

Consumer Council
Submission to the Legislative Council Panel on Health Services
regarding Healthcare Reform for Hong Kong

1. INTRODUCTION

1.1 The Council is in the process of preparing a detailed submission to the Government in response to the recent report “Improving Hong Kong’s Health Care System: Why and For Whom? Accordingly, this submission should be considered as only a preliminary observation on the issue of healthcare reform.

2. COUNCIL’S PERSPECTIVE

2.1 The Council’s response to the issue of healthcare is necessarily framed from the perspective of a competition and consumer advocate. As such, it largely examines issues that go to the heart of competitive choices, and consumer satisfaction in the provision of health care services. Therefore the Council’s concerns are not only those issues that need to be addressed in any future reform, flowing from the Harvard Team’s report, but what can be done now to improve the overall health care environment. In addressing these issues, the Council will be making a number of recommendations for consideration by the Government. These are addressed in a preliminary way in this submission.

2.2 Some of these recommendations have direct relevance to the options proposed in the Harvard Report, and in a sense could give indirect support to particular options. This submission does include a section that provides Council comments on the options. However, the Council recognizes that there may be other options appropriate for reform that have not been put forward in the Report.

2.3 As a general comment, the Council considers that given current demographic and epidemiological trends it seems clear that the health care system will become increasingly in need of integrated continuity of care and alternative treatment settings. In fact, it seems that the current organizational structure runs counter to this trend. For example, improvement in the quality of Hospital Authority services diminishes allocative inefficiency to the extent that public resources are drawn away from public health services and become less targeted on those who cannot afford to pay. To assure sustainability of the system, policymakers need to formulate a coherent, rational health policy that takes into account the interaction of the many currently fragmented components of the systems.

3. PATIENTS' RIGHTS

3.1 The Council's concerns in regard to any reforms would start with acknowledgement of the 10 point 'prescription for healthy consumers', promoted by Consumers International, a body in which, through the Consumer Council, Hong Kong plays a leading role. Consumers International believes that all patients have the right to:

1. Appropriate and accessible health care;
2. Freedom from discrimination;
3. Information and education;
4. Choice of a doctor or other health worker;
5. Choice of a health care establishment;
6. Informed consent about treatment;
7. Participation in their own health care;
8. Respect for privacy, confidentiality and dignity;
9. An avenue for making complaints about unsatisfactory service; and
10. Redress in the event of injury.

4. PARTNERSHIP

4.1 Regardless of the commercial imperatives that might necessarily apply in maximizing efficiency or in finding appropriate remuneration levels, the provision of healthcare services is unlike any other in the economy. A non-negotiable goal in any reform will be that everyone in Hong Kong has access to a decent standard of healthcare.

4.2 A partnership therefore exists in the provision of healthcare services. This partnership has three key stakeholders - healthcare service providers, consumers, and the Government. Each of these stakeholders has certain rights and obligations.

4.3 There are three basic issues that the Council addresses, that elaborate on this concept of partnership and efficiency of outcomes - information asymmetry, consumer choice and consumer redress.

5. INFORMATION ASYMMETRY

5.1 While it is accepted that a professional would have more information than a client there is an obligation for that information to be adequately dispensed. A question arises as to how much time and what information should medical professionals give to patients?

5.2 One of the issues commonly raised with the Consumer Council is that some doctors tend to treat diseases, not individuals and patients often are only passive recipients of medical services rather than active partners in minding their own health. It is not only difficult for patients to get information but the different levels of understanding between the medical professional (as primary information providers) and the patient can hinder communication.

5.3 By the same token, information asymmetry can also cause problems when it comes to describing the costs to consumers of providing health care. This is not just in terms of the cost of treatment or of drugs. It also goes to the finer details of how insurance policies work and the long-term costs of policies. Information providers in this context extend to other participants in the healthcare sector, such as insurance representatives attempting to sell policies.

