立法會
Legislative Council

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Panel on Health Services

Subcommittee on Health Protection Scheme

Minutes of the ninth meeting
held on Tuesday, 15 April 2014, at 2:30 pm
in Conference Room 2A of the Legislative Council Complex

Members present	:	Dr Hon LEUNG Ka-lau (Chairman) Hon Albert HO Chun-yan Hon Vincent FANG Kang, SBS, JP Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN Hon CHAN Kin-por, BBS, JP Hon CHEUNG Kwok-che Hon Mrs Regina IP LAU Suk-yee, GBS, JP Hon Charles Peter MOK Hon CHAN Han-pan Hon Alice MAK Mei-kuen, JP Dr Hon KWOK Ka-ki
Member attending	:	Hon WU Chi-wai, MH
Public Officers attending	:	Items I and II Mr Richard YUEN Ming-fai, JP Permanent Secretary for Food and Health (Health) Food and Health Bureau Mr Chris SUN Yuk-han, JP Head, Healthcare Planning and Development Office Food and Health Bureau

Item II

Dr CHOW Chi-kin
Research Assistant Professor, School of Public Health
The University of Hong Kong

Clerk in attendance : Ms Maisie LAM
Chief Council Secretary (2) 5

Staff in attendance : Ms Janet SHUM
Senior Council Secretary (2) 5

Ms Michelle LEE
Legislative Assistant (2) 5

Action

I. Matters arising from the meeting on 18 February 2014
[LC Paper Nos. CB(2)412/13-14(01) and (03), CB(2)855/13-14(01), CB(2)1247/13-14(01), CB(2)1264/13-14(01)]

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

2. At the invitation of the Chairman, the Administration briefed the Subcommittee on its response to issues raised at the meeting on 18 February 2014 (LC Paper No. CB(2)1264/13-14(01)).

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3. The Subcommittee requested the Administration to provide supplementary information on the following -

(a) in respect of the Thematic Household Survey conducted by the Census and Statistics Department during October 2011 to January 2012,

(i) of the 29 187 persons in the 10 065 enumerated households, the number of persons who were covered by employer-provided and/or individually-purchased private health insurance ("PHI");

(ii) among these persons who were covered by PHI, the number of persons who had admitted to local hospital for treatment during the 12 months before enumeration; and

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(iii) among these admissions, the number of admissions the medical expenditure incurred by which was financed by PHI with a breakdown of the healthcare sector involved;

(b) in respect of the estimated average premium per insured member under the Health Protection Scheme ("HPS") Standard Plan worked out by the Consultant as set out in Appendix A to LC Paper No. CB(2)1264/13-14(01),

(i) provide the premium schedule, with reference to different age groups and health conditions, employed by the Consultant in estimating the indicative HPS premiums;

(ii) set out the formulas and the calculations to arrive the estimation on, and explain the significant difference between, the impact brought about by the component of "coverage of pre-existing conditions" on the premiums to be paid by insured persons with standard-risk and high-risk respectively under HPS as set out in Table 2 of Appendix A and item (b) under the first paragraph of Appendix B. According to the Administration, the impact of covering pre-existing conditions for all current members was to increase the average standard premium by approximately 5%, whereas the cost of a member of High Risk Pool ("HRP") was assumed to be six times higher than that of an average risk person primarily due to the coverage of pre-existing conditions;

(iii) set out the formulas and the calculations to arrive the estimation that covering endoscopy and colonoscopy through packaged pricing in ambulatory settings would decrease the average standard HPS premium by approximately 12%; and

(iv) provide another set of figures on the estimated impact of HPS on premiums in the individual market to cater for the scenario where the insurer loading for expenses, profit and commissions was not included in the calculations;

(c) provide, in the form of a table similar to Table 1 in Appendix B to LC Paper No. CB(2)1264/13-14(01), the respective expected cost of operating HRP, as well as the corresponding estimated cost to the Government for financing HRP, for the period of 2016 to 2040 when the proposed entry age limit for guaranteed acceptance with a premium loading cap of 200% was set at 40, 45, 50, 55, 60 or 65; and

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(d) in respect of the Administration's stance that it was necessary to adopt the proposed Minimum Requirements approach in order to provide enhanced quality and certainty of insurance protection to consumers,

(i) engage the insurance sector to analyze the market data and provide a statistical summary on the coverage and benefit levels, and the utilization of the existing individual-based ward-level indemnity hospital insurance products in the local market; and

(ii) conduct a study to assess the willingness of consumers to purchase or migrate to the HPS Standard Plan if the average standard premium of which, as estimated by the Consultant, was around $3,600 in 2012 constant dollars and subject to a potential range of variation between -8% and +45%.

