立法會
Legislative Council

LC Paper No. CB(2)483/10-11(03)

Ref : CB2/PL/HS

Panel on Health Services

Background brief prepared by the Legislative Council Secretariat for the meeting on 13 December 2010

Healthcare Reform Second Stage Public Consultation - Health Protection Scheme

Purpose

This paper gives an account of the past discussions by the Panel on Health Services ("the Panel") on the Health Protection Scheme ("HPS").

Background

2. The Health and Medical Development Advisory Committee ("HMDAC") released a paper entitled "Building a Healthy Tomorrow" on 19 July 2005, in which a host of recommendations on the future service delivery model of the healthcare system was put forth for public consultation. During the three-month consultation period, the Administration received some 600 written submissions from various sectors of the community. Whilst the respondents expressed a diverse range of views on the proposed service delivery model, the majority of them agreed that it was high time to review the healthcare services to ensure its sustainability. It was also suggested that the Government should put forth healthcare financing options as soon as possible to facilitate discussion.

3. Based on the recommendations of HDMAC, the Government put forth a package of inter-related proposals for reform in the First Stage Healthcare Reform Consultation Document entitled "Your Health Your Life" on 13 March 2008 for public consultation for three months. The Consultation Document aimed at garnering the views of the public on the key principles and concepts of four proposals on the healthcare service reform, and the pros and cons of reforming the current healthcare financing arrangements through introducing the following six possible supplementary financing options -

(a) social health insurance (mandatory contribution by workforce);

(b) out-of-pocket payments (increasing user fees);

(c) medical savings accounts (mandatory savings for future use);

(d) voluntary private health insurance;

(e) mandatory private health insurance; and

(f) personal healthcare reserve (mandatory savings and insurance).

To tie in with the proposals, the Government would increase government expenditure on healthcare from 15% to 17% of the overall recurrent government expenditure by 2011-2012. The Financial Secretary also pledged in the 2008-2009 Budget to draw $50 billion from the fiscal reserves to take forward the healthcare reform, after the supplementary financing arrangements had been finalized for implementation.

4. The report on the first stage consultation on healthcare reform was released on 19 December 2008. According to the Administration, whilst there were divergent views on healthcare financing, there was a general willingness among the public and stakeholders to continue deliberations on the issue of healthcare financing with a view to finding a solution. The Administration would examine possible proposals for further consultation, having regard to the board principles as reflected in the first stage consultation.

5. On 6 October 2010, the Government published the Healthcare Reform Second Stage Public Consultation Document entitled "My Health My Choice" in which a government-regulated, voluntary HPS, aiming at enhancing the long-term sustainability of the healthcare system, was proposed for public consultation for three months ending 7 January 2011.

Deliberations of the Panel

6. The Administration briefed the Panel on 6 October 2010 on the proposed HPS. Members were advised that the first stage consultation held in 2008 had reflected a broad community consensus on the need for healthcare reform. As to healthcare financing, the public generally expressed reservations against mandatory supplementary financing options, and preferred having their own choices of healthcare protection. They expected more choices of private healthcare services according to their own means and needs, as an alternative to public healthcare services. In the light of this, the proposed HPS aimed to

make available government-regulated health insurance to provide better choices to those who chose private healthcare services. It also aimed to ease the pressure on the public healthcare system by encouraging more people to use private healthcare on a sustainable basis, and enhance the sustainability of the entire healthcare system, thus benefiting those who depended on the public system for their healthcare needs.

Key scheme features

7. Members noted that insurers participating in HPS were required to offer standardized health insurance plans in accordance with the core requirements and specifications (Standard Plans). Participating insurers were also required to comply with scheme rules and requirements specified under HPS. There were 10 key features of HPS as follows -

(a) no turn-away of subscribers and guaranteed renewal for life;

(b) age-banded premiums subject to adjustment guidelines;

(c) covering pre-existing medical conditions subject to waiting period and time-limited reimbursement limits;

(d) high-risk individuals insurable with a cap on premium loading (say 200%);

(e) sharing risks arising from accepting high-risk groups through High-Risk Pool industry reinsurance;

(f) offering no-claim discount up to 30% of published premiums;

(g) providing insurance plans renewable on leaving employment and portable between insurers;

(h) requiring the insurers to report all costs, claims and expenses;

(i) providing standardized health insurance policy terms and definitions; and

(j) establishing a Government-regulated health insurance claims arbitration mechanism.

