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Panel on Health Services

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 8 January 2021

Means test mechanism for Samaritan Fund and Community Care Fund Medical Assistance Programmes

Purpose

This paper provides background information on the safety net to subsidize patients' drug expenses which is composed of the Samaritan Fund ("the Fund") and the Community Care Fund Medical Assistance Programmes ("the Medical Assistance Programmes"), and summarizes the concerns of members of the Panel on Health Services ("the Panel") and the Subcommittee on Issues Relating to the Support for Cancer Patients ("the Subcommittee") on issues relating to the means test mechanism for the Fund and the Medical Assistance Programmes.

Background

2. At present, the standard fees and charges in public hospitals and clinics managed by the Hospital Authority ("HA") do not cover the self-financed drugs and privately purchased medical items.[1] The Fund and the Medical Assistance Programmes provide financial assistance to subsidize eligible patients who have financial difficulties for meeting the expenses on specific self-financed drugs and privately purchased medical items.

3. Established in 1950, the Fund is a charitable fund administrated by HA to provide subsidy to eligible patients to meet their expenses on those self-financed

[1] HA has implemented its Drug Formulary since July 2005. There are four categories of drugs in the HA Drug Formulary, namely General Drugs, Special Drugs, Self-financed Items with Safety Net and Self-financed Items without Safety Net.

drugs that are proven to be significant benefits but very expensive for HA to provide as part of its subsidized services; or those designated privately purchased medical items not covered by the standard fees and charges in public hospitals and clinics. As at December 2020, the Fund covers 51 self-financed drugs, nine categories of non-drug items and a service. The amount of subsidies granted under the Fund was $668.5 million in 2019-2020 (up to December 2019).

4. Apart from the Fund, the Community Care Fund ("CCF")[2] launched in 2011 the First Phase Medical Assistance Programme ("the First Phase Programme") to provide financial assistance to eligible HA patients to purchase specific self-financed cancer drugs which have not been brought into the safety net of the Fund but have been rapidly accumulating medical scientific evidence and with relatively high efficacy.[3] As at December 2020, the First Phase Programme covers 33 specific self-financed cancer drugs. The amount of subsidies granted was $230.69 million in 2019-2020 (up to December 2019). To allow CCF to exercise its function to fill the gaps in the existing system and create a pioneering effect, CCF launched in August 2017 two new programmes, namely "Subsidy for Eligible Patients to Purchase Ultra-expensive Drugs (Including Those for Treating Uncommon Disorders)" ("the Ultra-expensive Drugs Programme") and "Subsidy for Eligible Patients of Hospital Authority to Purchase Specified Implantable Medical Devices for Interventional Procedures" ("the Specified Implantable Medical Devices Programme") to provide subsidy for eligible patients. To shorten the lead time for the introduction of new drugs or medical devices so as to provide more timely support for the needy patients, the Commission on Poverty endorsed in October 2019 to streamline the existing approval process of new drugs or medical devices under the Medical Assistance Programmes by delegating the authority to the chairperson of the CCF Task Force to grant final approval for new drugs or medical devices.

5. The current financial assessment criteria for drug subsidies under the Fund and the Medical Assistance Programmes are based on the principle of targeted subsidy, i.e. the level of patient's contribution to drug expenses depends

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[2] Established in 2011, CCF aims at providing assistance to people facing financial difficulties, in particular those who fall outside the safety net or those within the safety net but are not covered by it because of special circumstances.

[3] CCF rolled out the Second Phase Medical Assistance Programme ("the Second Phase Programme") in January 2012 to provide subsidy to HA patients who marginally fell outside the safety net of the Fund for the use of specified self-financed drugs. It complemented the Fund by providing patients with additional subsidy on designated self-financed drugs. The Second Phase Programme was incorporated into the Fund in September 2012 by reducing the patients' maximum contribution ratio on drug costs from 30% to 20% of their household annual disposable financial resources.

on the patient's household affordability. Financial assessment for applications is made on a household basis. Patients have to contribute to the drug costs according to their household annual disposable financial resources ("ADFR") against a percentage stipulated in a pre-determined sliding scale. The maximum contribution is capped at $1 million or 20% of the patients of the patients' household ADFR (whichever is lower) under the Ultra Expensive Drugs Programme, and 20% of the patients' household ADFR under the Fund and other CCF Programmes. Patients who meet the specified clinical criteria and can pass the financial assessment will be given a full or partial subsidy for meeting the expenses on the items.

