

Response to Your Health Your Life – Healthcare Reform Consultation Document

The document reflects the Hong Kong Government's miserly concerns about financing, relying on dubious assumptions intended to scare, such as that the elderly dependency ratio in 2028 will be double what it is today¹, without admitting various home truths that would change the perceptions of the average reader.

For example, take the enormous exchange reserves and surpluses that the Government has accumulated over decades, with little vision on how best to use them to benefit the people of Hong Kong, other than the super-rich tycoons such as property developers.

The Hong Kong Government is thus in a far better position to spend rather more as a percentage of both public expenditure and of GDP than for example debt-laden governments of Western and developed states. Moreover, two areas of expenditure that Hong Kong Government does not need to budget for, which the majority of Western governments do need to budget for, are Debt Interest and Defence. In the UK, for example, these account for over 10.3% of government expenditure².

If these facts were presented alongside a comparison of the healthcare expenditure of typical Western governments – such as that depicted in Figure 1.3 of the Consultation – it is likely that most Hong Kong citizens and residents would raise some questions.

For example, why are the Japanese and UK governments prepared to spend so much more on their peoples' health, as a proportion of per capita GDP, than Hong Kong's? Singapore's lower apparent expenditure is partly explained by its higher per capita GDP than Hong Kong's, which is 13.8% higher in US\$ terms, taking an average of IMF, World Bank and CIA estimates for 2008³, and 17% higher in PPP terms⁴.

Moreover, according to the Hong Kong Government's Budget, "Support", which seems to comprise essentially the Civil Service and related functions, will account for a higher amount of public expenditure in 2008/09 at 11.3% than "Health" at 10.8%. There should be room for substantial savings there, given that the expatriate style benefits for senior civil servants are no longer justifiable – if they ever were.

Given the relative standard of public health care available in the UK – with which I am familiar – and Hong Kong, I would say that most people with a knowledge of both would prefer the UK's – even acknowledging its higher cost as a proportion of per capita GDP and as a proportion of total government expenditure. It is a pity that no analysis of and discussion on the UK healthcare system is provided in the Consultation (albeit bare details appear in Appendix D), particularly as its costs are

¹ This is dubious for a number of reasons. Firstly, it assumes no family, housing or immigration policies could alter the outcome. Secondly, it assumes that the retirement age will remain the same and not increase. Thirdly, it omits the fact that expenditure on (say) education will be able to be reduced as a proportion of the total if there are fewer young people as a proportion of the population.

² From UK Budget 2008 at: http://www.hm-treasury.gov.uk/media/9/9/bud08_complereport.pdf, Chart 1.1 Government spending by function, page 11.

³ From http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28nominal%29_per_capita.

⁴ From http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28PPP%29_per_capita.

comparable to those of Japan's, which is discussed in some detail. Moreover, this is the system that most resembles Hong Kong's current system, albeit with substantial reforms in the UK since the two parted company over a decade ago. These reforms are generally accepted to have improved services overall.

Some of the reforms proposed in the Consultation are long overdue, considering Hong Kong's aspiration to be "Asia's World City" and the relative efficiency of its profit-focussed private sector, particularly in areas such as logistics.

These include the needs to address and improve primary and particularly preventive health care services, establish a family doctor registry, promote healthy lifestyles, strengthen disease prevention measures, develop a territory wide health record system (whether electronic or not – efficiency and security are more important than the technology) and reduce waiting times.

The Consultation is incorrect in Table 6.1 concerning the financing sources for the UK's National Health Service. While it is true that a large proportion is derived from general taxation, a significant proportion is also derived from National Insurance Contributions, which are by definition a form of social health insurance (though premiums are not paid to any profit making entities) or hypothecated tax. Moreover, National Insurance Contributions are required from both employers and employees.

It is true that there is concern about maintaining the level of funding for the National Health Service in the UK, but Hong Kong has a number of advantages over the UK concerning its finances, as previously highlighted.

I believe that the Hong Kong Government could easily afford a publicly funded healthcare system similar to the UK's National Health Service, without breaking its finances. It is sitting on huge exchange reserves and surpluses, which it appears to be saving for a disaster – even though it spent hardly any of these when a genuine public health disaster arose with SARS in 2003.

Two healthcare areas need particular attention and funding: prevention of and facilities to treat infectious diseases and prevention of the preventable 10,000 or so annual excess deaths in the Pearl River Delta region, 440,000 excess hospital bed days and 11 million excess annual outpatient visits caused by airborne pollutants⁵.

In summary, funding as now from Government or combined with a Social Health Insurance scheme should be able to cover the needs. Government needs to increase the funding to a higher level – as promised, but not delivered⁶.

Hong Kong Government can well afford this increased expenditure and if any cuts are to be made – which I think are unnecessary – Government should start with the Civil Service and other entities under "Support".

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⁵ According to Civic Exchange press release A Price too High – Health Impacts of Air Pollution in South China at: http://www.civic-exchange.org/eng/upload/files/pr200806_pricetoohigh.pdf.

⁶ From Consultation Appendix B, Health expenditure fell from 13.1% in 2007/08 to 10.8% in 2008/09.