5.4 To promote better informed patients, the Council is in support of the Harvard's proposal of the creation of an Office for Patient Education for improving patient information and education.

5.5 The Council considers that options should be considered to improve the level of information dissemination to consumers on the range of health care services and providers in Hong Kong. For example, encouraging health care providers to produce information sources describing the services they offer, the qualifications and background of providers (including doctors and other practitioners) the areas in which they specialize, the fees that will be charged and the way in which complaints will be handled.

5.6 It is important for patients to have a clear, concise explanation in lay terms of the proposed procedure and of any available alternative procedure before any treatment or investigation. When applicable, the explanation should incorporate information on significant risks, side-effects, or after-effects, problems relating to recuperation, likelihood of success, risks thereof. While some information can only be disseminated on a one to one basis, the means by which general information is publicly disseminated should take advantage of advances in on-line information technology, public broadcasting, in addition to the publication of brochures and other printed material.

5.7 Accordingly, in relation to information needs, there are a number of initiatives that could be taken.

Planning information

5.8 Information needs begin with the collection of adequate data on which to develop plans for long term healthcare needs. Government must recognize the urgency of planning supported by actuarial work to quantify the demands on health care for future demographic changes and areas where cost savings can be made. In determining the best use of scarce resources, the Government needs to collect relevant output data to measure economic efficiency. The Council believes that the proposed Institute for Health Policy and Economics would serve this purpose.

5.9 While the Hospital Authority should be commended for initiating data collection on clinical outcomes by diagnosis and Patient Related Groups in some of its acute care hospitals, it is not clear, at least from information made available to the Harvard team, whether the Hospital Authority has established a process for systematically analyzing and acting upon information in its outcomes reports. The Hospital Authority's outcomes data reports are not made public and therefore do not provide patients with information for making choices. For private hospitals, while there may be internal checks to ensure high standards, there is no public evidence that outcomes are systematically monitored or assessed.

5.10 The Council supports conducting a detailed study on efficiencies in allocation and appropriate targeting of limited resources. A long term and comprehensive health care policy should be established to determine a reasonable level of basic health care services which include criteria of necessary care, effectiveness, efficiency and individual responsibility

Information on services

5.11 Doctors and hospitals should be encouraged to publish a fee list for patient information when they check into hospitals or doctors' consulting rooms. Issuance of medical fees should be put in prominent place to allow patients to have advanced information and compare medical charges in the market. Furthermore, patients should have the right to an itemized bill after any treatment or consultation, separating the charges for drugs from consultation, or procedure

Truth in advertising

5.12 The Council recognizes that the dissemination of health care information can be a sensitive issue. Hong Kong currently has legislation regulating the description and promotion of pharmaceuticals and healthcare treatments, with a view that restricting the flow of information will prevent its misuse.

5.13 There may be a well-founded reluctance to criticize professional colleagues or promote particular services because of the variable nature of disease, patient needs and reactions. Likewise, access to information on pharmaceuticals and treatments may lead to improper use of that information by patients and frustrate the efforts by doctors in their dealings with patients.

5.14 However, with the development of an 'information society', there is increasingly more information being made available to consumers through both official and unofficial means. A primary means being the Internet. It is unavoidable that information dissemination will increase. This should be viewed as a positive step towards empowering consumers.

5.15 There are means available to monitor and eliminate inappropriate information from society - to ensure that claims as to health treatment are properly represented, to prevent raising false expectations in the minds of the sick, and to prevent the unfair disparagement of other service providers. For example, the issue of bogus health claims being promoted over the Internet was a matter that the Council targeted in a joint operation with world wide consumer protection bodies in September 1998. The intention being to have unsuitable web sites removed from the Internet.

5.16 The policy imperative for the Government and industry, on information dissemination, should be to ensure that there are adequate laws and safeguards in existence to protect consumers in respect of unfair comparisons, misleading information and false representations regarding the services on offer, rather than discouraging the dissemination of that information because it may give rise to problems.

