



"Chan, Joseph"

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Subject Feedback to Healthcare Reform Consultation Document

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Dear Mr. Chow

The Healthcare Reform Consultation Document ("Reform Proposal") is useful to draw public attention on important healthcare matters in Hong Kong. In short, the Reform Proposal forecasts that the total health expenditure will grow faster than the government can afford to share and proposes that the public will share more. Additional financing from the public will be used on four initiatives, namely, enhancing primary care, promote private-public partnership in healthcare, develop electronic health record sharing and strengthening public healthcare safety net.

I have the following comments:

1. I believe that the forecast of total health expenditure in the years to come is fundamental and critical because it is used to drive the objectives of allocating resources and initiate all necessary actions to health care services in Hong Kong. The forecast provided in the Reform Proposal is primarily based on two factors, i.e., aging population and medical inflation. I think that such forecast is rough due to its importance, even at this stage of public consultation, to achieve the mentioned objectives.

The economic development in China has caused significant impact to Hong Kong. For example, the number of cross-border families with babies is growing fast and an increasing number of Hong Kong people and families are migrating to China due to work and accordingly their reliance on health services in Hong Kong is reducing. An increasing number of aging Hong Kong people is moving to China due to more affordable and improving living standard in China and their reliance on the health services in Hong Kong is accordingly reducing. Competition from services available in China has happened due to huge price gap between comparable health services, such as MRI, in Hong Kong and China. Concurrently, an increasing number of better off mainland Chinese frequently come to Hong Kong for private health services. The above are only some examples with potential significant impacts to the total health expenditure of Hong Kong.

2. The Reform Proposal repeatedly mentioned that the sources of government revenue for public health expenditure are salaries tax and profit tax revenue only. This is misleading because salaries tax and profits tax revenue are just part of public income to cover public expenditure. Besides, it is unclear from the Reform Proposal as to why the government cannot afford given that Hong Kong has been recording huge surplus of public income over public expenditure. Quantification is necessary to convince the public.

3. The Reform Proposal is unclear as to how much is required to spend on each of the four initiatives as explained in Chapter 2 to Chapter 5. It is also unclear as to how much the government will spend on each of the four initiatives. I think that it is necessary to quantify the dollar amount required to spend, the dollar amount the government will take up and the amount of shortfall so arisen on each of the four initiatives.

4. It is a well-known fact that the public health service in Hong Kong is cheap, and in particular, public in-patient service and public specialist out-patient service is in fact cheaper than general expectation in Hong Kong. This is also one major reason for these public services becoming overloaded. I think that it is easier to obtain support from Hong Kong people to re-price certain public services and to deploy more effective pricing strategies for different target users. The government should quantify the amount of additional finance generating from re-pricing and from

widening the categories of public services at next round of public consultation.

5. Another major reason for public in-patient service becoming overloaded is that public hospitals have much better and more comprehensive medical equipment than private hospitals. I think that it is easier to obtain support from Hong Kong people to increase the supply of well-equipped private hospitals and private specialist out-patient service in order to generate competition in private services. The government should estimate how much savings to total health expenditure can be generated from increased competition at next round of public consultation.

6. Health related contributions from the public out of salaries and savings as explained in Chapter 6 to Chapter 13 is hard to obtain public consensus because regular users of private services will not enjoy direct additional benefits and that those in need of public service are having very tight budget, while at the same time affording MFP contributions.

Mr. Chow, I would like to highlight that contributions from the public out of salaries and savings will be the last option to consider only if the public is satisfied that the government budget which is also money from Hong Kong people, has contributed all it can, re-pricing of public services is effectively implemented and action plans to increase supply of private services is in place. I wish you can seriously consider the above and I look forward to your next round of public consultation.

Thank you for your attention.

Yours faithfully,

Joseph Chan