

Chapter XII : Health and Welfare

At the invitation of the Chairman, the Secretary for Health and Welfare (SHW), Dr E K YEOH, briefed members on the major programmes in his policy area, highlighting key services and initiatives for which financial provisions were being sought (Appendix V-11).

Health

Demand and supply of public health services

12.2 Quoting from SHW's presentation that the overall health care provision for 2000-01 was \$30.8 billion, representing a real growth of 2.8% over 1999-2000, Miss Emily LAU queried whether the proposed level of provision was adequate to cope with the increasing demand for public health services. She was particularly concerned that stringent resource provision might adversely affect the quality and scope of services provided by the Hospital Authority (HA) and the Department of Health (DH).

12.3 In response, SHW affirmed the Government's commitment to providing accessible, affordable and quality health services for the public. However, he cautioned that the continued growth in public expenditure on health services was a cause of concern. As such, the Administration was undertaking a comprehensive review on the community's health care system with a view to formulating reform strategies in respect of service delivery, quality assurance and financial sustainability of the health care system. The recommended ways forward would be set out in a green paper to be released shortly for public consultation.

12.4 SHW further advised that pending completion of the said comprehensive review and implementation of long-term reform measures if necessary, HA and DH would continue to work closely to improve the quality and cost-effectiveness of their services. He pointed out that in-patient services were costly and hospitalization was by no means the most preferred way of treatment. Hence, with the support of modern medical technology and in line with the international trend, more emphasis would be placed on the development of ambulatory and community care services in the coming years. Besides, HA would continue to streamline and improve co-ordination of services such as pre-surgery body checking in order to shorten the duration of hospital stay. SHW remarked that these on-going measures, though not directly related to the broader

Chapter XII : Health and Welfare

issues of health care financing and service re-organization, would help relieve pressure on in-patient services and improve cost-effectiveness. He confirmed that the proposed provision of \$30.8 billion was by and large sufficient but acknowledged that the pressure on the delivery of public health services was immense.

Allocation of resources for different health services

12.5 Noting that \$28.0 billion of the total provision of \$30.8 billion for health services for 2000-01 would be allocated to HA, Miss Emily LAU questioned whether appropriating such a significant proportion of the health care budget to hospital services was cost-effective. She considered that more emphasis should be put on preventive and primary health care to reduce the reliance on hospital services.

12.6 In reply, SHW pointed out that hospital services, in particular in-patient services, were financially high-risk services. Given that every resident should be entitled to adequate hospital care when needed, it was inevitable that a sizeable proportion of the health care budget was allocated to hospital services. SHW however concurred on the need to strengthen preventive and primary care to reduce the reliance on hospital services. In this connection, he informed members that the proposed recurrent provision for DH on health policy area for 2000-01 represented a 2.5% growth over the revised estimates in 1999-2000, which was higher than that of 2.2% for HA. He however cautioned that the effectiveness of prevention and primary health care depended very much on how well services were co-ordinated among different service providers. Hence, one major task of DH in the coming year would be to develop a strategic framework in this regard.

12.7 On the reasons for reducing the provision for DH's programme area of health promotion by 2.2% to \$100.0 million for 2000-01, DH explained that the reduction was mainly due to the reduced requirement for capital works of subvented organizations. She assured members that there would not be any reduction in the health promotion activities of DH in the coming year.

New funding basis for Hospital Authority

12.8 Miss CHAN Yuen-han sought further information on the proposed alternative funding basis to be worked out with HA to replace the current bed-based formula. In reply, SHW advised that the current bed-based formula had become incompatible with the growing emphasis on day-care and ambulatory services and was not conducive to the promotion of preventive health and community care. The new funding basis would make reference to the characteristics of the population served, such as the demographic structure and the population size. On Miss CHAN Yuen-han's concern about the stringency of resource provision for HA pending implementation of a new funding basis, the Deputy Secretary for the Treasury (1) clarified that the review of the funding basis for HA was to rationalize the existing funding mechanism to meet current needs and future development. The new funding basis might not necessarily result in more financial resources being allocated to HA.

