

**APPENDIX D COMPARISON WITH OVERSEAS ECONOMIES' HEALTHCARE FINANCING ARRANGEMENTS**

**Table D.1 Comparison of Healthcare Systems in Selected Economies – Part I**

	<b>Hong Kong</b>	<b>Australia</b>	<b>Canada</b>
<b>Predominant funding source</b>	General taxation	General taxation	General taxation
<b>Main tax</b>	Income tax 16%; Sales tax: Nil	Income tax 47%; Sales tax 10%	Income tax 46.4%; Sales tax 7-17%
<b>Major scheme</b>	Hospital Authority	Medicare	Medicare
<b>Contributions for major scheme</b>	N/A	Medicare Levy: 1.5% income; Medicare Levy Surcharge for high income earners with no private hospital insurance: 1% income	Health premiums (only in British Columbia, Alberta and Ontario) - e.g. Alberta: C\$44 (HK\$234) or C\$88 (family) per month, with the elderly exempted
<b>Population coverage</b>	Universal	Universal	Universal
<b>Service coverage</b>	Not defined - comprehensive	Defined - only services and drugs listed in benefits schedules	Defined in Canada Health Act as essential or medically necessary services
<b>Service exclusions</b>	Drugs not in the HA Drug Formulary and some medical devices	Dental, ambulance, home nursing, allied health, visual & hearing aids, prosthetic, service not medically necessary	Dental, ambulance, prescription drugs, visual aids
<b>Providers of subsidized care</b>	Public providers only; Patients have no choice of doctors	Public or private providers; Public inpatients have no choice of hospital doctors	Private or public providers; Patients can choose both providers and doctors

Note: Income tax refers to top marginal rates of personal income tax **excluding** employee social security contribution. For the case in Hong Kong, the maximum personal income tax is subject to a cap of 16.0%, which is known as the standard rate.

	<b>Finland</b>	<b>United Kingdom</b>	<b>Singapore</b>
<b>Predominant funding source</b>	General taxation	General taxation	Out-of-pocket payment
<b>Main tax</b>	Income tax 48.8%; Sales tax 22%	Income tax 40%; Sales tax 17.5%	Income tax 21%; Sales tax 5%
<b>Major scheme</b>	Municipal healthcare; National Health Insurance (NHI)	National Health Service (NHS)	Medisave (compulsory medical savings accounts); Medishield (voluntary health insurance)
<b>Contributions for major scheme</b>	Municipal healthcare: N/A; NHI (social insurance): around 4%* of income without ceilings	N/A	Medisave: 6.5-9%* of income with account cap S\$33,500 (HK\$173,092); Medishield: S\$30-705 (HK\$155-3,640) annual, according to age bands
<b>Population coverage</b>	Universal (including NHI)	Universal	Medisave: account holders and their family; Medishield: individuals up to age 85
<b>Service coverage</b>	Municipal healthcare: not defined - comprehensive; NHI: outpatient drugs, occupational healthcare, private outpatient care, cash benefits for sickness, maternity and parental care of a sick child	Not defined – comprehensive	Medisave and Medishield: inpatient, day surgery, dialysis and chemotherapy; New inclusion for Medisave: outpatient care for selected chronic diseases
<b>Service exclusions</b>	-	Drug not in the NHS drug lists	Most of the outpatient services
<b>Providers of subsidized care</b>	Municipal healthcare: public providers only; Patients have no choice of doctors or hospitals; NHI: private clinics and pharmacies	NHS providers only; Patients have no choice of doctors	Public providers only, no choice of doctors; Patients using Medisave and Medishield can choose public or private services but coverage is up to public B2 or C class level

