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**Panel on Health Services**

**Background brief prepared by the Legislative Council Secretariat  
for the meeting on 17 July 2017**

**Medical fee waiver system of the Hospital Authority**

**Purpose**

This paper gives a brief account and summarizes the concerns of the members of the Panel on Health Services ("the Panel") on the medical fee waiver mechanism of the Hospital Authority ("HA").

**Background**

2. The public healthcare system is the safety net for all Hong Kong people. To ensure that no one will be denied adequate medical care due to lack of means, HA has put in place a medical fee waiver mechanism to provide assistance to needy patients.

3. Under the mechanism, recipients of Comprehensive Social Security Assistance ("CSSA") are waived from the fees and charges of HA. For Non-CSSA recipients who could not afford the medical expenses, such as low-income group, chronically ill patients and elderly patients who have little income or assets, they can apply for medical fee waiver at the Medical Social Services Units of public hospitals and clinics, or the Integrated Family Service Centres and the Family and Child Protective Services Units of the Social Welfare Department. The Medical Social Workers ("MSWs") or Social Workers would assess the application in accordance with the prevailing financial eligibility criteria under waiver mechanism. If a patient fails to meet the financial criteria, MSWs or Social Workers will, where appropriate, exercise their discretion to grant waivers to a patient with special difficulties on a

case-by-case basis. A medical fee waiver granted will either be one-off or valid for a period of time, which is applicable for inpatient services, ambulatory and community services such as accident and emergency ("A&E") service and services provided by specialist outpatient clinics, general outpatient clinics and day hospitals. Factors of consideration for granting medical fee waiver under HA's medical fee waiver mechanism are detailed in **Appendix I**. The number of medical fee waivers granted to patients and the amount of fees waived from 2014-2015 to 2016-2017 are set out in **Appendix II**.

### **Deliberations of the Panel**

4. The Panel discussed the medical fee waiver mechanism of HA at two meetings held in 2002 and 2003 respectively in the light of a revision of the fees and charges for public healthcare services, and received views of deputations at one meeting. The deliberations and concerns of members are summarized in the following paragraphs.

5. Members called on the Administration to enhance HA's medical fee waiver mechanism by, say, relaxing the assessment criteria and raising the asset limit for families with elderly members, in parallel with the introduction of the revised fee structure for public hospitals services. Members were subsequently advised that the medical fee waiver mechanism of HA had been enhanced in 2003 in tandem with the revamp of HA's fee structure. The guiding principles of the enhancement of medical fee waiver mechanism included (a) public funds should be channelled to the vulnerable groups and to services which carried major financial risks; (b) there should be a set of objective and transparent criteria to assess a patient's eligibility for exemption from payment of public medical fees; and (c) the enhanced mechanism should facilitate accessibility to services while maintaining low administrative and operating cost of the mechanism.

6. Question was raised about the eligibility and assessment criteria for the application for medical fee waiver. Members were advised that under the medical fee waiver mechanism, patients who met both of the two financial criteria of (a) whose monthly household income not exceeding 75% of the Median Monthly Domestic Household Income applicable to the patient's household size and (b) whose household asset valued within a certain limit applicable to their household size were considered eligible to apply for a medical fee waiver. The residential property owned and occupied by the patient's household would not count towards the asset limit, and households with elderly members enjoyed a higher asset limit than those without.

7. Some members considered that the enhanced fee waiver mechanism could not provide effective protection to the low income group, the chronically ill and elderly patients. They pointed out that most elderly had no income and very little personal savings, and many elderly were reluctant to undergo a means test in order to be eligible for a medical fee waiver. There was a suggestion that patients aged 60 or 65 and above should be partially or fully exempted from paying the public medical fees.

