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Panel on Health Services

Meeting on 9 April 2021

Updated background brief on the development of Chinese Medicine Hospital and Government Chinese Medicines Testing Institute in Tseung Kwan O

Purpose

This paper provides updated background information and summarizes the major views and concerns expressed by members of the Panel on Health Services ("the Panel") and the Subcommittee on Issues Relating to the Development of Chinese Medicine ("the Subcommittee") appointed by the Panel in the Sixth Legislative Council on the development of Chinese Medicine Hospital ("CMH") and Government Chinese Medicines Testing Institute ("GCMTI") in Tseung Kwan O.

Background

Chinese Medicine Hospital

2. It was announced in the 2014 Policy Address that the Government had, on the recommendations of the Chinese Medicine Development Committee ("CMDC"),¹ reserved a site in Tseung Kwan O for setting up CMH. The site of CMH is located in Tseung Kwan O, Area 78 at the western part of the lower platform of Pak Shing Kok.

¹ Chaired by the Secretary for Food and Health, CMDC was established in 2013 to give recommendations to the Government concerning the direction and long-term strategy of the future development of Chinese medicine in Hong Kong. Its areas of study include (a) development of Chinese medicine services; (b) personnel training and professional development; (c) research and development; and (d) development of the Chinese medicines industry (including Chinese medicines testing).

3. The Government announced in the 2017 Policy Address that it would finance the construction of CMH and identify by tender a suitable non-profit making organisation to develop and operate the hospital. It was announced in the 2018 Policy Address that Chinese medicine would be incorporated into the healthcare system in Hong Kong and the Government would subsidise defined Chinese medicine services, including a combination of government-subsidised in-patient and out-patient services to be offered by the future CMH. On 2 May 2018, the Administration established the Chinese Medicine Hospital Project Office ("CMHPO") to oversee CMH project, and to take forward the planning, tendering and construction of CMH. CMHPO formed a User Group and an Expert Group in the same month, to provide professional advice on the construction planning of CMH and the tender selection for the contractor respectively. The two Groups mainly comprise members from the Chinese Medicine Practice Subcommittee and the Chinese Medicines Industry Subcommittee under the Chinese Medicine Development Committee, the Hospital Authority ("HA"), universities and overseas specialist advisers.

Positioning and missions of CMH

4. CMH will serve as the flagship Chinese medicine institution leading the development of Chinese medicine in Hong Kong. CMH will be a change driver, promoting service development, education and training, innovation and research. The five key missions on the development of CMH are set out in **Appendix I**.

Operational model of CMH

5. CMH will adopt a public-private partnership model. The Administration will fund the construction of CMH and select a suitable contractor to manage the hospital by tendering. 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.

Services models of CMH

6. 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. There will be 70 consultation rooms and 45 intervention rooms in the outpatient department and the estimated outpatient attendance is 310 000 per annum. CMH will also provide community outreach services.

7. CMH will provide pure Chinese medicine services and services with Chinese medicine playing the predominant role with support from Western medicine in accordance with clinical needs. CMH will also provide integrated Chinese Western medicine services ("ICWM"). Besides, CMH will provide a comprehensive range of specialised services. The Operator shall provide services of Chinese medicine 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 Chinese medicine gynecology, pediatrics and external medicine.

Teaching, Training and Research

8. As a hospital with major role in training and education, CMH will support the three local universities with Schools of Chinese Medicine to provide clinical placement for their undergraduate and postgraduate students. 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, CMH will organize training programmes through collaboration with related organizations/institutions in providing training opportunities to CMPs, doctors and healthcare professionals.

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

10. CMH will lead the development of Chinese medicine and research of Chinese medicine drugs (including proprietary Chinese medicines ("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 (Chinese medicine & ICWM) and development research in Chinese medicine theories and clinical application of pCms. The Clinical Trial and Research Centre in 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.