II. Commissioned study on healthcare manpower planning and projection by The University of Hong Kong

[LC Paper Nos. CB(2)1283/13-14(01) and CB(2)1315/13-14(01)]

4. With the aid of a Powerpoint presentation, Dr CHOW Chi-kin of the School of Public Health of The University of Hong Kong briefed members on the manpower projection model for doctors developed by the University for the purpose of the strategic review on healthcare manpower planning and professional development, details of which were set out in the Annex to the Administration's paper (LC Paper No. CB(2)1283/13-14(01) and the Powerpoint presentation material tabled at the meeting (LC Paper No. CB(2)1315/13-14(01)).

Admin

5. The Administration was requested to provide an algorithm for the medical manpower projection model to take into account factors such as adjustments in Government subvention to the Hospital Authority, distribution of manpower resources among the seven hospital clusters, fluctuation in healthcare service utilization, and the elasticity of medical manpower supply in the private market.

III. Any other business

Date of next meeting and items for discussion

6. Members noted that the Administration's current plan was to launch the public consultation on HPS in June or July 2014. The Chairman said that

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depending on the development concerning HPS, the Clerk would follow up with the Administration on the arrangement for the next meeting and members would be informed of the details in due course.

(*Post-meeting note*: With the concurrence of the Chairman, the tenth meeting of the Subcommittee has subsequently been scheduled for 12 September 2014 at 3:00 pm to discuss the Administration's response to issues raised at the ninth meeting of the Subcommittee.)

7. There being no other business, the meeting ended at 4:35 pm.

Council Business Division 2
Legislative Council Secretariat
9 December 2014

Annex

Proceedings of the ninth meeting of the Subcommittee on Health Protection Scheme on Tuesday, 15 April 2014, at 2:30 pm in Conference Room 2A of the Legislative Council Complex

Time marker	Speaker	Subject	Action Required
Agenda item I: Matters arising from the meeting on 18 February 2014			
000437 - 000451	Chairman	Opening remarks	
000452 - 000751	Chairman Admin	Briefing by the Administration on its response to issues raised at the meeting on 18 February 2014. [LC Paper No. CB(2)1264/13-14(01)]	
000752 - 001546	Chairman Mr CHAN Kin-por Admin	At the request of Mr CHAN Kin-por, the Administration agreed to provide the following supplementary information in respect of the Thematic Household Survey conducted by the Census and Statistics Department from October 2011 to January 2012 - (a) of the 29 187 persons in the 10 065 enumerated households, the number of persons who were covered by employer-provided and/or individually-purchased private health insurance ("PHI"); (b) among these persons who were covered by PHI, the number of persons who had admitted to local hospital for treatment during the 12 months before enumeration; and (c) among these admissions, the number of admissions the medical expenditure incurred by which was financed by PHI with a breakdown of the healthcare sector involved.	**Admin**
001547 - 001730	Chairman Mr CHAN Kin-por Admin	Mr CHAN Kin-por's view that the Administration should draw attention to members of the public in the consultation on the Health Protection Scheme ("HPS") the point made by the Consultant on its estimation on the increase in average standard premium brought about by the enhanced benefits of the HPS Standard Plan. According to the Consultant, the estimated average standard premium for the HPS Standard Plan would be 9% (or $300 in 2012 constant prices) higher than the estimated average premium of existing individual indemnity hospital insurance products (ward level) in the market which stood at $3,300 in 2012. Yet the estimation was subject to a range of variation which could be as high as +45% (or $1,500) or as low as -8% (or -$250).	
001731 - 002444	Chairman Mr CHAN Kin-por Admin	Mr CHAN Kin-por's remarks that the insurance sector was unconvinced of the Consultant's estimation that the impact of the component "coverage of pre-existing conditions" on the premiums to be paid by insured persons with standard-	

