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Panel on Health Services

Background brief prepared by the Legislative Council Secretariat for the meeting on 16 April 2012

The Samaritan Fund

Purpose

This paper summarizes the concerns of the Panel on Health Services ("the Panel") on issues relating to the Samaritan Fund.

Background

2. The Samaritan Fund is a charitable fund established by resolution of the Legislative Council in 1950. Its objective is to provide financial assistance to needy patients to meet expenses on designated privately purchased medical items or self-financed drugs required in the course of medical treatment not covered by hospital maintenance or outpatient consultation fees in public hospitals and clinics. The Hospital Authority ("HA") is charged with the responsibility of managing the Fund.

3. The operation of the Samaritan Fund mainly relies on private donations and Government subsidies. HA reviews annually the income and expenditure accounts of the Fund and estimates the overall expenditure of the Fund for the next few years, taking into account factors such as the ageing population, technological advancement, increase in demand for healthcare services and inclusion of more drugs under the Fund. HA will seek additional funding from the Government if necessary. In recent years, over $1.5 billion has been injected to the Samaritan Fund, including a one-off injection of $1 billion in 2008.

4. Medical Social Workers ("MSWs") assist in vetting funding applications from individual patients. Financial assessment for applications for non-drug medical items is based on patients' household income, savings and assets and costs of the medical items. In making the recommendation, MSWs will also give consideration to the social and familial circumstances faced by the patients. Financial assessment for applications for drug items is based on patients' annual household disposable financial resources ("DFR") and the estimated drug expenses. DFR means the sum of patients' household disposable income and disposable capital. The adoption of the concept of DFR is to ensure that the patients' quality of life would be largely maintained even if they have to purchase the more costly drugs. At present, patients' contribution to drug expenses is capped at 30% of their annual DFR.

5. According to the Annual Operation Report 2011-2012 of the Samaritan Fund, the 2011-2012 projected expenditure of the Samaritan Fund is $295 million, representing an increase of 30% as compared to $227 million in 2010-2011. In 2011-2012, the projected total expenditure on non-drug items is $95 million, while the projected total expenditure on drug items is $200 million.

Deliberations of the Panel

6. The deliberations and concerns of members on issues relating to the Samaritan Fund are summarized below.

Role of the Samaritan Fund

7. Pointing out that HA was responsible for determining the drugs to be introduced and categorized as self-financed drugs with safety net, as well as managing the Samaritan Fund, members expressed grave concern on the mechanism for deciding drugs to be categorized as self-financed drugs with safety net. They queried whether the Samaritan Fund could serve its intended purpose of providing relief to needy patients. In their view, the Samaritan Fund might be used as a justification by HA for excluding drugs proven to be of significant benefits but extremely expensive to provide in the Drug Formulary.

8. The Administration advised that the Samaritan Fund had never deviated from its objective of providing relief to needy patients. The determination of new drugs to be included into the Drug Formulary or to be categorized as self-financed drugs with safety net was made based on clinical efficacy, safety and cost effectiveness to ensure rational use of finite resources and provision of effective treatment to patients. The Administration reassured members that the introduction of drugs, including self-financed drugs, into the Drug Formulary

would foremost be based on the efficacy and safety of drugs and not their cost.

Financial assessment for assistance under the Samaritan Fund

9. Citing a case whereby a patient was no longer eligible for financial assistance under the Samaritan Fund after moving in with his parents, members sought explanation on the rationale for requiring applicants for the Fund to pass a household-based financial assessment conducted by MSWs. They urge the Administration to consider allowing patients living with their family members to apply for assistance on an individual basis.

10. The Administration advised that the practice of using patients' household income in assessing the level of subsidy granted under the Samaritan Fund was in line with other safety nets funded by public money, such as public housing, student loans, legal aid and the Comprehensive Social Security Assistance. This assessment criterion for public assistance was also adopted in many developed countries. The rationale was to encourage family members to support each other and to prevent the avoidance of responsibility by resorting to public assistance in the first instance. Members were also informed that non-financial factors, such as whether patients having other medical expenses and their family status, would also be considered when vetting their applications for the Fund.

11. In response to a concern on the eligibility of retired persons having no income but a self-occupied property for seeking assistance under the Samaritan Fund, the Administration advised that the flat owned and resided in by the patient's household as well as the tools of trade of the patient's household would be excluded from the financial assessment of the patient.

Safety net for self-financed drugs

12. Members were concerned about the financial burden imposed by the extremely expensive self-financed drugs, such as cancer drugs, on the patients. Question was raised on whether consideration would be given to putting a cap of, say, $100,000, on the expenses borne by each patient for purchasing self-financed drugs each year and the amount exceeding the cap to be covered by HA as part of its subsidized services. There was also a suggestion that patients' expenditure on self-financed drugs should be tax deductible.

13. The Administration stressed that it was its long-standing policy that no patients would be denied adequate medical treatment due to a lack of means. Needy patients could apply for assistance from the Samaritan Fund to meet expenses on these drugs. Apart from the Samaritan Fund, needy patients might

seek fee waiver from HA. Under the fee waiver mechanism, a patient might be provided with a one-off full or partial waiver for hospital fees and charges. The Administration further advised that the Steering Committee on the Community Care Fund ("CCF") had endorsed two CCF Medical Assistance Programmes to provide assistance for needy patients to meet their expenses for self-financed drugs. The first CCF Medical Assistance Programme would be launched in August 2011.

14. Members remained of the view that drugs which were proven to be of significant benefits should be covered by the standard fees and charges in public hospitals and clinics, rather than being classified as self-financed drugs with safety net.

Long-term sustainability of the Samaritan Fund

15. While supporting the proposal of a one-off grant of $1 billion to the Samaritan Fund to meet the Fund's projected funding requirements up to 2012, members expressed concern on the sustainability of the Fund. In view of the rapid advancement in medical technologies and the ageing population, members urged the Administration to hammer out a long term funding arrangement for the Samaritan Fund.

16. The Administration responded that the long term funding arrangement for the Samaritan Fund would be examined in the context of healthcare financing. Details of service reform and supplementary financing would be drawn up for discussion in the second stage public consultation.

Recent developments

17. On 1 February 2012, the Financial Secretary announced in his 2012-2013 Budget Speech a capital injection of $10 billion into the Samaritan Fund to cater for its operation in the next 10 years or so. The eligibility criteria for drug subsidies would be relaxed by providing allowances in the calculation of the total value of disposable assets in the means test, and the tiers of patients' contribution ratio for drug expenses would be revised to benefit more patients. With the proposed injection, the Samaritan Fund is expected to be given more headroom to increase the type of subsidized drugs in accordance with clinical protocols and scientific evidence, benefiting more people in need.

Relevant papers

18. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
10 April 2012

Appendix

Relevant papers on the Samaritan Fund

Committee	Date of meeting	Paper
Panel on Health Services	10.11.2008 (Item IV)	Agenda Minutes
Panel on Health Services	8.6.2009 (Item VI)	Agenda Minutes
Panel on Health Services	14.2.2011 (Item VI)	Agenda Minutes CB(2)1602/10-11(01)
Panel on Health Services	14.6.2011 (Item I)	Agenda Minutes
Panel on Health Services	14.11.2011 (Item VI)	Agenda Minutes

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