

**For information
on 8 January 2021**

Legislative Council Panel on Health Services

**Update on means test mechanism for Samaritan Fund and
Community Care Fund Medical Assistance Programmes**

PURPOSE

The Government and the Hospital Authority (HA) have rolled out measures to enhance the means test mechanism for the Samaritan Fund (SF) and the Community Care Fund (CCF) Medical Assistance Programmes¹ since early 2019. The paper reports our review on the enhancement measures and recommends further refinements.

BACKGROUND

2. It is the Government's public healthcare policy to ensure that no one is denied adequate medical treatment due to lack of means. As the major provider of public healthcare services in Hong Kong, HA strives to provide optimal care for all patients. Patients are provided with medical services and drugs or medical items at highly subsidised rates based on their clinical needs and in accordance with HA's treatment guidelines. Since July 2005, the Hospital Authority Drug Formulary (HADF) has been implemented with a view to ensuring equitable access by patients to cost-effective drugs of proven safety and efficacy through standardisation of drug policy and drug utilisation in all public hospitals and clinics. At present, there are approximately 1 400 drugs listed on the HADF².

¹ Including (i) CCF Medical Assistance Programme (First Phase Programme) ("CCF First Phase Programme"), (ii) Subsidy for Eligible Patients to Purchase Ultra-expensive Drugs (Including Those for Treating Uncommon Disorders) ("CCF UED Programme") and (iii) Subsidy for Eligible Patients of HA to Purchase Specified Implantable Medical Devices for Interventional Procedures ("CCF MD Programme").

² The drugs on the HADF are categorised into four groups – (a) General Drugs; (b) Special Drugs; (c) Self-financed Items (SFIs) with Safety Net and (d) SFIs without Safety Net.

3. Guided by the principles of evidence-based medical practice, targeted subsidy and opportunity cost consideration, the standard fees and charges in public hospitals and clinics do not apply to designated Privately Purchased Medical Items (PPMI) and self-financed drugs. That said, financial assistance is provided through the Safety Net which is composed of the SF and CCF Medical Assistance Programmes to subsidise the medical expenses of patients who have financial difficulties in purchasing PPMI and specified self-financed drugs on the HADF at their own costs³.

4. Patients applying for financial assistance from the SF and CCF Medical Assistance Programmes have to undergo means test to assess their ability to pay and determine their share of contribution. For drug subsidy application, the level of patient contribution to drug expenses is determined by his/her household's annual disposable financial resources (ADFR) capped by a sliding scale (at **Annex 1**). The maximum patient contribution under the existing sliding scale is 20% of the patient's household ADFR⁴.

ENHANCEMENT MEASURES FOR THE MEANS TEST MECHANISM INTRODUCED IN EARLY 2019

5. The Government and HA have been strengthening support for patients who are facing high medical treatment and drug costs in the recent years.⁵ In particular, having considered the findings of the consultancy study commissioned by HA on the means test mechanism of SF and CCF Medical Assistance Programmes in 2018, the Government and HA introduced the following enhancement measures in early 2019 –

³ Specifically, the SF provides financial assistance for self-financed drugs that are proven to be of significant benefits but very expensive for HA to provide as part of its subsidised services; or designated PPMI not covered by the standard fees and charges in public hospitals and clinics. Meanwhile, the CCF First Phase Programme provides subsidy for needy patients to purchase specified self-financed cancer drugs which have been rapidly accumulating medical scientific evidence and with relatively higher efficacy but have not yet fulfilled the criteria for inclusion in the coverage of SF. The CCF UED Programme and CCF MD Programme provide financial assistance to needy patients to purchase ultra-expensive drugs (including those for treating uncommon disorders) and specified implantable medical devices for interventional procedures respectively.

⁴ The patient contribution under the CCF UED Programme has been capped at \$1 million or 20% of the patient's household ADFR (whichever is lower) to offer extra protection for patients' assets.

⁵ Including continuous expansion of the HADF and its safety net coverage, as well as expediting the process for inclusion of self-financed drugs in the Safety Net from once to twice a year since 2018.

- (a) modifying the calculation of ADFR for drug subsidy applications by discounting 50% of patients’ household net assets; and
- (b) refining the definition of “household”⁶ adopted in financial assessment by counting only core family members financially connected with the patient.

The current calculation of ADFR is as follows –

$$ADFR = \frac{(Monthly\ Household\ Gross\ Income - Monthly\ Allowable\ Deductions^7) \times 12 + (Disposable\ Capital - Deductible\ Allowance^8) \times 50\%}{}$$

6. The discounting of patients’ household net assets in the calculation of ADFR aims to offer protection to patients’ household assets, thereby avoiding depletion of assets over time due to cumulative drug expenses. The refined household definition, which generally reduces the household size for assessment, helps alleviating family friction by not requiring family members who are not financially connected with the patient to contribute and disclose their income and assets.

