

7th June 2008.

The Secretary for the Civil Service
(West Wing) Central Government Office,
11 Ice House Street,
Hong Kong.

Dear Madam,

Re: Healthcare Reform Consultation

We thank you for your letter of 13 March 2008, in which public views were invited as to how the present healthcare system should be reformed so as to develop a sustainable basis for the provision of healthcare to every Hong Kong citizen. In this connection, we fully acknowledge the need that we should maintain a healthcare policy that:-

- (a) no one should be denied adequate healthcare through lack of means;
- (b) necessary healthcare services remain accessible and affordable to the community;
and
- (c) maintain the public healthcare system as a safety net for the low-income and under-privileged groups.

The question appears to be that how this healthcare policy should be financed in the long term to be sustainable.

The present position is that public healthcare system is funded by the General Revenue - mainly taxes. With the increase and ageing of population, it is to be expected that public healthcare expenditure will rise rapidly such that it will be necessary either to raise taxes to cope with the increase in expenditure, or alternatively to consider a supplementary financing source for healthcare in addition to government funding.

The Consultation Document has proposed seven supplementary financing options, each has its respective pros and cons. However a common feature exists in these options is that people are asked to contribute towards the public coffer more than as at present, the benefit of which is not readily discernible. It is very likely that there will be strong public oppositions and may be difficult to implement. Furthermore some options would involve administrative costs and may not be cost-effective.

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It is understood that under the present public healthcare system, the user is only required to pay 5% and 95% of the medical cost is subsidised by Government, irrespective whether the user concerned is rich or poor, affordable or unaffordable.

It seems that the present healthcare system has gone beyond the concept of providing a safety net to the low income class. Based on the "User Pays Principle" it would appear that the Government should consider reducing the Government subsidies towards healthcare considerably subject to that those who are unaffordable, upon a "means test", be subsidised by a Social Healthcare Subvention Fund contributed by the General Revenue.

On the question of healthcare structure, it seems that the Public Private Partnership, as proposed, is more appropriate. This would help to alleviate the long waiting time for medical attention by the public.

However, we wish to re-iterate that the healthcare of the retired civil servants is a contractual obligation of the Government by virtue of employer/employee relationship under the terms of employment of the civil servants and should not be affected by any change in the public healthcare policy.

Yours faithfully,