\* Contributions shared by employers and employees

	<b>Austria</b>	<b>Belgium</b>	<b>Japan</b>
<b>Predominant funding source</b>	Social health insurance	Social health insurance	Social health insurance
<b>Main tax</b>	Income tax 42.7%; Sales tax 20%	Income tax 46.5%; Sales tax 21%	Income tax 47.1%; Sales tax 5%
<b>Major scheme</b>	Statutory sickness funds	Statutory sickness funds	Statutory sickness funds
<b>Contributions for major scheme</b>	6.4%-9.1% of salary* with ceilings	Employees 3.55% of salary; Employers 3.80% of employee's salary; Self-employed 3.20%; No ceilings	Kumiai (corporate managed): 3-9.5%* of income; Seikan (for SMEs): 8.5%*; Kokuho (public): based on household income and asset (average 10.2%); Elderly insurance: contributions from sickness funds and govt subsidy
<b>Population coverage</b>	Working population & their dependents; Welfare recipients not covered but receive health services directly from the government	Universal; Government pays to sickness funds for healthcare of welfare recipients, the elderly and other vulnerable groups who pay no contributions	Kokuho is for self-employed, unemployed, small business and retirees; Together, the 4 schemes cover the whole population
<b>Service coverage</b>	Comprehensive, including long-term nursing care and cash benefits for sickness and maternity	Defined in nationally set fee schedule – curative medical care and dental care only; Preventive care and health promotion are tax-funded	Defined in nationally set fee schedule, including most dental care; Kumiai and Seikan: also include cash benefits for sickness & maternity
<b>Service exclusions</b>	-	Services not listed in the fee schedule, e.g. cosmetic surgery	Abortion, cosmetic surgery, traditional medicine, some high-tech procedure
<b>Providers of subsidized care</b>	Public or private providers contracted by the sickness funds; GP referral for inpatient care	Public or private providers; Patients have choice of doctors and hospitals	Mostly private providers

\* Contributions shared by employers and employees

	<b>Korea</b>	<b>The Netherlands</b>	<b>Switzerland</b>
<b>Predominant funding source</b>	Social health insurance	Private health insurance + Social insurance	Private health insurance
<b>Main tax</b>	Income tax 35.5%; Sales tax 10%	Income tax 52%; Sales tax 19%	Income tax 37.8%; Sales tax 7.6%
<b>Major scheme</b>	National Health Insurance (NHI)	Health Insurance Act (compulsory health insurance)	Health Insurance Act (compulsory health insurance) - private but termed as social insurance in Swiss law
<b>Contributions for major scheme</b>	4.77%* of salary with ceiling	Community-rated premiums, average annual EUR1,050 (HK\$10,850); Premiums of children aged 18 or below are covered by public funds; Income-related contribution of 4.4% or 6.5% up to EUR1,950 per year (HK\$20,148)	Community-rated premiums, average CHF184-398 (HK\$1,213-2,623) per month; No profit allowed from the compulsory insurance
<b>Population coverage</b>	Working population & their dependents; Needy families are covered by tax-funded programme with free insurance benefits same as those of NHI	Universal but individually insured; Obligatory acceptance of all applications; Income-related contribution is for covering risk adjustment and children's premium	Universal but individually insured; Obligatory acceptance of all applications; Risk adjustments among insurance companies
<b>Service coverage</b>	Comprehensive, including dental, oriental medicine, and cash benefits for funeral	Defined and uniform basic coverage; Comprehensive (includes dental care for children and young people up to age 22); World-wide coverage	Defined and uniform basic coverage; Comprehensive, including long-term nursing care and disease-related dental care
<b>Service exclusions</b>	Services not medically necessary, amenities, assisted reproduction, new medical technology, dental prosthesis, drugs without prescription	Hospital care exceeding 365 days, and vaccinations, which are covered under a separate long-term care social insurance (contribution rate is 13.45% of income)	Routine dental care, complementary medicine, drugs not listed in the approved list, services not medically necessary
<b>Providers of subsidized care</b>	Mostly private providers; Patients have choice of western or oriental medicine	Mostly private providers; Contracted by insurance companies	Public or private providers; Patients can choose doctors or take up managed care packages

\* Contributions shared by employers and employees

	<b>The United States</b>
<b>Predominant funding source</b>	Private health insurance
<b>Main tax</b>	Income tax 41.3%; Sales tax varies by states (some states do not have sales tax while others ranged from 2.9 to 7.25%)
<b>Major scheme</b>	Voluntary private health insurance; Medicare (Social health insurance); Medicaid (General taxation)
<b>Contributions for major scheme</b>	Majority of private health insurance are group-purchased by employers;  Medicare: 2.9%* of salary;  Medicaid: N/A
<b>Population coverage</b>	Private health insurance: mostly working population; Medicare: retirees aged 65 and above and some disabled people; Medicaid: poor elderly and disabled people, poor family with children
<b>Service coverage</b>	Medicare: inpatient, skilled nursing facilities, home healthcare, hospice and inpatient drugs; Medicaid: Basic health and long term care
<b>Service exclusions</b>	Medicare: A&E, outpatient, day surgery, tests and outpatient drugs – these are covered under voluntary plans with monthly premiums
<b>Providers of subsidized care</b>	Private providers

