



**The British
Chamber of Commerce
in Hong Kong**

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12 June 2008

The Honourable York YN Chow SBS, JP
Secretary for Food and Health
Government Secretariat
19/F Murray Building
Garden Road
Hong Kong

Dear York

I am writing to enclose a submission prepared by the British Chamber of Commerce in Hong Kong on your healthcare reform consultation "Your Health, Your Life".

I would like to take this opportunity to congratulate you and your team for the way in which you have gone about analysing the problems that confront us as a community with regard to the key issue of our healthcare and for presenting some possible solutions for us to consider. It is to be hoped that you will find the attached submission a constructive contribution to the debate that this consultation has opened. You will recall from the meeting which we had with you recently that we stand ready to play an active part in determining how healthcare will be delivered in the future.

This submission will be posted on the British Chamber web site with effect from 13th June 2008 and available for your staff to take soft copies.

Yours sincerely

James Riley
Chairman

Promoting Partnership and Progress

British Chamber of Commerce in Hong Kong Submission on
'Your Health, Your Life'

The Hong Kong Government Healthcare Reform Consultation Document

Introduction

The British Chamber of Commerce welcomes the Government's consultation on Healthcare reform, and commends the Secretary for Food & Health and his team for their analysis of the problems and possible solutions. The Chamber believes health care is an important issue affecting Hong Kong, and that the aging population will increase the load on the healthcare system.

Political Challenge

The Chamber believes that selling the message 'Pay now to avoid the possibility of trouble in the year 2030' will be a political challenge!

The challenge is made more difficult because the Government has not laid out a firm plan for immigration – encouraging a sufficient number of young working adults to live in Hong Kong would help to mitigate the problem of an aging society.

The Chamber believes that the primary message in support of proposed reform should be the short and medium term improvements people can expect to enjoy in access to and quality of healthcare. In particular, issues of access to care must be addressed – the middle classes especially are concerned they will be asked to pay more for the same service.

The Chamber believes it is worth considering attaching proposals to tackle other issues affecting health, such as pollution and long-term care of the dependent elderly, which could be expected to have broad popular support.

Principles

An appropriate level of health care should be available to all, regardless of means. Any publicly mandated health scheme should be inclusive of all in the community, and should not set up a two-tier system.

Cost-Effectiveness

The Chamber believes the Government should fund research into the cost-effectiveness of medical interventions so they can be appropriately evaluated. All interventions, including Traditional Chinese Medicine, should be subjected to the same cost-benefit analysis as, say, breast cancer screening and childhood immunisation.

Prevention

The Chamber agrees that prevention is better than cure, and supports the Government's proposals on screening and preventive efforts of proven cost-effectiveness.

Holistic Approach

The Chamber believes the Government should take a holistic approach to the health of the people, involving many efforts beyond core health care; for example increasing taxes on tobacco and pollution generating industries, increasing fines for industrial safety violations and sending medical bills to responsible parties in industrial and road accidents, and a long list of other measures from air pollution to sex education.

A particular concern to Hong Kong citizens is care arrangements (ie care at home, or in care homes) as they age. These have not been addressed in the proposals.

Enhanced Primary Care

The Chamber believes that enhanced primary care services, including those of doctors, nurses, pharmacists and others, have been proven to enhance health whilst helping to control costs by promoting and delivering preventive services whilst controlling access to secondary

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care. The Chamber supports the Government's proposal to extend primary care and to encourage high professional standards in primary care.

Enhanced Professional Standards in Primary Care

The Chamber believes in further enhancement of professional standards and that funding (whether public or private) should be directed to organisations and individuals meeting appropriate professional standards.

Primary care physicians should all be working towards achieving the appropriate professional qualification. Given the restrictive nature of the Fellowship of the Hong Kong Academy of Medicine in the specialty of Family Medicine (there are presently only a little over 100 Specialists in Family Medicine), and the urgency of need to establish a broad-based infrastructure of community-based primary care clinics in Hong Kong staffed with properly trained practitioner teams, the British Chamber believes it is necessary to "grandfather" existing primary care physicians, while at the same time committing appropriate funding to support education and training. At the same time, the Government will need to work closely with the College of Family Physicians to facilitate appropriate funding of Continuing Medical Education in primary care.

