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Subject Consultation on Healthcare Reform

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Dear Sir

The consultation document has a wealth of facts and I read it in full a while ago. My apologies for a very short submission as the closing date has arrived much faster than expected.

The document proposed six alternative methods of finance, but excludes one obvious alternative: continuing the present system. There is some analysis of the advantages- and disadvantages of the present system in the report, and the disadvantages do not seem particularly strong. They mainly relate to the need to increase taxation, and that as a result the policy of keeping public expenditure to less than 20% of GNP would be breached.-

The latter is surely not too important in this context because the paper acknowledges the obvious fact that from the perspective of the taxpayer the additional cost of one of the six alternatives is an additional tax on his income. Changing the name of the additional tax from "salaries tax" to "health premium" does not alter the substance of the situation. The question is really the distribution of the additional tax, not the need for additional tax.

In my view the issue that really needs exploring is how the cost of healthcare (which has to be paid by society one way or another) can be reduced over time. It needs a commitment to find ways to deliver healthcare per unit of service more cheaply as time progresses. This is just the approach of any business with a long term future - it must have objectives of reducing unit costs a modest amount every year. At the same time much more analysis is required of how Hong Kong manages to deliver its healthcare so cheaply compared with other places. Is the quality as good as we think? Are we just unusually efficient?

So in conclusion, I believe the present system of collecting the cost of universal healthcare through taxation is both simple and very cheap to collect compared with the alternatives. Much more important than thinking about finance is to concentrate on the continuous reduction in the unit cost of delivery of the healthcare service. Targets for cost reduction need to be set over the next 20+ years to stimulate action.

With best regards.

Vernon Moore