

13 June, 2008

Dr York Y N Chow
Secretary for Food and Health
Food and Health Bureau
19/F., Murray Building
Garden Road
Central, Hong Kong

Dear York,

Healthcare Reform Consultation Document Paper Submission

This submission is made by the Hong Kong Retirement Schemes Association (HKRSA) in response to the 2-stage consultation regarding the reform of the healthcare system in Hong Kong SAR.

The HKRSA was established in 1996 to promote the interests and best practices of retirement schemes in Hong Kong including provident and pooled retirement funds. The HKRSA represents retirement schemes and their members, providing a forum for discussion of issues of current and topical issues relating to retirement benefits. Currently, we have over 120 members; our membership covers corporate members representing employers and the retirement fund management, trustees, actuary and insurance sectors.

Regarding the consultation paper on healthcare reform, the HKRSA would like to forward our views as follows.

The consultation paper has mapped out our upcoming challenges to set the scheme for reform and the pros and cons of various options of supplementary medical financing. It would however be useful if more information could be disclosed regarding the inefficiency of resource deployment in our current healthcare system. Hypothetical scenario of each the supplementary medical financing options demonstrating its advantages and disadvantages in terms of costs and benefits to the individuals and major consideration factors should also be provided. Such information would help the community at large to understand and to debate on how urgent the need for supplementary medical financing would be and to facilitate the community to further consider medical financing options appropriate to their needs.

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At the individual level, we believe people in Hong Kong especially the middle-income group are aware of the problem of inadequate protection if they prefer not to rely on medical service available at the public medical system:

- The medical services rendered by the private sector are hugely expensive;
- The protection of employer-sponsored health insurance plans for employee varies;
- Employer-sponsored health insurance plans do not cover employees who are between jobs and who have retired;
- The high-risk groups like chronic patients and the elderly are unlikely to be able to get insured or have to pay expensive premium;
- Exclusion terms and pre-existing medical condition (including disability) now prevails in private health insurance plans have put an individual in an extremely disadvantageous position in seeking protection.

The new healthcare program should address and provide adequate coverage to the above-mentioned situation.

In addition, at an individual level, the other concerns would include:

- The treatment of current medical insurance policy holders in case medical protection is made mandatory;
- The issue of the administration cost, making reference to the lesson learnt from the Mandatory Provident Fund Schemes operation.

We trust a mandatory healthcare plan would be successfully operated where there is enhanced control on the fees charged by medical practitioners and hospitals. Otherwise, we may run the risk of forever increase in the premium.

Thank you for the opportunity to present our views and we hope you would find it useful for consideration. If there is anything the Hong Kong Retirement Schemes Association can be of assistance to the healthcare reform, please do not hesitate to give me a call at 2298-9298.

Yours sincerely,



Ka Shi LAU (Ms)
Chairman

cc: Stuart Leckie, Vice Chairman, HKRSA