\* Contributions shared by employers and employees

**Table D.1 Comparison of Healthcare Systems in Selected Economies – Part II**

	<b>Hong Kong</b>	<b>Australia</b>	<b>Canada</b>
<b>Subsidy level</b>	Specialist outpatient: 92% cost; General outpatient: 83% cost; Inpatient: 97% cost	Outpatient: 85% scheduled fees; Inpatient: 75-100% scheduled fees	100% for medical services; Nil for prescription drugs
<b>User fees or copays (outpatient)</b>	Specialist: HK\$60; GP: HK\$45; A&E: HK\$100	15% scheduled fees + remaining balance charged by doctors (can't pay through private insurance)	Nil
<b>User fees or copays (inpatient)</b>	HK\$100 per day inclusive of food & lodging	Public patients: Nil; Private patients: 25% of scheduled fees + remaining balance + charges for food & lodging	Nil
<b>User fees or copays (prescription drugs)</b>	HK\$10 per item (only for specialist outpatient drugs)	Up to A\$30.70 (HK\$202) per item; A\$4.90 (HK\$32) for concession card holders	Full fees
<b>Safety net</b>	Exemptions for welfare recipients; Means-tested fee waiver system with household size-adjusted asset and income limits: income below 75% of median monthly household income, with higher asset limits for elderly patients	Outpatient: 100% subsidy for scheduled fee if copays reach A\$358.90 (HK\$2,355) in a year; Prescription drugs: concessionary rate of A\$4.90 if copays exceed A\$1,059 (HK\$6,967) in a year; Waived if concessionary copays exceed A\$274.40 (HK\$1,805) in a year	Pharmacare: provincial drug subsidies for elderly people and welfare recipients
<b>Private health insurance</b>	Not regulated	Community-rated premiums; Obligatory acceptance of all applications; Premium surcharge imposed on young people who take out private insurance after age 30, to protect against adverse selection	Premium not regulated; Can only cover services not covered by Medicare

	<b>Finland</b>	<b>United Kingdom</b>	<b>Singapore</b>
<b>Subsidy level</b>	Municipal healthcare: almost 100%; NHI: 15-58% of fees	100% cost for most services	No direct subsidy to Medisave and Medishield schemes; B2 class ward: 65% cost; C class ward: 80% cost
<b>User fees or copays (outpatient)</b>	Municipal healthcare: nominal; NHI: Deductible EUR13 (HK\$142) + 60% copays for consultation, 75% for treatment and test	Nil for most services; Nominal fees for ophthalmic and dental services	Medisave withdrawal limit for selected chronic diseases: S\$300 (HK\$1,549) per year but for each bill, patients have to pay the first S\$30 and 15% of the balance; Medishield: N/A
<b>User fees or copays (inpatient)</b>	Municipal healthcare: up to 80% of income for patients aged ≥ 18 if stay is longer than 3 months;  NHI: N/A	Mostly nil; Charges levied on insurance companies for road traffic accident patients	Medisave withdrawal limits: daily charges S\$400 (HK\$2,067), surgical charges S\$150-5000 (HK\$775-25,833);  Medishield: deductible at least S\$1,000 (HK\$5,163) per year + 10-20% copays; claims limit S\$50k (HK\$258,153) per year, S\$200k (HK\$1.03 million) lifetime
<b>User fees or copays (prescription drugs)</b>	NHI: 42% of fees (for outpatient drugs only)	Nominal fees	Withdrawal and claims limits as above
<b>Safety net</b>	Non-means-tested annual ceiling on public user fees and NHI copays; Chronic patients: reduced deductible for drugs EUR4 (HK\$44) + 75% or 100% reimbursement	Exemptions for welfare recipients, children, pregnant women and new mothers, and patients with selected medical conditions	Medifund: means-tested government endowment fund to assist public patients who cannot afford copays
<b>Private health insurance</b>	Premium not regulated	Premium not regulated	Premiums of approved insurance plans can be paid using Medisave