Initiatives to cater for the development of CMH

11. Launched in June 2019, the \$500 million Chinese Medicine Development Fund ("the CM Fund") promotes the development of Chinese medicine through

financial assistance given to Chinese medicine practitioners ("CMPs") and the Chinese medicine drug sector for upgrading the overall standard of the industry including, among others, nurturing talents necessary for the development of CMH. Separately, the Chinese Medicine Practice Subcommittee under the CMDC has commenced discussion about developing Chinese medicine specialization to, among others, tie in with the development of CMH. As announced in the Chief Executive's 2019 Policy Address, the Administration will subsidize studies on the accreditation mechanism of Chinese medicine pharmacists through the CM Fund to cater for the development of Chinese medicine and CMH.

12. The Administration is working with HA on further expanding the disease areas and the scope of services under the ICWM inpatient services. It is in this way that experience relating to the operation of Chinese medicine and ICWM inpatient services can be gained and professionals with experience in providing Chinese medicine inpatient and clinical services can be nurtured to cater for the need of CMH.

Tender invitation for CMH

13. The Administration issued invitation to four prequalified bidders, viz. Hong Kong Baptist University, Pok Oi Hospital, Tung Wah Group of Hospitals and Yan Oi Tong to submit tender for the operation of CMH in Tseung Kwan O on 30 September 2020. The tender invitation was closed on 31 December 2020 and the Administration planned to award the service deed to the successful tenderer by mid-2021.

Government Chinese Medicines Testing Institute

14. Having consulted CMDC, the Government announced the establishment of a Chinese medicine drug testing institute development of GCMTI to be managed by the Department of Health ("DH") under the 2015 Policy Address. GCMTI will specialise in testing of and scientific research on Chinese medicine drugs with a view to setting reference standards for their safety, quality and testing methods. The organization chart and the functions of GCMTI are in **Appendix II**.

Advisory Committee of GCMTI

15. DH set up an Advisory Committee with a view to advising GCMTI on strategies, measures and specific proposals conducive to the continuous development of GCMTI. The Committee is the advisory body to GCMTI and

is composed of members from the Government, Chinese medicines industry, academia and International Advisory Board of Hong Kong Chinese Materia Medica Standards ("HKCMMS").

The temporary GCMTI

16. Prior to the establishment of the GCMTI building, DH has established a temporary testing institute at Hong Kong Science Park in March 2017 in order to embark on the research and promotion work as soon as possible.

Training

17. GCMTI has provided training to stakeholders from the Chinese medicine drug and testing industries based on the results from the aforementioned research projects. As of December 2019, GCMTI has organized 18 briefing sessions, training workshops and other activities for over 600 participants, including representatives from CMPs, the Chinese medicine drug industry, the testing sector and students from the relevant disciplines. The activities have been effective in promoting the use of macroscopic and microscopic features of Chinese Materia Medica to differentiate easily confused species Chinese Materia Medica pairs, and the use of validated multi-analytes testing methods for five chemical markers in Chinese medicinal oil for external use. The activities organized have also allowed meaningful exchanges amongst stakeholders on matters relating to Chinese medicine drugs.

The Permanent GCMTI

18. In order to promote further development of Chinese medicine drug industry and the testing sector, the Government announced in the 2019 Policy Address the establishment of the permanent GCMTI next to CMH. The proposed scope of the project comprises various dedicated laboratories, a Chinese medicine herbarium laboratory, an international collaboration and training centre, a medicinal plant garden, laboratories for the Chinese medicine Section of the Government Laboratory, the macroscopic and microscopic identification laboratory of DH and a laboratory for conducting proficiency test schemes and producing reference materials, etc.

Project schedule

19. The Administration would submit the proposal to the Public Works Subcommittee and seek funding approval from the Finance Committee ("FC") at the first quarter of 2021. The construction works would commence at the third

quarter of 2021 and would be completed at the second quarter of 2024.

Discussions at the Panel and the Subcommittee

Development of CMH

20. At the Panel meeting held on 17 December 2018 and the Subcommittee meeting held on 4 May 2020, members generally expressed support for the development of CMH.

Regulatory framework & the role of the Administration.

21. In response to members' enquiries about the regulatory framework for CMH, the Administration advised that CMH would be subject to regulation under the Private Healthcare Facilities Ordinance (Cap. 633). In addition, the Administration had set up a dedicated team to monitor development and management of CMH.

