

For discussion
on 8.11.1999

LegCo Panel on Health Services
Meeting to be held on 8 November 1999

**Implementation of the Enhanced Productivity Programme
in the Hospital Authority and the Department of Health**

Purpose

This paper informs Members of the progress made by the Hospital Authority (HA) and the Department of Health (DH) in implementing the productivity gain initiatives for 1999-2000, in the context of the Enhanced Productivity Programme (EPP).

Background

2. As reported to Members at the meeting of 8 March 1999, HA and DH have undertaken to implement a list of initiatives during 1999-2000 to enhance services through redeployment of productivity savings.

HA's Progress in Implementing Productivity Initiatives for 1999-2000

3. The implementation of HA's productivity gain initiatives for 1999-2000 is in progress (progress report for 1Q 1999-2000 is at Annex). HA will continue to work to meet the targets by end 1999-2000.

4. Moreover, HA has set aside 1% of its 1999-2000 baseline budget as "seed money" to fund the "Invest to Save" Programme i.e. to use the "seed money" for one-off expenditures on initiatives that can achieve future real money savings.

5. To facilitate hospitals in achieving productivity enhancement, HA has established task groups to explore productivity opportunities and to formulate

strategic directions to secure savings for 1999-2000 and the coming years. While individual hospitals will usually be able to accrue some savings from their allocated budgets, the task groups have identified productivity initiatives to help hospitals achieve further savings to make up for the 1% reduction in baseline.

6. During 1999-2000, HA hospitals have implemented the following initiatives to identify savings –

- (a) Centralization and networking of hospital services among hospitals or clusters for smaller units where economy of scale could be achieved e.g. the Prince of Wales Hospital provides prosthetic and orthetic service, X-ray service, speech therapy service, podiatry service and laboratory service to the Shatin Hospital;
- (b) Re-engineering of processes e.g. implementation of the Express Dispensing System in a number of HA hospitals which has shortened dispensing time and helped cope with the increasing demand; establishment of the Central Food Production Unit at the Pamela Youde Nethersole Eastern Hospital to supply meals to patients within the cluster by automating the manual procedures in kitchens;
- (c) Energy conservation programmes e.g. taking down unnecessary lighting, installing timer for lighting and air-conditioning control, installing energy efficient lighting;
- (d) Streamlining of administrative and management processes e.g. centralization of Receipt and Dispatch service, previously provided by two hospitals and HA Head Office, at HA Head Office only.

It is estimated that the various measures implemented will result in productivity savings of \$224 million by the end of 1999-2000.

7. As an ongoing effort, HA will continue to explore opportunities to achieve productivity savings for redeployment. Some examples are : relocation of obstetrics and gynaecology services from Caritas Medical Centre to Princess

Margaret Hospital by the end of 1999, with an estimated annual savings of around \$25 million; relocation of paediatrics services from Yan Chai Hospital to Princess Margaret Hospital by the year 2000, with an estimated annual savings of \$6 million; relocation of Tsan Yuk Hospital to Queen Mary Hospital by the year 2001, with an estimated annual savings of around \$90 million; and rationalization of services among Tang Shiu Kin Hospital, Ruttonjee Hospital and Tang Chi Ngong Specialist Clinic by the year 2003, with an estimated annual savings of around \$45 million.

8. Notwithstanding the implementation of productivity gain initiatives, HA will ensure that the quality of services delivered to the patients will not be undermined.

Progress on HA's "Invest to Save" Programme

9. To date, HA has invested around \$140 million of the "seed money" for hospitals' one-off expenditures on 58 projects. The anticipated annual savings from these initiatives is around \$52 million. The categories of projects so far approved include –

- (a) Energy conservation – to achieve collective savings by drawing up master energy conservation implementation programmes to incorporate all recognized energy saving measures with an estimated annual savings of about \$15 million;
- (b) Automation of laboratory and other systems – to centralize the registration and specimen collection processing in the Department of Pathology; and to implement various automation systems e.g. Express Dispensing System for the Pharmacy Department to shorten dispensing time and cope with the increasing demand; and
- (c) Food production rationalization – to upgrade the capacity of Central Production Unit at North District Hospital and Pamela Youde Nethersole Eastern Hospital to supply food services to other hospitals within their respective cluster. Savings can be achieved through

economy of scale.

DH's Progress in Implementing Productivity Initiatives for 1999-2000

10. Having taken into account service demand and implementation feasibility, DH has proposed various initiatives, at a total cost of about \$22.4M, to enhance services in 1999-2000. The more significant initiatives include :

- (a) Increasing the total number of enrolment at 18 Elderly Health Centres by 5%;
- (b) Increasing the number of consultations in the general outpatient clinics by 79,000 for episodic illnesses and 60,000 for chronic patients;
- (c) Increasing the number of annual assessment provided to diabetic patients from 25,000 to 45,000;
- (d) Enhancing radiography service in the Kowloon Bay Radiography Centre by increasing the number of plain X-ray and special X-ray to be taken from 19,700 to 48,700 and from 4,500 to 6,100 respectively; and
- (e) Employing temporary staff to assist in the registration of Chinese medicine practitioners in early 2000.

11. DH has made good progress in the implementation of the above initiatives as follows :

- (a) The capacity of each of the existing 12 Elderly Health Centres has been increased by 5%. The six new Elderly Health Centres to be operated by the end of 1999 will also achieve the expanded capacity; and
- (b) DH has made efforts to increase the capacity of its clinics to increase consultations and assessments provided to the general public. Progress is satisfactory.

12. The redeployment savings and productivity gains are achieved through improvement of working procedures and administrative arrangements, as well as strengthened control over existing activities in the Department as a whole. DH is confident that the enhanced productivity targets will be achieved. We will continue to monitor the situation.

Health and Welfare Bureau
November 1999

Annex

<u>HA's productivity gain initiatives for 1999-2000</u>	<u>Progress as of quarter ending 30 June 1999</u>
(a) Opening of 120 infirmary beds in the Cheshire Home at Chung Hom Kok	30 infirmary beds in the Cheshire Home at Chung Hom Kok opened
(b) Introduction of nuclear medicine at the Kwong Wah Hospital and the Princess Margaret Hospital	Nuclear medicine has already been introduced at both hospitals
(c) Shortening of waiting time for first attendance in specialist outpatient clinics in four specialties, namely Medicine, Ophthalmology, Orthopaedics and Traumatology and Surgery, from 11-18 weeks to 9 weeks	The notional waiting time for first attendance in specialist outpatient clinics in the four specialties was 10-15 weeks in June 1999
(d) Performing additional 1,300 cataract extraction surgery operations	3,275 out of the projected total of 11,190 cataract extraction surgery operations have been performed
(e) Enhancement of maintenance of biomedical equipment, electrical equipment and building services at Schedule II hospitals	Funding has been earmarked to a number of Schedule II hospitals to enhance the maintenance work