Deliberations of the Panel and the Subcommittee

6. The Panel discussed issues relating to the means test mechanism for the Fund and the Medical Assistance Programmes in different contexts at various meetings. The relevant issues were discussed by the Subcommittee in December 2019. The deliberations and concerns of members are summarized in the following paragraphs.

Inclusion of drugs into the HA Drug Formulary and the safety net

7. Some members were of the view that drugs which were proven to be of significant benefits should be covered by the standard fees and charges in public hospitals and clinics, rather than being classified as self-financed drugs with safety net. There was also a view that the number of self-financed drugs covered by the Fund and the First Phase Programme was far from adequate to meet the needs of the patients in need of expensive drug treatments. Some members considered it inappropriate for HA to adopt the principle of cost-effectiveness in determining the inclusion of a drug in the safety net coverage. They called on HA to review the HA Drug Formulary and expand the scope of the Fund to cover more self-financed drugs such as cancer drugs. There was a view that HA should gauge patients' views in the inclusion of self-financed drugs into the safety nets through a regularized consultative mechanism.

8. According to the Administration and HA, HA appraised new drugs once every three months through established mechanisms. The evaluation process followed the principles of evidence-based medical practice, rational use of public resources, targeted subsidy, opportunity cost consideration and facilitation of patients' choice, and took into account the safety, efficacy and cost-effectiveness of drugs and other relevant factors, including international recommendations, as well as the views of relevant professionals and patient

groups, etc. HA had increased the frequency of the prioritization exercise for including self-financed drugs in the safety net from once to twice a year since 2018 to shorten the lead time for introducing suitable new drugs to the safety net. It had maintained close communication with patient groups on drug-related matters through established liaison channels. Two consultation meetings with patient groups were convened every year to provide updates on the latest development and gauge their views on the introduction of new drugs as well as review of prevailing drugs under the Drug Formulary and the two safety nets. Meetings with individual patient groups would also be arranged to discuss specific issues of concern. On members' view that HA should further increase the frequency of the prioritization exercise from twice to four times a year to expedite the introduction of new drugs into the safety net coverage, HA advised that it had been keeping a close track of the latest development of clinical and scientific evidence in this regard.

Financial support for patients

9. Question was raised as to whether the expenses borne by each patient for purchasing self-financed drugs could be capped at, say, $100,000 each year, and the amount exceeding the cap would be covered by HA as part of its subsidized services. Noting that there was substantial increase in the price of ultra-expensive drugs, in particular targeted therapy drugs for treating cancers and drugs for treating rare diseases, in the past two decades, members considered it necessary for the Administration to exercise certain control over the prices of drugs. There was also a call for the Administration to consider the deputations' suggestion of tax deduction for drug expenses.

10. Members were advised that the Ultra-expensive Drugs Programme and the Specified Implantable Medical Devices Programme were in place to provide subsidy for needy and eligible patients to purchase ultra-expensive drugs (including those for treating uncommon disorders) and specified implantable medical devices for interventional procedures. Where necessary, HA would liaise with pharmaceutical companies concerned on the feasibility of offering compassionate long-term drug arrangements for needy patients requiring ultra-expensive drugs for treatment. On the price of drugs, the Administration advised that under the established mechanism of HA, it in general was not involved in the negotiation with pharmaceutical companies for the introduction of new drugs for treatment of patients. HA advised that for many pharmaceutical companies, there were universal list prices for the procurement of drugs. It would decide whether the price offered was reasonable subject to experts' review.

Clinical requirement for drug subsidies

11. Members noted that to be eligible for financial assistance under the Fund, the HA patients concerned had to meet, among others, the clinical requirement. Some members considered that the clinical criteria for prescription of safety net drugs lacked transparency. HA advised that treatment options were determined in accordance with evidence-based medical practice, having regard to international recommendations and practices, side effects of drugs and patients' clinical conditions.

Financial assessment for drug subsidies

12. Some members had strong views against the current household-based financial assessment of the Fund and the Medical Assistance Programmes as it might force many patients concerned to separate from their core family members living under the same roof in order to meet the financial assessment criteria. They considered that the scope of household income should be limited to the income from spouse of the patient. Some members further suggested that patients living with their family members should be allowed to apply for assistance from the Fund on an individual basis. A high-level committee should also be set up for the exercise of discretion to grant approval for subsidy to patients who fell marginally outside the safety net. There was a view that the patients' maximum contribution ratio to the drug expenses should be lowered to avoid financial hardship on patients, including the middle-class patients, due to substantial out-of-pocket payments of drug cost. In addition, the Administration should highly subsidize those patients requiring long-term or ultra-expensive drug treatment.

