



"michael stone"

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To beStrong@fhb.gov.hk

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Subject Response to Health Care Reform Consultation Document

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Dear Sirs,

I write with my views on your consultation document.

A clear problem with Hong Kong's system is that it is far too cheap to use and thus gets swamped. At the same time, however, there is a large number of poor persons who really need a highly subsidised system. What you need to do is **improve the existing system** by:

- 1 taxation measures;
- 2 reduction of abuse- which mainly entails the A&E sector; and
- 3 by moving those who can pay out of the system.

As you have rightly pointed out, the funding of health care in Hong Kong must take account of the general taxation regime here- as well as peoples ability to pay. While tax rates on the middle class are low- and tax rates on the wealthy very low, since they can avoid income tax- it is also true that the vast majority of people pay no tax or only a few hundred dollars a year. It is wrong that so few people pay tax, and it is wrong that the rich pay too little.

I consider that very few would begrudge paying a bit more in tax to fund a general comprehensive healthcare system. So, I recommend a twofold approach for the tax system. At the lower end, the thresholds for paying any tax should be reduced, so that more actually feel the impact of their using public services. \$108,000 per year as the starting point for paying any tax is amongst the highest in the developed world- outside petro countries. This should be reduced to \$80,000, and the revenue generated hypothecated for the health service. At the top end, the top rate should be reverted to 16%/17%. In addition, dividend on stocks should be taxed at 16%/17%, to capture the rich. Again, such revenue should be hypothecated.

As regards abuse of A&E, the HA should have much more guts to charge obvious abusers a penalty. In addition, the charge should be raised to \$200, so that private general practitioners become more of a viable alternative. The CSSA recipients should still have their charges waived.

As regards moving the middle class and rich out of the HA, there should be tax deductions for medical expenses.

As regards procedures with long waiting times, the HA should partner with good mainland hospitals- or others in the region- to provide the service. Such services are much cheaper than the HA can provide in HK. Patients who have been vetted by HA

doctors as being "eligible and appropriate" for the relevant procedure could either be offered the service in a designated Mainland hospital- or given half the assumed cost to have the procedure done in a private hospital in Hong Kong or overseas- payment being made direct to the hospital.

Finally, the number of doctors in HK should be increased significantly, so that the outrageous pay that they get, both within the HA and outside, can be reduced- thus freeing up resources. Salary structures of the HA should be looked at.

Yours faithfully,

Michael Stone