

**For Information
On 12 December 2011**

**Legislative Council Panel on Health Services
Monitoring of Charging Policy
of Private Hospitals for Obstetric Services**

PURPOSE

This paper briefs Members on the charging policy of private hospitals for obstetric services.

REGULATION OF PRIVATE HOSPITALS

2. The Department of Health (DH) is responsible for the registration of private hospitals in Hong Kong. The Hospitals, Nursing Homes and Maternity Homes Registration Ordinance, Cap 165 (“the Ordinance”), empowers the Director of Health to register private hospitals subject to conditions relating to accommodation, staffing or equipment. DH monitors the compliance of private hospitals with the Ordinance by conducting inspections and handling complaints lodged by the general public. At present, there are 12 private hospitals registered in accordance with the Ordinance.

3. To enhance patient safety and quality of health care services provided by private hospitals, DH issued a “Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes” (the Code) in August 2003. The Code sets out the standards of good practice for private hospitals to adopt. These standards include the need for a private hospital to ensure that services provided are of quality and appropriate to the needs of patients, requirements on the management of staff, premises and services, protection of the rights of patients and their right to know and the setting up of a system to deal with complaints. The Code requires the private hospitals to, among other things, have a schedule of charges, in respect to room charges, investigative and treatment

procedures, medical supplies, medicines and any charges that will be levied. The schedule should be available for reference by patients at the admission office, cashier and wherever appropriate. The hospitals should also inform the patients should there be any changes in charges.

4. Among the 12 existing private hospitals, 10 are charitable institutions which are exempt from tax under the Inland Revenue Ordinance (IRO). According to section 88 of IRO, any charitable institution or trust of a public character shall be exempt from tax. Tax-exempt charitable bodies must be established solely for charitable purposes recognised by the law. As required by the Inland Revenue Department (IRD), charitable bodies applying for tax exemption must have a governing instrument which states their objects precisely and clearly. For charitable bodies granted tax exemption, their incomes (including profits derived from their business) and properties may only be used for attainment of their stated objects and any distribution of their incomes and properties amongst their members is strictly prohibited. IRD will review charitable bodies granted tax exemption periodically to see whether their objects are still of a charitable nature and whether their activities are compatible with their stated objects.

CHARGING POLICY OF PRIVATE HOSPITALS

5. To enhance price transparency, private hospitals should comply with the requirements under the Code as detailed in paragraph 3. Currently, private hospitals charge their patients on an item-by-item basis according to the range of services provided during hospitalization, such as doctor's fees, room and board, investigation, treatment procedures and drugs. The level of charges and the definition and classification of items may vary across different private hospitals, and the price scale may vary with the level of accommodation. Doctor's fees are determined by individual doctors.

6. Hospitals may also offer certain services at packaged pricing (i.e. a fixed charge for a package of services that differ from conventional itemized pricing). Packages usually refer to a procedure and its related care, or the care for a health condition which comprise more than one service element. Examples include maternity packages, surgical

operation packages and health check packages. These packages may target at different user groups and life stages (e.g. employees, students or premarital). Package prices are generally established in advance and patients may be charged for extra items such as doctor's fees, additional investigative procedures and treatment of complications, which are not covered by the package. Likewise, both the level of price and the items covered by the package of a certain service could vary among hospitals. For instance, the maternity package charges could range from \$16,000 to \$135,000 depending on the type of accommodation, mode of delivery and other factors. Packages and prices are available for reference by patients and often publicized on the hospitals' websites.

7. Separately, there are two hospitals providing about 160 low-charge beds in total as Conditions of Grant of their land. The St Teresa's Hospital (STH) was given a land grant by the Government in 1996 for expansion. According to the Conditions of Grant, not less than 20% of beds in the new wing of the hospital should be low-charge beds. At present, among the 490 beds in the new wing of STH, about 100 are low-charge beds. It is also provided in the Conditions of Grant of Tsuen Wan Adventist Hospital (TWAH) that the hospital must provide free or low charge beds. Among the 198 beds provided in TWAH, the daily fees of 58 beds are lower than the costs of its ward services.

ADVICE SOUGHT

8. Members are invited to note the content of this paper.

**Food and Health Bureau
Department of Health
December 2011**