



中華人民共和國香港特別行政區政府總部食物及衛生局
Food and Health Bureau, Government Secretariat
The Government of the Hong Kong Special Administrative Region
The People's Republic of China

Our Ref. : FHB/H/1/5/4 Pt. 2
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Ms Maisie LAM
Clerk to Panel
Panel on Health Services
Legislative Council Secretariat
Legislative Council Complex
1, Legislative Council Road
Central

Dear Ms LAM,

**Panel on Health Services
Follow-up Action**

I refer to item 3 “The legislative proposal for introducing tax deduction under the Voluntary Health Insurance Scheme (VHIS)” of the LC Paper No. CB(2)40/18-19(02). The Administration was requested to provide information on the expenditure items of the \$50 billion earmarked in the 2008-2009 Budget for healthcare reform; and the proportions of public and private inpatient services as at present and in 2040 with the implementation of VHIS. Our response is set out in the ensuing paragraphs.

Resources to Support Healthcare Reform

In the 2008-2009 Budget, a total of \$50 billion was earmarked for supporting healthcare reform. Since then, the Government has secured the approval of the Finance Committee to set up a \$10 billion endowment fund for Hospital Authority (HA) to pursue public-private partnership initiatives,

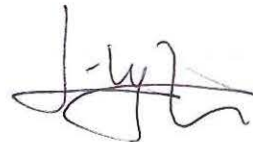
and to offer a loan of \$4.03 billion to the Chinese University of Hong Kong for developing a non-profit making private teaching hospital.

With the passage of the Inland Revenue (Amendment) (No.4) Bill 2018 on 31 October 2018, the Government will offer tax deductions for the purchase of insurance products that are compliant with the VHIS (Certified Plans) starting from 1 April 2019. It is expected that the uptake of Certified Plans will gradually increase. In the third year of VHIS implementation, about 1 million taxpayers and their specified relatives may enjoy the tax deduction. The estimated tax revenue forgone will be about \$800 million. We will keep in view the implementation progress of the VHIS and provide further resources for its development if necessary.

Proportions of Public and Private Inpatient Services with the Implementation of VHIS

In 2017, about 82% of the total number of inpatient and day cases discharges in Hong Kong were provided by the public sector. According to the projection by the consultants commissioned by FHB, the share would increase to 86% without the implementation of VHIS in 2040, but would drop to 81% with the implementation of VHIS. The difference of five percentage points reflects the nominal substitution effect of VHIS on the public healthcare services.

Yours sincerely,



(Miss Lily LEE)
for Secretary for Food and Health