

For meeting
on 18 July 2017

Legislative Council Panel on Manpower

Adjustment of the maximum rates of medical expenses under the Employees' Compensation Ordinance and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance

Purpose

This paper briefs Members on the Labour Department's proposal to increase the daily maximum rates of medical expenses under the Employees' Compensation Ordinance (Cap. 282) (ECO) and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) (PMCO) having regard to the implementation of new fees and charges for public healthcare services.

Background

2. Under ECO and PMCO, an injured employee or a prescribed occupational disease sufferer who has received medical treatment in respect of a work injury or a prescribed occupational disease may claim reimbursement of the actual amount of medical expenses incurred, subject to the daily maximum rates specified in the two Ordinances. "Medical expenses" is defined to mean all or any of the following expenses incurred in respect of the medical treatment of an injured employee or a prescribed occupational disease sufferer —

- (i) the fees of a registered medical practitioner, registered Chinese medicine practitioner, registered dentist, registered chiropractor, registered physiotherapist or registered occupational therapist¹;
- (ii) the fees for any surgical or therapeutic treatment;
- (iii) the cost of nursing attendance;
- (iv) the cost of hospital accommodation as an in-patient; and
- (v) the cost of medicines, curative materials and medical dressings.

¹ Under PMCO, only the fees of registered medical practitioners and registered Chinese medicine practitioners are covered.

3. According to the established mechanism, the maximum rates of medical expenses under ECO and PMCO are linked to public healthcare service fees and charges. Specifically, the daily maximum rates of medical expenses under the two Ordinances are set to cover the expenses incurred by an injured employee or a prescribed occupational disease sufferer on consultation, treatment/therapy, medicines and hospitalisation, etc. on a day in a public hospital or clinic.

4. Under ECO and PMCO, the daily maximum rates are set for medical expenses respectively on (a) in-patient treatment; (b) out-patient treatment; and (c) in-patient and out-patient treatment received on the same day. Currently, the daily maximum rate for in-patient or out-patient treatment is both set at \$200, whereas the daily maximum rate for in-patient and out-patient treatment received on the same day is set at \$280. The abovementioned maximum rates were fixed in April 2003 to take into account the revised fee structure of public healthcare services which was implemented by two phases in November 2002 for the newly introduced accident and emergency (A & E) service fee and then in April 2003 for other revised public healthcare service fees and charges. This was the last revision of fees and charges for public healthcare services for eligible persons.

Proposal

5. The new fees and charges for public healthcare services were published in the Gazette on 16 June 2017 and have taken effect since 18 June 2017. Those adjustment items which are relevant to injured employees or prescribed occupational disease sufferers are listed at Annex I.

6. Based on the new fees and charges for public healthcare services, we propose to correspondingly increase the daily maximum rates of medical expenses under ECO and PMCO in accordance with the established mechanism as follows —

	Existing daily maximum rates (\$)	Proposed daily maximum rates (\$)
In-patient treatment	200	300
Out-patient treatment	200	300
In-patient and out-patient treatment received on the same day	280	370

7. Detailed calculation for the proposal, i.e. the maximum expenses that may be incurred by an injured employee or a prescribed occupational disease sufferer on a day in receiving treatment in the public healthcare system, is set out at Annex II.

Economic/Financial Implications

8. We have consulted the insurance sector on the possible impact on the claim costs and the premium level of employees' compensation insurance that may result from the proposal to increase the daily maximum rates of medical expenses under ECO. The Accident Insurance Association (AIA) of the Hong Kong Federation of Insurers (HKFI) replied that it would not advise on the possible impact in view of the Competition Ordinance (Cap. 619)².

9. For background information, in the last adjustment implemented in April 2003, the daily maximum rate of medical expenses for in-patient/out-patient treatment was raised from \$175 to the existing level of \$200, and that for in-patient and out-patient treatment received on the same day rose from \$175 to the current level of \$280. In that adjustment, AIA of HKFI advised that the revision of the fees structure of public healthcare services and the adjustment of the levels of medical expenses would have an impact on the claim costs by about 4%, subject to a 10% deviation. The actual impact on insurance premium would be subject to the market mechanism in the light of individual employers' claims experience and individual insurers' pricing policy.

