



**The Hong Kong Association of the Pharmaceutical Industry**  
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**Panel on Health Services**

**Meeting on Monday, 14 January 2008, at 8:30 am**  
**in Conference Room A of the Legislative Council Building**

**Allocation of resources among hospital clusters by the Hospital Authority**

A) Insufficient funding

Pharmaceutical products are essential to extend life and to ensure patients have a better quality of life. However, the allocation for drugs in the total budget of HA is only 6%. Many patients suffer from having to use older but cheaper drugs with more side effects.

In the US, Australia and EU, the percentage of patients suffering from mental illness who receive newer drugs developed and launched since 1990 is 80 to 90%. In Korea, it is 60%. In HK, it is about 35%, and this figure takes into account that the government has allocated special funding for mental illness. Obviously, even the special funding is insufficient. With a huge government budget surplus now a reality, we urge the government to invest more on healthcare and provide newer and higher quality treatment for patients suffering from mental illness and other chronic diseases.

B) Unfair treatment because of resource allocation

Unfortunately, patients with the same illness at the same stage of severity are offered different treatment because of the limited availability of new and approved drugs in a given H.A. hospital. Based on our experience, on average, it takes 3 to 7 years to go through the bureaucratic administrative procedures to have an innovative and effective new drug made widely available to patients throughout the H.A. system.

For example, a member company registered a new drug in Hong Kong in Aug. 2003. Then, it took nine months to get approval by H.A.'s centralized Drug Approval Committee, the DAC. Now, 29 months after the DAC approval, drug access for this product is available in only 7 of the 41 H.A. hospitals after negotiating with Drug Therapeutic Committees, DTCs, of every key H.A. hospital. Patients in the other 34 H.A. hospitals cannot get access to this drug, while some of these hospitals continue to ask for free "samples" from the manufacturer for months and years as a way to lower their internal costs. The process of getting a drug through



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individual DTCs is arduous and time-consuming. The end result is uneven and unfair access to new drug innovations across the whole H.A. system because of unfair resource allocations.

Specifically, we propose four things:

1. Abolish individual DTC reviews at each H.A. hospital and make all drugs approved by DAC widely available throughout the H.A. network, unless a hospital specifically recommends to exclude by exception a DAC-approved drug.
2. Standardize the drug formulary in all H.A. hospitals to provide equality of treatment throughout the H.A. network
3. Establish a line-item budget for drugs inside the H.A. budget
4. Expand HA funding for new medicines by allocating more government funding to assist HA to provide newer and innovative medicines for patients.