Nursing Manpower

The Chamber believes that a shortage of nursing staff is a major issue. The Chamber feels that the desire of the Nursing Council to convert nursing into a degree-holder-only profession is inappropriate, comparable to recruiting an army only composed of Staff Officers. The Chamber believes the nursing shortage should be addressed by, among other things, funding places in nursing school for mature students, recognising a range of nursing qualifications from degree-holder to enrolled nurse, and simplifying local examination and licensing requirements for foreign-trained nurses, whilst maintaining appropriate standards. The Chamber will support the Government in negotiations with the Nursing Council on these issues.

Public and Private Provision

The Chamber agrees with the Government that a mixture of public and private provision is likely to offer the best healthcare, and that co-operation between the public and private systems should be encouraged by a variety of means including competitive tender for services, use of insurance etc. The Chamber believes that a future primary care clinic infrastructure would largely be driven by private sector physicians. This will require improvements in the transparency and consistency of care, and enhanced interaction with the public (mainly secondary care) system. To facilitate this, the Government should establish a Primary Care Authority to sit alongside the Hospital Authority, with a commitment to common regulatory oversight. A common platform for the electronic sharing of patient records would need to be established, and consensus on the price and choice of drugs. This will require the public system to work out its costs so that it can compete with the private sector on price as well as quality.

Vouchers may be used to give patients choice. The Hospital Authority has recently offered vouchers to reduce the waiting list for cataract operations. The experience gained can be used to further develop more voucher systems, under which workload can be shifted to the private sector at competitive cost. In fact, vouchers can be used to offset any dollar amount of private costs, ie lower or higher than public sector costs, with patient acceptability determining how widely used a scheme will be.

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Efficiency and Institutional Arrangements

Market-driven efficiencies, including internal markets in the government system, should be encouraged.

In order to do this, institutional changes may be needed to separate the service provider from the service purchaser, roles that are now under the one roof in the Hospital Authority.

A new authority will be required, with a broad remit to extend market driven efficiencies, including tendering of services, to a progressively greater extent each year, as far as possible in the light of experience and of the private sector's ability to take on the work.

This authority would purchase care from providers in a 'national insurance' funding model, and serve to regulate the insurers in a mandatory private insurance funding model.

Efficiencies may be further driven by transparency, on costs (public and private), standards and waiting lists.

Ultimately, the Hospital Authority should only provide directly such services as it needs to meet its four major ongoing obligations ie to respond to emergencies, catastrophic health conditions, chronic illness, and training.

Free Flow of Information

The Chamber believes that the Hong Kong Medical Council's restriction on advertising by doctors is more onerous than required to protect the public and uphold professional standards, and restricts the free flow of information essential to efficient markets. This not only penalises the people of Hong Kong, but makes it virtually impossible to position Hong Kong as a centre of medical excellence and to encourage medical tourism, as potential patients are unable to learn what medical services are available.

Funding

The Chamber recognizes that additional funding sources will be required to pay for the improved and additional services in the new health care system, including the establishment of a primary care clinic infrastructure across Hong Kong.

Mandatory Contributions and Risk Pooling are Essential

The Chamber believes that any funding scheme requires mandatory contributions from the entire working population, and that any voluntary scheme will not work.

The Chamber believes any scheme must include risk pooling, and that individual savings accounts (essentially 'self-insurance') are not a good solution.

Reduce Funding Options to Two Choices

The Chamber believes that of all the possible funding options, the two most appropriate for Hong Kong will be hypothecated public funding/national insurance or mandatory private insurance.

