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Subject Healthcare Reform Consultation

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Healthcare Reform Consultation

Among different supplementary financing options and existing financing model, people say that the government prefers personal healthcare reserve. Therefore I concentrate to comment on this option.

Beneficiaries: Group of person and party who will benefit from reform will be:

(1) the government (2) heavily ill persons who have subscribed personal healthcare reserve (3) Employer

Reason of benefiting:

(1) The government can save some money as some persons will pay for their own although overall government expenditure will still be increased

(2) Seriously ill persons who have subscribed personal healthcare reserve will benefit as healthy subscribers in the pool spend less. However, number of this group of persons is small and this is also the only group of beneficiary in the reform.

(3) Employers previously insure for employees do not need to pay for insurance

Small group of beneficiary: Healthcare reform is drastic to affected people particularly the workers who barely earn more than \$10,000 each month. In estimation the number of entitled to join personal healthcare reserve plan is 1.7 million. Let us say 20% of these subscribers who are seriously ill will eventually take advantage from the rest 80% healthy citizens, only 0.34 million will actually benefit from drastic reform. In view of this small number, the reform is not worth to launch at all.

Civil servant: In line with private sectors, the government should cease giving health benefit to civil servants when the healthcare plan begins

Aging population: In contrast with growing aging population, young population is getting small. In effect the increase of percentage point of government spending for medical & health services from 15% to 17% by 2011-12 can balance off with decrease of expenditure on other sector. Moreover, aged people will pass away over years. After a generation, say 20 years, Hong Kong population will revert to normal again. To overcome these difficult years without healthcare reform, the government should save more money now. Alternatively, there is in fact a big source of fund currently in hands of the government. That is the foreign reserve.

Foreign reserve: As far as I can remember the foreign reserve in hands of Yam Chi Kong of Monetary Authority is around 900 billions. Most of the years the government is attributed bonus from investment. If the peg between the greenback and HK dollars can be discontinued, most of these 900 billions dollars can be converted into health care fund. This must be enough for the aforesaid aged generation 2033-2053.

Zero profit: Some government department i.e. post office runs as a company and eyes on profit. Therefore, expectation of government on insurance companies not to make profit on the plan is unrealistic. Moreover, I consider return of saving is critical to success of reform.

Return of reserve: Latest inflation rate is 6.3% whereas bank interest rate is 0.01%. If these conditions persist, personal reserve will be corrosive and will not be enough for settling health service payment after retirement in future. If the peg between US dollar & HK dollar comes to an end, Monetary Authority can be converted to manage personal healthcare reserve and invest on behalf of subscribers.

Entitled: The government should allow those persons, who have greater financial ability, to entitle their relatives i.e. children, wife, husband, parents to the plan

Better supports against higher demand: Government says it will improve hospital conditions and increase doctors & nurses. But the reality is opposite. The workers refrain from working in public hospitals. Meanwhile, the reform will enhance higher demand for health service. These will put the government into dilemma and may cause disaster.

Conclusion: Since there is no better option, I would support personal healthcare reserve if above questions can be solved.

Yours

faithfully,



Andrea Chen Healthcare.doc