

The Need of Health Care Reform

No doubt we need it as soon as possible, before our healthcare system keeps on deteriorating to an unacceptable quality level.

Considerations

When considering the Health Care Reform, I think we should make sure our system is well taking care of the following groups:

- the retired (above 55) and to be retired (above 50)
- people suffered from long lasting illness
- people currently have their own hospitalization insurance policy (they probably prefer their own settings or they have their special need; e.g., insured on semi-private instead of ward room)
- working force under living pressure on rising CPI and have already put their money in MPF

Review Current Proposed Options

- 1) Government funding : it is not working, that's why we have to discuss this topic.
- 2) Social health insurance :
 - a. Similar as additional tax (especially when the high-income group needs to pay more; and the middle-class will suffer the most)
 - b. Cannot avoid people abuse the healthcare system after they "pay"
 - c. For those prefer to have different service or special need (e.g., prefer semi-private / private room in hospitalization), the scheme will not be useful to them (just like "buying" something they don't need and won't use)
- 3) Out-of-pocket payment / Voluntary private health insurance :
 - a. The retired and the people suffered from long lasting illness may not sustain on rising medical fee
- 4) Medical savings / mandatory private health insurance / personal healthcare reserve :
 - a. Similar as additional tax
 - b. The retired and the people suffered from long lasting illness may not sustain on rising medical fee

Recommendations

The approach should be a mixed of the listed approach and with innovative to resolve current issue. I'd suggest the model as:

- **Core characteristics :**

- Well taking care of the money paid on the insurance scheme –
 - Mixing with MPF to minimize the administrative fee
 - With capital preservation investment to compensate the effect of rising CPI
- Well taking care of the retired and people suffered from long lasting illness –
 - Allow them to stay in existing model or have subsidiary when they need the medical treatment (they are not prepared for this in their whole life)
- Minimize the impact on working society as much as possible –
 - Tax deductible to compensate the impact on additional payment (e.g., 3% monthly salary goes to pay on the scheme, equivalent amount has to be deducted from tax payment)
- Giving free-choice to allow people to choose what is really they need
 - Provide selectable level of insured amount, and the insurance coverage is applicable to both government hospitals and private hospitals

➤ **Model :**

- *For people above 50 (retired & to be retired), long-term patient, HK citizen:* they can still have government subsidized health care same as current level until they pass away. For long-term patient, they can enjoy such level of service only for discovered disability / illness (not for new one).
- *For people below 50, HK citizen:* they will have less government subsidized health care. To protect themselves from rising hospitalization, they can choose either (i) a government managed health insurance; or (ii) a private health insurance.
 - The government managed health insurance should :
 - Integrate with MPF to minimize the administrative fee
 - Provide selectable insured amount (ward, semi-private, private)
 - Payable to both government hospitals and private hospitals
 - With investment so that the insurer needs not pay for whole life; instead, insurer should able to stop paying the insurance premium at retirement (age 55); if the investment returns turns out is not as good as projected, government has to back up the premium payment as the insurer has no income for paying
 - No extra loading based on medical history
 - Can be individual or family-based to cover non-working members in the family (e.g., children, house-wife, etc); of course, the policy premium for family should not equal to the multiplication of number of headcount

- For private health insurance policy, it has to be certified by government as an approved scheme with above mentioned characteristics (except integrate with MPF).
 - In case the private insurance company liquidates, government has to back up.
 - Insurer can switch among different insurance companies; switch from private to a government provided scheme, or vice versa. All the value of the policy has to carry over.
 - The insurance policy value cannot be taken out unless pass away or immigrate to other countries.
- Tourist / Immigrants do not have health insurance covered: they have to pay the full-fare medical fee without any HKSAR government subsidiary.
- For people who are going to permanently leave HK, they can withdraw all the cash value from his / her health insurance cash value (similar as MPF).