Patient's records

5.17 The Harvard Report found that patients with chronic illnesses expressed concern about the lack of continuity of care across the public and private sectors noting that there is limited communication among providers so that patients themselves must assume a role in relating their histories, diagnoses and treatments.

5.18 There is a need to ensure that with any increase in mobility by patients between different healthcare providers, that there are seamless records. Council recommends that doctors, and other healthcare providers, should provide patients' details of investigations conducted, the results of these investigations and a copy of the medical reports when they are transferred to other health care service providers or discharged from hospitals.

Utilizing information technology

5.19 Information asymmetry problems can also arise when it comes to describing the costs to consumers of obtaining health care. This problem goes to the finer details of how insurance policies work and the long-term costs of insurance policies, and similar payment contribution schemes - such as tax payments. In order for consumers to make informed choices about the options that might be available, to suit their individual needs, information must be reliable, complete and objective. The Council believes that the individual information needs of consumers will be optimized by utilizing advances in computerized databases and computer software.

5.20 A solution is to promote the construction of computerized database of all aspects of contracts and healthcare options that are available. From that database, each consumer would be able to get complete and specific information about the range of insurance and healthcare possibilities, by modeling their needs in special computer programs, against the information available on costs and returns. This would enable the consumer to choose a contract corresponding to their individual characteristics and preferences; leading to a better-informed, and therefore highly competitive, marketplace

5.21 The most important issue, as far as consumers are concerned, will be impartiality on the part of the information provider. However, the provision of this source of information will be costly and resource intensive, requiring the cooperation of the Government and business

6. CONSUMER CHOICE

6.1 Consumers must accept, as much as is possible, responsibility for their own health. Even though there are unforeseen illnesses that can occur, the state of one's health is often determined by choice of lifestyle, and there is a predictability about the circumstances that either will or can arise, in addition to the associated costs. The responsibility therefore extends to the manner in which one can extend a healthy life span by undertaking preventive measures and planning for health care services.

6.2 Recognizing that there are inevitable costs that will need to be incurred on health maintenance, an examination of the scope in which medical services are provided needs to acknowledge that consumers can plan their individual health needs and have a responsibility towards maintaining an adequate healthcare plan. This is in addition to the role that government has in planning to a certain extent the health needs of the wider community.

6.3 With the dollar following the patient, the patient is better able to put pressure on the system to promote a patient centered culture and service. This tends to reduce administrative rigidity and the goal keeper mentality evident in many government services.

6.4 The mode of funding has always been a prime mover behind policies and can result in change. Dollar following the patient also makes it possible to choose more effectively. Integration between public and private will result in widening choices for consumers. It enables a doctor to follow the patient as well. This needs to be supplemented with improvements in addressing information asymmetry, to allow informed choice. However, an increase in mobility can also have planning difficulties for medical service providers. There should be safeguards to ensure long term development of medical services is not jeopardized, in view of the difficulties that can arise through service providers not being able to predict long term demand for their services, because of increased mobility.

6.5 As far as consumer choice is concerned the following initiatives could be considered.

'Alternative' healthcare

6.6 To complement the Government's initiatives in promoting Hong Kong as a Chinese medicine center, the means by which payment and interface matters of these services, and other alternative health care services, can be made within the current health care funding system, should be examined

Quality assurance

6.7 It is apparent to the Council that Hong Kong at present lacks a suitable body that has as its sole aim the assurance of quality of care provided to the public, much like similar accreditation schemes in other industries.

6.8 In responding to the lack of effective means to ensure the quality of health care, the Harvard Team has proposed the setting up of an Office of Quality Assurance to develop practice guidelines and monitor quality of

health care. The Council considers that further efforts to collect, and make public, standard information that is regularly collected to assess quality and comprehensive outcome measures should be encouraged. In an effort to compensate for these informational deficiencies, a systematic collection and reporting of outcome information, should be undertaken with a view to monitoring and improving quality of health care. Of course, as with service provider standards, any agency tasked with this responsibility should have appropriate consumer representation

Consumer participation

6.9 It is critical, to ensure objective evaluation of quality health care standards, that there is user participation in any mechanism that sets and oversees the standards. Accordingly, any mechanism that is developed to audit standards, as suggested by the Harvard Report, should have oversight by a patients' peer group. Not only would patient involvement help to detect deficiencies in the health care service, from a patient's perspective, it would also improve service providers' attitudes and ensure collective responsibility and accountability.

