Personal views on the "Healthcare Reform Consultation Document – March 2008"

Y.H. Cheng 11 June 2008

After reading through most part of the Consultation Document and the Relevant Documents, I have come to an impression that the core of this document is to call for a new financing scheme to cover the exploding medical public medical bill per prediction in the document. My immediate concern is that the Secretary for Food and Health is behaving like a child in asking what he wants instead of what the society in the future can afford. I personally also want to own a new Mercedes every year until the day I die, but it is not affordable, so I do not even have a Honda. Also, I do want to have the world's best medical attention available to me when NEEDED, but it is not affordable, so I need to make do with what I can afford and available in the safety net. Secretary please be realistic! Please adhere to the basic principle of spending what you can earn (or available).

Looking back for the years 99 to 05, the public medical expense is around 36 to 40 billion dollars. For the assumptions of the report to be valid – 5.4% annualized growth rate, the medical expense should explode from 36 billion in 1999 to 49.6 billion dollars in 2005 instead of the 38 billion actually recorded in 2005. The error based on the assumptions is really enormous in just a 5 year time frame. My guess is that the error is bound to be much larger in the 25 years time frame projected in the Consultation Document. This also shows that our society is quite resilient in controlling medical cost, and knows how to prioritize available resource to unlimited wants.

In the Executive Summary, Table 1, comparison of different supplementary financing options, the column Wealth re-distribution states that for some of the options that "High-income pay more and subsidize low-income". This is fundamentally incorrect, especially in the Government funding option, that the money is only coming from the high-income people. This is because Government revenue do constitute of other components, e.g. duties, rates, properties and investments, profit tax, fees and charges… Hence, the subsidy to the low-income group is not only coming from the high income group. This comment also applies to Table 2. Summary of contributors of supplementary financing options, in which taxpayers is the sole contributor to the Government funding option.

Also in Table 1, for cases Medical savings accounts and Voluntary private health insurance, wealth re-distribution is "Not Applicable". This analysis is also dead wrong, because the financing of the public health system for the underprivileged and low income group will still be coming from the Government, where wealth redistribution is always in place. I do have an impression that the Secretary intends to mislead us in believing that higher income people are taking all the burden of the public health system while ignoring other sources of Government revenues. Think he also want us to believe that middle class people will not need to take the burden in financing medical bill of the low income group if we contribute in the form of Medical savings accounts and Voluntary private health insurance. I don't think middle class people will fall into this trap in support of his recommendations.

To keep a simple and effective use and allocation of government revenue in different economic situations, I will fully support the existing model of using Government Funding to fully finance the public health care system even if it means rising tax and growing other revenue sources, e.g. sales tax.

Furthermore the problem of aging population based on the information from the Hong Kong Population Projections 2004-2033 – Census and Statistics Department. The data are not really up to date and by referencing to the newer projection in 2007 the population profile do changed quite a lot especially with the female 60-65, 65-70 age groups. In the second phase of the consultation, I would like the document to be revised with the latest data available. A year 2008 consultation based on 2004 reference data is totally unacceptable in this fast pace society.

On the medical inflation front, area on cost control and hedging should further be investigated. The consultation document should not just cover area on how to finance the medical expanses but should address area on cost control. Hedging may involve buying shares in medical equipment; drugs… with financial surplus instead of just redistributed the excess back to the people. If the Secretary do believe in this exploding medical inflation, this will be a good proposal for addressing future medical financial burden. More medical staff, Doctors; nurses; support staff… should be trained and retained in Hong Kong, the hospital bed day increase due to the aging population can only be served with more professional hands. If medical staff expansion is not put in place, the high demand will fuel the salary increase of these professionals to be higher than the GDP per capita growth.

Lastly, in order to encourage people to save for their retirement to cover their expenses both medical or otherwise. The government should allow people to contribute more into their MPF account while making all these extra contribution tax deductable. This will ensure there will be more funds available for the current working population during their retirement. Through this approach, the administration cost is minimal since this rides on an existing system.