Time marker	Speaker	Subject	Action Required
		risk under HPS would only be 5% as set out in Table 2 of Appendix A to LC Paper No. CB(2)1264/13-14(01). The price impact of this component on standard premium of standard-risk insured persons was different from that on the average claims cost of high-risk people under HPS. The Consultant assumed that the average claims cost of members of High Risk Pool ("HRP") would be six times (or 600%) than that of other standard-risk people primarily due to the coverage of pre-existing conditions (i.e. item (b) under the first paragraph of Appendix B to LC Paper No. CB(2)1264/13-14(01)). The Administration's explanation that - (a) the price impact of covering pre-existing conditions on the average standard premium of the HPS Standard Plan referred to that arising from the enrollment of those migrants with pre-existing conditions excluded in their existing insurance policies who opted to remove these case-based exclusions and the required increase in overall standard premium if all such migrants went for this option and the insurers chose to finance the extra claims cost through standard premium increase; and (b) the cost impact of covering pre-existing conditions on members of HRP referred to that arose from enrollment of high-risk people who would be transferred to HRP, a separate risk pool from the generic one of which the standard premium was estimated. Such impact would have no bearing on the standard premium and was not accounted for as part of the calculation. At the request of Mr CHAN Kin-por, the Administration undertook to provide in writing the formulas and the calculations to arrive at the above two estimations, and a detailed explanation on the percentage difference in the impact brought about by covering pre-existing conditions on the two estimations.	**Admin**
002445 - 002703	Chairman Mr CHAN Kin-por Admin	The Administration was requested to set out the formula and the calculations to arrive at the estimation that covering endoscopy and colonoscopy through packaged pricing in ambulatory settings would decrease the average standard premium of HPS Standard Plan by approximately 12% as set out in Table 2 of Appendix A to LC Paper No. CB(2)1264/13-14(01).	**Admin**
002704 - 002918	Chairman Admin	The Administration's undertaking to provide the following supplementary information in respect of the indicative HPS premiums which were set out in details in Appendix A to LC Paper No. CB(2)1264/13-14(01) - (a) the premium schedule (with reference to different age groups and health conditions) employed by the	**Admin**

Time marker	Speaker	Subject	Action Required
		Consultant in estimating the indicative HPS premiums; and (b) another set of figures on the estimated impact of HPS on premiums in the individual market to cater for the scenario where the insurer loading for expenses, profit and commissions was not included in the calculations.	
002919 - 003619	Chairman Mr CHAN Kin-por Admin	Mr CHAN Kin-por's concern about the misunderstanding of the community that the administration cost of operating HRP (which was assumed to be 12.5% of total claims cost and amounted to $2 billion for the projection period from 2016 to 2040 as set out in Table 1 of Appendix B to LC Paper No. CB(2)1264/13-14(01)) was a form of Government subsidy for the insurers. The Administration's clarification that it would be the administration cost related to the expenses required to operate HRP. The Chairman and Mr CHAN Kin-por's view that the entry age limit of guaranteed acceptance under HPS with a premium loading cap of 200% ("the age limit"), which started to take effect as from the second year of HPS implementation, should be set at an older age, say, 50 or 55, to enable more people to subscribe HPS at times when they had greater affordability. According to the Consultant, the required funding injection from the Government to finance HRP over the period of 2016 to 2040 would only be increased from $4.3 billion (if the age limit was set at the proposed level of 40) to $5.3 billion (if the age limit was raised to the age of 50) or $6.4 billion (if the age limit was raised to the age of 55) under the aforesaid higher guaranteed acceptance age scenario. The Administration's advice that the proposed age limit of 40 was meant to encourage people to enroll when they were still young and healthy. A lower guaranteed acceptance age limit would lead to a lower membership of HRP over the projection horizon, and early participation of healthy people which was conducive to the risk pooling function of health insurance. The Administration kept an open mind on the setting of the age limit subject to the outcome of the forthcoming public consultation on HPS. At the request of the Chairman, the Administration agreed to provide, in the form of a table similar to Table 1 of Appendix B to LC Paper No. CB(2)1264/13-14(01), the respective expected cost of operating HRP, as well as the corresponding estimated cost to the Government for financing HRP, for the period of 2016 to 2040 when the proposed age limit was set at 40, 45, 50, 55, 60 and 65 years of age.	**Admin**