8. Members were further advised that another key feature of HPS was to promote transparent medical fees with packaged charging for common procedures. It was proposed that HPS Plans would be required to set reimbursement levels

based on "diagnosis-related groups" packaged charging where available, thereby enhancing transparency and certainty of medical charges to the insured. To achieve this, private hospitals would be encouraged to offer quality-assured, all-inclusive and condition-specific packaged services and pricing.

Savings for future premium

9. There was concern that HPS would become less affordable when the insured got older as age-based premium was bound to increase sharply with the age of the insured due to their increasing health risk. To better enable people to afford continuous health protection under HPS at older age when they needed it most, members asked whether consideration could be given to creating a medical savings component under the Mandatory Provident Fund.

10. The Administration advised that taking into account the need to encourage the insured to stay on and the need to secure a pool of funding to cover future healthcare protection especially at the old age, it had proposed for public consultation three options to encourage savings: (a) required in-policy savings; (b) optional savings accounts; and (c) premium rebate for long-stay. The Administration was open-minded on building in a medical savings component under the Mandatory Provident Fund to encourage savings by individuals for paying future premium at older age.

Scheme incentives

11. Members noted the Government's proposal to make use of the $50 billion earmarked in the fiscal reserves to buffer the excess risks arising from the participation of high-risk individuals in HPS; provide a time-limited premium discount for new joiners, especially the young, with a view to encouraging participation in HPS; and provide incentives for savings by individuals for paying premium at older age. Whilst members in general welcomed the Government's proposal on the use of the $50 billion, some members had reservation about the suitability of using the reserves to subsidize people who had already bought private health insurance to migrate to an HPS plan. Some members suggested that the Government should consider extending the use of the $50 billion to support healthcare reform, taking into account medical inflation.

Supervisory structure

12. Some members enquired about the means for preventing the participating insurers from charging high administrative fee and commissions and eating up the premiums paid by the insured.

13. The Administration proposed the following supervisory structure which would be underpinned by legislation -

(a) the Office of the Commissioner of Insurance would supervise the financial soundness of participating insurers to ensure their financial capability to discharge obligations to the insured, and to oversee any complaint handling mechanisms applicable to insurance in general;

(b) the Department of Health would strengthen its role to supervise quality and standards of hospital services, oversee hospital accreditation and clinical audits, collect service statistics and benchmarking information, and administer other quality assurance measures; and

(c) a new dedicated agency would be established to supervise the implementation and operation of HPS, including product registration, regulation of health insurance products, collecting pricing and costing information, compiling pricing and costing information of healthcare services, and administering the claims arbitration mechanism.

Capacity and manpower

14. Members were concerned whether there would be corresponding expansion in the capacity of the private healthcare sector to cope with the potential increase in demand arising from the implementation of HPS. The Administration advised that the known redevelopment projects of existing private hospitals and the development of new private hospitals under planning should be able to meet the projected demand for private healthcare services arising from the implementation of HPS. In terms of manpower requirement, work was underway to conduct manpower exercise for the various healthcare professions for the purpose of assessing the education and training needs for healthcare professionals.

15. Some members were of the view that the implementation of HPS would drive overall healthcare costs up, the results of which would only benefit the participating insurers and private healthcare providers.

16. The Administration advised that the implementation of HPS would help achieve the goal of making healthcare services more transparent and address the significant public-private imbalance in Hong Kong's healthcare system where over 90% of hospital services were presently provided by the public sector. The Administration, however, pointed out that patients would not be denied of

proper medical care due to lack of means following the implementation of HPS. The Government would continue to increase funding for healthcare and uphold the public healthcare system as the community's healthcare safety net.

Subscription

17. Noting that HPS might lack the critical mass to be financially viable if it was unable to attract a substantial number of subscribers, question was raised on the number of subscribers to make HPS sustainable.

18. The Administration estimated that around several hundred thousands subscribers would make HPS sustainable. The Administration further advised that at present, around 2.42 million people in Hong Kong were covered by private health insurance. It anticipated that some of them might choose to migrate to HPS plans.

Relevant papers

19. Members are invited to access the Legislative Council website (http://www.legco.gov.hk) for details of the proposed HPS as set out in the Healthcare Reform Second Stage Consultation Document tabled at the meeting.

Council Business Division 2
Legislative Council Secretariat
10 December 2010