

**立法會**  
**Legislative Council**

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LC Paper No. CB(2)1905/11-12  
(These minutes have been  
seen by the Administration)

**Panel on Health Services**

**Subcommittee on Health Protection Scheme**

**Minutes of the second meeting**  
**held on Monday, 19 March 2012, from 5:00 pm to 7:00 pm**  
**in Conference Room 2A of the Legislative Council Complex**

- Members present** : Dr Hon LEUNG Ka-lau (Chairman)  
Hon LI Fung-ying, SBS, JP  
Hon Audrey EU Yuet-mee, SC, JP  
Dr Hon Joseph LEE Kok-long, SBS, JP  
Hon Cyd HO Sau-lan  
Hon CHAN Kin-por, JP  
Dr Hon PAN Pey-chyou  
Hon Alan LEONG Kah-kit, SC
- Members absent** : Hon CHEUNG Man-kwong  
Hon CHAN Hak-kan
- Public Officers attending** : Mr Richard YUEN Ming-fai, JP  
Permanent Secretary for Food and Health (Health)
- Mr Chris SUN Yuk-han  
Head, Healthcare Planning and Development Office  
Food and Health Bureau
- Clerk in attendance** : Ms Elyssa WONG  
Chief Council Secretary (2) 5
- Staff in attendance** : Ms Priscilla LAU  
Council Secretary (2) 5

Ms Sandy HAU  
Legislative Assistant (2) 5

Miss Liza LAM  
Clerical Assistant (2) 5

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**I. Meeting with the Administration**

(LC Paper Nos. CB(2)1360/11-12(01) and (02), CB(2)1200/11-12(01) and (02), CB(2)1216/11-12(01) and CB(2)1419/11-12(01))

The Subcommittee deliberated (index of proceedings attached at **Annex**).

Provision of private healthcare services

2. Noting that the new private hospitals to be developed at the four pieces of land earmarked for private hospital development (Wong Chuk Hang, Tai Po, Tseung Kwan O and Lantau) would be required to comply with a set of special requirements for development of the sites, members urged the Administration to require the purchaser/grantee of the reserved sites to provide reasonably priced services for use by local residents. They requested the Administration to specify in the conditions of the land grant the minimum percentage of beds or bed days for use by local residents. Concern was also raised on the need for the patients to disclose their resident status to the new private hospitals.

3. The Administration advised that the two sites at Wong Chuk Hang and Tai Po would be first disposed of through open tender in the first quarter of 2012. Operators of the new private hospitals would be required to provide at least 50% of their in-patient services (in terms of the actual number of bed days) for use by local residents. The Administration was in the process of hammering out the detailed terms and conditions of the land grant with the Central Tender Board.

4. The Administration further advised that patients were not required to disclose their resident status to the new private hospitals, and they would be regarded as non-local patients if their resident status could not be ascertained by the new private hospitals. The new private hospitals would be required to keep their records properly for inspection by the Department of Health.

5. The Chairman questioned the feasibility of using the actual number of bed days as the basis for the new requirement for the provision of private in-patient services for use by local residents by the new private hospitals, particularly at times when the utilization rate of in-patient services by local residents was low. In his view, this special requirement would prevent private hospitals from offering services to non-local residents even when they had spare service

Action

capacity. He suggested revising the basis for this requirement to providing half of the total number of hospital beds or bed days available for use by local residents, as this would ensure the provision of adequate services for use by local residents and at the same time allow flexibility for private hospitals to operate at difficult times.

6. The Administration explained that in order to ensure the provision of reasonably priced hospital services for use by local residents, the number of actual bed days for use by local residents was adopted for the special requirement. This would help keep the fees for their in-patient services at a reasonable level and prevent them from offering their services primarily to non-local residents.

7. Noting that the implementation of the proposed Health Protection Scheme ("HPS") might encourage the use of private healthcare services, members expressed concern on whether the expansion plans of private hospitals in the coming few years could meet the rising demand for private healthcare services. They were concerned that the rise in demand for private healthcare services would drive up medical charges and medical inflation. As such, they asked the Administration to take more proactive measures to ensure an adequate supply of hospital beds and healthcare personnel for the implementation of HPS. Consideration should also be given to recruiting more non-locally trained healthcare professionals to practise in Hong Kong.

8. The Administration advised that there were currently about 4 000 hospital beds in private hospitals. In the coming years, a significant number of additional private beds would come into stream from the new hospitals to be built on the four pieces of land earmarked for private hospital development, expansion of capacity of existing private hospitals, and conversion of existing service units run by non-governmental organizations into private hospitals. Taking the four new private hospitals as an example, they together might add as many as 2 000 additional private beds to the market, subject to the actual development scale over and above the minimum prescribed number of beds for each piece of land. In the Administration's view, the additional supply in the coming years should be able to meet the rise in demand arising from the implementation of HPS.

9. Pointing out that more complex cases would be referred to public hospitals for treatment, some members expressed concern that the expansion plans of private hospitals might not be able to relieve pressure on public hospitals. In particular, they were sceptical of the provision of reasonably priced services by the new private hospitals on the reserved sites. The Chairman, however, said that if the benefit limits of private health insurance ("PHI") could enable the insured to meet their healthcare needs in most circumstances, say,

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90% of cases, only a small fraction of more complex cases would be referred to public hospitals for treatment.

