

## NOTE FOR FINANCE COMMITTEE

### Update on Waiver of Medical Fees for Public Hospital Patients

#### INTRODUCTION

Subsequent to the approval of supplementary provision of \$59 million under Head 177 Subhead 514 Hospital Authority by Finance Committee *vide* FCR(98-99)80, the Administration provided an information note FCRI(1999-2000)2 in April 1999 to further explain the funding arrangements for the Hospital Authority (HA) and to furnish the relevant statistics and analysis on the waiver cases approved for public hospital patients in the past three years. This information note serves to update Members on –

- (a) the position of medical fees waived in 1998-99 and in the first eight months in 1999-2000; and
- (b) the results of a survey conducted by HA during the second quarter of 1999 to find out the reasons for the high proportion (60%) of out-patient fees waived for non-CSSA recipients.

#### FEE WAIVER CASES APPROVED FOR PUBLIC HOSPITAL PATIENTS

2. Members were informed of the breakdown of actual medical fees collected, waived and written off in 1996-97 to 1997-98, and the projected number of cases in 1998-99 *vide* FCRI(1999-2000)2. On the basis of latest statistics collected by HA, we have updated the information on fee waiver cases approved in 1998-99 and in the first eight months of 1999-2000 as set out at Enclosures 1 to 3.

Encls. 1-3

- Enclosure 1 - A breakdown of medical fees collected, waived and written off.
- Enclosure 2 - A breakdown of the amount of fees waived by local and non-local residents.
- Enclosure 3 - A breakdown of the number of fee waiver cases by local and non-local residents.

3. As shown in Enclosure 1, the respective percentages of fees waived for in-patient and out-patient services to the total medical fees (i.e. fees collected plus fees waived and fees written off) in the first eight months of 1999-2000 are 38.5% and 21.4%, which are more or less the same as those in 1998-99.

#### **SURVEY AND FINDINGS ON PROPORTION OF OUT-PATIENT FEES WAIVED FOR NON-CSSA PATIENTS**

4. HA conducted a survey during the second quarter of 1999 to find out the reasons for the high proportion (60%) of out-patient fees waived for non-CSSA recipients amongst waiver cases for local residents as reported in the above Information Note.

5. Under the survey, all hospitals were asked to check the manual payment records of out-patient fees waived for the period 1 October 1998 to 15 May 1999. This confirmed that the total amount of out-patient fees waived and the number of out-patient waiver cases were correct. However, the split between CSSA and non-CSSA recipients reported before was inaccurate. The number and the amount of out-patient fees waived for non-CSSA recipients should be much lower. It was found that for those CSSA recipients who had presented their CSSA certificate issued by the Social Welfare Department (SWD), their out-patient fees would be automatically waived by the shroff offices in HA's medical institutions and they were counted as CSSA waiver cases. For those patients who claim to be CSSA recipients but could not present their CSSA certificate, medical social workers (MSWs) in HA's medical institutions would offer one-off waiver certificates to the patients after checking with the respective field units of SWD to confirm their CSSA status. The one-off waiver certificates, which were also issued by MSWs to non-CSSA recipients to substantiate the waiver approval, did not indicate whether the patients were CSSA or non-CSSA recipients.

6. Another reason for the inaccurate split between CSSA and non-CSSA recipients was that in the past years, HA's medical institutions were only asked to report the total out-patient waiver cases and amount of out-patient fees waived for local residents and non-local residents to the Head Office. In a number of medical institutions, no distinction was made between the CSSA and non-CSSA out-patient waivers when compiling the source data manually. Institutions adopted different assumptions in distinguishing the waiver cases, leading therefore to misclassification of the statistics. Such misclassification was not detected at that stage due to the large number of out-patient waiver transactions and the time required in verifying the information provided by its institutions. It should be emphasized that the misclassification was only in the nature of out-patient waivers, the total number of waiver cases and waiver amount were not affected. A mechanism is now in place to ensure proper classification of information in the future.

7. In the light of the above findings, HA has, in consultation with SWD, implemented the following corrective measures to ensure that the classification, collection and reporting of such statistical data are accurate –

- (a) the waiver certificates issued by MSWs have been revised to allow identification of CSSA patients who are unable to present their CSSA certificates. This would avoid the mis-classification of genuine CSSA waivers as non-CSSA waivers granted by MSWs; and
- (b) periodic verification of waiver cases by an independent person will be reinforced. For CSSA in-patient cases, the Head Office will extract all CSSA patients' Hong Kong Identity Card numbers and names from its information system which will then be forwarded to the head office of SWD for verification on a random basis. For CSSA out-patient cases, CSSA patients' details which are manually captured in a register will be selected randomly for verification. As regards non-CSSA cases, verification will be performed periodically by the shroff in-charge who are independent to collection of fees and charges.

