Chapter 5 STRENGTHEN PUBLIC HEALTHCARE SAFETY NET

The Public Healthcare Safety Net

5.1 The current public healthcare system serves as an essential safety net for the population, especially those who lack the means to pay for their own healthcare. We need to improve the existing safety net provided by the public healthcare system, in order to maintain and improve the coverage and quality of healthcare services provided for those in need. In particular, we must continue to maintain our long established policy that no one should be denied adequate healthcare through lack of means by ensuring that the public healthcare system can continue to serve those who cannot afford private healthcare services.

5.2 To do so, the Government will continue to provide highly-subsidized public healthcare services to the population. The current fee waiver mechanism and other financial assistance schemes for certain self-financed drug items (SFIs) and privately-purchased medical items (PPMI) through the Samaritan Fund will continue to be available as a safety net for CSSA recipients and low-income families as at present. We will consider streamlining the current fee waiver mechanism and other financial assistance schemes with a view to rationalizing and simplifying the application and administration procedures for those in need.

5.3 If we can successfully reform the current market structure and financing arrangements to effectively reduce the pressure on the public healthcare system, we envisage that there should be room for improving the safety net under the public healthcare system, in terms of both coverage and quality of services. Our proposals for improving the public healthcare safety net are set out in the ensuing sections.

Improve the Public Healthcare Safety Net

5.4 If pressure on public hospitals is reduced and resources in the public healthcare system are freed-up, we may consider improving services in the public healthcare system in the following ways –

(a) **Reduce waiting time of public hospital services**: the freed-up resources could be used to reduce waiting time of existing services (e.g. queues for specialist out-patient services). This could be done either through strengthening the existing services provision after the demand pressure on services has been reduced, or through using the extra resources to purchase

services from the private sector (see Chapter 3 on purchase of services as part of public-private partnership).

(b) **Improve the coverage of standard public services**: the current drug formulary as well as the lists of self-financed items or privately-purchased medical items are reviewed from time to time. The freed-up resources would allow room for further improvement to the coverage of these drugs and items. Certain items whose effects are proven can be considered for inclusion as standard services, or be subsidized for patients.

(c) **Explore the idea of a personal limit on medical expenses**: The freed- up resources would allow public hospitals to procure new equipment, to upgrade or replace existing equipment with a view to improving services. Freed-up public hospital resources would also provide room for considering improvements to the current safety net and financial assistance mechanisms, for instance, by catering more to the needs of families with patients struck by complex illnesses (e.g. catastrophic or chronic illnesses) requiring costly treatment. We may explore the idea of introducing a limit on medical expenses for individual patients as part of the safety net mechanism to protect these families against financial ruin. The concept is to set a limit on the proportion of annual household income spent by a family for secondary healthcare in public hospitals, beyond which financial assistance would be provided. Depending on views received during the public consultation towards the proposals, this concept of spending limit of medical expenses can be further developed.

(d) **Inject funding into the Samaritan Fund**: part of the freed-up resources can be injected into the Samaritan Fund as extra funding to finance those who need but lack the means to use certain medical treatment which are not included as standard services.

Rationalize Public Fee Structure

5.5 For reasons detailed in Chapter 9, we believe that it would not be feasible or desirable to rely on increases in fees and charges for public services as a means of providing a significant source of financing for healthcare. We believe that in parallel with improving the public healthcare safety net, there should be scope for reviewing the current fee structure for public healthcare services to ensure that they remain accessible and affordable. In this connection, we consider that any future review of fees and charges for public services should be undertaken based on the following principles –

(a) **Resource prioritization**: the structure and level of the fees should aim at targeting resources at priority service areas of the public healthcare system. In particular, the level of subsidization for different services should take into account the priority of the services.

(b) **Affordable services**: the fees should have regard to affordability of patients in general, having regard to both level of fees and frequency of utilization. The low-income families and under-privileged groups should be covered by the safety net mechanism for financial assistance.

(c) **Judicious and appropriate use**: the fees should be conducive to encouraging judicious and appropriate use of public healthcare services by patients, so as to ensure that services are accessible by and available to those in need.

(d) **Shared responsibility**: the fees should instil a sense of shared responsibility for health – the Government continues to provide a comprehensive healthcare safety net for the whole population, while individuals also take a share of responsibility for their own healthcare.

5.6 Irrespective of any rationalization, we expect public healthcare services to remain highly-subsidized overall and government funding will continue to be the primary funding source for the public healthcare system. In particular, we expect that the public healthcare system will have to continue to serve as an effective safety net by continuing to provide highly-subsidized healthcare services that entail high cost and pose huge financial risks to individuals beyond their means, such as the treatment of catastrophic illnesses and chronic diseases.