Regulation of private hospitals

10. Considering the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) ("the Ordinance"), which was the legislation regulating private hospitals, outdated and lacking deterrent effect, members expressed grave concern on how to ensure compliance with the special requirements in the land grant for the development of new private hospitals. They called on the Administration to conduct a comprehensive review of the Ordinance with a view to strengthening the regulation of private hospitals, and implement measures to enhance the quality and price transparency of the services of the new private hospitals pending the conduct of the review.

11. The Administration made the following responses –

- (a) a review on the Ordinance would be conducted to enhance service quality and pricing transparency of private hospitals. As it took time to review and amend the Ordinance, the purchaser/grantee of the reserved sites would be required to comply with a list of special requirements for development of the sites, which covered the scope of service such as the types of specialty, service standards, number of beds and price transparency. Remedies, based on the severity of non-compliance with the special requirements and ranging from payment of liquidated damages to cessation of provision of certain services to re-entry of the site, would be included in the conditions of the land grant or service agreement to be entered into with the Government; and
- (b) on the improvement of the quality and price transparency of the services of the new private hospitals to be developed on the reserved sites, the new private hospitals would be required to provide a comprehensive range of charging information and make such information easily accessible by the public. They were also required to provide a certain percentage of bed days at packaged charge, and attain hospital accreditation on a continuous basis.

Health insurance in financing healthcare services

12. Noting that despite more than one third of the population were covered by PHI, about one third of people covered by PHI still pertained to the public sector for hospital admissions; and the overall share of PHI in healthcare financing was around one eighth only, members expressed grave concern on the heavy reliance

Action

on public healthcare services and the disproportionate share of PHI in healthcare financing. They took the view that insufficient benefit coverage of insurance plans, the lack of price transparency and the cost uncertainty of private in-patient services were the major reasons for people covered by PHI still using public healthcare services.

13. The Administration explained that there were various reasons why the share of PHI in healthcare financing was relatively small. One of the reasons was that individual PHI policies commonly pertained more to inpatient cover and might not cover out-patient services. Another reason was that patients might not consider their insurance coverage sufficient for covering all the expenses of using private healthcare services. In order to encourage people with health insurance to choose private healthcare services, the Administration would strengthen the regulation of the PHI market through HPS to enhance consumer protection and quality of private healthcare services. By making private healthcare services a more affordable and attractive option to the public, HPS could help ease the pressure on the public system, so that the public healthcare system could focus on serving its target areas.

14. Pointing out that the share of PHI in healthcare financing was around 13% in Hong Kong and 6.4% in western countries, the Chairman considered the performance of the local PHI market fairly well. He sought clarification on the objective of implementing HPS and urged the Administration to set a target for the share of PHI in healthcare financing after the implementation of HPS.

15. The Administration advised that the question of long-term sustainability of the public healthcare system would need to be addressed in view of the increasing healthcare needs and rising medical costs. It was projected in 2004 that the share of public expenditure for health in total public expenditure would surge from 14.7% to 27.3% in 2033. The Administration considered it high time to introduce supplementary financing as it was not possible to increase the share of healthcare expenditure in government budget without limit. HPS aimed to make private healthcare services more attractive to those who were willing and could afford to pay for private healthcare services. By enabling more people to use private healthcare services on a sustained basis, HPS would relieve the pressure on the public healthcare system.

Governance of the Hospital Authority

16. The Chairman opined that the Hospital Authority ("HA") had not utilized its resources efficiently and effectively. He pointed out that in order to seek additional resources, hospital clusters might try to keep the patients in their care, and had little incentive to shorten the waiting list or address the problem of the serious wastage of medical staff. In his view, improving the governance of HA

Action

and putting in place a system to measure the cost-effectiveness of HA were the prerequisite for ensuring a sustainable improvement in the quality of public healthcare services, retaining medical manpower in public hospitals and relieving pressure on the public healthcare system. Question was raised on the current mechanism for monitoring the efficiency and effectiveness of HA.

17. The Administration advised that service targets were set for HA to measure its performance. As a public body, the management and operation of HA were also subject to public monitoring. This apart, HA had in recent years introduced hospital accreditation in public hospitals as a useful measure to sustain and improve the quality of healthcare services.

Admin 18. To facilitate further discussion, the Administration was requested to -

- (a) provide information, if any, on the reasons why people covered by PHI still used public healthcare services instead of private healthcare services. If the information was not available, the subject should be added to the scope of the consultancy study on HPS as appropriate;
- (b) provide information, if any, on the benefit coverage of the health insurance plans provided to the 2.56 million people covered by PHI;
- (c) provide information on measures taken by the Administration to assess the efficiency and effectiveness of HA, and the international standards adopted to evaluate the performance of hospitals; and
- (d) revert to the Panel on Health Services on details of the tender requirements for the development of new private hospitals on the two reserved sites disposed of through open tender in the first quarter of 2012.

