For discussion
on 16 January 2017

LC Paper No. CB(2)555/16-17(04)

Legislative Council Panel on Health Services

Review of the Fees and Charges for Public Hospital Services

Purpose

This paper briefs Members on the findings of the review conducted by the Hospital Authority ("HA") on the level of fees and charges for public hospital services in HA.

Background

2. Under Section 4(d) of the HA Ordinance (Cap. 113), HA shall "recommend to the Secretary for Food and Health ("SFH"), for the purposes of Section 18, appropriate policies on fees for the use of hospital services by the public, having regard to the principle that no person should be prevented, through lack of means, from obtaining adequate medical treatment".

3. Section 18 of the HA Ordinance stipulates that a Hospital Governing Committee may determine fees payable for hospital services provided by the public hospital for which it is established, subject to any directions that may be given by the HA, which in turn shall comply with the directions that may be given by SFH. The level of fees and charges determined under this section should be gazetted for public notice.

4. HA took over the management of all public and subvented hospitals in early 1990s and inherited their fees and charges framework. Under this framework, public services are charged by major service categories and on a per-diem basis, i.e. out-patient services are charged by encounter and in-patient services by day rates. Public services (other than those outside the scope of standard services[1]) are charged at highly subsidised rates to Eligible Persons ("EP")[2] and at a full cost recovery basis to Non-Eligible Persons ("NEP"). Private services, on the other hand, are charged on itemised basis apart from

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[1] Services outside the scope of HA standard services are charged separately on a cost recovery basis. These include, for example, Privately Purchased Medical Items and Self-Financed Items of drugs.

[2] Persons meeting the following criteria are eligible for the rates of charges applicable to EP as stipulated in the Gazette:
(i) holders of Hong Kong Identity Card issued under the Registration of Persons Ordinance (Chapter 177), except those who obtained their Hong Kong Identity Card by virtue of a previous permission to land or remain in Hong Kong granted to them and such permission has expired or ceased to be valid;
(ii) children who are Hong Kong residents and under 11 years of age; or
(iii) other persons approved by the Chief Executive of the HA.

those covered by the daily hospital maintenance fee; the itemised rates for private services are set at higher of cost or market price.

Guiding Principles for Public Hospital Fees and Charges Setting

5. In 2002, the Government commissioned a consultancy study on "restructuring of fees and charges for public health care services", and accepted its recommendations on fee revision. With reference to the consultancy study, the established guiding principles in setting/ reviewing public hospital fees are:

(a) Cost sharing – while maintaining access, patients should share the cost of service, especially those who can afford to pay more.

(b) Affordability – to ensure that the fee structure is affordable to both the general public and to lower income groups, and help those who cannot afford with a fee waiver system.

(c) Appropriateness – fees and charges as a means to encourage appropriate use of services, such as fees for Accident & Emergency ("A&E") service.

(d) Resource prioritisation – by providing higher subsidies for services of greater needs and financial risks to patients.

(e) Facilitating access by vulnerable groups – through targeting public subsidies to low-income groups and chronic patients.

(f) Public acceptance – by ensuring that the fee structure can be clearly understood by patients and providers, and that it is politically acceptable and administratively simple.

Previous Adjustments of Fees and Charges

6. The fees and charges for public services to EP have not been adjusted since 2003. The fees and charges for public services to NEP (excluding the obstetric ("OBS") package[3]) and the fees and charges for private services were last revised on 1 April 2013.

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[3] The NEP OBS package was introduced in September 2005 at $20,000 and was revised to $39,000 for booked cases and $48,000 for non-booked cases in September 2007. As one of the measures to address the increasing NEP demand for obstetric services in HA, the package charge for non-booked cases was further increased from $48,000 to $90,000 with effect from 12 May 2012, which was benchmarked against private doctor/hospital charges. There was no fee change for OBS booked case (i.e. $39,000 since 2007) since then, with regard to the various administrative measures implemented (e.g. stop accepting booking from NEP for HA delivery services).

The Review conducted by HA

7. HA commenced its review exercise on fees and charges in 2015, having regard to the guiding principles for public healthcare fees and charges, the change in costs and other relevant factors. Based on the review results, the proposed level of fees and charges by major categories for private, NEP and EP services are tabulated in **Annexes A, B and C** respectively. The rationale behind HA's recommendations is outlined in paragraphs 8 to 12 below:

Revision of Fees and Charges for NEP and Private Services

8. In accordance with the principle that services to NEP and private patients should not be subsidized by public money, HA recommends uplifting private charges based on 2015/16 cost level and with reference to market information, and revising the fees and charges for NEP public services based on 2015/16 cost level. The proposed fees and charges for private and NEP services are set out in **Annexes A and B** respectively.

Revision of A&E Charge for EP

9. HA recommends revising A&E charge for EP from $100 to $220 per attendance, taking reference to 2015/16 service cost level, with the aim of encouraging appropriate use of the much overloaded A&E services so that priority can be given to urgent cases (i.e. Triage 1, 2 and 3). It is envisaged that the proposed fee increase would encourage patients of semi-urgent and non-urgent A&E cases (which constituted around 65% of overall A&E attendance) to seek private healthcare services, thereby easing the A&E workload for benefiting the more needy patients. Whilst for urgent cases of which the patient demand is less elastic, only 5% of Triage 1, 2 and 3 attendants (about 26,000 patients)[4] visited A&E departments more than three times in a year. With the existing medical fee waiving mechanism to help those patients in need, including the frequent users, it is anticipated that the impact of A&E fee revision would not be excessive to the general public.