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003620 - 005043	Chairman Mr CHAN Kin-por Admin	Mr CHAN Kin-por's views that - (a) the number of complaint cases (50 out of 161 cases) related to exclusion clauses of PHI handled by the Insurance Claims Complaints Bureau was minimal in view of the hundreds of thousands PHI plans in the market; and (b) the Administration should reconsider the insurance sector's proposal to allow co-existence of a regulated market segment under the aegis of HPS and an unregulated market segment where product offering was not bound by Minimum Requirements on product design to enable free choice of consumers according to their affordability. The proposed Minimum Requirements which would increase the average standard premium (to as high as +45% according to the Consultant's estimation) would not only interfere with the free market, but also deprive consumers, particularly those with limited means or had been covered by group-based indemnity hospital insurance products taken up by their employers, of the choice to take up products with lower premium but fewer benefits, such as those with case-based exclusions of pre-existing conditions. The Administration's response that - (a) the objective of introducing Minimum Requirements to all individual-based indemnity hospital insurance products was to address the shortcomings of the existing market. The application of the proposed consumer protection features and requirements, such as guaranteed renewal; coverage of pre-existing conditions; coverage of hospitalization and ambulatory procedures; coverage of non-surgical cancer treatments (up to a prescribed limit); and minimum benefit coverage, to all indemnity hospital insurance products could address public concerns more fully. More consumers, including but not limited to those who were currently declined from coverage for one reason or another, would be encouraged to purchase and make fuller use of PHI products to access the readily available private healthcare services, thus indirectly providing relief to the public healthcare system; (b) international experience revealed that a set of basic requirements for PHI products had been prescribed by the governments in countries with a significant PHI market, such as Australia, for the purpose of consumer protection; and (c) for employees who had been covered by group-based indemnity hospital insurance products taken up by their employers but wished to procure at their own	

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		costs additional protection on top of their group plan, a proposed way forward was to allow insurers to offer, on a group policy basis, voluntary supplementary plan(s) to these individuals. Combined with the group plan, these plan(s) should provide insurance protection at a level comparable to the protection of an individual HPS Standard Plan.	
005044 - 005849	Chairman Admin	Notwithstanding that the Administration had explained that the study and opinion survey were undertaken by an independent consultant and in accordance with standard professional practice, the Chairman suggested the Administration to consider addressing the insurance industry's comments by - (a) engaging the insurance sector to analyze the market data and provide a statistical summary on the coverage and benefit levels, and the utilization of the existing individual-based ward-level indemnity hospital insurance products in the local market; and (b) conducting another study to assess the willingness of consumers to purchase or migrate to the HPS Standard Plan if the average standard premium of which, as estimated by the Consultant, was around $3,600 in 2012 constant prices and subject to potential range of variation between -8% and +45%.	**Admin**
Agenda item II: Commissioned study on healthcare manpower planning and projection by The University of Hong Kong			
005850 - 013013	Chairman Admin HKU	Briefing by the Administration on the progress of the commissioned study being conducted by The University of Hong Kong ("HKU") and Powerpoint presentation by HKU on the healthcare manpower projection model for the purpose of the strategic review on healthcare manpower planning and professional development. [LC Paper No. CB(2)1283/13-14(01)]	
013014 - 013410	Chairman Mr CHAN Kin-por HKU Admin	Mr CHAN Kin-por's enquiry on - (a) whether the medical manpower demand model could be adjusted for the impact of additional capacity of private hospitals due to an increase in inpatient beds; and (b) in respect of the assumption of a constant annual inflow of 60 non-local graduates to the registration pool under the medical manpower supply model, whether the model could be adjusted to cater for a policy change that led to an increase in the number of overseas-trained doctors to practise in Hong Kong. The Administration and HKU's response that - (a) the medical manpower demand model could be adopted to adjust for the impact of externalities such as an increase in private inpatient beds over and	