Workload of doctors and other frontline staff

12.9 Miss Cyd HO expressed concern about the problem of unduly long working hours required of some doctors in public hospitals. Noting that there would be an increase of 150 registered doctors in HA in 2000-01, she queried whether this increase was adequate in alleviating the problem given the increasing demand for services of public hospitals. Miss CHAN Yuen-han also expressed concern about the increasing workload of frontline staff and urged that action should be taken to improve the situation.

12.10 Acknowledging members' concerns, SHW pointed out that the problem could not be resolved merely by injecting additional public resources. He advised that whilst the pressure on frontline staff could be alleviated to some extent by short-term administrative measures, the fundamental solution lay in an overhaul of the existing health care system, which was the subject of the aforesaid green paper. As regards the long working hours of public hospital doctors, SHW said that the issue was being examined by a Working Group on Work Hours of Doctors set up under HA, having regard to the systems of manpower deployment in different hospitals.

12.11 Noting the planned net reduction of 360 nursing staff and 550 other staff for 2000-01, Mr LAW Chi-kwong queried the justification of the reduction

Chapter XII : Health and Welfare

given the present shortage of nursing and other frontline staff. In reply, the Chief Executive, Hospital Authority (CE/HA) clarified that the planned reduction of some posts was due to increased out-sourcing and adoption of new service modes. The general direction of manpower planning in HA was to trim its administrative and management structure. He further reported that the staffing strength of the HA headquarters had been reduced by some 30% over the past four years.

Adequacy of hospital beds

12.12 On members' concern about the shortage of hospital beds, CE/HA advised that the demand for hospital beds varied between specialties and fluctuated from season to season, and it usually peaked in winter which was the season for the outbreak of influenza. As regards individual hospitals, the shortage was most acute at United Christians Hospital at present but the situation was expected to improve as more services of the new Tseung Kwan O Hospital came on stream. He added that a central mechanism within HA was in place to co-ordinate the utilization of beds and introduce adjustment measures as and when appropriate. As such, the utilization of hospital beds had been improved through better co-ordination among different specialties and hospital clusters.

Utilization of out-patient services

12.13 According to the Administration, the average utilization rate in general out-patient clinics (GOPCs) was 92% in 1999. Dr TANG Siu-tong sought further information on the variance in utilization among GOPCs, and enquired how the services in individual GOPCs would be adjusted according to the level of service demand. In response, the Director of Health (D of Health) agreed to provide information on the utilization rates of individual GOPCs. She advised that for those areas with a relatively high demand for out-patient services, the Administration would consider operating evening clinics and Sunday/public holiday clinics to relieve the pressure on GOPCs. The average utilization rates of evening clinics and Sunday/public holiday clinics in 1999-2000 were 82% and 83% respectively.

Provision of training for family physicians

12.14 Highlighting the importance of family physicians in performing "gate-keeping" functions and in reducing unnecessary referrals to specialist services, Dr LEONG Che-hung enquired about the respective role of HA and DH in training family physicians and the resources allocated for the purpose.

12.15 In reply, SHW advised that to be qualified as a family physician, the Hong Kong College of Family Physicians (HKCFP) required that a registered medical practitioner should undergo six years of structured training, comprising four years of supervised services in hospitals or clinics and two years of supervised private practice. Currently, HA recruited family medicine trainees to serve in hospitals for the first two years of training and then at specialist clinics for the following two years. Upon completion of the four years' basic training, a family medicine trainee might proceed with the final two years of training in the form of supervised private practice. Members noted that currently, 156 doctors in HA were undergoing structured training in family medicine and HA planned to recruit a further 100 family medicine trainees in 2000-01.

12.16 As regards training in family medicine in DH, D of Health advised that six clinics of DH had been certified as training centres by the HKCFP. At present, there was no plan to create posts in DH specifically for the training of family physicians, as creation of posts should be justified by service requirements, rather than by training needs. She however confirmed that where practicable, DH would facilitate the training of family physicians through the six certified clinics. SHW further explained that training of family physicians was service-based rather than course-based. Hence, provision of training in family medicine would not necessarily require the creation of posts. He assured members that HA and DH would make the best endeavour to provide training opportunities for aspiring family physicians.