6.10 The Council acknowledges that the proposed Office of Quality Assurance would improve the accountability of medical practices by way of external quality audits. Quality audits should involve not only an assessment of the economics of health care provision but comprehensive monitoring of patient satisfaction. In addition, audit parameters should cover ongoing assessment of how health care related legislation and self-regulatory ethics work to the advantage or disadvantage of efficient health care services.

Maintaining standards

6.11 Health service providers should be required to satisfy an approved auditing body that they maintain standards compatible with contemporary patient needs. For example, that they have either obtained continuing medical education, or have demonstrated through other means, that in order to be eligible for practicing certificate renewal, they have maintained standards in their field of activity, during the course of their career. The requirements should also require development of effective communication skills appropriate with current social needs.

Pharmaceuticals

6.12 There are a number of issues in the area of pharmaceuticals, related to consumer choice, which need to be addressed by all concerned, from manufacture, regulation and dispensation.

(a) Whether, in the interests of promoting competitive supply, there should be separation of prescription from dispensation. Areas for consideration are:

- Maximising consumer choice.
- Consumer safety - Pharmacists advocate for separation of functions, i.e. doctor prescribes, pharmacist checks and pharmacy supplies. Are there other ways of monitoring doctor's practice, and who is to monitor the practice of pharmacists and pharmacies?
- Price - whether it would be cheaper/expensive to get a prescription from doctors or from pharmacies?
- Convenience

(b) Patients being unaware that lower priced generic drugs may be available (as a result of patents having expired) because labels are not required to carry the generic name.

7. CONSUMER REDRESS

7.1 The test to determine whether any scheme that provides services to consumers is effective or not is how responsive it is to complaints about the service provided. Providing full and accurate information to a complainant as to how and where to lodge complaints, or to seek assistance, can only help retain the degree of trust in the partnership relationship. The key elements of an effective redress mechanism are:

Low cost accessibility to the process.

A fair hearing for both sides.

Impartiality by those that sit in judgement.

A certainty that judgements will be enforced.

7.2 Hong Kong does currently have various avenues for consumer redress in the provision of healthcare. For example the Hospital Authority has hospital Customer Relations Officers and the Public Complaints Committee that handle and review complaints. The Medical Association also handles complaints against their members. There is also the Medical Council, set up to examine complaints against professional negligence.

7.3 Whilst the Council has confidence in these mechanisms, there is a call from certain quarters of the community for the establishment of an independent ombudsman, to handle medical complaints lodged against the private and public sectors. Understandably, complainants do not have the requisite degree of medical knowledge to assess the medical information presented and require expert and impartial support.

7.4 The Council supports the creation of an Ombudsman Office proposed in the Harvard Report to provide assistance and redress to consumers with complaints about health care. Such an office would act as an intermediary between the consumer and the provider. In the long run, the operation of a 'neutral third party' would enhance credibility of the overall redress system, and lessen the use of more formal action. Moreover, it would remove fragmentation by centralizing the redress facilities and remove duplication of process.

7.5 The function of the Ombudsman Office should not be perceived as being limited to examining individual complaints against healthcare service providers. The jurisdiction of the Ombudsman should also extend to include practices that have a detrimental effect on consumer interests by certain service provider institutions in general.