Time marker	Speaker	Subject	Action Required
		above endogenous historical growth; and (b) the medical manpower projection model would reveal the manpower gap (viz. the difference between the demand and supply projections). If there was a manpower shortfall, the Government would consider introducing appropriate measures to eliminate the gap, such as facilitating more qualified, overseas-trained doctors to practise in Hong Kong. It should be noted that in the meantime, the Licensing Examination had been increased to twice a year to address the current shortfall of medical doctors.	
013411 - 014657	Chairman Prof Joseph LEE Admin	Prof Joseph LEE's enquiry about the reason for not adopting the well-known Anderson model to project the medical manpower demand; the rationale for using the historical utilization data of a relatively short span of time (i.e. from 2005 to 2011) for projecting healthcare service utilization in the public sector; and the equilibrium analysis of the demand and supply projections of doctors. The Administration and HKU's response that - (a) the Anderson model could not be used as required data elements for constructing the model was not available; (b) using more recent service utilization data in the modeling would help to project more accurately the demand for healthcare professionals in the coming years brought about by an increase in public healthcare service utilization due to an ageing population. In addition, data of earlier years could not reflect changes in the service delivery models of the Hospital Authority ("HA") (e.g. the introduction of the grade of Health Care Assistant to relieve nurses of simple care duties). The reason why data from 2005 but not 2004 onwards was used for projecting healthcare service utilization in the public sector was that the data of 2004 might be unduly influenced by the outbreak of Severe Acute Respiratory Syndrome in 2003; (c) the initial projections were made using the data up to 2011 as the study commenced in 2012. The projections could be updated when more up-to-date data became available; and (d) the difference between the projected demand and supply would be quantified in the gap analysis to see if any surplus or shortage of manpower existed. This would provide a basis for the Administration to consider the introduction of appropriate policies and measures to eliminate the gap. Prof Joseph LEE's view that the Administration should explain to the public about the model's possible adjustment	

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		of the impact of externalities in projecting healthcare manpower demand and the rationale for using historical utilization data starting from 2005 for projecting healthcare service utilization in the public sector.	
014658 - 015429	Chairman Mr CHEUNG Kwok-che Admin	Mr CHEUNG Kwok-che's enquiry on - (a) whether the parameters for projecting the demand for nurses and allied healthcare professionals (e.g. occupational therapists and physiotherapists) would include the utilization of care services provided in the welfare setting, such as those provided at the residential care homes for the elderly and people with disabilities and day care centers for the elderly, and those under the home care services schemes for frail elders and programmes for autistic persons; and (b) whether the projection period, which currently lasted up to 2041, would be further extended, say, for 25 more years, to take into account the likely factor that the proportion of elderly people in the population and their healthcare demands might decline after the peak period. The Administration's response that - (a) the Social Welfare Department would be invited to provide profession-specific service utilization data in the welfare setting for the purpose of making projections for nurses, occupational therapists and physiotherapists; and (b) while the model sought to estimate the demand and supply of healthcare professionals for the disciplines under study with an initial planning horizon of up to 2041, the Administration would assess the accuracy of the projected demand for healthcare professionals from time to time, say every one to two year(s).	
015430 - 020514	Chairman Admin	Extension of the meeting for 15 minutes The Chairman's request for the Administration to provide an algorithm for the medical manpower projection model taking into account factors such as adjustment of Government subvention to HA, distribution of manpower resources among the seven hospital clusters, fluctuation in healthcare service utilization, and the elasticity of medical manpower supply in the private market.	**Admin**
Agenda item III: Any other business			
020515 - 020531	Admin	In response to the Chairman, the Administration's advice that its current plan was to launch the public consultation on HPS in June or July 2014.	

Time marker	Speaker	Subject	Action Required
020532 - 020601	Chairman Admin	Next meeting to be scheduled	

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