22. Regarding members' enquiries about the operational model and financial arrangements of CMH, as well as the role of the Administration in the running of CMH, the Administration advised that CMH would adopt a public-private partnership model whereby the Administration would build and set up CMH including equipping it with the necessary furniture, equipment and information technology systems; subsidize a combination of specified inpatient and outpatient services, which was expected to represent more than 50% of the total service volume of CMH; and provide recurrent funding for the above services as well as the approved training and research programmes on cost recovery basis. Such arrangement allowed flexibility for CMH to positively interact with the market so as to promote the development of Chinese medicine in Hong Kong. The Administration would monitor execution of the service deed and formulate from time to time policies on Chinese medicine development that the operator of CMH had to meet.

Fees and charges

23. Some members expressed concern on the level of fees and charges and the adjustment mechanism for the service fees of CMH. The Administration advised that CMH would be operated under public-private collaboration to provide subsidized defined outpatient and inpatient services as well as market-oriented Chinese medicine services. The fees and charges of the services would be set nearer the time of service commencement of CMH. Due

regard would be made to the relevant rates of the Chinese Medicine Centres for Training and Research ("CMCTRs") and the private sector.

Manpower planning of CMH and professional development of the CMPs

24. Members were concerned about the manpower planning and development of Chinese medicine pharmacists alongside the service commencement of CMH. Some other members also expressed concern that there was currently no registration or certification system in Hong Kong for Chinese medicine pharmacists, who had a vital role to play in the development of Chinese medicine. The Administration assured members that it would look into the professional development of Chinese medicine pharmacists by making reference to the relevant recommendations put forth in the Ombudsman report.²

25. Members asked whether the Administration had devised any plans on Chinese medicine specialization and continuing professional development to cater for the establishment of CMH. Some members called on the Administration to formulate a registration system for, and address issues relating to the career prospect of, Chinese medicine pharmacists. The Administration advised that under the CM Fund, the Chinese Medicine Industry Training Funding Scheme which was provided subsidy up to \$2,750,000 per project, covered activities such as training courses and workshops aimed at addressing the knowledge gap in the market in order to enhance standard of the Chinese medicine industry. The above apart, the Chinese Medicine Individual Training Scheme provided funding for CMPs and persons engaged in the Chinese medicine drug industry to attend eligible training programmes. Separately, the Administration would continue to liaise with the Mainland on the provision of clinical training for CMPs. Members were also informed that a research project ("the Research") had been approved under CM Fund's Chinese Medicine Applied Studies and Research Funding Scheme. The Research would study if a professional certification system of Chinese medicine pharmacists and persons engaged in the Chinese medicine drug industry should be set up and if so, the possible framework. The Research would take a year or so to complete.

26. Members questioned about the respective roles of Western medicine nurses and nurses who had received training in Chinese medicine nursing care in CMH. Members also asked if the training element of Western medicine in the Chinese medicine programmes would be further strengthened. Some members was wary that CMH might drain experienced CMPs currently working in CMCTRs and questioned about the Administration's medium and long-term plan

² Direct Investigation Report on Government's Regulation of proprietary Chinese medicines released by Office of The Ombudsman on 13 December 2018.

to attract more talents to serve as CMPs. The Administration advised that CMH would undergo phased opening. As a preliminary plan, it was projected that upon full scale operation, CMH would require about 120 to 150 CMPs of various ranks and about 200 to 250 nurses. Members noted that one of the objectives of the CM Fund was to provide enhanced training for practitioners in the Chinese medicine and Chinese medicine drug sectors as well as related healthcare personnel, with an aim to nurture talents for the development of CMH and Chinese medicine services. It was expected that the opening of CMH would enhance the career development of CMPs.

27. Regarding training for nurses working in CMH, some members opined that the Administration should leverage on expertise of those existing nursing professionals with training in Chinese medicine nursing provided in the form of a component in the registered nurse training programmes or a master nursing programme as well as nursing experience in HA. The Administration agreed that there was a pool of nursing talents with training in Chinese medicine nursing in the market. To cater for the special caring environment of CMH, the CM Fund would provide funding to organizations to design training components for incorporation into the existing nurse training programmes or introduce some advanced training programmes.

