

**For discussion  
on 17 December 2018**

## **Legislative Council Panel on Health Services**

### **Development of Chinese Medicine**

#### **Purpose**

This paper briefs Members on the latest progress of the Government's initiative on the development of Chinese medicine (CM).

2. As announced in "*The Chief Executive's 2018 Policy Address*", the Government will incorporate CM into the healthcare system in Hong Kong, formulate a holistic CM policy and allocate additional resources to subsidise defined CM services, including actively planning for the development of the Chinese Medicine Hospital (CMH) to provide a combination of government-subsidised in-patient and out-patient services in the CMH; transforming the 18 Chinese Medicine Centres for Training and Research (CMCTRs) with enhanced services to provide government-subsidised out-patient services at the district level; and continuing to provide government-subsidised in-patient services with Integrated Chinese-Western Medicine (ICWM) treatment in defined public hospitals. Furthermore, the Government is actively preparing for the dedicated fund of \$500 million (the Fund) for promoting the development of CM.

#### **CMH**

3. Having regard to the advice of the Chinese Medicine Development Committee (CMDC), local and experts outside Hong Kong, the CM industry as well as the consultants of the Hospital Authority (HA), we propose that the CMH be owned and built by the Government, and a suitable non-governmental organisation (NGO) be selected through tendering as the operator. The CMH will be a flagship CM institution promoting the development of CM and CM drugs in Hong Kong. It will also be a "change driver" leading the development of CM services, education and training, as well as innovation and scientific research in Hong Kong.

4. The CMH will provide quality CM services with about 400 beds. It will provide pure CM services and ICWM services with CM playing a predominant role for the residents of Hong Kong. The modes of service will include in-patient, day-patient, out-patient and community services, covering primary, secondary and tertiary care with a view to promoting the

development of specialised services.

5. The CMH will also provide a platform for promoting teaching, training and clinical research in CM. It will collaborate with the three local universities offering undergraduate degree courses in CM to provide clinical training for undergraduates and postgraduates, as well as relevant advanced training in healthcare for CM and Western medicine professionals in Hong Kong. Moreover, a “Clinical Trial and Research Centre” will be set up in the CMH to conduct internationally recognised high-standard clinical research and provide a scientific research platform for the development of CM and CM drugs, especially in the therapeutic application of CM, promotion of the clinical development of proprietary Chinese medicines (pCm), and enhancement of the position of CM in the international market.

6. The CMH, as part of the healthcare system of Hong Kong, will provide a platform to facilitate collaborative development of new services, flow of patients, knowledge and talent. Regarding co-operation in providing services, education and training, and in conducting scientific research, the CMH will actively liaise and pursue exchange and collaboration with stakeholders in Hong Kong as well as overseas and Mainland counterparts. The 18 CMCTRs will network closely with the CMH as satellite clinics in providing services and as training and research centres.

7. According to the proposal, the CMH will be operated by an NGO, while the Government will provide recurrent funding to subsidise its defined out-patient and in-patient services focused on disease treatment, as well as training and scientific research. The CMH will also be allowed flexibility to provide market-oriented CM services. This model can effectively leverage on NGOs’ experience in operating and providing CM services, thereby promoting positive interaction and collaboration with private CM practitioners (CMPs) and the CM industry, enhancing the public’s awareness of CM, and adding value to CM under an evidence-based approach.

8. Preparation work for the construction of the CMH is now in active progress. Launching of the tendering exercise for the selection of operator and completion of the functional brief and room data sheet on the planning work are expected in the second half of 2019. The CMH is targeted for completion by the end of 2024 and will commence service by phases.

### ***18 CM Clinics at district level***

9. The original purpose of CMCTRs is for promoting CM-related training and research. These centres are operated under a tripartite collaboration model involving the HA, NGOs and local universities, with NGOs being responsible for the day-to-day operation and running of the centres. Since CM has been recognised as an integral part of the healthcare system in Hong Kong, the 18 CMCTRs will be transformed into CM clinics at district level to provide subsidised out-patient CM services in addition to their original functions as teaching and research centres.

