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cc

bcc

Subject Healthcare Reform Consultation

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Dear Sirs,

I have read the 'Healthcare Reform Consultation Document' and I have expressed my suggestions on the attached paper for your kind considerations. Generally my comments are:-

If it is right - DO IT;  
If it is sustainable in the long term - DO IT;  
If it is fair to all citizens - DO IT.

Nevertheless, you can never please all!!!!

Yours truly,  
Forest KC Wong



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## **Suggestions on Healthcare Reform**

### **1.0 Introduction**

- 1.1 It is the duty of every citizen to pay tax. Tax is for the maintenance of on-going sustainable development of Hong Kong and effective operation of the Government. Citizens should not have an idea that once they have paid their tax they should be given free medical services.
- 1.2 The present public medical services are not sustainable because its charge is far too low from its overhead. It is likely that there are many non-genuine applications, particularly the casualty services. In the reform means should be taken to ensure that public medical services are genuinely used.
- 1.3 It is the present concept that Hospital Authority is giving their medical services to the public at the expenses of the Government. In the reform, it should be elaborated that public is buying their medical services from the Hospital Authority. Of course, the Government should still subsidize the Hospital Authority. At the same time, channel should be provided to citizens who cannot afford but still be given the necessary medical services.
- 1.4 Nowhere in the world, the public medical service is so cheap and at such a high professional quality. Any deterioration to the present high professional quality services will not be accepted by the general public after the reform.

### **2.0 Considerations**

- 2.1 In the reform consideration should be taken that burden should not be given to future generations and the present high-quality medical services of the public hospitals should not be deteriorated. In fact, that is also the concept of sustainable development in environmental protection issues.
- 2.2 “Polluter pays” principle has been successfully implemented in environmental protection issues. Hence, “user pays” principle should also be applied in community wide medical services. Resulting, the public medical services can be more sustainable in long term.

- 2.3 Also, “there is no free lunch” and every citizen should be responsible for one’s health. Hence, every adult has the duty to contribute a very small percentage of one’s salary for one’s healthcare. .
- 2.4 It is considered that every citizen should have certain amount of money handy to pay one’s medical services charge and one’s dependent. The charges of medical services in public hospitals are far away from that of the private hospitals. Such difference should be minimized.
- 2.5 Every citizen needs healthcare. Hence, channel should be provided to subsidize those lower-income and those do not have a job. Those having higher income should contribute more.

### **3.0 Mandatory Health Fund**

- 3.1 It is suggested to establish a Mandatory Health Fund (MHF) similar to the present MPF. To minimize its maintenance cost, it is recommended that both MHF and MPF should be handled by the same fund manager. Similar to MPF, both employers and employees should share the contributions. It is suggested that the normal contribution is 2% and be shared as follows:-
- a) 1% of one’s monthly salary;
  - b) 1.5% of one’s monthly salary for smokers;
  - c) 1% of every employee’s monthly salary from every employer;
  - d) there is no upper limit.

The medical services of every citizen and one’s dependent should be charged to one’s MHF. The present cost of medical services in public hospitals is far too low and it should be raised so that private hospitals are competitive with public hospitals. Hence, the workload of public hospital can be released.

- 3.2 In case one’s MHF is over-spent in a medical service it is allowed to recover it later because it is a life-long mandatory contribution. Also, one should be kept informed of one’s amount of MHF available anytime. Hence, one may go to public hospital or private hospital for medical services to meet one’s availability of fund. Smart ID card could be a good tool for keeping such information.
- 3.3 Though it is a mandatory fund, incentive should be given to those trying their best to keep themselves healthy and using less of their funds. It is

recommended that if one dies 50% of one's MHF becomes one's estate and one's MPF the other 50% goes to Public Healthcare Fund (*see paragraph 4*). It is an indication that if one keeps healthy one has a bigger amount of estate and bigger amount of MPF. At the same time it is the duty of every citizen to help those who need the medical services but cannot afford. The Government has the duty to encourage all citizens to do more exercises and have smart food to keep themselves healthy. If one retires one's MHF should still be in operation but its fund manager should not charged any maintenance cost.

- 3.4 If one emigrates and never comes back one's MHF goes to MPF. In case there is a negative balance in one's MHF its balance must be settled.
- 3.5 It is considered that Government has the responsibility to keep this fund closely monitored.
- 3.6 It is suggested that civil servants should have the same scheme.

#### **4.0 Public Healthcare Fund**

- 4.1 It is suggested to establish a "Public Healthcare Fund" (PHF). The Government will draw \$50 billion from the fiscal reserve for taking forward the healthcare reform. It is suggested to take this amount as a start for PHF. As there is a great increase in the cost of medical services in public hospitals for individuals, any citizen who cannot afford may apply for subsidy and be financed by this fund.
- 4.2 It is suggested that the income of this fund be as follows:-
  - a) annual budget from Government;
  - b) fiscal reserves from Government;
  - c) surplus MHF from individuals (*see paragraph 3.3*);
  - d) profit through investments.
- 4.3 It is also suggested that Government should encourage big organization to contribute to this fund. Or make it mandatory that big medical organizations should contribute a small percentage of their profits to this fund.
- 4.4 It is considered that Government should have full control over this fund.

## **5.0 Private Medical Services**

- 5.1 To encourage more citizens to go to private medical services, it is suggested that Government should make some efforts in lowering the operating cost of private medical bodies resulting their lower charges.
- 5.2 To lower the operation cost of the present private medical bodies, it is suggested to give them more tax-free claims.
- 5.3 To lower the cost in building hospitals it is suggested that Government should assigned some lands only for building hospitals for tender by medical bodies.
- 5.4 To minimize the operating costs of both private and public hospitals, it is suggested that both hospitals be built adjacent to each other and have their common services rooms (e.g. operation theatre) shared. Such arrangement also gives citizens to select a more ideal service on the same spot.

## **6.0 Conclusion**

- 6.1 It is the duty of the Government to finance the Hospital Authority from the annual budget. However, all citizens have to pay for their medical services whenever in need. Higher charges ensure that the public medical services are more genuinely needed. Bigger income for Hospital Authority also makes them more sustainable in long term.
- 6.2 Many employers are paying insurance for medical services of their employees and their dependents. However, MHF is similar to medical insurance but it is for all workforce. Hence, it is expected that there is not much resistance from employers and employees for the MHF.
- 6.3 It is not expected that there is great resistance from citizens because they are not only making contribution for medical services fee, at the same time their amount of MPF may be increased if they always try to use less medical services by keeping themselves healthy all the time.
- 6.4 It is expected that with MHF for all, the medical services of Hospital Authority can be made sustainable and their present high-quality services can be maintained and further improved. Also, resulting higher morale of their staff.

- 6.5 Before any reform can be taken, it is suggested that the Government should give all citizens some re-education. It is the duty of every citizen to contribute before they can have any reward - “Before asking how much Government can give you, ask yourself how much you have contributed”.
- 6.6 The reform must be sustainable in the long term and be fair to all.

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This paper is prepared by

Forest K C Wong

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