28. Some members pointed out that CMPs had along been calling for the introduction of a registration system for their profession and the main purpose of CM Fund should be for providing funding support for the industry.

29. These members asked how the Administration would take forward the findings and recommendation of the Research. Members opined that the Administration should fund the relevant study by other sources. The Administration advised that the Research was relevant to the development of the Chinese medicine drug sectors. It assured members that it would consult the Chinese medicine industry in a timely manner such that the Administration might formulate the way forward in respect of such policies on the basis of the Research.

Collaboration among CMH, CMCTRs & ICWM Pilot Programme

30. In response to members' concern about the positioning of and collaboration among CMH, CMCTRs and HA's ICWM Pilot Programme and whether there would be any overlapping in the functions of CMH and CMCTRs, the Administration advised that CMH would focus on subsidized inpatient and market-oriented Chinese medicine services, whereas CMCTRs would focus on providing subsidized outpatient services. The Administration would establish a

mechanism between CMH and CMCTRs to facilitate referral of patients, knowledge and talents. Specific honorary appointment terms would also be developed to cater for CMH's engagement of experienced personnel practicing in the private sector. Referrals from Chinese medicine and Western medicine sectors in both the public and private healthcare systems would also be facilitated.

Government Chinese Medicines Testing Institute

31. At the Subcommittee meeting held on 8 June 2020, members were briefed on the work and progress in establishing GCMTI.

32. Some members cast doubt about whether GCMTI should continue its function in formulating reference standards for Chinese medicine drugs under HKCMMS, as the local Chinese medicine drug industry had widely followed the relevant standards set out in the Chinese Pharmacopoeia. Members opined that resources should instead be allocated for GCMTI to provide testing services of pCms. The Administration advised that the issue would need to be thoroughly considered having regard to the fact the Chinese Pharmacopoeia 2015 provided regulatory standards for Mainland drug industry, whereas HKCMMS offered reference standards to Hong Kong Chinese medicines trade and testing industry. The Administration also elaborated on the facilities to be provided in the permanent GCMTI building for conducting Chinese medicine drug testing and related work, which included various dedicated laboratories, a Chinese medicines herbarium laboratory, a digitalized database of Chinese medicines, an international collaboration and training centre, an outdoor medicinal plant garden, laboratories for the Chinese Medicines Section of Government Laboratory, the macroscopic and microscopic identification laboratory of DH and a laboratory for conducting proficiency test schemes and producing reference materials.

33. In reply to members' enquiries, the Administration advised that the testing services to support the regulatory work in respect of Chinese medicine drugs were provided by, among others, the laboratories for the Chinese Medicines Section of the Government Laboratory. These laboratories would be moved to the permanent GCMTI building which was expected to commence operation in phases together with CMH.

34. Some members pointed out that some Chinese herbal medicines could be taken directly after being grounded into powder and relayed the concern of some members of the Chinese medicine sector over the method employed by the Government Laboratory for testing samples of Chinese herbal medicines under

the market surveillance mechanism whereby preliminary tests were conducted on Chinese medicine decoction pieces in the first stage of testing. Some other members opined that the second-stage testing of residues in the decoctions of the Chinese herbal medicines concerned had narrowed the net. The Administration advised that the tests on Chinese medicine drugs undertaken by the Government Laboratory had been accredited. Under the market surveillance mechanism, the Government Laboratory would first conduct primary testing on the samples of Chinese herbal medicines. If excessive pesticide residues and/or heavy metals and toxic elements were detected in the samples, second-stage testing, i.e. testing for pesticide residues in the decoctions of the Chinese herbal medicine samples concerned (not applicable if the Chinese herbal medicines concerned could be directly taken after being grounded into powder), would be carried out. The testing of the Chinese herbal medicines concerned in the form of a decoction was considered by international experts to be a closer simulation of condition under which such medicines were consumed and which was more appropriate for health risk assessment. It should be noted that the regulatory standards adopted by the Chinese Pharmacopoeia had also taken into account, among others, the transfer rate of heavy metal and toxic elements as well as pesticide residues from the Chinese herbal medicines into the decoctions to assess the intake impacts on human beings. The limits of heavy metals and toxic elements and pesticide residues in Chinese herbal medicines set by The Chinese Medicine Council of Hong Kong ("CMCHK") were made available on the website of CMCHK. The Administration had also maintained communication with the Chinese medicine industry in this regard.

