



Mabel -

10/06/2008 15:07

To <bestrong@fhb.gov.hk>

cc

bcc

Subject Views on Health Reform Consultation Document

Urgent Return receipt Sign Encrypt

Dear Sir/Madam,

My husband and I belong to the middle class and contribute 10-12% of our gross income to salary tax annually. We are for the rationale behind the health reform and would like to express our views on the six financing options.

Option 1 - Social Health Insurance

We are opposed to social health insurance, which works like the current tax system that makes the high-income and the middle-class subsidise others. Such option

- would not help achieve one of the main goals of the health reform - changing HK residents' mindset and making them care more for their own health and be responsible for their own health expenditure;
- would only double the burden and the extent of unfairness to the middle-class. As taxpayers, my husband and I have been subsidising the housing, health and education expenditure of the low-income when we cannot afford to buy our own flat but have to rent one owned by a couple living in a public housing estate.

Given the current tax rate and allowable deductions, we are willing to pay tax to help the low-income and the under-privileged but unwilling to pay more through Option 1 to further subsidise those who are financially capable of taking care of themselves but, for one reason or another, out of the tax base.

Option 2 - Out-of-Pockets Payments

Option 3 - Medical Savings Account

We do not prefer Option 2 nor Option 3 because they do not offer risk-pooling to the contributors and are unlikely to reduce demand for public healthcare services. These two options do not matter too much to my husband nor me because we have taken out our own insurance. However, we believe that the government should educate the public about the importance of creating and maximising protection for oneself and one's family through insurance/risk-pooling/risk-sharing.

Option 4 - Voluntary Private Health Insurance

We do not prefer Option 4 because

- it is not much different from the current situation;
- pre-existing medical conditions are not covered;
- continuity of protection is not guaranteed especially at old age;
- voluntary insurance would unlikely be able to achieve the imminent need to shift the demand for healthcare services from the public section to the private sector;
- the overhead cost is high.

Option 5 - Mandatory Private Health Insurance (MPHI)

Option 6 - Personal Healthcare Reserve (PHR)

We prefer either Option 5 or Option 6 because of their features below:

- risk-pooling
- guaranteed acceptance and continuity
- more affordable community-rated premium
- relief of pressure on the public healthcare system
- stable financing

About the design of the system, we have the following preference:

1. The number of scheme participants should be maximised in order to bargain for a more affordable insurance premium. Similar to the MPF scheme, persons with an average monthly income of \$5000 or above should contribute to the MPHI or PHR scheme.
2. The annual premium charged to each contributor should correspond to the age group the contributor belongs to.
3. If the PHR option is adopted, the contribution rate should be set at 5% to help contributors save more in their early years of working life to cope with the increasing premium due to increasing age. Besides, the choices of investment for PHR account holders should be as diverse as the MPF schemes.

We hope that the authority will seriously consider the concerns and opinion of the middle-class because no matter which option is chosen, the government would still need the middle-class, aka the taxpayers, to support the public healthcare system. Thank you.

Yours faithfully,
M Lee

MSN NZ Travel [Get inspired - dream, research, plan and book your next holiday online with](#)