8. The Administration advised that the suggestion went against the principle that assistance should only be targeted at those in need and not those who could afford the fees. Members were assured that HA would step up its efforts to apprise elderly patients not on CSSA of the medical fee waiver mechanism. The medical fee waiver mechanism had been enhanced since April 2003 to improve its transparency and objectivity. MSWs of public hospitals and clinics would assess the waiver applications with due consideration given to the patient's financial condition and non-financial factors which included but not limited to (a) the patient's frequency of use of the different public medical services and severity of the illness; (b) whether the patient was a disabled person, single parent with dependent children, or from other vulnerable groups; (c) whether a fee waiver could provide incentive and support to solve the patient's family problems; (d) whether a patient had any special expenses that made it difficult to pay for the medical fees; and (e) other justifiable social factors. Depending on patients' actual needs, full or partial waivers would be granted on a one-off basis or valid for a number of months.

9. Some members considered that the eligibility and assessment criteria under the enhanced medical fee waiver mechanism were far from clear and transparent, as much was left to the discretion of MSWs. The Administration advised that discretion was necessary in considering granting a waiver to patients with special difficulties and elderly patients, even if they failed to meet the financial criteria, on a case-by-case basis.

### **Recent developments**

10. On 15 December 2016, the HA Board endorsed the latest Fees and Charges Review Report and the relevant recommendations that the fees and charges for various public healthcare services of HA should be adjusted. Subsequently, HA conducted various activities to engage community stakeholders on these proposals. According to the Administration, during the public engagement process, there were views that the medical fee waiver mechanism should be enhanced in order to facilitate those needy patients to benefit from the mechanism, especially the elderly and A&E frequent users.

Some patient groups further suggested that HA should review the waiver mechanism, such as extending the length of the waiver period.

11. In the 2017 Policy Address, the then Chief Executive announced that the medical fee waiver for public hospital and clinic services would be extended to cover the older Old Age Living Allowance recipients with more financial needs, i.e. those aged 75 or above with assets not exceeding \$144,000 for elderly singletons or \$218,000 for elderly couples. It is expected that a total of 140 000 persons will be benefited from the proposal and the estimated medical income forgone due to the proposed extension of the medical fee waiver is \$207 million in 2017-2018.

12. The revised fees and charges for various public healthcare services of HA have taken effect from 18 June 2017. Various measures to enhance the medical fee waiver mechanism have been or would be introduced by HA to protect the needy from being affected by the new fee schedules of public hospitals. The Administration will brief the Panel on these enhancements on 17 July 2017.

### **Relevant papers**

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

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**Factors of consideration for granting medical fee waiver under the medical fee waiver mechanism of the Hospital Authority**

**Financial consideration**

Patients who meet both of the following two financial criteria are eligible to apply for a medical fee waiver under the medical fee waiver mechanism (patients who do not meet these criteria could provide other non-financial factors for the consideration of Medical Social Workers ("MSWs") or Social Workers ("SWs") of the Integrated Family Service Centres ("IFSCs") and the Family and Child Protective Services Units ("FCPSUs") of the Social Welfare Department ("SWD")):

- (a) The patient's monthly household\* income does not exceed 75% of the Median Monthly Domestic Household Income (MMDHI) applicable to the patient's household size; and
- (b) The value of the patient's household\* asset is within a certain limit applicable to their household size. It should be noted that the first flat (self-owned or rented) resided in together by the patient's household will not be counted towards this asset limit, and households with elderly members will enjoy a higher asset limit than those without (taking into account the fact that most elderly citizens will no longer earn any income and have to depend on personal savings).

\* Household includes patient and his/her core family members living under the same roof, i.e. patient's parents, children, spouse and dependent siblings – siblings aged below 18, aged between 18-25 receiving full-time education or disabled adult siblings (i.e. receiving disability allowance under the Social Security Allowance Scheme or standard rates for 100% disabled or requiring constant attendance under the Comprehensive Social Security Assistance Scheme).