	<b>Austria</b>	<b>Belgium</b>	<b>Japan</b>
<b>Subsidy level</b>	Contracted providers: unclear; Non-contracted providers: 80% of contracted fees	Outpatient: 60-70% scheduled fees; Drugs: Nil for the self-employed; 0-100% for others depending on the drug's therapeutic value	Varies depending on sickness funds
<b>User fees or copays (outpatient)</b>	Contracted providers: fixed sum for 1 <sup>st</sup> consultation in a given quarter of the year; Non-contracted providers: 20% of contracted fees + remaining balance	GP: 30% scheduled fees; Specialist: 40% scheduled fees	20-30% scheduled fees with monthly cap per household: ¥63,600 (HK\$4,270);  Elderly copays: 10% scheduled fees, monthly inpatient cap
<b>User fees or copays (inpatient)</b>	Deductibles EUR10-15 (HK\$110-165) per day for the 1 <sup>st</sup> 28 days + 10-20% copays	Separate flat rate statutory copays for hospitalization, drugs and diagnostic tests or radiology	¥24,600 (HK\$1,652), monthly outpatient cap ¥8,000 (HK\$537)
<b>User fees or copays (prescription drugs)</b>	EUR4.45 (HK\$49) per item; 10-20% for therapeutic products	Self-employed: full costs; Others: 0-100% costs depending on subsidy level	
<b>Safety net</b>	Means-tested exemptions on copays	Vulnerable groups: exempt if copays exceed EUR450 (HK\$4,926) in a year; Others: tax deductible if copays exceed thresholds (income-based)	Lower monthly cap for low-income family: ¥35,400 (HK\$2,377)
<b>Private health insurance</b>	Premium not regulated	Premium not regulated	Premium not regulated



	<b>Korea</b>	<b>The Netherlands</b>	<b>Switzerland</b>
<b>Subsidy level</b>	Outpatient: varies depending on the type of clinic/hospital; Inpatient: 80% of scheduled fees	55% of the Health Insurance Act revenues are from government subsidy (5%) and the income-related contribution (50%)	N/A for private insurance, but government subsidizes the capital costs and at least 50% of the running cost of subsidized hospitals
<b>User fees or copays (outpatient)</b>	Clinic: min. 3000 won (HK\$25); If bill exceeds 15,000 won (HK\$126), 30% of scheduled fees;  Hospital: 40% or 50% of scheduled fees	Not stipulated, depend on the plans opted for (benefits-in-kind or reimbursement, level of deductibles, etc.)	Deductible (for adults only): CHF300-2500 (HK\$1,970-16,411) per year; 10% copay with annual cap CHF700 (HK\$4,594) for adults; Cap for children is halved; If several children of a family are insured by the same company, their total copay cannot exceed twice the children cap
<b>User fees or copays (inpatient)</b>	20% of scheduled fees		
<b>User fees or copays (prescription drugs)</b>	For drugs with prescription: 20% for people aged 65 or above, 30% for people aged below 65		
<b>Safety net</b>	Reimburse 50% of the exceeded amount if copays exceed 1.2 million won (HK\$10,117) in 30 days; Exempt if exceed 3 million won (HK\$25,292) in 6 months	No-claim reimbursement for adults with annual claims below EUR255 (HK\$2,635) (to be abolished with effect from 01 January 2008); Means-tested premium subsidy up to EUR1,050 (HK\$10,846)	Means-tested premium subsidy varies by region (e.g. for premiums exceeding 10% of household income); Welfare recipients' premiums are paid by the government
<b>Private health insurance</b>	Premium not regulated	Voluntary top-up plans not regulated	Voluntary top-up plans not regulated

	<b>The United States</b>
<b>Subsidy level</b>	Medicaid: almost 100%
<b>User fees or copays (outpatient)</b>	Medicare: 20% of scheduled fees + annual deductible of US\$100 (HK\$780);  Medicaid: Nominal copay US\$0.5-3 (HK\$4-23)
<b>User fees or copays (inpatient)</b>	
<b>User fees or copays (prescription drugs)</b>	
<b>Safety net</b>	Medicaid: No copay for A&E, family planning and hospice care; Copay exempted for children, pregnant women and elderly or disabled welfare recipients
<b>Private health insurance</b>	Premium (including voluntary top-ups for Medicare) not regulated; Annual premium for voluntary top-ups for Medicare US\$1,000-3,500 (HK\$7,800-27,300)