12.17 Noting that the estimated personal emoluments and staff on-costs for family medicine trainees would be \$187 million for 2000-01, which was much higher than the actual expenditure of \$36 million for the same items in 1998-99, Mr Michael HO expressed concern that the direct employment of family medicine trainees in HA might not be the most cost-effective way of training family physicians. According to his observation of family medicine training in other countries such as Australia, training was provided through other means and not by long-term employment by the public health authority.

Chapter XII : Health and Welfare

12.18 In response, SHW further explained that according to the requirements of the HKCFP, the first four years of family medicine training required in-service practice in designated hospitals or clinics, though the training could be undertaken in either the public or the private sector. At present, HA offered a two-year employment contract for family medicine trainees, which was renewable for two more years subject to satisfactory performance. He stressed that family medicine trainees were qualified medical practitioners as distinct from interns. Hence, employment of family medicine trainees served the dual purpose of providing medical service, as well as proper training for aspiring family physicians. As regard other arrangements, SHW advised that doctors undergoing family medicine training in the private sector could arrange with HA for short-term attachment in public hospitals or clinics to supplement their training programmes. HA would accommodate such training requests having regard to service needs.

Registration of healthcare professionals

12.19 Regarding applications from healthcare professional for registration, D of Health explained that the increase from the actual 4 000 applications in 1999 to the estimated 11 000 applications in 2000 was due to the scheduled commencement of the registration scheme for Chinese medicine practitioners in 2000. It was estimated that some 7000 Chinese medicine practitioners would apply for registration. A total of 67 posts, comprising permanent and supernumerary posts and including 25 new posts to be created in 2000-01, would be deployed under the new registration and regulatory regime for Chinese medicine. With this staffing provision, DH could continue to achieve the performance target of over 90% of registration applications from healthcare professionals being processed within 10 working days.

Medical and dental treatment for civil servants

12.20 Noting that some \$573 million had been spent on the provision of medical and dental treatment for civil servants in 1999-2000, Dr LEONG Che-hung queried the cost-effectiveness of the existing arrangement whereby the treatment services were provided by HA and DH, instead of being assigned to private practitioners.

Chapter XII : Health and Welfare

12.21 In response, D of Health advised that the subject fell within the purview of the Secretary for the Civil Service. Expenses relating to the provision of medical and dental treatment for civil servants were separately accounted for under a specific programme area of DH.

Welfare

Expenditure on welfare services

12.22 Miss Emily LAU referred to the recent remarks by the Financial Secretary and the Secretary for the Treasury which highlighted the substantial increase in welfare spending over the past five years and the need to contain welfare spending. She sought assurance from the Administration that it would fulfil its obligations to provide welfare assistance to persons with genuine needs and ensure the quality of welfare services delivered.

12.23 Miss CHAN Yuen-han also expressed grave concern about the Government's intention to restrain spending on welfare services, in particular the Comprehensive Social Security Assistance (CSSA), given the drop in take-home pay among low-income earners and the high unemployment rate. She pointed out that despite the Administration's repeated assurance that the various initiatives and reform measures were aimed at improving cost-effectiveness and encouraging self-reliance, many CSSA and welfare service recipients had already felt the hardship caused to them by the Administration's austerity approach.

12.24 In response, SHW re-affirmed the Administration's commitment to ensuring that essential welfare assistance and services were available to those genuinely in need and remarked that despite the current budgetary constraints, there would be a real growth of 9.2% in the recurrent welfare expenditure for 2000-01. He however cautioned that given finite resources, the continued substantial growth in welfare spending would not be viable in the longer term and therefore, it was necessary to work out a sustainable social welfare programme. He stressed that there was room for improvement in the cost-effectiveness of the current welfare services provided by the Social Welfare Department (SWD) and the subvented sector. New initiatives and reform measures, such as the lump-sum funding arrangement (LSFA) for subvented welfare agencies and the Support for Self-reliance (SFS) Scheme for unemployed CSSA recipients, were not targeted at reducing welfare spending per se; their primary objectives were to

Chapter XII : Health and Welfare

improve cost-effectiveness in the deployment of resources and to help unemployed persons rejoin the workforce.