<b>Median Monthly Domestic Household Income (MMDHI) By Household Size - 1<sup>st</sup> Quarter 2017</b>			
<b>Household Size</b>	<b>Median Monthly Domestic Household Income</b>	<b>75% of the MMDHI</b>	<b>50% of the MMDHI</b>
1	\$8,000	\$6,000	\$4,000
2	\$18,500	\$13,875	\$9,250
3	\$28,500	\$21,375	\$14,250
4	\$39,200	\$29,400	\$19,600
5	\$51,600	\$38,700	\$25,800
6 or above	\$54,400	\$40,800	\$27,200

Source: General Household Survey, Census and Statistics Department  
(Figures updated in June 2017)

<b>Asset Limit for Waiving of Medical Charges</b>			
Household Size	Asset Limit (with no elderly member)	Asset Limit (with 1 elderly member)	Asset Limit (with 2 elderly members)
1	\$41,500	\$209,500	-
2	\$85,000	\$253,000	\$421,000
3	\$127,500	\$295,500	\$463,500
4	\$170,000	\$338,000	\$506,000
5	\$212,500	\$380,500	\$548,500

*Note: The asset limit is raised by \$168,000 for each elderly member (i.e. age = or >65) in the patient's family.*

Patients whose monthly household income do not exceed 50% of MMDHI applicable to their household size and pass the asset limit test will be considered for full waiving of medical fees at public hospitals/clinics.

### **Non-financial consideration**

MSWs or SWs of IFSCs/ FCPSUs of SWD would also consider the following non-financial factors, apart from the financial factors of household income and asset:

- (a) the patient's clinical condition as defined by the patient's frequency of use of different public medical services, and severity of illness;
- (b) whether the patient is a disabled person, single parent with dependent children, or from other vulnerable groups;
- (c) whether a medical fee waiver could provide incentive and support to solve the patient's family problems;
- (d) whether a patient has any special expenses that make it difficult to pay for his/her medical fees at public hospitals/clinics; or
- (e) other justifiable social factors.

MSWs or SWs of IFSCs/ FCPSUs of SWD would consider the above factors to ensure elderly or chronic patients who are frequent users of public medical services could obtain a medical fee waiver if needed. This list is not exhaustive and MSWs or SWs of IFSCs/ FCPSUs of SWD will exercise discretion to grant waivers, where appropriate, to a patient with special difficulties (even if he/she fails to meet the financial criteria) on a case-by-case basis. The waiving mechanism and guidelines will be regularly reviewed to ensure needy patients of adequate medical care.

*Source: Website of the Hospital Authority*

## Appendix II

### Number of inpatient cases and outpatient attendances with medical fee waivers granted to recipients of the Comprehensive Social Security Assistance ("CSSA") and non-CSSA recipients who are eligible persons in the Hospital Authority and the amount of fees waived from 2014-2015 to 2016-2017

		<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b> (Up to 31.12.2016)
<b>CSSA recipients</b>	Number of inpatient cases granted with medical fee waivers	291 828	291 488	220 896
	Number of outpatient attendances granted with medical fee waivers	3 268 443	3 181 731	2 363 744
	Amount of medical fee waived <sup>2</sup>	\$409.2 million	\$403.6 million	\$302.9 million
<b>Non-CSSA recipients who are eligible persons<sup>1</sup></b>	Number of inpatient cases granted with medical fee waivers	32 317	30 675	23 466
	Number of outpatient attendances granted with medical fee waivers	187 203	182 140	136 773
	Amount of medical fee waived <sup>2</sup>	\$44.2 million	\$40.7 million	\$32.4 million

Note:

1. According to the Gazette (G.N. 5708 issued on 27 September 2013), patients falling into the following categories are eligible for the rates of charges applicable to EP:
  - 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 HA.
  
2. The amount of medical fee waived in a particular year represents the fee waived in respect of the waiver cases approved during the year.

*Sources: The Administration's written replies to Members' written questions in examining the Estimates of Expenditure 2017-2018.*

## Appendix III

### Relevant papers on the Medical fee waiver system of the Hospital Authority

Committee	Date of meeting	Paper
Panel on Health Services	11.11.2002 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(2)2682/02-03(01)</a>
	24.2.2003 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>

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