35. Some members were of the view that that the proposed setting up of an outdoor medicinal plant garden in the permanent GCMTI might have little value in setting benchmarks to pave way for the internationalization of Hong Kong's Chinese medicine drug industry. Members opined that the proposals that the permanent GCMTI would house a digitalized database on Chinese medicines to form a database on knowledge, research and application of Chinese medicine drugs, as well as an international collaboration and training centre to promote the transfer of technical know-how of Chinese medicine drug testing to the Chinese medicine drug sector might duplicate the work of the academic sector in this regard. Members also expressed that the positioning of the permanent GCMTI should be targeted at fostering the development of the local Chinese medicine drug industry. The Administration elaborated on how the functions of the three facilities of GCMTI cited by members would meet the mission of the permanent GCMTI of developing reference standards for Chinese medicine drugs through scientific research and their uniqueness when compared to other similar facilities. The Administration further assured members that it would take into account views from members and stakeholders, and further consult the

Advisory Committee on GCMTI in taking forward the establishment of the permanent of GCMTI.

Relevant questions raised at Council meetings

36. At the Council meetings of 15 May 2019 and 20 January 2021, Hon Elizabeth QUAT raised questions on regulation and development of Chinese Medicine. The hyperlinks to the questions and the Administration's responses are in **Appendix III**.

Relevant questions raised at Finance Committee meetings

37. At the special FC meetings to examine the Estimates of Expenditure 2020-2021 held on 8 April 2020, a number of members raised questions about CMH and GCMTI. Details of the questions and the Administration's replies are given in the hyperlinks in **Appendix III**.

Latest position

38. The Administration will consult the Panel, at its meeting scheduled for 9 April 2021, on the funding proposals for upgrading 3116MH – "The development of CM Hospital in Tseung Kwan O" and 3001MZ – "The establishment of GCMTI in Tseung Kwan O" to Category A. In connection with the preparation for the commencement of CMH, the Administration also plans to consult the Panel on the funding proposals for commissioning of services and the setup of dedicated information technology systems for CMH.

Relevant papers

39. A list of relevant papers is in **Appendix III**.

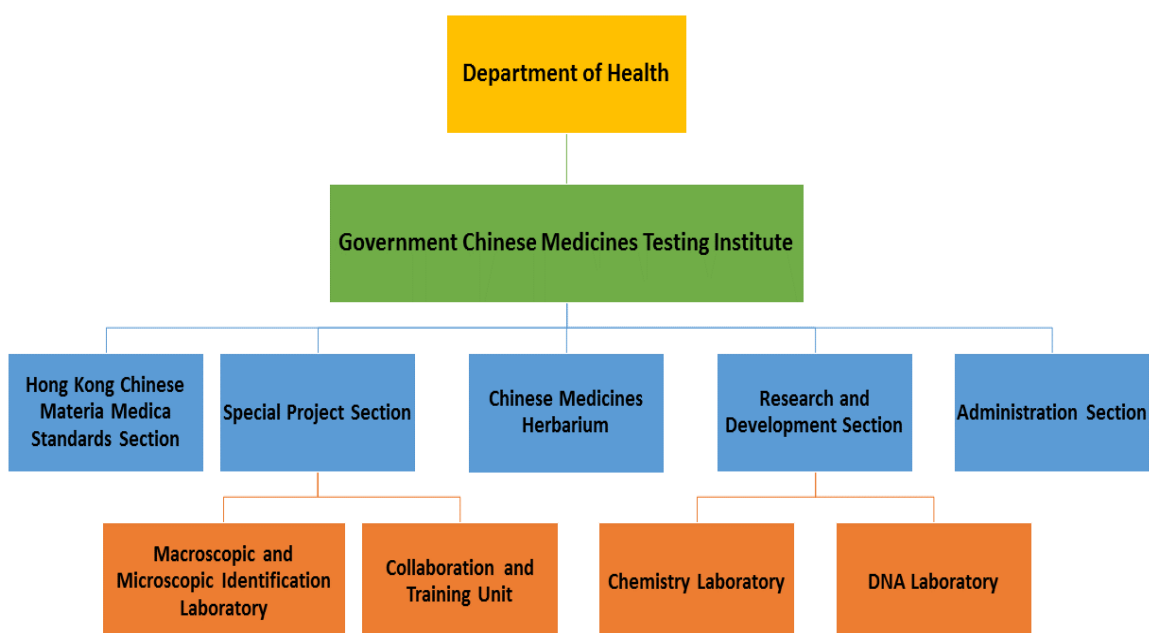
Five key missions on the development of the Chinese Medicine Hospital

