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Panel on Health Services

Background brief prepared by the Legislative Council Secretariat for the meeting on 10 November 2008

Grant for the Samaritan Fund

Purpose

This paper gives an account of the past discussions by the Panel on Health Services (the Panel) on the grant for the Samaritan Fund (the Fund).

Background

Establishment and objective of the Fund

2. The Fund was established as a trust in 1950 by resolution of the Legislative Council (LegCo) to provide financial assistance to needy patients who require privately purchased medical items and drugs that are proved to be of significant benefits but extremely expensive for the Hospital Authority (HA) to provide as part of its subsidised service.

Financial situation of the Fund

3. The two major sources of the Fund are private donations and Government's reimbursement for assistance provided to recipients of Comprehensive Social Security Assistance. While demand for assistance under the Fund has been rising in recent years, private donations for the Fund fluctuate widely. In order to meet the expenditure requirement of the Fund, the Government has injected one-off grants to the Fund from time to time. The Finance Committee of LegCo last approved in 2006 the making of a \$300 million grant to the Fund to meet its projected funding requirements up to 2008-2009.

Administration of the Fund

4. HA is charged with the responsibility of managing the Fund. To ensure that the Fund is put to appropriate use, HA adopts a prioritisation mechanism to vet and evaluate items of new technologies to make the best use of public resources. Factors taken into account in the evaluation process include efficacy, effectiveness and cost-effectiveness;

fair and just use of public resources targeting subsidies to effective interventions to areas of greatest need; and societal values and views of professionals and patients.

5. Medical Social Workers (MSWs) assist in vetting funding applications of individual patients. For non-drug items, MSWs will conduct financial assessment to determine the level of subsidy granted. Assessment will be based on the patient's household income, household total savings and reference to the actual cost of the medical item. As for drug items, the level of subsidy will be assessed on the patients' disposable financial resources (DFR), which essentially means the amount of their household disposable income and disposable capital. The adoption of the concept of DFR is to ensure that the patients' quality of life would be maintained largely even if they have to purchase the more costly drugs.

Past discussions

6. The Panel last discussed the proposed grant of \$300 million to the Fund on 11 December 2006. Major views/concerns expressed by members and the Administration's responses are summarised in the ensuing paragraphs.

Long-term sustainability of the Fund

7. Whilst supporting the proposed one-off grant of \$300 million to the Fund, members urged the Administration to expedite its work on healthcare financing so as to ensure the long-term sustainability of the Fund.

8. The Administration responded that the long-term funding arrangement for the Fund was certainly one of the aspects being considered in the mapping out of a strategy for healthcare services reform. However, it was too early to say at that stage how the implementation of healthcare financing arrangements would impact on the need for the Fund or the long-term funding arrangement for the Fund.

Provision of extremely expensive drugs that are proved to be of significant benefits and life-saving medical items as part of HA's subsidised service

9. Some members were of the view that extremely expensive drugs that were proved to be of significant benefits and life-saving medical items, such as cardiac pacemaker, should not be made self-financed items (SFIs).

10. The Administration responded that as resources were finite, subsidies should target at people most in need. To ensure that patients, who required privately purchased medical items and drugs that were proved to be of significant benefits but extremely expensive for HA to provide as part of its subsidised service, would not be deprived of proper medical care due to lack of means, the Fund was provided to act as a safety net. It was not true that patients who did not wish to pay or could not afford to pay for SFI drugs would not receive effective treatment, as the great majority of prescriptions filled by HA doctors for their patients were drugs of proven efficacy from the HA Drug Formulary. HA was planning to expand the funding scope of the Fund in 2007 to include four new drugs for

patients with cancer and rheumatic diseases, as a result of which drug expenditure was projected to increase to \$50.2 million in 2006-2007 and \$114 million in 2007-2008, as opposed to the actual drug expenditure of only \$41.4 million in 2005-2006.

11. Questions were also raised about the criteria for covering SFI drugs under the Fund, and the actions taken by HA to reduce the prices charged by companies providing privately-charged medical items and drugs.

12. The Administration advised that the decision on whether safety net coverage should be extended to specific SFI drugs would be made on the basis of a number of factors, including safety, efficacy, effectiveness, cost effectiveness, health impact, equity and patients' choice. In the event that the drugs covered by the Fund could meet a set of evaluation criteria such as efficacy versus alternatives and cost-effectiveness, consideration could be given to including them into the HA Drug Formulary. As for items supplied by HA to patients, open tender was adopted to ensure that patients received the best price. For drugs under the safety net, drug companies were encouraged to provide a certain proportion of the drugs free of charge for the needy patients.

Relevant papers

13. Members are invited to access the LegCo's website (<http://www.legco.gov.hk>) for details of the relevant paper and minutes of the meeting.

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