10. To implement the aforementioned policy, the Government will increase its subsidy to provide an annual quota of 600 000 for subsidised out-patient services in these 18 CM district clinics. The standard fee for CM general consultation service will be \$120, inclusive of consultation fee and at least two doses of CM drugs. The existing self-financed acupuncture and tui-na services will also be included in the scope of government-subsidised services. For acupuncture and tui-na treatments prescribed by a CMP after general consultation, they will be charged at \$120 per visit. We are actively liaising with the NGOs through the HA to prepare for the provision of the transformed CM out-patient services expected to commence in the first half of 2020.

11. Moreover, the Government will provide recurrent funding to improve the remuneration packages and training for CMPs at all levels at the 18 CM clinics. We will continue with our efforts in reviewing the remuneration packages and training arrangements for CMPs and other staff at the 18 CM clinics, with a view to attracting high quality CM professionals to work in these clinics and preparing for the manpower need of the future CMH.

12. We note that at the meeting held on 30 April 2018, Members enquired about details concerning the existing operation of the CMCTRs and requested supplementary information from the Administration. The consolidated information is set out at Annex for Members' reference.

### ***ICWM in-patient services***

13. The HA has been providing in-patient services with ICWM treatment for four selected disease areas (namely stroke, low back pain, shoulder and neck pain, and cancer palliative care) in its seven public hospitals since 2014, with the aim of gathering experience relating to the operation of ICWM and CM in-patient services. The Government will increase funding to reduce the additional daily fee for ICWM services from

\$200 to \$120, in order to encourage more patients to participate. We are exploring with the HA on further development and expansion of the services in terms of disease areas and the scope of services. These services will also cater for the need of the future CMH by nurturing professionals with experience in providing CM in-patient and clinical services.

### **CM Development Fund**

14. As announced in the “*2018-19 Budget*”, a provision of \$500 million has been reserved for the establishment of a Chinese Medicine Development Fund to provide financial assistance for the CM and CM drug sectors to jointly participate in the development of CM in Hong Kong. The objectives of the Fund would include to enhance the overall standard of the industry, to nurture talent necessary for the CMH development, to promote CM-related scientific research and to enhance public knowledge and understanding of CM.

15. The Fund would aim at benefitting practitioners and institutions at all levels in the CM and CM drug sectors, including practising CMPs (covering both registered and listed CMPs), related healthcare professionals and persons engaged in the CM drug industry. It is also expected that CM clinics, manufacturers and wholesalers of pCm, retailers and wholesalers of Chinese herbal medicines, universities, and CM-related organisations, trade associations and research institutions, etc will benefit from the Fund.

### ***Proposed funding schemes***

16. The financial assistance under the Fund being planned will include one-off subsidy subject to a cap, full grant or matching funds. The suggested framework and preliminary proposals on the scope of the funding schemes are set out below:

<b>Funding mode</b>	Matching fund subject to a cap		Full subsidy
<b>Target beneficiaries</b>	Members in the CM sector	Members in the CM drug trade	CM and CM drug sectors
<b>Proposed scope</b>	<ul style="list-style-type: none"> <li>- Training/development programmes for CMPs and related healthcare professionals</li> <li>- Improvement/upgrading of facilities in CM clinics</li> <li>- CM master-apprentice programme</li> </ul>	<ul style="list-style-type: none"> <li>- Support the development of Good Manufacturing Practice (GMP)</li> <li>- Support the registration of pCm</li> <li>- Improvement of storage management and logistical operation</li> </ul>	<ul style="list-style-type: none"> <li>- Training/educational and promotional programmes</li> <li>- Applied and policy research</li> <li>- Promotional events to enhance the public knowledge and understanding of CM</li> <li>- CM-related research</li> </ul>

Note: the proposed funding for CM and CM drug sectors would be roughly equivalent.

