

**Speaking Note for the Secretary for Food and Health
at the Special Meeting of the Finance Committee
on 9 March 2012**

Health

Madam Chairman and Honorable Members,

In 2012-13, the amount of recurrent government expenditure allocated by the Government on health is \$44.7 billion, which represents an increase of more than \$3.1 billion or 7.5% over the revised estimate of 2011-12. During the current term of Government, there has been a cumulative increase of \$13 billion or more than 40% in recurrent government expenditure on health over the past five years, in line with the Chief Executive's pledge to increase the share of recurrent expenditure on health to 17% of the Government's total recurrent expenditure.

2. New resources available in the next financial year are mainly used to provide –

(1) the Hospital Authority (HA) with additional recurrent funding of \$2.54 billion to meet new and increasing demands, and to further improve the healthcare services, including –

- attraction and retention of healthcare professionals, and recruitment of an additional 400 registered nurses;
- introduction of additional drugs of proven efficacy and cost-effectiveness into the HA Drug Formulary and expansion of use of drugs in the Formulary to make more drugs available at HA standard fees and charges;
- opening of 11 additional neonatal intensive care beds and provision of 80 additional general beds in Tuen Mun Hospital, Pok Oi Hospital and Tseung Kwan O Hospital;
- enhancement of renal services, including provision of haemodialysis and peritoneal dialysis services to some 120

additional patients and subsidisation of some 100 patients to receive haemodialysis services in qualified haemodialysis centres operated by the private sector; and

- extension of the community-based Case Management Programme for persons with severe mental illness to four more districts, and enhancement of inpatient care for psychiatric patients through the provision of multidisciplinary therapeutic care in a safe and recovery-focused ward environment;
- (2) an additional \$58 million to the Department of Health (DH) for scaling up smoking cessation services to cater for an additional of some 84 600 clients, including regularising and expanding the smoking prevention and cessation programmes commissioned to non-governmental organisations, provision of counselling through the Smoking Cessation Hotline and strengthening training and research on the management of tobacco dependence; and
- (3) an additional \$32 million for expansion of the services and manpower of the Maternal and Child Health Centres in Fanling and Hung Hom to cope with the demand for maternal and child health services in recent years.

3. Here below I would like to highlight four specific topics, namely planning of public and private hospitals, drug subsidy, obstetric services and healthcare reform.

Public Hospital Development

4. We have made continuous efforts to deploy resources for expanding our public healthcare infrastructure, building new hospitals and improving existing hospital facilities. Projects currently underway include construction of the North Lantau Hospital, and improvement works for Tseung Kwan O Hospital, Yan Chai Hospital and the Caritas Medical Centre. We have also reserved funding for construction of the Tin Shui Wai Hospital and the Centre of Excellence in Paediatrics at Kai Tak which will serve the whole territory, expansion of the United Christian Hospital and redevelopment of Kwong Wah Hospital and Queen Mary Hospital etc. In the past few years, the Government has continued to provide HA with more than \$500 million each year for acquisition and upgrading of its medical equipment.

Private Hospital Development

5. Apart from continuous investment in public healthcare infrastructure, the Government has reserved four sites respectively at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau for development of private hospitals with a view to increasing the overall capacity of the healthcare system in Hong Kong and addressing the imbalance between public and private hospital services. To ensure that services offered by new hospitals meet the needs of the public, we will specify in the tender that future private hospitals will be subject to various development parameters covering the scope of services (such as the types of specialty) and the standard of services (such as the number of beds, hospital accreditation and pricing transparency). We are now formulating the land disposal arrangements for these sites, and plan to tender out the two sites at Wong Chuk Hang and Tai Po in this quarter.

Drug Subsidy

6. We have been rendering assistance to patients with financial difficulties through the Samaritan Fund by providing them with a subsidy to pay for the self-financed drugs and medical items they need. To make better use of the Fund, the eligibility criteria for drug subsidies will be relaxed by providing allowances in the calculation of the total value of disposable assets in the means test while the tiers of patients' contribution ratio for drug expenses will also be revised so that more people will benefit from the subsidy. The Financial Secretary also announced the capital injection of \$10 billion into the Fund to cater for its operation in the next ten years or so. The injection will also provide the HA with greater room to further increase the types of subsidised drugs in accordance with clinical protocols and scientific evidence, benefiting more people in need.

Demand for Obstetric Services in Hong Kong

7. The Government is very concerned about the surge of demand for obstetric services in Hong Kong by non-local women. Local pregnant women should be given the first and foremost priority for healthcare resources of both public and private hospitals. On this basis, to ensure that adequate obstetric and neonatal care services are available in Hong Kong to meet service demand, we have implemented an array of measures to limit the number of deliveries by non-local pregnant women with regard to the capacity of our healthcare system while

deliveries by non-local pregnant women will be arranged in an orderly and planned manner.

8. Following the introduction of a quota of delivery by non-local women in Hong Kong in 2012 in the middle of last year, it is expected that there will be a drop of nearly 20% in the number of non-local women giving birth in Hong Kong this year as compared with that of last year. We will soon hold discussion with the public and private hospitals on the quota of delivery by non-local women in Hong Kong in 2013. Meanwhile, with the joint effort of the departments concerned, including the Immigration Department, DH and the Home Affairs Department, to strengthen interception at border control points and combat illegal operations of guesthouses, there are signs of a decline in the number of non-local pregnant women seeking emergency deliveries through Accident and Emergency departments.

9. We will continue to take vigorous measures to maintain the high professional standard of obstetric and neonatal care services. We will also deploy additional resources to meet the increasing demand for services of the maternal and child health centres (MCHCs). The expansion of the Fanling MCHC has been completed. The Hung Hom MCHC will also be relocated and expanded in 2013.

Healthcare Reform Initiatives

10. The recently-established Healthcare Planning and Development Office is taking forward a number of tasks arisen from the outcome of the Second Stage Public Consultation on Healthcare Reform. These include developing the detailed proposals for the Health Protection Scheme (HPS), examining their feasibility, and formulating a regulatory framework for HPS. As for the review on healthcare manpower planning, the Steering Committee on Strategic Review chaired by me will make recommendations on how to cope with anticipated demand for healthcare manpower, strengthen professional training and facilitate professional development having regard to the findings of the strategic review on healthcare manpower planning and professional development, with a view to ensuring the healthy and sustainable development of Hong Kong's healthcare system. We expect to complete the tasks mentioned above and put up concrete recommendations in around mid 2013.

11. Madam Chairman, my colleagues and I are now happy to answer questions from Members.