12.25 Miss CHAN Yuen-han was of the view that the growth in welfare spending should be considered in the context of the economic downturn over the past few years. She was worried that in the absence of vision and a proper strategy in dealing with the unemployment problem, the resources spent on the various welfare initiatives might turn out to be futile. In response, SHW re-stated that in planning and delivering welfare services, the Administration would need to ensure that available resources would be utilized in the most effective manner to address community needs.

Lump-sum funding for subvented organizations

12.26 Miss Emily LAU relayed the concerns of some subvented organizations and their staff that under the proposed LSFA, it would be difficult to introduce new services due to funding constraints and service quality would be adversely affected as subvented organizations might be inclined to employ less experienced staff to control costs.

12.27 In response, SHW said that consultation with subvented organizations on the LSFA was still underway. The Administration would take into account their views before finalizing the funding arrangements. He remarked that under the current funding system, stringent control on resources was exercised by SWD but there was little incentive for effective use of resources by the subvented sector. The proposed LSFA however would allow subvented organizations to assume the responsibility for resource management which in turn would also make them more accountable. Thus, implementation of the LSFA would necessitate changes in the management system of subvented organizations to ensure that funds would be properly accounted for and effectively utilized while services were delivered.

12.28 Miss Cyd HO enquired about the funding criteria under the LSFA and in particular, whether due consideration would be given to the trend provisions over past years or on service needs and standards as suggested in the White Paper on Social Welfare Policies and Development published in 1991. In reply, SHW advised that under the current LSFA proposal, the funding package for approved services would cover personal emoluments calculated on the basis of

Chapter XII : Health and Welfare

the mid-point salary of the recognized establishment, the committed provident fund contributions and other expenses directly related to service delivery. He clarified that the LSFA was essentially a funding mechanism whereas welfare service policies and development, with which the said white paper was concerned, was a separate issue.

12.29 Mr Michael HO expressed concern about possible abuse of the LSFA by the management of subvented organizations through unjustified upgrading of senior posts and excessive provision of supporting staff at the expense of frontline staff. He therefore enquired about the mechanism for monitoring the use of funds. In reply, SHW assured members that before implementation of LSFA, subvented organizations would be required to put in place proper management and auditing systems. Besides, the Administration would undertake on-going reviews of the funding arrangements to ensure accountability and effective monitoring.

12.30 Regarding the accountability structure under LSFA, the Director of Social Welfare (DSW) advised that the chief executives of subvented organizations, being employees of the organizations, would continue to be directly responsible to the board of directors concerned. To strengthen the monitoring mechanism, SWD had drawn up a number of Funding and Services Agreements and Service Quality Standards in collaboration with subvented organizations during the past two years. SWD would shortly introduce a service auditing system based on the feedback of service recipients and enlist the participation of welfare workers in the system. He remarked that the basic tenets of the LSFA were flexibility, accountability, quality and service development.

12.31 Mr LEE Chuek-yan said that under most existing provident fund schemes of subvented organizations, the employer's contribution ranged from 5% to 15% of the employee's gross salary, depending on the employee's length of service. He therefore enquired about the rationale for adopting a standard percentage of 6.8% when working out the provision for employer's provident fund contribution under the LSFA.

12.32 In response, SHW clarified that the percentage level of 6.8% was the sector-wide estimated average of the employer's provident fund contribution for 2000-01. He assured members that where necessary, the Administration would provide a tide-over grant to enable subvented organizations to meet their contractual commitments to their existing staff such as their provident fund

Chapter XII : Health and Welfare

entitlements. On whether the retirement benefits for staff would be reduced under the LSFA, SHW advised that the Administration would work out with subvented organizations the appropriate package of retirement benefits for new appointees.

