

Position paper on the Healthcare Reform Consultation Document
“Your Health Your life”

The Hong Kong Association of the Pharmaceutical Industry (HKAPI) submits this opinion paper, on behalf of its 42 member companies engaging in the research and development of novel pharmaceuticals, and providing 70% of treatment drugs in Hong Kong.

On multiple occasions, HKAPI has shared its vision and suggested four general principles for developing a new healthcare financing system as well as delivery models.

1. Peace of mind: This principle goes far beyond talking about “no one should be denied adequate healthcare through lack of means”, but also that a reasonable quality of life is provided for people who become ill or need special healthcare services
2. Choices: patients should have multiple choices on services providers, services and method of treatment
3. Transparency: Patients must be provided sufficient information to make responsible and well informed choices
4. Innovation: Broad patient access to innovative medicines is an effective way to continuously improve health and quality of life.

Based on the above-mentioned principles, HKAPI puts forward the following suggestions for consideration.

1. The Level of care

1.1 Standard of Care

Hong Kong's operating approach that “no one should be denied adequate healthcare through lack of means” is something we can all be proud of. However, how far beyond the most basic of healthcare necessities does the current healthcare system deliver and, more importantly, how well will our desired future delivery system actually deliver are questions to ourselves. The existing reality is that patients often get treated with older drugs developed more than 30 years ago with side-effects not seen in newer, but more expensive drugs that offer a better quality of life. Currently, patients are often not provided, or even told about all available therapeutic choices, which are often not included or are severely restricted by indications in the HA Drug Formulary.

Hong Kong is a first class city in the world with the reserve fund account ranking ninth in the world. However, a key unanswered question is whether the citizens of Hong Kong really get the healthcare delivery they need and deserve now and going forward.



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1.2 Increase resources

In the past decade or more, Hong Kong's healthcare system has been publicly funded. Over 90% of patients in our society utilize the public healthcare system when they need medical services. The system operates with resources allocated by the government, which comes chiefly from taxation. As the demographic factors of the population have been changed over time, services delivered and the level of funding should also reflect the society changes. HKAPI believes the priority of the government expenditures should be shifted accordingly and, the expenses on healthcare in the percentage in terms of the GDP increased.

1.3 “Money follows patients”

In considering the financing and service delivery model, it is crucial to think about the accessibility to essential healthcare services and the contribution of the individual towards the cost of these services in line with the views of society about fairness. Regarding healthcare financing, HKAPI supports the principle of “money follows the patient”. We also believe that patients should bear some co-payment responsibility for service and pharmaceutical products received. The Association objects, however, if supplemental public revenues go primarily to service providers. HKAPI supports the important principle that patients shall have their own choices in terms of choosing their services, services providers and also treatment options.

2. Value for money - Service Delivery

2.1 Transparency in the private and public sectors

Private and public interface has been mentioned in the consultation paper. No matter the final outcome from the healthcare debate, whether consumers will be purchasing primary medical care service or renting out-patient services from the private sector, there is little doubt that some patients will move from the public sector to the private market, in which the service is not assured and charges are often unclear. The successful development of the private and public interface requires the whole service system to be more transparent with clear information provided to patients on service charges. We also propose to have a patient-involved and government-sponsored monitoring system to ensure the service delivery will be in line with an agreeable fairness and an acceptable standard.

2.2 Service model with patients' involvement

Presently, the government subsidizes 97% of total in-patient costs and 87% of outpatient costs, this amounts to nearly free healthcare service being provided, but without choices. No matter what kind of option is taken by the government, people will likely be required to pay for a part of their services, due to limited government resources. To this end, we advocate that patients shall be granted the opportunity to participate and to get involved in the service model by which they shall benefit from.

2.3 Effective mechanisms to ensure the primary healthcare service

In principle, HKAPI strongly supports the inclusion and promotion of primary healthcare and preventive healthcare. However, the government pays a lot of attention to family doctors and the roles of other health professions have been neglected. The concept of “family doctors” is only curative and it should only be a part of the whole primary healthcare in which ‘preventative’ is the aim. Allied health groups, including pharmacists, nurses and rehabilitation professions should also be valued as major roles if the primary healthcare service is to be deployed effectively and efficiently from an integrated and multi-disciplinary approach.