8. For the two months from 1 October 1999 to 30 November 1999 when the corrective measures are in place, the split between CSSA and non-CSSA waiver cases for in-patient and out-patient services are given in the table below.

	<b>In-patient</b>	<b>Out-patient</b>
Total fees waived for local residents (\$ million)	32.9	12.0
● CSSA recipients (\$ million) (% to the total fees waived)	26.5 (80.5%)	10.5 (87.5%)
● Non-CSSA recipients (\$ million) (% to the total fees waived)	6.4 (19.5%)	1.5 (12.5%)
Total number of waiver cases for local residents	34 094	247 936
● CSSA recipients (% to the total number of cases)	30 519 (89.5%)	219 493 (88.5%)
● Non-CSSA recipients (% to the total number of cases)	3 575 (10.5%)	28 443 (11.5%)

**Enclosure 1 to FCRI(1999-2000)23**

**Breakdown of Medical Fees Collected, Waived and Written Off**

	1998-99			1999-2000 (April to November)		
	In-patient	Out-patient	In-patient and out-patient	In-patient	Out-patient	In-patient and out-patient
Fees collected (\$ million)	330.1	265.6	595.7	221.2	180.6	401.8
(% of fees collected to total)	(57.4%)	(79.3%)	(65.4%)	(58.0%)	(78.6%)	(65.7%)
Fees waived (\$ million)	232.0	68.9	300.9	146.8	49.2	196.0
(% of fees waived to total)	(40.3%)	(20.6%)	(33.1%)	(38.5%)	(21.4%)	(32.1%)
Fees written off (\$ million)	13.3	0.4	13.7	13.3	0.0	13.3
(% of fees written off to total)	(2.3%)	(0.1%)	(1.5%)	(3.5%)	(0.0%)	(2.2%)
<b>Total (\$ million)</b>	<b>575.4</b>	<b>334.9</b>	<b>910.3</b>	<b>381.3</b>	<b>229.8</b>	<b>611.1</b>

**Breakdown of the Amount of Fees Waived by Local and Non-local Residents**

	1998-99			1999-2000 (April to November)		
	In-patient	Out-patient	In-patient and out-patient	In-patient	Out-patient	In-patient and out-patient
Fees waived for local residents (\$ million)	217.7	68.2	285.9	142.0	48.8	190.8
(% to total fees waived)	(93.8%)	(99.0%)	(95.0%)	(96.7%)	(99.2%)	(97.3%)
● CSSA recipients (\$ million)	N/A	N/A	N/A	N/A	N/A	N/A
● Non-CSSA recipients (\$ million)	N/A	N/A	N/A	N/A	N/A	N/A
Fees waived for non-local residents (\$ million)	14.3	0.7	15.0	4.8	0.4	5.2
(% to total fees waived)	(6.2%)	(1.0%)	(5.0%)	(3.3%)	(0.8%)	(2.7%)
<b>Total fees waived (\$ million)</b>	<b>232.0</b>	<b>68.9</b>	<b>300.9</b>	<b>146.8</b>	<b>49.2</b>	<b>196.0</b>

N/A – information not available as the classification of data prior to mid-1999 in HA’s information system could not accurately reflect the split between CSSA and non-CSSA recipients.



**Breakdown of the Number of Fee Waiver Cases by  
Local and Non-local residents**

	1998-99			1999-2000 (April to November)		
	In-patient	Out-patient	In-patient and out-patient	In-patient	Out-patient	In-patient and out-patient
Number of approved waiver cases for local residents	260 201	1 441 823	1 702 024	148 868	1 027 860	1 176 728
● CSSA recipients	N/A	N/A	N/A	N/A	N/A	N/A
● Non-CSSA recipients	N/A	N/A	N/A	N/A	N/A	N/A
Number of approved waiver cases for non-local residents	623	442	1 065	292	368	660
<b>Total number of approved waiver cases</b>	<b>260 824</b>	<b>1 442 265</b>	<b>1 703 089</b>	<b>149 160</b>	<b>1 028 228</b>	<b>1 177 388</b>

N/A – information not available as the classification of data prior to mid-1999 in HA's information system could not accurately reflect the split between CSSA and non-CSSA recipients.