Self-reliance Strategy

12.33 Noting that 220 posts had been created in 1999-2000 to implement SFS Scheme and to cope with increased CSSA caseload, Mr Fred LI asked whether there was adequate staffing support for handling cases of some 28 900 unemployed CSSA recipients and some 7 900 low-income CSSA recipients at present. In reply, DSW advised that the SFS Scheme was implemented in June 1999 and was targeted at new CSSA recipients and the more problematic cases during the initial implementation period. Over the past eight months, the total CSSA caseload had been reduced by 3.1% and the CSSA caseload involving unemployed persons reduced by 17.9% over the past nine months. In terms of the ratio of the unemployed CSSA recipients to the total unemployed population, some 24% of the unemployed were receiving CSSA in early 1998 and this ratio had dropped to 11.7% in early 2000. Among the 14 000 persons registered for SFS Scheme, some 1 130 had been successful in finding employment. DSW further advised that in view of the encouraging results of the SFS Scheme and in line with the policy to encourage self-reliance, the Administration had earmarked \$200 million to expand the SFS Scheme to cover all the low-income and unemployed CSSA recipients in 2000-01.

12.34 On Mr Fred LI's concern about the vocational aspect of the jobs assigned to participants of the SFS Scheme, DSW explained that the jobs were mostly simple tasks on environment conservation and municipal services and were intended to provide an opportunity for the CSSA recipients to contribute to the community. He said that vocational training was not the main purpose of these community jobs.

12.35 While noting the intangible benefits derived from the SFS Scheme, such as providing more incentives for CSSA recipients to rejoin the workforce, the Chairman sought quantitative information on the expected benefits and savings that could be derived from the proposed provision of \$200 million for full-scale implementation of the scheme. In reply, DSW said that unlike the situation in past years where supplementary provisions had been required, the

Chapter XII : Health and Welfare

original provision of some \$15 billion for 1999-2000 was more than sufficient to fully meet the required CSSA payments for the year. More importantly, through participation in the Active Employment Assistance Programme under the SFS Scheme, some CSSA recipients had been able to quit the CSSA net and become self-reliant. As regards the appropriation of the \$200 million earmarked for the implementation of the SFS Scheme in 2000-01, DSW gave the following information -

- a) \$50 million for commissioning subvented organizations to provide intensive employment assistance with one-stop shop services;
- b) \$70 million for expanding a variety of direct services including counseling, extension of opening hours in some 100 subvented child-care centres, provision of subsidies for 6 000 after-school care places and provision of pre- and post-migration services for new arrivals; and
- c) provision for full implementation of the Active Employment Assistance Programme in collaboration with the Labour Department, Vocational Training Council and Employees Retraining Board to cover all unemployment CSSA cases.

DSW informed members that the proposed provision of \$200 million had not been included in the Estimates and the Administration would submit the relevant funding proposal to the Finance Committee in due course.

Manpower requirement for Social Welfare Department

12.36 Noting that additional manpower was planned for a number of existing services, vis-à-vis a net reduction of 11 posts in SWD in 2000-01, Mr LAW Chi-kwong enquired how the additional manpower requirements would be met. In reply, DSW confirmed that SWD planned to introduce new initiatives and expanded services in 2000-01 and additional provision had been earmarked for these proposes. In view of the need to contain the size of the civil service, the additional manpower required would be met by the employment of temporary staff, redeployment of serving civil servants within SWD, and commissioning subvented organizations to take over some services from SWD. He assured

Chapter XII : Health and Welfare

members that the department would monitor the caseload of welfare workers in SWD and subvented organizations and make appropriate deployment arrangements.

Services for discharged mental patients

12.37 Referring to the levels of provision in 1999-2000 and 2000-01, Dr LEONG Che-hung noted that the financial and manpower provisions for various services for discharged mental patients were in the region of \$200 million and 800 staff respectively. He was concerned whether adequate professional staff were available to run the various services for discharged mental patients to relieve the pressure on psychiatric in-patient services. In response, DSW confirmed that the provision of professional staff for existing and planned services had been planned according to the manpower requirements under relevant service quality guidelines. At Dr LEONG's request, DSW agreed to provide a breakdown of the staffing provision for the services for discharged mental patients by professional and non-professional categories.