In addition, innovative drugs can always play a role to facilitate primary healthcare and preventive healthcare, such as, use vaccine effectively.

2.4 Healthcare service fulfillment

It is the view of the HKAPI that all professions in the healthcare service sector should provide professional services for patients in accordance to their professional training. Physicians should consult and prescribe medication for patients; however, pharmacists should be the ones to provide services on drug dispensing and drug consultation. Each profession should have their own code of practice to be observed with an open, transparent, and effective monitoring systems, which have external experts included.

2.5 Knowledge-based system

The whole consultation paper focuses only on the financial aspect of healthcare reform, but a successful healthcare financing or services delivery system needs people, including policy makers, executors and users, and all stakeholders in the systems, who know how to make choices.

From a consumer perspective, it is pertinent that public knowledge on health is weak. Therefore, it is quite sensibly construed that substantiated promotion is needed to deliver messages such as preventive care measures, drug information and disease management, so that patients will be better involved in their medication and disease prevention. It is important to expand the vehicle and scope of drug information which is provided. The Undesirable Medical Advertisement Ordinance needs to be revamped. This will serve to relax restrictions on the information flow towards consumers, thus, people’s right to know will be enhanced and patients’ choice will be facilitated.

2.6 Be innovative in developing tertiary healthcare service

Being innovative is important for policy makers to formulate effective policies and solve problems emerging from time to time. In treatment option, innovation gives hope for hopeless. So the HKAPI supports the government providing tertiary and specialized services to provide encourage appropriate product, diagnostic, therapeutic innovation and its optimal application. Technological advancement shall always be put on the

agenda. It is necessary for the government to bring in the advanced technology, and information to the healthcare system as a driver to use advanced medication such as advanced drug to patients. In the long run, it saves the resource of the community and the hardship for patients. Integration between the private and public sectors of industry shall be also fostered in tertiary healthcare services.

3. Resource allocation

3.1 Evidence-based resource allocation

The healthcare delivery system should be developed with an evidence-based decision making system, together with greater transparency on treatment priorities and expenses allocation, no matter what the financing model will be, to prioritize the resource allocation. In many countries, health technology assessment has become an evidence-based guideline to allocate resource. Supplemental funding could not only be allocated primarily to human resources or administrative costs, but for drugs and diagnostic testing which benefit patients directly, or any area with evidence-based support.

3.2 Review existing resources allocation

There is a critical need to review the resource allocation to the Hospital Authority (HA) in order to make sure all spending is effective. This would include a review of the minimal resources on drugs which only account for 6% of HA's total expenditures Hospital Authority, about HK\$2 billion per year. Drug expenditures in the public sector is very modest in Hong Kong, much lesser than other advanced countries in Asia, such as South Korea and Japan both spend 1.6% of GDP on pharmaceuticals.¹ The government should take an evidence-based approach to use resources effectively, as resources are always limited.

3.3 A mandatory system with patient's choice

Concerning healthcare financing, as stated in Section 1.3, HKAPI supports the principle of "money follows the patient", by which patient choice will be enhanced. The Association objects, however, if supplemental public revenues go primarily to service providers. So, we support proposals, which provide maximum choices for patients on how to use healthcare dollars, whether or not payments for services come from a personal account, or a family account. However, we understand that the development of such a system shall come from a policy which is mandatory so that individual will set one's own account from a financing model rather than a voluntary system.

4. Conclusion

¹ Source from Pharmaceutical expenditure as percent of GDP in OECD countries, 2004, the school of Pharmacy, University of London.

The healthcare-financing proposal from the consultation lacks clear recommendations and direction forward on healthcare services delivery, financing and timing. In short, the Hong Kong people have a right to know in detail what kind of services would be offered under the six alternative proposals and how those services would be delivered before they can properly comment on possible modes of payment or whether the percentage of contribution from the government or public being considered provides good value for money. If the people of Hong Kong will be requested to contribute more for their own healthcare, what will be the concrete improvement metrics vs. the existing service level? How much better will patient satisfaction be with the new healthcare system vs. now, as measured by shorter waiting times for necessary surgeries, more healthcare options and choices, and more access to innovative drugs to be delivered by a more transparent and innovative healthcare delivery system? Without this kind of specific information, it is not easy for us to comment on which scenario format is better than others.