

**For discussion
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Panel on Health Services

**Subcommittee on Issues Relating
to the Development of Chinese Medicine**

Development of Chinese Medicine Hospital

Purpose

This paper briefs Members on the work progress of the development of Chinese Medicine Hospital (CMH) and invites Members' comments.

Background

2. The Government announced in the 2014 Policy Address the decision to reserve a site in Tseung Kwan O, originally earmarked for private hospital development, to set up a Chinese medicine (CM) hospital.

3. The site of the CMH is located in Tseung Kwan O, Area 78 at the western part of the lower platform of Pak Shing Kok. It faces Wan Po Road to its west and abuts Pak Shing Kok Road to its south. To its north there is the Fire Services Training School cum Driving Training School of the Fire Services Department.

4. In 2016, the Government invited non-binding expression of interest from non-profit-making organisations for the development and operation of the CMH. Responding organisations generally considered that the Government should provide financial support for the construction of the CMH. After thorough deliberation, the Government announced in the 2017 Policy Address that it would finance the construction of the CMH and identify by tender a suitable non-profit making organisation to develop and operate the hospital.

5. The Government announced in the 2018 Policy Address that CM would be incorporated into the healthcare system in Hong Kong and

the Government would subsidise defined CM services, including a combination of government-subsidised in-patient and out-patient services to be offered by the future CMH.

6. On 2 May 2018, the Food and Health Bureau (FHB) established the Chinese Medicine Hospital Project Office (CMHPO) under the Health Branch to oversee the CMH project, and to take forward the planning, tendering and construction of the CMH. The CMHPO formed a User Group and an Expert Group in the same month, to provide professional advice on the construction planning of the CMH and the tender selection for the contractor respectively. The two Groups mainly comprises members from the Chinese Medicine Practice Subcommittee and the Chinese Medicines Industry Subcommittee under the Chinese Medicine Development Committee, the Hospital Authority, universities and overseas specialist advisers.

Positioning of the CMH

7. The CMH will serve as the flagship CM institution leading the development of CM in Hong Kong. The CMH will be a change driver, promoting service development, education and training, innovation and research.

8. There are five key missions on the development of the CMH:

(1) Medical Services

The CMH will provide predominantly CM clinical services. The CMH will seek to offer quality CM services meeting the healthcare needs of Hong Kong with patient safety and experience being the top priorities.

(2) Training and Education

The CMH will be the clinical training platform for CM undergraduate students and registered Chinese medicine practitioners (CMPs). The CMH will collaborate with different academia and other related institutions, providing specific healthcare training and education opportunities to CMPs, doctors and healthcare professionals.

(3) Research

The CMH will establish a clinical research platform of high

standard with international recognition, to promote evidence-based CM clinical research so as to promote the research capability of the CM industry.

(4) Collaboration

The CMH will integrate with the healthcare system of Hong Kong, collaborate with a wide range of stakeholders, proactively communicate and exchange with counterparts from both overseas countries and the Mainland and establish local and cross-regional knowledge and training networks for the promotion of CM.

(5) Creating Health Values

Through evidence-based research, the CMH will develop new proprietary Chinese medicines (pCms), strengthen and widen clinical applications of existing pCms and provide further evidence of the clinical outcomes of CM. The CMH will promote the health values of CM to the public for better understanding of CM, adopting CM approaches in daily lives and using CM services in achieving better health.

Operational Model

9. The CMH will adopt a public-private partnership model. The Government will fund the construction of the CMH and select a suitable contractor to manage the hospital by tendering. The awarded contractor will sign a service deed with the Government. The liability, financial arrangement, performance assessment and risk sharing mechanism would be stipulated in the service deed. The contractor has to incorporate a CMH company (the Operator) as the licensee of the hospital, under the regulation of the Private Healthcare Facilities Ordinance (Cap. 633). The core management team of the CMH will be provided by the contractor, and directly report to the Board of the CMH.

10. The key component of the service deed is a 10-year contract for the hospital services which can be extended by 5 years at most. In addition, there will be a 3.5-year commissioning period and a 6 year-post-service period.

11. The Operator has to maintain its insurance coverage, registration at the Companies Registry of Hong Kong and basic operation

to cater for unsettled or potential liabilities of the CMH during the post-service period as stipulated in the Service Deed. The contractor will be accountable for the ultimate liability.

Financial Arrangements

12. The Government will be the owner of the site of the CMH. Apart from providing the construction cost, the Government would also provide funding to the contractor for the commissioning of the CMH and provide necessary furniture, equipment and information technology systems to the CMH.

13. The Government-subsidised in-patient and out-patient services is expected to represent around 50 – 65% of the total service volume of the CMH. The Operator may offer add-on market-oriented CM services. The arrangement can on one hand reflect the Government's commitment to the health of the public, and on the other allow flexibility for the CMH to positively interact with the market.