13. The Administration stressed that it was its long-standing policy that no patients would be denied adequate medical treatment due to a lack of means. The practice of using patients' household income in assessing the level of subsidy granted under the Fund was in line with the means test mechanism for other financial assistance schemes, such as the Comprehensive Social Security Assistance. The rationale was to encourage family members to support each other and to prevent the avoidance of responsibility by resorting to public assistance in the first instance. In December 2017, HA had commissioned a consultancy study to review the existing means test of the Fund and the Medical Assistance Programmes ("the consultancy study"). After completion of the first six months of the consultancy study, the consultant team proposed to further explore improvements to the means test mechanism of the two safety nets along the directions of (a) modifying the calculation of ADFR; (b) redefining "household"; and (c) establishing an appropriate upper limit for patient contribution.

14. Members were subsequently briefed on 19 November 2018 that based on the findings of the consultancy study, the Administration would adopt a number of enhancements to the existing means test mechanism for the Fund and the Medical Assistance Programmes. These included (a) modifying the calculation of ADFR for drug subsidy applications by discounting 50% of patients' household net assets, whereas patients' actual contribution to the drug expenses would continue be determined in accordance with the sliding formula which was capped at 20% of ADFR[4]; and (b) refining the definition of "household" to include (i) the patient, his/her parents/legal guardians, and dependent siblings living under the same roof for the case of a patient who was a dependent (i.e. was unmarried and was either under 18 years old or between 18 and 25 years old receiving full-time education); (ii) the patient, his/her spouse and dependent children (but not parents/legal guardians or siblings) living under the same roof for the case of a married non-dependent patient; and (iii) only the patient himself/herself for the case of an unmarried non-dependent patient, irrespective of whether parents/legal guardians or siblings were living under the same roof. The above enhancement measures were applicable for new applications under the Ultra-expensive Drugs Programme starting from January 2019. As regards the Fund, the First Phase Programme and the Specified Implantable Medical Devices Programme, the enhancement measures took effect on 16 February 2019.

15. While welcoming the enhancement measures, members in general considered that the means test of the safety net should be further relaxed in order to alleviate the financial burden on patients' families arising from drug expenditure. On the modification of the calculation of patients' household ADFR, there was a view that the annual financial assessment under the safety net would deplete, rather than protect, patients' household assets. Given that the level of a patient's contribution to drug expenses was determined by his/her household's ADFR, the 50% net assets of a patient being protected when the drug subsidy was approved should be maintained throughout the whole approval period, instead of subjecting the amount to annual calculation in this regard in order to ensure that no patients and their families would run into financial difficulties as a result of meeting high drug expenditure. Members also shared some deputations' view that in the calculation of ADFR, the monthly allowable deductions should include expenditures on medical consumables relating to the treatments concerned.

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[4] According to the Administration, the existing $1 million cap under the Ultra Expensive Drugs Programme would be retained. The Administration and HA would review the cap in future having regard to the effectiveness of the enhancement measures and the actual number of cases that might trigger the cap.

16. Some members were particularly concerned that some existing patients would be paying a greater amount of contribution after the introduction of the above enhancement measures. There were suggestions that the maximum patient contribution under the sliding scale should be lowered to 10% of the patient's household ADFR, adult patients who were not receiving full-time education but were unemployed should be classified as a dependent patient, parents who received financial support from a non-dependent adult patient should not be excluded from the definition of "household", and the household size of a non-dependent unmarried patient should be adjusted if the patient had to maintain the living of his or her parents.

17. HA advised that all applications for drug subsidy would be assessed on a household basis, taking into account the income, expenditures and assets of the patient and his or her core family members living under the same roof who had been included in the financial assessment. It would be made clear in the relevant guidelines to be formulated by HA that patients could include into the means test those family members who were living with the patients and their basic necessity for living was maintained by the patients. The Administration advised that it was estimated that more than 30% of the applications for drug subsidy approved under the Fund and the Medical Assistance Programmes during the period of June 2017 to February 2018 would be better off after the introduction of the above enhancement measures. Patients would pay a smaller amount of contribution by an average of around $30,000 per application under the proposed enhancement measures. This apart, it was expected that there would be a 30% increase in the number of applications from non-Comprehensive Social Security Assistance recipients. It assured members that the medical social workers would have discretion to adjust the household size based on a case-by-case basis in light of special familial factors or circumstances that warranted exceptional consideration to ensure that no patients would become worse off as a result of the enhancement measures.