⁶ Before the enhancements, the definition of “household” was patient and his/her core family members living under the same roof, including patient’s spouse, children, parents and dependent siblings.

Under the refined “household” definition, a dependent is defined as a person who is unmarried and either (i) under 18 years old; or (ii) 18-25 years old receiving full-time education. A patient who does not fulfil the above requirements is classified as a non-dependent patient. The corresponding “household” definition is recapped below –

Patient Type	Refined Household Definition
A dependent patient	The patient, his/her parents/legal guardians, and dependent siblings living under the same roof
A non-dependent patient	If married – the patient, his/her spouse, and dependent children (but not parents/legal guardians or siblings) living under the same roof If unmarried – the patient would be treated as a single person household (irrespective of whether parents/legal guardians or siblings are living under the same roof)

⁷ Monthly allowable deductions include rental or mortgage payment, rates, Government rents, property management fee of the property occupied by the patient’s household, salary tax, personal allowances set based on the Consumer Price Index A for the patient and his/her core family members living together, child care expenses, provident fund contribution, school fees of children up to age of 21 at secondary level or below, and medical expenses at public hospitals/clinics for the last 12 months (other than those subsidised by SF and CCF Medical Assistance Programmes).

⁸ The amount of deductible allowance is set with reference to the prevailing asset limit for applicants for public rental housing (PRH) in assessing their eligibility for the Waiting List of PRH. The level of allowance is subject to annual review under an established mechanism with reference to the PRH’s asset limit.

REVIEW OF THE ENHANCEMENT MEASURES

7. The drug application statistics before and after the enhancement was analysed. In summary, the results are positive with the following key observations –

- (a) increase in number of approved applications;
- (b) increase in approved subsidy amount;
- (c) decrease in patient contribution; and
- (d) increase in percentage of approved applications with household size of one to two persons.

8. The table below sets out the statistical comparison of the drug subsidy applications from 16 February 2019 (first day of implementation)⁹ to 15 February 2020 and the same period in 2018-19. The actual statistics are **comparable** to the estimation made prior to implementation as presented at the Panel on Health Services of the Legislative Council (LegCo) in November 2018 –

		Estimation (presented at the HS Panel in Nov 2018)	Actual statistics* (comparison between 16 Feb 2019 – 15 Feb 2020 and same period in 2018-19)
All applications	Increase in no. of approved applications	-	32%
	Increase in approved subsidy amount	40%	63%
Non-CSSA applications¹⁰	Increase in no. of approved applications	30%	39%
	Increase in approved subsidy amount	-	71%
	No. of existing applications with patient contribution lowered	~1 005 per year	~1 400 ¹¹
	Average decrease in patient contribution	~\$30,000	~\$31,100
% of drug applications with household size of 1-2 persons has increased by 28% (from 60% to 88%)			

* The statistics have taken into account the effect of new subsidised items introduced after February 2018.

⁹ The enhancement measures have been implemented for applications for SF, CCF First Phase Programme and CCF MD Programme starting from 16 February 2019. In view of the relatively high drug cost and small number of patients under the CCF UED Programme, the enhancement measures have been applicable for new applications under this programme starting from January 2019.

¹⁰ CSSA applicants would receive full subsidy under SF and CCF Medical Assistance Programmes without undergoing financial assessment.

¹¹ Include additional subsidies provided to cases approved before implementation date with subsidised drug prescribed after that date. HA had calculated the revised patient contribution for these cases on pro-rata basis with 50% discount applied to patients' household net asset in the calculation of ADFR.

Non-CSSA applicants' profile

9. A closer scrutiny of the 39% increase in the number of non-CSSA applications reveals that the enhancement measures have led to an increase in percentage of beneficiaries over 65 years old and widening of the beneficiary groups to patients with relatively higher asset level. This is likely attributed to the 50% discount of net asset introduced to the ADFR calculation, allowing patients with relatively substantial assets to be eligible for subsidy. Details of the applicants' profile are illustrated in **Annex 2**.