14. On cost recovery basis, the Government will provide recurrent funding for the Government-subsidised services provided by the CMH, as well as approved training and research programmes to ensure the CMH can be developed sustainably and reach the long-term target of promoting the development of CM. Apart from funding from the Government, the CMH can also provide add-on market-oriented services, training and research projects as well as hospital services-related business, and accept donation as other sources of revenue. However, any surplus of the CMH is to be ploughed back for the CMH's development and will not be transferred to the contractor.

15. As the contractor will provide a core management team, the CMH will pay a management fee to the contractor annually. On the other hand, the contractor has to provide a capped financial commitment to the CMH. In the event that the CMH has a financial deficit, this should be borne by the capped financial commitment. The amount of annual management fee and capped financial commitment should be proposed by the tenderers.

Service Model

16. The CMH will provide 400 beds, including 250 in-patient beds, 90 beds for day service, 40 beds for pediatrics (for both inpatient and day services) and 20 beds in the Clinical Trial and Research Centre (CTRC). There will be 70 consultation rooms and 45 intervention rooms in the outpatient department and the estimated outpatient attendance is 310 000 per annum. The CMH will also provide community outreach services.

17. The Operator has to provide designated services in the designated period after service commencement:

From Service Commencement	Service
1 st year	Launching out-patient, day services and limited in-patient service
2 nd year	Expanding out-patient, day services and limited in-patient service progressively
Within the first 5 years	Commencing operation of the CTRC

18. The CMH will provide pure CM services and services with CM playing the predominant role with support from Western medicine (WM) in accordance with clinical needs. The CMH will also provide integrated Chinese Western medicine (ICWM) services.

19. Besides, the CMH will provide a comprehensive range of specialised services. The Operator shall provide services of CM internal medicine, acupuncture and orthopedics and traumatology in the first year of service. Within 5 years since the opening of CMH, the Operator should also provide specialised services of CM gynecology, pediatrics and external medicine.

20. The CMH shall provide CM service in respect of special diseases for strategic development, which shall be selected in light of the medical needs of the Hong Kong population, the advantages and strengths of CM and the availability of local talents and collaborative support. The Operator shall provide four special disease programmes including stroke rehabilitation, cancer rehabilitation/palliative service, chronic pain and preventive care and health maintenance in CM in the

first year of service and develop the other special diseases programmes after commencement of services.

21. The CMH will provide diagnostic treatment facilities and equipment, including comprehensive rehabilitation department, CM department, WM department, endoscopy facilities, central laboratory, blood bank, central disinfection supplies, small operating room, intensive care unit, negative pressure isolation room, etc. The CMH will also provide radiological diagnostic facilities such as X-ray, computerised scanning angiography, magnetic resonance and ultrasound examination.

22. The clinical services in CMH will be provided by a multi-disciplinary team, comprising of CMPs, doctors, nurses, CM/WM professionals and other allied health professionals. The teams of CMPs and doctors will collaborate to provide service through consultation.

Teaching, Training and Research

23. As a hospital with major role in training and education, the CMH will support the three local universities with Schools of Chinese Medicine to provide clinical placement for their undergraduate and postgraduate students. The CMH will also serve as the clinical training platform of CMPs by providing training posts subsidised by the Government and basic and advanced training to registered CMPs. Besides, the CMH will organise training programmes through collaboration with related organisations/institutions in providing training opportunities to CMPs, doctors and healthcare professionals.

24. The CMH will also provide continuous training to hospital staff to ensure that all healthcare and non-healthcare staff in the CMH are competent, capable and equipped with the latest knowledge and skill to continue driving the development of the CMH.

25. The CMH will lead the development of CM and research of CM drugs (including pCms), collaborate closely with local universities (the three local universities with Schools of Chinese Medicine), educational bodies in Hong Kong, overseas countries and the Mainland to promote evidence-based clinical research (CM & ICWM) and development research in CM theories and clinical application of pCms. The CTRC in the CMH (with 20 beds) capable of conducting phase 1 and phase 2 clinical trials will be set up to facilitate and conduct clinical

research on pCms including development of new pCms and exploration of new clinical indications from existing pCms.

Work Progress and Latest Development

26. From 13 September to 13 December 2019, the Government invited applications for prequalification for the operation of the CMH. The FHB is currently vetting the applications and intends to prequalify not more than four applicants as prequalified tenderers. The prequalified tenderers will then be invited to join the tender exercise for the operation of the CMH in Tseung Kwan O. The second stage of tender exercise is tentatively scheduled for the middle of this year. We aim to select a suitable non-profit making organisation as the contractor by the end of this year and award contract to the contractor in the first half of 2021.

27. In terms of construction and planning, the technical feasibility study of CMH was completed in July 2019. At the present stage, the FHB and the Architectural Services Department are proactively preparing the tender exercise for design and construction of the CMH. We plan to submit the project proposal to the Public Works Subcommittee of the Legislative Council for endorsement in the 2021-2022 session. The tendering process is scheduled to commence in the second half of this year.

Advice Sought

28. Members are invited to note the paper and provide comments.

Food and Health Bureau

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