18. Some members were of the view that the above arrangement for medical social workers to exercise discretion on a case-by-case basis when assessing applications for drug subsidies lacked transparency. They called on the Administration to set up an appeal mechanism with participation of lay persons and representatives of patients and their families. According to the Administration and HA, a mechanism had been put in place at hospital level to handle appeals concerning drug subsidy applications. Any further enhancements to the safety net, such as setting up an appeal mechanism at the level of HA Headquarters, could be considered in future review exercise on the safety net.

19. Notwithstanding the Administration's response, members remained of the view that the means test mechanism for the Fund and the Medical Assistance Programmes should be further enhanced. Three motions were passed at the Panel meetings on 19 November 2018 and 11 December 2018 and the wordings of which are in **Appendices I and II** respectively.

Review of the means test mechanism

20. Members considered that the Administration should further review the means test mechanism of the safety net, say, one year after the implementation of the proposed enhancement measures to further enhance the mechanism, and gauge the views of patients and their families in this regard. The Administration advised that it would work with HA to closely monitor the impact of the enhancement measures on existing cases and the financial position of new cases as well as collect and analyze more relevant data and information, with a view to reviewing the effectiveness of the enhancement measures and continuing to study other issues on the means test mechanism, so as to help more patients in need. It undertook to revert to the Panel on the progress of and feedback received on the implementation of the proposed enhancement measures after 12 months of implementation.

Recent development

21. It was announced in the Chief Executive's 2020 Policy Address that the Administration would further refine the means test mechanism of the safety net after reviewing the effectiveness of the enhancement measures. In addition, it would continue to increase the number of drugs covered under the safety net and relax the clinical criteria of existing drugs in accordance with the established mechanism, thereby strengthening the support for the needs of patients with cancers and uncommon disorders.

Relevant papers

22. A list of the relevant papers on the Legislative Council website is in **Appendix III**.

Council Business Division 2
Legislative Council Secretariat
5 January 2021

衞生事務委員會
Panel on Health Services

在 2018 年 11 月 19 日的會議上就議程項目 V "撒瑪利亞基金和關愛基金醫療援助項目經濟審查機制的檢討結果"通過的議案
Motions passed at the meeting on 19 November 2018 under agenda item V "Review findings of means test mechanism for Samaritan Fund and Community Care Fund Medical Assistance Programmes"

議案一：

本委員會要求當局將領取撒瑪利亞基金和關愛基金醫療援助項目的病人分擔藥費上限由政府建議的病人家庭每年可動用財務資源的兩成進一步降低至一成或以下，並放寬可領取撒瑪利亞基金和關愛基金醫療援助項目的各種長期病患的特定臨床準則，以及完善文件建議的每年可動用財務資源的計算方法，以確保現時領取撒瑪利亞基金和關愛基金醫療援助項目的病人不會因新的計算方法而支付更多藥費。

動議人： 陳志全議員

(Translation)

Motion 1:

This Panel requests that the Government-proposed maximum ratio of patient contribution to drug expenses under the Samaritan Fund ("SF") and Community Care Fund ("CCF") Medical Assistance Programmes should be further reduced from 20% of the patients' household annual disposable financial resources ("ADFR") to 10% or below, the specified clinical criteria for determining the eligibility of patients of various types of chronic diseases under SF and CCF Medical Assistance Programmes should be relaxed, and the method for calculating ADFR as proposed in the paper should be enhanced to ensure that the new calculation method will not result in higher drug costs to be paid by patients currently eligible for financial assistance under SF and CCF Medical Assistance Programmes.

Moved by: Hon CHAN Chi-chuen

議案二：

本委員會歡迎政府放寬撒瑪利亞基金和關愛基金醫療援助項目的經濟審查機制。本委員會要求保障病人資產淨值的五成應該是一個永久保障，而非每年計算，以致病人資產最終大幅下降。此外，病人分擔上限亦應由每年可動用財務資源的兩成下降至一成或以下，並擴闊資產階梯。

動議人： 張超雄議員
邵家臻議員

(Translation)

Motion 2:

This Panel welcomes the Government's relaxation of the means test mechanism for the Samaritan Fund and Community Care Fund Medical Assistance Programmes. This Panel requests that the 50% net assets of a patient being protected should be maintained permanently, instead of subjecting the amount to annual calculation in this regard which will, in the end, result in a substantial decrease in the patient's assets. Besides, the maximum ratio of patient contribution should be reduced from 20% of annual disposable financial resources to 10% or below, and the asset bands on the sliding scale should also be widened.

