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13 June 2008

Dr York Chow

Secretary for Food and Health

Food and Health Bureau, HKSAR

Fax : 2102 2525

Total : 5 pages inclucing this cover letter

Dear Dr Chow,

In response to the "Your Health Your Life" consultation document, our association is pleased to submit our position paper as attached.

Thank you for your attention.

Sincerely Yours,

Tina WT Yap

Chairman

On behalf of the Executive Committee

The Pharmaceutical Distributors Association of Hong Kong

If receive incomplete, please call 3107 4038.

Your Health Your Life

1. Introduction

This position paper presents the views of members of The Pharmaceutical Distributors Association of Hong Kong (PDA) in response to the invitation to comment from the Food and Health Bureau as a concerned party with reference to the "Your Health Your Life" consultation.

The consultation calls for input regarding

a) Healthcare Service Reform, and
b) The pros and cons of the different supplementary financing schemes.

We, as a stakeholder in the provision of medicines to the community, seek to maintain a channel of communication with the Health Authorities to reflect the industry's position and concerns on issues of interest to our members and our industry in general while always keeping in mind the wider perspective of the common good for the community as a whole.

The PDA Executive Committee has reviewed the information available from the government, the public domain and other stakeholders on the subject and wishes to offer their views which hopefully will contribute positively towards formulating the final plan for a sustainable healthcare service for the Hong Kong people.

2. Healthcare Reform Issues

While the healthcare service delivery and its financing are closely linked, we feel that for the sake of clarity, it would be more productive if we treat the issues in the "service reform" and "supplementary financing" sequentially.

2.1 Primary Care Delivery Chain

For most people, when they are concerned about their state of health, the first healthcare professional they consult would almost certainly be a doctor either in private practice or in a government clinic or hospital. Quite often, the doctor of first

visit is a specialist practitioner.

This places the doctor as the principal primary care gatekeeper as well as treatment provider. There is nothing wrong with this except that the gatekeeper's role could have been taken up by other healthcare professionals thus releasing the valuable doctor's expertise focusing on diagnosis and treatment at the tertiary level.

A lot of the patients with minor ailments or stable chronic patients can be effectively taken care of by other healthcare professionals without seeing a doctor. For instance, the community pharmacist certainly can play an important role in public health screening like diabetes, medication advice and treating minor ailments as they are professionally equipped and readily accessible to the public. Other professionals like occupational therapists and optometrists, are capable to fulfill the gatekeeper functions too. For instance an optometrist can perform routine screening tests for glaucoma and cataract high risk population relieving pressure at the eye clinic and lessening waiting time for eye operations.

The expansion from the current single primary care gatekeeper setup to multiple channels offers many advantages besides better utilization of current available but spare capacity of professionals other than doctors in primary care, and these include quick patient access, lower overall costs and lower pressure at the hospital and clinics.

To accomplish this change, we need the lead from the government in terms of devising a workable operational model, allocating adequate resources/funding and bringing the different healthcare disciplines together. In many advanced countries like the UK these arrangements are common place and we can certainly draw from their experiences to formulate an arrangement that would be appropriate for Hong Kong.

2.2. Public Private Partnership

The scope is endless. There is danger that this can turn out to be another name for simple contracting out. There should be strict guidelines as to how the particular programme can serve the purpose of making effective use of resources in people, buildings and equipment to make it a win-win for patients, the Hospital Authority (HA) and the private partner.

Hospital care

It is often said the government is the victim of its own success. The HA provides a high standard of service inexpensively (to patients) and accounts for over 90% of all

hospital care. As healthcare care costs escalate, more patients are drawn towards it. The imbalance has led to the under-utilization and under-development of private hospital care. Of late, there are some initiatives aiming to redress the lop-sided situation. Purchase of service from private hospitals to treat HA patients who have been waiting far too long. Further co-operative effort should be explored but it is important to define clearly a framework within which, fairness, transparency and equity to all stake holders are paramount.

2.3 Other Cost Effective Approach

It appears that the current HA screening protocol for new drugs or devices tends to favour large multi-national companies and/or brands. Naturally, this tendency is quite understandable as safety, efficacy and delivery issues are at stake. Our members are mostly small medium enterprises (SMEs).There were instances where our member tried to introduce new product(s) to the HA was turned away before the full case could be presented without being given any valid reason.

Currently the vetting team is composed of only consultation physicians. The inclusion of pharmacists and nurses in the particular area of medical practice into this vetting process will bring beneficial input for the good of patients and improve service.

Otherwise, continuing with existing approach may deny HA many opportunities of utilizing a new and cost effective treatment for patients as well as causing unfair frustration to our members. We urge the HA to keep the door open for all new, safe, efficacious and cost effective drugs or devices.

3. Supplementary Financing Schemes

Healthcare service is important and costly. The government funds, from general tax revenue, the public sector with only extremely small recovery from user fees. The aging population and increasing costs will require ever more funding from the public purse. It is difficult to argue against extra avenue of funding by way of supplementary financing.

The remarkable absence of details on reforms on our healthcare system makes it a blind faith to agree with the rationale and accuracy of the government cost projections. We suggest holding off from deciding on the options until we have clarity.

Given the fact that whatever scheme one supports, the money will be out of pocket for those who are outside the safety net where the government picks up the tab. Where should the money come from?

This is where things become unclear and complex.

For tax paying individuals, we have salary tax and MPF already. Adding another 3-5 % (for starters) on top will it become the last straw that breaks the camel's back? This moves the tax bracket into the 20 % range. And for that what does he get in return? A healthcare service he does not use! He then pays again privately for the healthcare service he actually uses. It seems fair to give these people voluntary participation in the scheme.

We are against employer participation. Our members are SMEs and simply can not afford to take on this extra burden. Most HK companies are SMEs and they are in the same boat. Maybe the government can take the place of the employers as the co-contributor with scheme participants.

No Repeat of the MPF Experience

The MPF was introduced with good intentions and haste. It has inadequate coverage for retirement, high running costs and lacking an effective oversight mechanism in the system. The system is flawed but everybody is stuck with it. If healthcare supplementary financing must be done, we hope that the scheme will be implemented to serve the HK people and not one that is done for the sake of doing it.

Conclusions

The subject is complex and with many interactive variables. Given the fact that a second round of consultation will be forthcoming with details of healthcare reform actions, at the present time we have made a few suggestions regarding opening up the primary care gate keeping role to more healthcare professionals, greater public private partnerships, and feedback on new drug/device introduction. We agree supplementary financing is probably necessary but we are against employer contribution and expect proper planning for its introduction.