10. In short, the enhancement measures have broadened the coverage of drug subsidy under the SF and CCF Medical Assistance Programmes by lowering the level of copayment by individual patients and extending the group of beneficiary to those who did not fall under the coverage previously. Coupled with the regular introduction of new subsidised items twice a year, the subsidies approved under the SF and CCF Medical Assistance Programmes have increased significantly in the past years as shown –

	Amount of approved subsidy (\$ million)			
	2017-18	2018-19	2019-20	2020-21 (Up to 30 September 2020)
SF	515.7	630.5	829.6	523.6
CCF Medical Assistance Programmes	212.3	292.5	456.4	397.5
Total	728.0	923.0	1 286.0	921.1

PROPOSED FURTHER REFINEMENTS

11. During consultation for the enhancement measures in 2018, concerns were raised by stakeholders including patient groups and LegCo Members over the financial burden of drug expenses on patients with chronic diseases. Despite the introduction of 50% asset discount, patients who require recurrent and/or concurrent drug subsidy applications would have to continuously finance their contribution to drug cost. Specifically, of the 5 249 applications in the first year of enhancement implementation, around 30% of the cases were renewal applications (i.e. patients applied for the same drug in the previous year) and around 10% were repeated applications (i.e. patients applied for different drugs in previous 18 months).

12. At present, these recurrent applicants would have to undergo financial assessment whenever they renew their applications after 12 months of treatment or apply for a different drug. Taking into account considerations including stakeholders' feedback and alignment with other public assistance schemes, it was announced in the 2020 Policy Address that further refinements to the means test mechanism for drug subsidy would be made, such refinements include –

- (a) modifying the calculation of ADFR for **recurrent applications**;
- (b) including more allowable deduction items in calculation of the ADFR; and adjusting the calculation of income for **all applications**; and
- (c) extending the validity period of financial assessment of **recurrent applicants**.

Modifying the calculation of ADFR for recurrent applications

13. To cater for the situation of recurrent applicants in the means test formula, it is proposed to –

- (a) deduct the drug expenses paid by the patient for the last treatment course¹² from the ADFR calculation by including such expenses as allowable deduction of the patient's household disposable income¹³; and
- (b) include only 80% of the patient's household disposable income¹⁴ on the calculation of ADFR.

With the two proposed refinements in place, the revised ADFR formula for recurrent application is as follows –

¹² The expenses at public hospitals /clinics on the drug under application of the last 12 months.

¹³ Currently, medical expenses at public hospitals / clinics (other than the drug(s) subsidised by the SF and/or CCF Medical Assistance Programmes and drug payment under this application) of the last 12 months are included as one of the allowable deduction items.

¹⁴ The 20% discount will be applied when there is positive difference between the “Monthly Household Gross Income” and “Monthly Allowable Deductions”.

$$ADFR = \frac{[(\text{Monthly Household Gross Income} - \text{Monthly Allowable Deductions}^*) \times 80\%]}{12} + (\text{Disposable Capital} - \text{Deductible Allowance}) \times 50\%$$

**including the expenses at public hospitals / clinics on the drug under application*

Including more allowable deduction items in calculation of the ADFR and adjusting the calculation of income

14. With reference to other public assistance schemes¹⁵ and patient groups' feedback, new allowable deduction items and adjustment on the calculation of income for all drug subsidy applications are also proposed, details are as follows:

- (a) to include (i) school fees on tertiary education for full-time students aged ≤ 25 ¹⁶ ; and (ii) maintenance payments as allowable deductions;
- (b) to exclude the following from the calculation of income: double pay, year-end payment, bonus and gratuity; as well as monthly payout amount of reverse mortgage/policy reverse mortgage.

Extending the validity period of financial assessment of recurrent applicants

15. To streamline the application process for recurrent applicants, it is also proposed to extend the validity period of the financial assessment of the first application from 12 months to 18 months on the condition that the patient contribution is not more than \$2,000. Recurrent applicants fulfilling the above condition would make the same amount of contribution upon annual renewal of application without the need of financial assessment. If patient considers there is a need for financial reassessment

¹⁵ Including Legal Aid, Working Family Allowance and Old Age Living Allowance.

¹⁶ Currently, school fees of children (up to age of 21) who are at secondary level or below for the past six months are included as one of the allowable deduction items.

due to the change in financial condition of their household, they could make such request anytime during the application period.

16. In addition, HA would waive the requirement to submit financial documents if the patient has been referred second application within one to two months after the first application.

FINANCIAL IMPLICATIONS

17. As at January 2021, the SF and CCF Medical Assistance Programmes cover 51 and 37 drugs respectively. With the above refinements, together with the enhancement measures in early 2019 and the regular introduction of new subsidised items, the amount of subsidies approved of the SF and CCF Medical Assistance Programmes could reach up to \$2.1 billion in 2020-21 and \$3.1 billion in 2021-22.

WAY FORWARD

18. The Government is committed to providing suitable and affordable medical treatment to all patients. This is manifested by enhancement measures introduced on both the drug coverage and means test mechanism under the Safety Net, as well as the rising trend of drug subsidy provided under the Safety Net in the past years. To enable patients' early access to drug treatment, HA will continue to follow the latest medical development in drug treatment with a view to including suitable drugs to the HADF and coverage of the Safety Net. The Government and HA will closely monitor the operation of the Safety Net and continue to explore scope of further enhancement for strengthening the sustainability and accessibility of our support.