Moved by: Dr Hon Fernando CHEUNG Chiu-hung
Hon SHIU Ka-chun

衞生事務委員會
Panel on Health Services

在 2018 年 12 月 11 日的會議上就議程項目 I "撒瑪利亞基金和關愛基金醫療援助項目經濟審查機制的檢討結果"通過的議案
Motion passed at the meeting on 11 December 2018 under agenda item I "Review findings of means test mechanism for Samaritan Fund and Community Care Fund Medical Assistance Programmes"

議案：

就撒瑪利亞基金和關愛基金醫療援助項目經濟審查機制的檢討結果，本委員會促請政府：

(一) 進一步下調撒瑪利亞基金和關愛基金醫療援助項目的病人分擔藥費上限，下調至病人家庭每年可動用財務資源的一成以下或五十萬元以下，以有效紓緩病人及其家庭的經濟負擔；
(二) 進一步放寬「家庭」的定義，讓病人以「個人名義」提出資助申請，不需計算其家人入息及資產，讓資助更加貼心和到位；
(三) 在申請人能證明其家庭成員受其供養的情況下，可在計算全年總入息時，按申請人供養的家庭成員人數計算豁免額；
(四) 放寬申請者的每月家庭總收入的入息限額，讓更多病人獲得資助；及
(五) 設立上訴機制，處理對於審批決定及分擔費的覆核。

動議人： 蔣麗芸議員
陳恒鑌議員

(Translation)

Motion:

Regarding the findings of the review of the means test mechanism for the Samaritan Fund ("SF") and Community Care Fund ("CCF") Medical Assistance Programmes, this Panel urges the Government to:

(1) further reduce the maximum ratio of patient contribution to drug expenses under SF and CCF Medical Assistance Programmes to below 10% of the patients' household annual disposable financial resources or less than $500,000, in order to effectively alleviate the financial burden on patients and their families;
(2) further relax the definition of "household", so that patients are allowed to submit applications for subsidies on an individual basis without taking into account the income and assets of their family members, thereby providing a subsidy arrangement that is more appropriate and tailor-made for the patients;
(3) on the premise that an applicant is able to prove that a family member is a dependent of the applicant, calculate the amount of deductible allowance on the basis of the number of dependent family members of the applicant when determining the total annual income;
(4) relax the limit imposed on an applicant's total monthly household income, so that more patients would be subsidized; and
(5) put in place an appeal mechanism to review the decisions made on vetting and approving applications and on patient contributions.

Moved by: Dr Hon CHIANG Lai-wan
Hon CHAN Han-pan

Appendix III

Relevant papers on the means test mechanism for Samaritan Fund and Community Care Fund Medical Assistance Programmes

Committee	Date of meeting	Paper
Panel on Health Services	10.11.2008 (Item IV)	Agenda Minutes
	8.6.2009 (Item VI)	Agenda Minutes
	14.2.2011 (Item VI)	Agenda Minutes CB(2)1602/10-11(01)
	14.11.2011 (Item VI)	Agenda Minutes CB(2)1680/11-12(01)
	16.4.2012 (Item IV)	Agenda Minutes CB(2)2087/11-12(01)
	10.7.2012 (Item II)	Agenda Minutes
	17.3.2014 (Item II)	Agenda Minutes CB(2)2053/13-14(01)
	15.6.2015 (Item V)	Agenda Minutes
	19.12.2016 (Item III)	Agenda Minutes CB(2)480/17-18(01)

Committee	Date of meeting	Paper
	11.4.2017 (Item I)	Agenda Minutes CB(2)618/17-18(01)
	16.10.2017 (Item IV)	Agenda Minutes
	2.3.2018 (Item I)	Agenda Minutes
	19.6.2018 (Item IV)	Agenda Minutes
	19.11.2018 (Item V)	Agenda Minutes CB(2)321/18-19(01)
	11.12.2018 (Item I)	Agenda Minutes CB(2)600/18-19(01) CB(2)963/18-19(01)
Subcommittee on Issues Relating to the Support for Cancer Patients	16.12.2019 (Item I)	Agenda Minutes

Council Business Division 2
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