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Panel on Health Services

Background brief prepared by the Legislative Council Secretariat for the meeting on 20 July 2015

Hospital Authority's private patient services

Purpose

This paper gives an account of the past discussions by the Panel on Health Services ("the Panel") on the private services of the Hospital Authority ("HA").

Background

2. The practice of providing private services at public hospitals can be traced back to the time of the former Medical and Health Department. The provision of such services was continued when HA was established in 1990. According to the Administration, the main rationale for the provision of private services at public hospitals is for the public to access specialized expertise and facilities in the public healthcare sector, notably in the two teaching hospitals of the Queen Mary Hospital ("QMH") and the Prince of Wales Hospital, which are not generally available in the private sector.

3. There are two main types of private services at public hospitals, namely, private specialist outpatient ("SOP") services and private inpatient services. The majority of the private SOP services are concentrated at the two teaching hospitals. Other non-teaching public hospitals, such as the Queen Elizabeth Hospital ("QEH"), also provide some private SOP services, but on a much smaller scale. As regards HA's private inpatient services, the majority of such are provided by the two teaching hospitals and QEH, although private beds are available at other public hospitals.

4. The fees for HA's private services are set on the higher of cost or market price for the respective services, so as to ensure that the normal operation of the private markets would not be interfered. Fees and charges for these services, which are published in the gazette, include: (a) maintenance fee (for inpatient services) which covers accommodation in private wards, general nursing services, core pathology investigations, catering, and domestic services; (b) medication fee (for both inpatient and SOP services); (c) doctor fee (for inpatient services); (d) consultation fee (for SOP services); and (e) itemized charges (for both inpatient and SOP services) which cover diagnostic and therapeutic or operative procedures.

Deliberations of the Panel

5. The Panel held five meetings between 2005 and 2012 to discuss issues relating to HA's private patient services. The deliberations and concerns of members are summarized in the following paragraphs.

Impact on public healthcare services

6. Members were concerned that the provision of private patient services at public hospitals would compromise the public healthcare services, particularly the waiting time for patients seeking public SOP services. The Administration advised that private services only accounted for a small component of the overall services provided by HA. There were guidelines in place at public hospitals that restricted the time each doctor could devote to private SOP services to one consultation session a week (i.e. three to four hours). The University of Hong Kong ("HKU") and the Chinese University of Hong Kong ("CUHK") also adopted similar guidelines to limit the time each teaching staff of the Faculties of Medicine could provide private patient services. In addition, there was agreement between the Government and HA that the total number of private beds in public hospitals should be capped.

Fees and charges for private services

7. Questions were raised on the methodology for adopting pre-set ranges for the private service consultation fees, as well as default on payment of medical fees by private patients.

8. The Administration advised that the cost of private consultations in public hospitals could be attributed to two main factors, namely, the level of medical expertise required in the provision of the service and the complexity of the patients' clinical conditions. In respect of the factor of medical expertise, there

were two main levels, i.e. the Associate Professor/Specialist level and the Professor/Consultant level. As for the factor of the complexity of the patients' clinical conditions, it was mainly accounted for by the time spent by the doctor in consultation. For the purpose of setting the charges, HA categorized private consultations into three levels of complexity, namely, low, medium and high, and determined the charges on the basis of the consultation time to be taken by doctors. The Administration further advised that a series of measures had been put in place to minimize default. The respective amount of payments written off in 2009-2010, 2010-2011 and 2011-2012 was $0.4 million, $0.2 million and $1.7 million.

9. Members noted that for maintenance and medication fees, there was no refund to the two universities after collection of fees by HA as all the costs were borne by HA. As regards income earned from doctor fee, consultation fee and itemized charges, it was shared between the relevant clusters of HA and the universities. The university concerned would share 75% of the income for most specialties. Question was raised about the use of such income by the two universities. According to the Administration, the two universities had full autonomy in the management of their internal affairs and finance, including the use of income earned from private patient services.

Private patient billing systems

10. Making reference to cases of irregularities in the billing and revenue sharing with HKU for private patients, members were concerned about the frequency of HA to conduct sample checking of medical records against the billing records of private patients so as to ensure that all private services were properly recorded and billed according to the prevailing fees and charges. Question was also raised about HKU's guidelines and criteria for granting fee waiver to private patients.

11. HA advised that given that the checking of medical records to billing records was time-consuming, only a small number of medical records of private patients in QMH and PWH would be selected each month for checking in order to avoid increasing the already heavy workload of frontline healthcare staff. The number of samples for checking represented more than 10% of the private patient cases handled by each of the two teaching hospitals. As regards the case of HKU, QMH was following up with HKU on formulating a set of guidelines to ensure that pre-approval for fee waiver to private patients was obtained from HKU prior to the provision of the healthcare services.

12. Members urged HA to ensure that the billing system of HA would ensure that all private patient fees were properly recorded, charged and audited, so as to prevent the irregular billing of private patient services.

13. HA advised that to identify areas of improvement in order to minimize the risk of potential abuse in the billing system, HA had set up an internal taskforce in March 2007 to review the control and monitoring measures in HA's private patient revenue management system as well as the fee sharing arrangements with HKU and CUHK. An external auditor was also engaged to perform an independent audit on the effectiveness of the internal control measures. Both review reports put forth by the taskforce and the external auditor were endorsed by the HA Board in July 2007. HA would pilot a new patient billing system in the fourth quarter of 2008, under which different billing and clinical systems of HA (e.g. systems capturing record of itemized services such as laboratory tests and X-ray examinations, etc.) that were not linked to the current system would be integrated to improve the efficiency of preparation of bills and enhance the internal control function. HA would also work with the two universities to review the variations in practice between different hospitals.

Relevant papers

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

Council Business Division 2
Legislative Council Secretariat
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Appendix

Relevant papers on private services of the Hospital Authority

Committee	Date of meeting	Paper
Panel on Health Services	17.5.2005 (Item VI)	Agenda Minutes
	13.6.2005 (Item IV)	Agenda Minutes
	2.4.2007 (Item III)	Agenda Minutes CB(2)1483/06-07(02)
	10.12.2007 (Item VI)	Agenda Minutes
	17.12.2012 (Item IV)	Agenda Minutes CB(2)899/12-13(01)

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