**Table D.2** Comparison of healthcare expenditure and source of financing in Hong Kong and selected economies

Economy	Total health expenditure as a % of GDP <sup>1</sup>	Public health expenditure as a % of GDP	Source of financing				Per capita health expenditure at purchasing power parity <sup>2</sup>	Public expenditure as a % of GDP <sup>3</sup>	Highest personal income tax <sup>4</sup>	Sales tax <sup>5</sup>	Public health expenditure as a % of total tax revenue <sup>6</sup>
			Public		Private						
			General taxation	Social health insurance	Private health insurance	Out-of-pocket payments/ others sources					
Hong Kong	5.2	2.8	<b>54.8%</b>	-	12.4%	32.7%	1,666	19.7	16.0%	-	23.6
Australia	9.5	6.4	<b>67.5%</b>	-	6.7%	25.8%	3,128	34.4	47.0%	10%	20.6
Canada	9.8	6.9	<b>68.8%</b>	1.5%	12.9%	16.8%	3,326	39.3	46.4%	7-17%	20.7
Finland	7.5	5.9	<b>61.1%</b>	16.6%	2.3%	20.0%	2,331	50.5	48.8%	22%	13.4
United Kingdom	8.3	7.2	<b>87.1%</b>	-	1.0%	11.9%	2,724	44.5	40.0%	17.5%	19.7
Austria	10.2	7.7	29.7%	<b>46.0%</b>	5.2%	19.1%	3,519	49.9	42.7%	20%	18.3
Belgium	10.3	7.4	4.2%	<b>63.3%</b>	5.1%	27.4%	3,389	49.9	46.5%	21%	16.3
Japan	8.0	6.6	15.9%	<b>65.9%</b>	0.3%	17.9%	2,358	38.1	47.1%	5%	25.1
Korea	6.0	3.2	11.9%	<b>41.1%</b>	3.4%	43.6%	1,318	28.9	35.5%	10%	12.5
Netherlands	9.2	5.7	2.8%	<b>59.5%</b> <sup>7</sup>	19.0%	18.7%	3,094	45.5	52.0%	19%	15.2
Switzerland	11.6	6.9	17.2%	<b>42.5%</b> <sup>8</sup>	8.8%	31.5%	4,177	36.3	37.8%	7.6%	23.2
United States	15.3	6.9	32.1%	12.9%	<b>36.6%</b>	18.4%	6,401	36.6	41.3%	2.9-7.25%	25.3
Singapore	3.8	1.3	25.5%	9.2% <sup>9</sup>	-	<b>65.3%</b> <sup>9</sup>	1,180	15.6	21.0%	5%	7.2

**Table D.2** Comparison of healthcare expenditure and source of financing in Hong Kong and selected economies (cont'd)

Note: Figures were extracted from the OECD Health Data 2007 (Oct 07), National Accounts of OECD Countries, volume 2, OECD 2007, OECD Tax Database (accessed 10 Dec 2007), the World Health Organization – National Health Accounts Series, and the Hong Kong's Domestic Health Accounts: Estimates of Domestic Health Expenditure, 1989/90-2004/05, unless otherwise specified.

1. Figures for Singapore (2004 figure) were provided by the Singapore Ministry of Health.
2. Figures for Hong Kong (2004/05 figure) were compiled using the purchasing power parity conversion rate from the World Development Indicators 2006.
3. Figures for Hong Kong (2004/05 figure) and Singapore (2005 figure) were compiled respectively from Hong Kong Annual Digest of Statistics 2006 and Yearbook of Statistics Singapore.
4. Income tax refers to top marginal rates of personal income tax exclusive of employee social security contribution. For the case in Hong Kong, the maximum personal income tax is subject to a cap of 16.0%, which is known as the standard rate. Figures for Singapore were provided by the Singapore Ministry of Health.
5. Figures for Canada and Singapore (2005 figure) were provided by the Health Canada and Singapore Ministry of Health respectively. In United States, some states do not have sales tax while others ranged from 2.9 to 7.25%.
6. Figures for Singapore (2004 figure) were provided by the Singapore Ministry of Health.
7. Figure is as of 2004 extracted from OECD Health Data (Oct 2006). However, it should be noted that for the Netherlands, there have been new developments since then. The Netherlands implemented a mandatory private health insurance scheme in January 2006 under a major healthcare reform. The mandatory insurance is managed by private insurers and is financed by community-rated premiums as well as by income-related contributions that are meant for covering children's premiums and for risk adjustment among insurance companies. Prior to the reform, the major financing source was social health insurance, participation of which was compulsory for people with income lower than a certain level, while higher income people took out voluntary private health insurance.
8. What the Swiss law terms as a social health insurance is in fact mandatory taking out of private health insurance that are managed by private insurance companies. The insurance is mandatory for the whole population and low-income families are subsidized by the government. Premiums of the mandatory insurance are community-rated and the insurers are not allowed to make profits from the compulsory insurance.
9. The figure under social health insurance in Singapore refers to the Medisave, Medishield and Eldersshield schemes. However, Medisave is an individual medical savings accounts scheme which does not involve direct income redistribution that is a hall-mark of social health insurance, whereas Medishield and Eldersshield are voluntary taking out of private health insurance and long-term care insurance respectively. Also, the figure under out-of-pocket payments for Singapore has included private health insurance (other than Medishield) and employer provided medical benefits.