

**Speaking Note for the Secretary for Food and Health
at the Special Meeting of the Finance Committee
on 19 April 2018**

Health

Chairman and Honourable Members,

In 2018-19, the estimated recurrent government expenditure on healthcare is \$71.2 billion, which accounts for 17.5% of the Government's total recurrent expenditure and represents an increase of about \$8.4 billion or 13.3% as compared with the previous year.

2. New and additional resources available in this financial year are mainly used for the following services:

(1) The total recurrent provision for the Hospital Authority (HA) in 2018-19 amounts to \$61.5 billion, representing an increase of 10.7% over the 2017-18 revised estimate (\$55.5 billion). The additional recurrent provision is for the implementation of new initiatives and enhancement of various types of services provided by the HA, including employment of all qualified medical graduates and healthcare professionals as well as implementation of the following key initiatives:

- providing 574 additional public hospital beds;
- re-hiring healthcare professional retirees, and recruiting non-locally trained doctors through limited registration to help alleviate manpower shortage;
- supporting healthcare training and enhancing proficiency of healthcare professionals; and
- enhancing various services, including psychiatric services, palliative care services, services of nurse clinics in specialist out-patient services and pharmacy services.

(2) On the other hand, we will allocate an additional provision of about \$2.185 billion to the Department of Health (DH) for enhancement of services and implementation of key measures, which include:

- implementing new measures under the Elderly Health Care Voucher Scheme. In 2018, an additional \$1,000 worth of vouchers will be provided for eligible elderly persons on a one-off basis, and the accumulation limit of vouchers will be raised from \$4,000 to \$5,000;
- implementing a new strategy for non-communicable diseases and a mental health education and destigmatisation campaign; and
- increasing the provision for developing the Colorectal Cancer Screening Pilot Programme and other cancer-related projects, and making preparation for regularising the programme to cover persons of specific ages.

Public Healthcare Services

3. To sustain continuous improvement in our public healthcare services, the Government will progressively increase the recurrent provision for the HA on a triennium basis, having regard to population growth and demographic changes. To tackle the influenza surge, the HA has deployed \$500 million for implementing relief measures to alleviate the work pressure on frontline healthcare personnel. The HA has also decided to abolish with effect from 1 April the policy on incremental pay freeze in the first two years of service in respect of the relevant new recruits, so as to boost morale and retain staff.

Healthcare Reform

4. On healthcare manpower, the Government has substantially increased the number of University Grants Committee (UGC)-funded healthcare training places from about 1 150 to about 1 800 over the past decade. The Government is now discussing with the UGC the further increase in the UGC-funded training places for doctors, dentists, nurses and relevant allied health professionals in the coming three academic years starting 2019/20.

5. Moreover, following the passage of the Medical Registration (Amendment) Bill 2017 in the Legislative Council (LegCo) in March, the Medical Council of Hong Kong (MCHK) will implement as soon as possible the arrangements for improving the complaint handling procedure and disciplinary inquiry mechanism. We plan to submit to the LegCo on 2 May subsidiary legislation related to the election of lay members by patient groups. With the passage of the Bill, the period of limited registration of doctors to be

approved by the MCHK has also been extended up to three years, so as to enable non-locally trained qualified doctors to practise in Hong Kong, thereby alleviating the acute manpower shortage in public hospitals.

6. The Government will amend the law to allow tax deduction under the Voluntary Health Insurance Scheme. Premiums paid by members of the public for themselves and their dependants under the Scheme will be allowed for tax deduction. The annual deduction ceiling is \$8,000 per insured person, and there is no cap on the number of dependants who are eligible for tax deduction. In addition, we conducted a detailed review of the regulation of private healthcare facilities, and introduced the Private Healthcare Facilities Bill into the LegCo in June 2017 for the proposed implementation of a new regulatory regime.

Primary Healthcare

7. The Government set up a Steering Committee on Primary Healthcare Development in November 2017 to develop strategies and a blueprint for primary healthcare services. The steering committee is making preparation for setting up the first district health centre in Kwai Tsing District in the third quarter of next year, after which such centres will be progressively set up in all the 18 districts. The Financial Secretary has announced in his Budget that adequate resources will be provided to fully support this initiative.

Mental Health

8. It was also announced in the Budget that a recurrent provision of \$50 million would be allocated for the implementation of a mental health education and destigmatisation campaign.

Controlling Non-communicable Diseases and Regularisation of the Colorectal Cancer Screening Programme

9. The control of non-communicable diseases is one of the DH's priority tasks. We will provide a funding of \$50 million for the DH to implement prevention and control strategies and encourage the public to adopt a healthy lifestyle with a view to reducing the risk of non-communicable diseases.

10. Colorectal cancer has remained the most common cancer for the third consecutive year in Hong Kong. The Government launched the three-year Colorectal Cancer Screening Pilot Programme in September 2016 to subsidise screening tests for Hong Kong residents who are aged between 61 and 70 without symptoms. To benefit more people, the Government will allocate a total of \$940 million over the coming five years to regularise the programme and progressively extend it to cover individuals aged between 50 and 75.

Subsidising Drug Treatments

11. In addition, there are new drugs on the market which are ultra-expensive. The Government and the HA have launched a new medical assistance programme under the Community Care Fund (CCF) in August 2017 to provide patients in need with subsidies for the purchase of ultra-expensive drugs. The HA has also commissioned a consultancy to review the patient's co-payment mechanism under the CCF's programme. It is expected that improvement measures could be formulated in the first half of 2018. To demonstrate the Government's commitment on the issue, \$500 million has been set aside in the Budget for this purpose. The specific use of the funding will be considered subject to the outcome of the review.

Development of Chinese Medicine

12. As announced in the 2017 Policy Address, dedicated units for the development of Chinese medicine will be set up under the Food and Health Bureau to co-ordinate and implement the strategies and measures for promoting the development of Chinese medicine in Hong Kong. We have also commissioned a consultancy to consult local stakeholders as well as Mainland and overseas experts on the modes of governance structure, business and operation of the Chinese Medicine Hospital (CMH). A detailed report is expected to be completed soon. In the light of the report findings, we will endeavor to announce the positioning and the development framework in key areas of the CMH in the first half of 2018.

13. In addition, we will set up a \$500 million dedicated fund to support the development of the Chinese medicine sector. We intend to consult the Chinese medicine sector extensively on the specific areas to be covered by the

fund within this year and brief the Panel on Health Services on progress accordingly. We will also include Chinese medicine data for sharing in the second-stage development of the Electronic Health Record Sharing System.

Expenditure on Infrastructure

14. On the development of public healthcare infrastructure, the Hong Kong Children's Hospital will commence operation in phases from the fourth quarter this year. We will continue to implement the \$200 billion ten-year hospital development plan. The Government has already invited the HA to start planning for the second ten-year hospital development plan, which will cover among others the in-situ redevelopment of Princess Margaret Hospital and Tuen Mun Hospital, construction of a new hospital at the King's Park site (i.e. the existing Queen Elizabeth Hospital site) and expansion of North Lantau Hospital. It is expected to deliver 3 000 to 4 000 additional hospital beds.

15. The DH also manages a number of clinics which provide public healthcare services. As most of them were built several decades ago, the clinic environment and facilities have become outdated. The Government will improve the DH's clinic facilities in phases.

16. The Government has set aside \$300 billion as an initial provision to support the second ten-year hospital development plan, improve the clinic facilities of the DH, and upgrade and increase healthcare teaching facilities for the universities.

17. Chairman, my colleagues and I are happy to answer questions from Members.