10. The Pneumoconiosis Compensation Fund Board (PCFB) advised that, upon assessment of the financial implications of the proposed adjustment to the daily maximum rates of medical expenses under PMCO for the Pneumoconiosis Compensation Fund, PCFB supported and agreed with the proposal in paragraph 6 above.

Consultation with the Labour Advisory Board (LAB)

11. The above proposal was discussed at the LAB meeting held on 27 June 2017. All Members present unanimously supported the proposal as set out in paragraph 6.

² The Competition Ordinance commenced full operation on 14 December 2015.

Way Forward

12. The Legislative Council (LegCo) may by resolutions amend the daily maximum rates of medical expenses under ECO and PMCO. We plan to submit an amendment proposal to LegCo by the fourth quarter of 2017, and subject to its passage, we will implement the revisions as soon as possible.

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

Labour and Welfare Bureau
Labour Department
July 2017

**Items on adjustment of public healthcare service fees and charges
which are relevant to injured employees or
prescribed occupational disease sufferers^(Note)
(effective on 18 June 2017)**

<u>Services</u>	<u>Fees/Charges before adjustment</u> (\$)	<u>New Fees/Charges</u> (\$)
Daily in-patient maintenance (Acute bed)		
Maintenance fee	100	120
Admission fee	50	75 ³
Out-patient attendance		
A & E service	100	180
General out-patient consultation	45	50
Specialist out-patient consultation	60	80 ⁴
Drug charge per item for specialist out-patient consultation	10	15
Physiotherapy or Occupational Therapy	60	80 ⁴
Injection and dressing	17	19

Note: The above fees and charges are applicable to Eligible Persons. Persons meeting the following criteria are eligible for the rates of charges applicable to Eligible Persons as stipulated in the Gazette:

- (i) holders of Hong Kong Identity Card issued under the Registration of Persons Ordinance (Cap. 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 Hospital Authority.

³ A patient will be charged an admission fee of \$75 for the first day of hospitalisation. This admission fee will be waived if the patient is referred by an A & E Department.

⁴ The charge for a patient's first attendance for specialist out-patient consultation, physiotherapy or occupational therapy is \$135. Subsequent charge is \$80 per attendance.

**Detailed calculation for the Proposal:
Maximum expenses that may be incurred by an injured employee or a
prescribed occupational disease sufferer
on a day in receiving treatment in the public healthcare system^(Note)**

	In-patient treatment		Out-patient treatment		In-patient and out-patient treatment received on the same day⁵	
	(\$)		(\$)		(\$)	
	Fees/ Charges before adjustment	New Fees/ Charges	Fees/ Charges before adjustment	New Fees/ Charges	Fees/ Charges before adjustment	New Fees/ Charges
A & E service	100	180	-	-	-	-
Hospital admission fee	- ⁶		-	-	50	75
Hospitalisation charge per day	100	120	-	-	100	120
Specialist out-patient consultation and drugs	-	-	110 ⁷	155 ⁸	110 ⁷	155 ⁸
Therapeutic treatment (such as physiotherapy or occupational therapy)	-	-	60	80	-	-
Injection and dressing	-	-	17	19	17	19
Total	200	300	187	254	277	369
Daily maximum rate of medical expenses	Existing: 200⁹	Proposal: 300⁹	Existing: 200⁹	Proposal: 300⁹	Existing: 280	Proposal: 370

Note: The above fees and charges are applicable to Eligible Persons.

⁵ The Scenario will arise when a patient attends out-patient consultation and is then referred by the medical practitioner for admission to a public hospital on the same day.

⁶ No admission fee will be charged if the patient is referred by an A & E Department.

⁷ Attendance for specialist out-patient consultation was charged at \$60 before adjustment. It was also calculated on the basis that on average a patient would be prescribed five drug items (at \$10 per item before adjustment) at each attendance for treatment.

⁸ Attendance for specialist out-patient consultation is charged at \$80 for new fee. It is also calculated on the basis that on average a patient will be prescribed five drug items (at \$15 per item for new fee) at each attendance for treatment.

⁹ To make it simple for employers to administer their reimbursement of medical expenses, the two-tier arrangement (i.e. setting the daily maximum rate of medical expenses for in-patient or out-patient treatment at the same level, with the other level being the daily maximum rate of medical expenses for in-patient and out-patient treatment received on the same day), instead of a more complicated three-tier arrangement, has been adopted since the last adjustment implemented in April 2003.