8. COMMENTS ON THE HARVARD REPORT OPTIONS

Capping the Government budget on health

8.1 Without a corresponding cut in demand on government funded services, this option could lead to a lower quality care and less accessibility to public health services. Accordingly, it could act so as to encourage those able to afford it, to purchase private health insurance to cover their health care needs, due to a diminishing of standards. However, this option does not address the structural issues of the current health care system, nor meet the future needs of an increasing population. Particularly for those who have no alternative but to use publicly funded services. Cost cutting does not guarantee improved efficiency. It is more important to ensure that health service provision is provided at optimal efficient levels, thereby ensuring that scarce resources are used at maximum advantage.

Raising user fees

8.2 This option will shift the burden of increasing health care cost from the Government budget directly to the patients. In order to keep the Government portion of health care financing at a constant share of the GDP,

those who can afford to pay their fees will have to bear 50-70% of the costs, after giving appropriate exemptions to those who cannot afford to pay.

8.3 The Council is concerned that the concept of affordable universal health care must be maintained. Consumers who have difficulty in funding health care should not be expected to make payments for treatment that will address health problems on the one hand, but on the other, lead to penury. Raising fees may resolve some of the funding problems, but this does not address the longer-term issue of efficiency. The key issue is whether there will be effective measures to arrest escalating costs of health care.

Introduction of Health Security Plan, Medisage and Competitive Integrated Health Care

8.4 The option of introducing a Health Security Plan and Medisage consists of two separate components:

- individual savings accounts to be used to purchase long-term care insurance upon retirement or disability (Medisage); and
- compulsory enrollment in an insurance (HSP) that protects people against unexpected large medical expenses, such as hospitalization and specialist outpatient services for certain serious chronic diseases.

8.5 These funding mechanisms could address to some extent present funding difficulties, and the need to maintain legislated budget to GDP ratios.

8.6 The concept behind these options is that of money follows the patient. The notion of money follows the patient should greatly enhance patients' power.

8.7 In summary, there a few points that need to be considered:

- (a) **Affordability.** Health care carries a high investment cost for both patients and insurers. If patients were to be responsible for payments up to a very high threshold, before an insurance company pays for the remainder of the medical cost, this would be little more than a variation of the user pay option. Accordingly, there would be little incentive for patients to invest in insurance schemes. By the same token, this could result in uncertainty on the part of insurers as to adequacy of funding, leading to a lack of incentives for them to invest for the long term.

- (b) Health Insurance Planning. The notion of money follows the patient also requires consumers to weigh risks, to understand complicated contractual relationships and complex documentation such as insurance premiums. For example, what qualifications might arise in premiums such as penalizing smokers or high-risk consumers. Many consumers will lack the sophistication to understand the risks and the detail of insurance policies. This will need to be addressed through adequate consumer education measures.
- (c) Planning Long Term Cost. Being a cross-sectional risk pooling option, the Health Security Plan brings in the moral hazard problem, which requires demand management. Medisage, being a pre-funded inter-temporal pooling option, has an accumulation problem that needs social pooling to backup catastrophic risks. As with the problem underlying the MPF a long-term increase in the user to taxpayer ratio must be addressed to limit intergenerational transfers. It is inevitable that for these issues to be addressed, measures will be required to fund the services, while at the same time exhausting the means by which costs can be kept to a minimum.
- (d) Health Security Plan and Competitive Integrated Healthcare. The issues of consumer choice and operational efficiency of these options need to be addressed. The Health Security Fund Inc. negotiates on behalf of consumers. The expectation is they will do it well, as consumers will have no choice but to pay at the agreed price level. Likewise, the issue of maximizing consumer choices under competitive integrated healthcare needs to be considered.

9. CONCLUSION

9.1 The nature of the relationship between patient and medical professional is a complex one and certainly cannot be simply reduced to that of a 'trader' and a 'consumer'. Nevertheless, there are basic principles of the market that can and should apply.

9.2 By the same token, the provision of universal health care, at a common high standard, has become a covenant between government and its citizens. It is incumbent, in order for that covenant to be honored, that medical professionals are held to a standard that reflects the commitment made by government and is expected by consumers.

Consumer Council
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