- Medical Services
The Chinese Medicine Hospital ("CMH") will provide predominantly Chinese medicine clinical services. CMH will seek to offer quality Chinese medicine services meeting the healthcare needs of Hong Kong with patient safety and experience being the top priorities.
- Training and Education
CMH will be the clinical training platform for the Chinese medicine undergraduate students and registered Chinese medicine practitioners ("CMPs"). CMH will collaborate with different academia and other related institutions, providing specific healthcare training and education opportunities to CMPs, doctors and healthcare professionals.
- Research
CMH will establish a clinical research platform of high standard with international recognition, to promote evidence-based Chinese medicine clinical research so as to promote the research capability of the Chinese medicine industry.
- Collaboration
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 Chinese medicine.
- Creating Health Values
Through evidence-based research, 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 the Chinese medicine. CMH will promote the health values of the Chinese medicine to the public for better understanding of the Chinese medicine, adopting the Chinese medicine approaches in daily lives and using Chinese medicine services in achieving better health.

Source: Administration's paper issued in May 2020 (CB(2)875/19-20(04))

Government Chinese Medicines Testing Institute

Organization Chart of GCMTI



Source: website of the Chinese Medicine Regulatory Office of the Department of Health, https://www.cmro.gov.hk/html/eng/GCMTI/org_chart.html

Functions of GCMTI

- (a) To embark on high-tech scientific research and develop testing methods which will be transferred to the CM drug industry and the testing industry for their reference and use, as well as to provide training to them with a view to strengthening their capability for CM drug quality control and identification;
- (b) To collect CM drug specimens and specimens of their originating plant/animal species, and establish a digitalised platform for sharing its integrated information with the public, the industry and research institutions;
- (c) To continue formulating reference standards for CM drugs under the Hong Kong Chinese Materia Medica Standards (HKCMMS) project; and
- (d) To promote reference standards and testing methods of CM drugs through organising international exchange events.

Source: Administration's paper issued in June 2020 (CB(2)1142/19-20(03))

Appendix III

List of relevant papers

| Meeting | Date of meeting | Paper |
|--|------------------------------------|---|
| Subcommittee on Issues Relating to the Development of Chinese Medicine | 4 May 2020 | Administration's paper CB(2)875/19-20(04) Background brief on development of Chinese Medicine Hospital CB(2)875/19-20(05) Minutes CB(2)81/20-21 |
| | 8 June 2020 | Administration's paper CB(2)1142/19-20(03) Minutes CB(2)91/20-21 |
| Panel on Health Services | 30 September 2020 (issued date) | Administration's letter to the Chairman CB(2)1513/19-20(01) |
| | 17 December 2018 | Administration's paper CB(2)423/18-19(03) Background brief on development of Chinese medicine hospital and provision of subsidized Chinese medicine services prepared by the Legislative Council Secretariat CB(2)423/18-19(04) Minutes CB(2)1257/18-19 |

| Meeting | Date of meeting | Paper |
|---------------------------|------------------------|---|
| Council Meeting | 15 May 2019 | Official Record of Proceedings pages 22-26 (Question raised by Hon Elizabeth QUAT on Development of the Chinese medicine industry) |
| | 20 January 2021 | Question raised by Hon Elizabeth QUAT on regulation and development of Chinese medicine |
| Special Finance Committee | 8 April 2020 | Administration's replies to Members' initial written questions (Reply Serial Nos. FHB(H)028, FHB(H)280, FHB(H)328, FHB(H)544, FHB(H)572, FHB(H)579) |

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