*Funding support for members of the CM sector*

17. We propose to provide matching funds for individual CM clinics, CMPs and members of the CM industry to raise their professional standards and enhance CM-related training opportunities. We will set funding ceilings for different subsidised programmes as well as the total amount of funding for individual applicants. The proposed scope of funding would cover:

- (i) Training for members of the CM and CM drug sectors

To subsidise members of the CM and CM drug sectors, including CMPs and related healthcare staff (including Western medicine nurses) to participate in recognised local CM training programmes and provide scholarships for CMPs to attend advanced training programmes offered in Hong Kong, the Mainland or overseas.

(ii) Improvement of facilities in CM clinics

To subsidise local CMPs to improve the software and hardware of their clinics, such as procuring CM diagnostic equipment or medical devices, enhancing clinic management system (including medical records and computer systems) and improving storage facilities and record systems for CM drugs.

(iii) CM master-apprentice programme

There are experienced CMPs with high qualification in the local CM sector. The CM sector suggested that, apart from subsidising young CMPs to receive training in the Mainland and other places outside Hong Kong, time-limited financial assistance subject to a cap should also be given to qualified local CMPs to encourage them to pass on their techniques and experiences to the younger generation of CMPs through apprenticeship. We will discuss with the sector on how to implement the programme.

*Funding support for members in the CM drugs sector*

18. We propose to provide matching funds subject to a cap for individual members of the CM drugs trade to enhance their CM manufacturing standards and management quality, such as:

(i) GMP

We will provide financial assistance for pCm manufacturers to solicit technical advice, conduct basic productivity assessment and seek technical recommendations for complying with the GMP standards. We encourage eligible local pCm manufacturers (especially those small-and-medium enterprises) who have not yet able to meet GMP standards to apply for funding to enhance their production standards and quality, and procure relevant equipment/facilities. We will also provide funding for those who have passed the productivity assessment to engage consultancy services for technical advice in order to implement procedures which comply with the GMP.

(ii) Registration of pCm

We will provide financial assistance for pCm manufacturers to engage consultancy services to help them understand the registration requirements and prepare the information and documents required for completing the procedures of the

“Certificate of Registration of pCm” (HKC).

(iii) Storage management and logistical operation

We will provide financial assistance for CM traders to enhance their CM storage and management systems, such as upgrading CM storage and logistics facilities, enhancing the use of information technology for better CM data management/logistics tracking and surveillance of storage environment.

*Funding schemes to benefit the entire CM and CM drugs sectors*

19. We will provide fundings for non-profit-making organisations, professional bodies, trade and academic associations, etc. to organise training programmes and courses that promote the development of CM (e.g. hospital management courses), conduct applied or policy research on CM (e.g. research on the application of CM in Hong Kong and survey on the qualifications and salary of CM industry in Hong Kong), and organise promotional activities to enhance the general knowledge of CM. We will also encourage the sector as well as scientific research and academic institutions to make use of the Fund to conduct studies on topics which are less dealt with or not yet supported by other funds, such as basic CM research or research relating to traditional CM theories, ICWM research and relevant database.

20. By providing financial support through the dedicated Fund, we hope to raise the overall quality and standard of the CM and CM drugs sectors in a targeted manner, enhance training and attract talent, and supplement any shortfalls of the existing funding regime for CM.

*Advisory Committee on Chinese Medicine Development Fund*

21. The Government will set up an Advisory Committee on the Chinese Medicine Development Fund (Advisory Committee) to advise and make recommendations to the Food and Health Bureau on matters relating to the overall administration of the Fund, including applications and related assessment arrangement of the funding schemes. The work of the Advisory Committee is similar to those consultative framework set up under other funds. The Advisory Committee will also seek the advice of Independent Commission Against Corruption in working out details of the assessment criteria and procedures, and implement a code for declaration of interests and other matters relating to the operation of the Fund as appropriate.