Hypothecated Public Funding or National Insurance Contribution

There are a variety of possible ways to structure this, but it offers an opportunity to broaden Hong Kong's narrow tax base whilst redistributing wealth. Since this is not a savings option, the capped MPF contributions model may not be appropriate. The Chamber believes that either a flat percentage contribution may be levied on all (with a possible exemption for the lowest wage earners) or a small percentage contribution should be collected from lower income individuals and a higher percentage from wealthier individuals with a relatively high, or preferably no, cap. The Chamber believes an employer based system of contributions, such

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as in the USA, is not a good option, but inevitably employers will shoulder the burden as they will have to pay their employees more to make up for the individual's personal contributions.

It may be helpful if the generation and use of additional funds can be related to the problems identified. In broad terms, the proposals identify a limited number of additional programmes, primary/preventive, more expensive technology, and the need for additional services to meet the needs of the growing elderly population. In all this, there is a question of asking the current generation to provide for its own needs when it ages.

Would it be possible to earmark any additional traditional funding (ie the Government's additional 2% of government expenditure) to strengthening primary care and meeting the costs of more expensive technology, and to earmark any additional contributions to fund the increasing needs of the elderly? It may also help to "sell" the package if additional services included additional care services (ie not just medical) for the elderly. This would address real problems and might be easier to explain to those affected.

If this were to be the case, immediate needs, ie of those who have not contributed as there is no scheme in place, could be met from the HK\$50 Billion set aside by the Financial Secretary, while the new contributions could be set aside for progressive expenditure as appropriate.

Mandatory Private Insurance

The Chamber believes that there are sufficient skills and depth in the insurance industry to make a system of mandatory private insurance work. The insurers would purchase care from both the Hospital Authority and private providers. This may have the benefit of helping to build Hong Kong into a regional centre for the insurance industry.

Mandatory Provident Fund

The Chamber notes public dissatisfaction with high management fees and poor returns from the Mandatory Provident Fund (MPF), and expects that any Government effort to put more money under MPF management will encounter opposition.

User-Pays & Co-Payment

The Chamber agrees with the 'user-pays' principle.

Charging a co-payment to encourage responsible use of services. Numerous studies have demonstrated that even a small co-payment significantly reduces waste without adversely affecting outcomes.

Encourage Use of Private Services by Those Who Can Afford Them

The Chamber believes that those who can afford private services should be encouraged to use them, for instance by offering tax credits for purchase of enhanced private health insurance by individuals and companies, encouraging the development of private services by making land and office space available for private hospitals and medical/surgery centres, encourage medical tourism to broaden and deepen the services available in the private sector. Vouchers could also be made available progressively for specified services, which could be used by any eligible person either for services in public hospitals, or as payment towards such services from private sector service providers. This may encourage individuals to move to the private sector, or the insurance industry to develop more competitive policies building on the voucher system.

Services provided by public hospitals should be priced appropriately to allow genuine competition between the public and private sector.

British Chamber of Commerce in Hong Kong Submission on**'Your Health, Your Life'****The Hong Kong Government Healthcare Reform Consultation Document****Centres of Excellence, Medical Training & Medical Tourism**

The Chamber believes there is significant expertise available in Hong Kong which would be attractive to patients from the region, and which can be provided for profit, thus bringing funding into the medical sector for the benefit of local people.

Hong Kong presently offers post-graduate medical training to a small number of doctors from China and overseas. The numbers could be increased, allowing these doctors to contribute to medical manpower by providing service under supervision, and taking skills home with them. In particular this could be used to enhance cooperation with China, and support the efforts of the Colleges of the Hong Kong Academy of Medicine to contribute to the establishment of national professional examinations in China.

Medical Tourism should be supported, by encouraging the development of centres of excellence, making simple medical visa arrangements, providing land for appropriate development, facilitating appropriate advertising, support from the Trade Development Council and similar bodies etc

Medical Records

The Chamber supports the Government's proposals to develop a system of patient-held medical records, building upon the excellent computer systems operated by the Hospital Authority and those in development locally by the insurance industry, perhaps linked to the technologies utilised by the Hong Kong Identity Cards, to allow true portability of medical records.