647 patients enrolled
Provision of Infirmary Service through Public Private Partnership	Not Applicable	Programme Planning
Colonoscopy PPP Programme	Not Applicable	Programme Planning

* Patient invitation starting July 2014

\# Full year provisions

Annex C

Progress of the
General Outpatient Clinic Public - Private Partnership Programme
(as at end-October 2015)

1. Private Doctor Enrolment

	Participating Doctors
Kwun Tong	37
Wong Tai Sin	20
Tuen Mun	34
Total:	91

2. Patient Enrolment

	Ever Enrolled Patients since Programme Launch	Participating Patients
Kwun Tong	2 367	2 149
Wong Tai Sin	1 514	1 435
Tuen Mun	2 147	2 029
Total:	6 028	5 613