22. Membership of the Advisory Committee will comprise individuals from different industries relevant to the promotion of CM development including the CM and CM drugs sectors, academic and testing sectors, as well as lay members with experience in operating similar funds such as business representatives and professionals, and representatives of relevant bureaux/departments. The Advisory Committee will be chaired by a non-official. The Government will approve applications for the Fund based on the advice of the Advisory Committee.

### ***Implementation partner***

23. As vetting of applications requires professional knowledge on the operation of the CM industry, it is of vital importance to have an implementation partner which is familiar with the operation of the sector. We plan to engage the Hong Kong Productivity Council (HKPC) to act as our implementation partner<sup>1</sup> to support and assist in management of the operation of the Fund, and to provide expert and technical advice and recommendations regarding the operation of the Fund. Over the years, the HKPC has also developed a unique capability to provide the CM industry with consultancy services in areas such as the registration of pCm, CMP for pCm, modernised manufacturing of pCm, improvement to standard operation procedures and pCm registration pilot scheme. The HKPC will also serve as the secretariat of the Advisory Committee, responsible for promoting and publicising the Fund, processing applications and monitoring the progress of approved projects, etc.

24. On the other hand, the HKPC will establish a CM resources platform to provide the sector with consolidated reference materials on CM and CM drugs as well as information regarding the applications for funding under the Fund so that they can understand how the Fund operates and what projects are eligible for the Fund. The HKPC will also organise various activities such as publicity and promotional activities, briefing sessions and experience sharing sessions in respect of the Fund.

25. We will proceed to finalise the operational details of the Fund and set up the Advisory Committee, with the aim of launching the Fund in the first half of 2019.

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<sup>1</sup> In the past years, HKPC has been engaged as implementation partner to effectively support the operation of Dedicated Fund on Branding, Upgrading and Domestic Sales, the SME Development Fund, the Recycling Fund and the Cleaner Production Partnership Programme, etc.



## **Advice Sought**

26. Members are invited to note and comment on the paper.

**Food and Health Bureau  
December 2018**

**Supplementary information provided for the special meeting of  
the Panel on Health Services held on 30 April 2018**

A Chinese Medicine Centre for Training and Research (CMCTR) has been established in each of the 18 districts to promote the development of “evidence-based” Chinese medicine (CM) and provide training placements for graduates of local CM undergraduate programmes. The CMCTRs operate under a tripartite collaboration model involving the Hospital Authority (HA), non-governmental organisations (NGOs) and local universities providing CM undergraduate programmes, with NGOs being responsible for the day-to-day operation of the CMCTRs.

***Charges and cost of the CMCTRs***

2. The Government provides annual subsidy through the HA for the CMCTRs to operate and provide training opportunities for graduates from local CM undergraduate programmes. The standard fee for CM general consultation service in the CMCTRs is \$120 (including consultation fee and up to two doses of CM). In providing the CM general consultation service, each CMCTR sets aside at least 20% of its consultation quota for Comprehensive Social Security Assistance recipients, who may receive the service with the standard fee of \$120 waived. Apart from the general consultation service, the NGOs operating the CMCTRs may make its own discretion on staffing arrangements, provision of other CM services (e.g. expert consultation, acupuncture, bone-setting and tui-na etc.) and the respective fees, and they are not required to provide the HA with information on the average cost per consultation<sup>1</sup>. In 2017-18, the total expenditure of 18 CMCTRs was about \$301 million, and the total number of attendances, including those receiving the CM general consultation service and other CM services of which the fees are determined by the operating NGOs concerned, amounted to around 1.2 million.

***Subsidy provided by the Government and the monitoring mechanism***

3. Services provided by the CMCTRs are not part of the HA’s regular services. In the 2018-19 Estimates, the Government earmarked

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<sup>1</sup> The average cost of general out-patient clinic service provided by the HA for 2016-17 was \$450 per attendance.

\$112 million<sup>2</sup> for the operation of the CMCTRs<sup>3</sup>, maintenance and operation of the Toxicology Reference Laboratory, quality assurance and central procurement of CM herbs, development and provision of training in “evidence-based” CM, and enhancement and maintenance of the CM Information System.