## **II. Any other business**

19. The Chairman informed members that the next meeting would be held on 19 April 2012. As agreed by the members, healthcare manpower planning and supply for the sustainable development of the healthcare system would be discussed at the next meeting.

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20. At the request of the Chairman, representatives of HA would be invited to attend the next meeting.

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*(Post-meeting note: The next meeting originally scheduled for 19 April 2012 had been rescheduled to 16 April 2012.)*

21. There being no other business, the meeting ended at 6:40 pm.

Council Business Division 2  
Legislative Council Secretariat  
7 May 2012

**Proceedings of the second meeting of the  
Subcommittee on Health Protection Scheme  
held on Monday, 19 March 2012, from 5:00 pm to 7:00 pm  
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject	Action required
000000 – 000738	Chairman	Opening remarks	
000739 - 001234	Admin	Briefing by the Administration on paper entitled "Roles of public funding and health insurance in financing healthcare services" (LC Paper No. CB(2)1360/11-12(01))	
001235 - 002640	Chairman Ms Audrey EU Admin	<p>Ms Audrey EU's enquiry about the regulation of four new hospitals to be developed at the reserved sites (Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau), in particular the provision of private healthcare services for use by local residents and compliance of the new private hospitals with the special requirements specified in the conditions of the land grant of the reserved sites.</p> <p>The Administration's response on the special requirements for the development of new private hospitals and a review to be conducted on the Hospital, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) ("the Ordinance").</p>	
002641 - 003507	Ms Cyd HO Chairman Admin	<p>Ms Cyd HO's concern on the regulation of private hospitals and her suggestion on the review on the Ordinance.</p> <p>The Administration's response that remedies would be included in the conditions of the land grant or service agreement to be entered into with the Government of the reserved sites for the development of new private hospitals.</p>	
003508 - 003953	Chairman Admin	The Chairman's concern on whether the supply of private healthcare services could meet the increase in demand upon the implementation of the Health Protection Scheme ("HPS"), and his enquiry about the supply of private hospital beds in the coming years.	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject</b>	<b>Action required</b>
		<p>The Administration's response on the number of hospitals beds that could be provided through private hospital development.</p>	
003954 - 005259	Ms LI Fung-ying Admin	<p>Ms LI Fung-ying's enquiry on measures to enhance the price transparency in the development of new private hospitals.</p> <p>The Administration's response on the special requirements for the development of new private hospitals on the reserved sites, in respect of price transparency and packaged charging.</p> <p>The Chairman's view that with a sufficient increase in the overall service capacity of the private healthcare sector, reasonable pricing could be achieved through healthy competition among healthcare providers.</p> <p>Ms LI Fung-ying's concern that complex cases would be referred to public hospitals for treatment and the expansion plans of private hospitals might not be able to relieve pressure on public hospitals.</p> <p>The Chairman's view that if the benefit limits of private health insurance ("PHI") could enable the insured to meet their healthcare needs in most circumstances, only a small fraction of more complex cases would be referred to public hospitals for treatment.</p>	
005300 - 010425	Dr PAN Pey-chyou Admin	<p>Dr PAN Pey-chyou's concern on the use of public healthcare services by people covered by PHI.</p> <p>The Administration was requested to provide information on the reasons why people covered by PHI would still use public healthcare services instead of private healthcare services.</p>	<b>Admin</b> (paragraph 17 of the minutes)
010426 - 010619	Chairman Admin	<p>The Administration was requested to provide information on the coverage of the health insurance plans provided to the 2.56 million people covered by PHI.</p>	<b>Admin</b> (paragraph 17 of the minutes)

<b>Time marker</b>	<b>Speaker</b>	<b>Subject</b>	<b>Action required</b>
010620 - 012202	Mr CHAN Kin-por Chairman Admin	<p>Mr CHAN Kin-por's view on the reasons for people covered by PHI still using public healthcare services.</p> <p>The Chairman and Mr CHAN Kin-por's enquiries on the service capacity of private hospitals and whether the increase in the service capacity could meet the increase in demand for private healthcare services upon the implementation of HPS.</p> <p>The Administration's response on the increase in the service capacity of private hospitals in the coming years to meet the rise in demand for private healthcare services.</p>	
012203 - 012854	Chairman Admin	<p>The Chairman's enquiries about the objective of HPS and his request to set a target for the share of PHI in healthcare financing after the implementation of HPS.</p> <p>The Administration's response on relieving the pressure on the public healthcare system through the implementation of HPS.</p>	
012855 - 013803	Chairman Admin	<p>The Chairman's view that the governance of the Hospital Authority ("HA") should be improved; and his concern on the mechanism for monitoring the efficiency and effectiveness of HA.</p> <p>The Administration's response on the measures to assess the performance of HA.</p> <p>The Administration was requested to provide information on measures put in place to assess the efficiency and effectiveness of HA, and the international standards adopted to evaluate the performance of hospitals.</p>	<b>Admin</b> (paragraph 17 of the minutes)
013804 - 014018	Chairman Admin	Date of next meeting and follow-up actions.	