19. Subject to endorsement by relevant authorities (including HA Board and Commission on Poverty), the proposed refinements are targeted to be implemented by second quarter of 2021. HA is in parallel developing a mini mobile application in HA Go, to enhance applicants' experience, convenience and transparency in the application and approval process under the SF and CCF Medical Assistance Programmes, including

preliminary self-assessment of their own financial eligibility and required patient contribution; push notification to facilitate communication with patients on the financial assessment and post-approval check; as well as patients' enquiry on application status and funding utilisation.

ADVICE SOUGHT

20. Members are invited to note the review of the enhancement measures to the means test mechanism of the SF and CCF Medical Assistance Programmes and recommendations for further refinements.

**Food and Health Bureau
Hospital Authority
January 2021**

Annex 1

Patient's Contribution under the Existing Sliding Scale Formula

(A) Annual Disposable Financial Resources (ADFR) (\$)	(B) Contribution Ratio (%)	(C) Maximum Contribution from Patient (\$) (C) = (A) x (B)	(D) ADFR after deducting Annual Contribution (\$) (D) = (A) - (C)
0 - 20,000	-	0	0 - 20,000
20,001 - 40,000	-	1,000	19,001 - 39,000
40,001 - 60,000	-	2,000	38,001 - 58,000
60,001 - 100,000	5	3,000 - 5,000	57,001 - 95,000
100,001 - 140,000	10	10,000 - 14,000	90,001 - 126,000
140,001 - 180,000	15	21,000 - 27,000	119,001 - 153,000
180,001 - 280,000	20	36,000 - 56,000	144,001 - 224,000
280,001 - 380,000	20	56,000 - 76,000	224,001 - 304,000
380,001 - 480,000	20	76,000 - 96,000	304,001 - 384,000
480,001 - 580,000	20	96,000 - 116,000	384,001 - 464,000
580,001 - 680,000	20	116,000 - 136,000	464,001 - 544,000
680,001 - 780,000	20	136,000 - 156,000	544,001 - 624,000
780,001 - 880,000	20	156,000 - 176,000	624,001 - 704,000
880,001 - 980,000	20	176,000 - 196,000	704,001 - 784,000
980,001 - 1,080,000	20	196,000 - 216,000	784,001 - 864,000
≥ 1,080,001	20~	as calculated (maximum contribution from patient capped at \$1 million under the CCF Ultra-expensive Drugs Programme)	

Profile of Non-CSSA Applicants

(for drug applications approved between 16 February 2019 and 15 February 2020 vs. 16 February 2018 and 15 February 2019)

(A) Age

Age	Before ¹	After ²
Below 40	8%	8%
40 - 64	52%	49%
65 or above	40%	44% (↑4%)

(B) Financial Profile

		Asset ³							
		Low		Medium		High		Total	
		Before ¹	After ²	Before ¹	After ²	Before ¹	After ²	Before ¹	After ²
Income ³	Low	2 312	3 608 (↑56%)	315	578 (↑83%)	6	68 (↑>100%)	2 633	4 254 (↑62%)
	Medium	861	667 (↓23%)	223	249 (↑12%)	2	24 (↑>100%)	1 086	940 (↓13%)
	High	39	25 (↓36%)	25	24 (↓4%)	0	6 (↑>100%)	64	55 (↓14%)
	Total	3 212	4 300 (↑34%)	563	851 (↑51%)	8	98 (↑>100%)	3 783	5 249 (↑39%)

¹ Non-CSSA applications approved between 16 February 2018 and 15 February 2019 (i.e. before enhancement)

² Non-CSSA applications approved between 16 February 2019 and 15 February 2020 (i.e. after enhancement)

³ Patient's financial profile are grouped into 'Low', 'Medium' and 'High' with reference to the income/ asset limits under Public Rental Housing & Home Ownership Scheme (HOS) application in 2018/2019 as follows

- **Low:** income /asset limit of public housing unit;
- **Medium:** income/ asset limit of HOS;
- **High:** exceed income / asset limit of HOS

Details as follows:

		Low	Medium	High
		Public (Public Rental Housing)	HOS	Private (Either income/ asset exceed the HOS limit)
1 household	Income	≤ \$11,830	≤ \$28,500	> \$28,500
	Asset	≤ \$257,000	≤ \$1.005 million	> \$1.005 million
2 household	Income	≤ \$18,690	≤ \$58,000	> \$58,000
	Asset	≤ \$348,000	≤ \$2.01 million	> \$2.01 million