Revision of Other Fees and Charges for EP Services (other than A&E)

10. The fees and charges for other EP services have not been adjusted since 2003, while their costs of services have been increased from 33% to 70% (as compared to 2003 level). Amongst the various guiding principles for review of public hospital fees, HA is of the view that revising the fees and

4 Based on HA's 2015/16 data

charges for other EP services to help maintaining the level of cost sharing with patients, especially those who can afford, would be one of the key considerations.

11. At the same time, having regard to the established guiding principle of using fees and charges as a means to encourage appropriate use of services, options to withhold or cut down the magnitude of fee revision for certain services with a view to rationalizing anomalies in the existing fees and charges schedule have been considered. On this basis, HA proposes maintaining the current fee of Community Nursing Services at $80 per visit (currently higher than the prevailing maintenance fee for rehabilitation bed at $68 per day which is recommended to be raised to $110 per day) notwithstanding the increase in cost, as an incentive to patients for early discharge from rehabilitation hospitals. The proposed fees and charges by for EP services are set out in **Annex C**.

Other Issues Related to Fees and Charges

12. Apart from the fee proposals, HA also takes the opportunity to recommend revisiting the service categories in the Gazette on HA fees and charges. Due to technology advancement, some procedures, in particular more advanced diagnostic and even therapeutic procedures, previously done in inpatient setting can now be performed in ambulatory setting. The setup, workflow and cost of these evolving ambulatory services differ significantly with that under traditional inpatient setting. The service categories in Gazette are lagging behind healthcare service development. In this regard, HA suggests exploring a new service category for the more complex diagnostic and therapeutic procedures that are becoming suitable to be performed in ambulatory settings, but the addition of service category should be fee neutral to EP.

Medical Fee Waiving Mechanism

Comprehensive Social Security Assistance ("CSSA") Waiver

13. The public health care services in Hong Kong are heavily subsidised by the Government and the fees are affordable by the general public. To ensure that no one will be denied adequate medical care due to lack of means, we have put in place a mechanism of medical fee waivers to provide assistance to needy patients. Recipients of CSSA are waived from payment of their public health care expenses.

The Non-CSSA Waiver

14. For Non-CSSA recipients who could not afford medical expense at the public sector, such as low-income group, chronically ill patients and elderly patients who have little income or assets, they can apply for a medical fee waiver

at the Medical Social Services Units of public hospitals and clinics or the Integrated Family Services Centres & the Family and Child Protective Services Units of the Social Welfare Department. The Medical Social Worker/ Social Worker ("MSW/SW") would assess the application in accordance with the prevailing financial eligibility criteria under waiver mechanism. Even if a patient fails to meet the financial criteria, MSW/SW will also exercise their discretion to grant waivers, where appropriate, to a patient with special difficulties on a case-by-case basis. A medical fee waiver granted by the MSW/ SW after assessment will either be one-off or valid for a period of time, which is applicable for inpatient services, ambulatory and community services such as A&E, Specialist Outpatient Clinic, General Outpatient Clinic and Day Hospital.

Community Engagement

15. HA is conducting various activities to engage community stakeholders, including District Councils, Legislative Council members, patient groups, etc., on the revision proposals of hospital fees and charges. HA will submit a report summarizing the views and feedback so received to SFH for reference when available.

16. The Government will decide on the way forward having regard to the guiding principles set out in paragraph 5 above and the views received by HA during the engagement exercise.

Advice Sought

17. Members are invited to note and comment on the above review findings.

Food and Health Bureau
Hospital Authority
January 2017

Annex A

Private Charges

Charging basis: itemized, higher of cost or market price

Major Services	Current Charge (HK$)	Proposed Charge (HK$)
Private Wards		
a. Acute Hospitals - 1st Class - 2nd Class	 5,640 3,760	 6,650 4,430
b. Other Hospitals - 1st Class - 2nd Class	 5,610 3,740	 6,120 4,080
Critical Care Units		
a. Intensive Care Unit	14,600	15,350

Annex B

Public Charges for Non-Eligible Persons

Charging basis: per-diem, full cost recovery

Major Services	Current Charge (HK$)	Proposed Charge (HK$)
Daily Inpatient Maintenance		
a. General Ward	4,680	5,100
b. Intensive Care Unit	23,000	24,400
c. High Dependency Unit	12,000	13,650
Outpatient Attendance		
a. Specialist Clinic	1,110	1,190
b. General Clinic	385	445
c. A&E	990	1,230

Annex C

Public Charges for Eligible Persons

Charging basis: per-diem, highly subsidized rates

Major Services	Current Charge (HK$)	Proposed Charge (HK$)
Daily Inpatient Maintenance		
a. Acute Bed	100	150
b. Convalescent / Rehabilitation / Infirmary / Psychiatric Bed Maintenance Fee	68	110
Outpatient Attendance		
a. Specialist Clinic - First Attendance - Subsequent Attendance - Drug Charge per Item	 100 60 10	 170 100 17
b. General Clinic	45	61
c. A&E	100	220
d. Community Nursing Service	80	80