4. The CMCTRs operate on a self-financing basis. Each CMCTR may recruit CM practitioners (CMPs) of various ranks and other supporting staff according to its operational needs. However, according to the contract requirements, the NGOs operating the CMCTRs are required to employ in each CMCTR at least 12 CMP trainees and at least two senior CMPs to provide training for the trainees. All CMCTR staff (including CMPs of various ranks and other supporting staff) are employed by the NGOs operating the CMCTRs, and the remuneration packages for the staff are determined by the NGOs concerned. The CMCTRs are required to submit on quarterly financial statements covering the total personal remuneration expenditure for examination by the HA. To attract more high quality talent to join the CM sector, starting from December 2017, the Government has allocated additional funding for the NGOs to increase the salaries of the staff at CMP rank (i.e. CMPs practising in the fourth to ninth year after graduating from universities) of the CMCTRs. From December 2018 onwards, further additional funding will be allocated for the NGOs to enhance the remuneration packages for all CMCTR staff (including CMPs of various ranks and other supporting staff). The NGOs are required to submit to the HA proposals and progress reports in respect of salary adjustment for their staff.

#### ***Entry and clinical experience requirements of the CMPs of various ranks***

5. The entry requirements and necessary clinical experience of the CMPs of various ranks in the CMCTRs are set out in the following table:

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<sup>2</sup> A provision of \$61.471 billion was allocated to the HA in 2018-19. Information on the latest government expenditure under the health policy area group is available on the website of the Government’s 2018-19 Budget ([https://www.budget.gov.hk/2018/eng/pdf/e\\_appendices\\_b.pdf](https://www.budget.gov.hk/2018/eng/pdf/e_appendices_b.pdf)).

<sup>3</sup> The amount of subsidy provided to each CMCTR was around \$3.5 million in 2017-18.

<b>Rank</b>	<b>Clinical experience requirements</b>	<b>Entry requirements</b>
CMP trainee (1)	Less than one year	(i) Registered CMP under the Hong Kong CM Ordinance (ii) Degree holder from a university of CM in Hong Kong or its equivalent (iii) Clinical Experience: CMPT(1): less than one year CMPT(2): more than one year CMPT(3): more than two years
CMP trainee (2)	More than one year	
CMP trainee (3)	More than two years	
CMP	More than three years	(i) Registered CMP under the Hong Kong CM Ordinance (ii) Degree holder from a university of CM in Hong Kong, or equivalent (iii) More than 3 years clinical experience in CM (iv) A relevant postgraduate degree and certification on relevant clinical training will be an advantage
Senior CMP	More than ten years	(i) Registered CMP under the Hong Kong CM Ordinance (ii) A recognised degree holder from a university of CM (iii) A relevant postgraduate degree, or equivalent (iv) At least 10 years clinical experience in CM or an outstanding “HA Senior Scholarship” recipient (v) Be at the grade of deputy consultant or deputy professor in a CM hospitals / centres in China, or equivalent experience in teaching and clinical research

6. The entry requirements of medical staff of various ranks employed by the HA are as follows:

<b>Rank</b>	<b>Entry requirements</b>
Resident	<ul style="list-style-type: none"> <li>(i) A qualification registrable in Hong Kong under the Medical Registration Ordinance.</li> <li>(ii) (For Diagnostic Radiology or Nuclear Medicine) 1 year's post-registration experience.</li> <li>(iii) (For Psychiatry) Cantonese speaking.</li> </ul>
Consultant/ Associate Consultant	<ul style="list-style-type: none"> <li>(i) A qualification registrable in Hong Kong under the Medical Registration Ordinance; and</li> <li>(ii) Fellow of the Hong Kong Academy of Medicine (relevant specialty) or equivalent; and</li> <li>(iii) Registered in the Specialist Register in the relevant specialty of the Medical Council of Hong Kong.</li> </ul>