



21/03/2008 14:23

To beStrong@fhb.gov.hk

cc

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Subject My opinion to Healthcare Reform Consultation Docs  
2008

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Address to FHB,

To whom it may concern,

Enclsoed pls find the attachment- my opinions to Healthcare Reform  
Consultation Document. Pls kindly reply me an email for your acknowledgement.  
If you cannot open my attachment or do not rec'd it , pls notify me by replying  
me an email. I 'll mail the attachment to your office accordingly.

Thanks, regards,  
Anonymous



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## Anonymous

### My choice:

In my opinion, I would choose the option “3.3 Personal Healthcare Reserve (PHR)” and which would be explained below. On the other hand, I have a few words would like to address on 1) financing source and 2) financing mechanism.

### Reason for PHR:

It seems the combination of “3.2 mandatory health insurance” and “2.2 user-pay medical savings”.

The 1st part, before retirement, *working populations* contribute a certain percentage of income and spend part of the contribution to a standardized insurance for medical expenditure, this is the part like mandatory health insurance. Mandatory is better than voluntarily, otherwise no guarantee on the number of participants.

The 2<sup>nd</sup> part, after retirement, the remaining part of the contribution in the past will be accumulated and be used to finance insurance for medical expenditure, this is the part like user-pay medical savings.

Among six options, this option seems the one can “take-care” our medical needs before as well as after retirement. This option, the combined 3.2 + 2.2, can maximize the number of pros & minimize the number of cons than the individual ones. It seems to strike the balance among all.

### Financing Source:

I don't agree the financing option to be financed by taxpayers only.

Quote from your booklet, p.27, parag 4, “ on top of healthcare services financed by taxpayers to share the financial risks arising from illnesses with other people through insurance...”

First of all, let me explain the difference between “taxpayer” and “working population”.

E.g. A working adult, salary income is \$9000 per month and assumes no other income source and he is single. His salaries tax liability would be

=  $9000 \times 12 - 1200 \text{ (MPF)} - 100,000 \text{ (basic allowance)} = - 4000$  ( no need to pay tax !!)

However, he is under the group of a working population ! *That's the difference between the definition of taxpayer and working population !*

In my thesis, all 6 financing options, no matter which would be chosen eventually, should all be financed by working population instead of taxpayers.

It is definitely NOT fair that for the medium-incomers 中產/ taxpayers to born not only their own medical expenses, but also other working group's expenses. Just like my example above, the working adult has the working ability, due to the protection of

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allowance, as a result, he does not need to contribute the Healthcare Financing because he does not need to pay tax. As long as he does not liable to pay tax, where does Government get the money from him for the contribution of Healthcare?

I propose Government can take reference of MPF mechanism & financing source. Every working population, no matter you're being employed or self-employed, mandatory to participate in MPF contributions. It is to spread evenly the burden among all working population instead of taxpayer group only.

Of course, Government may consider for those low-income group burden. In fact, why not the Government set a ceiling, like MPF mechanism? As far as I know in the Budget Speech, for person whose salary is below \$600 (ceiling), does not liable for MPF contribution. Adopt this approach, for example, the ceiling may be set as \$5000, below which, working adult does not liable to contribution of Healthcare.

### Financing Mechanism

- 1) For citizens who had purchased their own medical insurance in the market, should be exempted from such mandatory Healthcare Financing Scheme. Just like the days when Government launched MPF in year 2000, for those employers who had helped employee to join ORSO, would be exempted from joining MPF. Similar approach should be adopted in this way.
- 2) Individual must have their own autonomy to choose the trustee/ insurance planners/ service providers. It's because for the MPF, the choice of trustee is lie on employers and thus the choices are limited. In addition, contribution is in name of individual holder /patient account, i.e. “錢跟隨病人走”. As I know, the money will go to holders' estate upon their death. But if the patient will permanently leave Hong Kong, I suggest he/she can take the money back.
- 3) For the MPF, employers contribute 5% whereas employees for same percentage in general. For this Healthcare Financing, I suggest employers contribute, let say 3% whereas employees contribute 5%. The portion of employers can be lesser than employees but must be in a fixed percentage to ascertain the stable contribution.
- 4) HA/ Food & Health Bureau should set up an authority to monitor/ regulate the administration fees/ management fees of those insurance planners. HA should learn a lesson from the MPF, HK citizens are very disappointed to MPFA's works and monitoring role. After the launched of MPF by 7 years, it voiced out that our 1/3 contributions would be expensed away in terms of management fees/ administration fees for the service providers. After retirement, our account remains 2/3 or even 1/2 left. How come the MPFA does not alert such issue and

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take appropriate steps during these but voiced out such issue due to the change of chairman? I hope HA/ FHB won't follow such steps!

That's all for my points of view.