



# 香港稅務學會

## THE TAXATION INSTITUTE OF HONG KONG

*(Incorporated in Hong Kong as a company limited by guarantee)*

10 June 2008

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

Dear Dr. Chow

### **Healthcare Reform Consultation Document ("Consultation") - Your Health Your Life**

We write in response to the above consultation paper which was published in March 2008.

As a preliminary remark, we share the same vision as the Hong Kong Government for the healthcare system (page iii of the Consultation) and the long term goals expressed therein (page iv of the Consultation).

As a leading professional institute specialised in the study and promotion of taxation, our comments on a consultation in the healthcare field will necessarily be general in nature.

1. We feel that the financing issue is not the only predominant issue in Hong Kong's healthcare system. Structural and operational reforms will benefit the healthcare system in terms of resource allocation, resource utilisation and operational efficiency. In view of this we would urge the Government to speed up the implementation of the electronic healthcare record sharing system (chapter 4 of the Consultation), deepen the public-private partnership in the healthcare (chapter 5 of the Consultation) and conduct a thorough review of the structure of the Hospital Authority to improve operational efficiency and cost control.
2. We cannot form a consensus on which of the six financing options (as discussed in Chapter 8 to 13 of the Consultation) will be best suited for the Hong Kong people. We have listed in the appendix a number of personal views which individual members of the healthcare reform

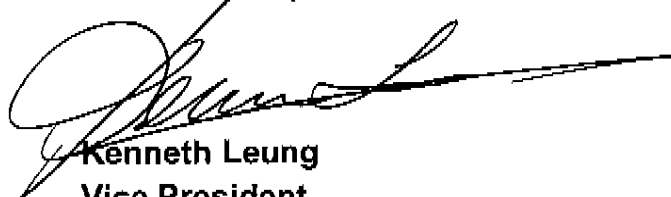
香港稅務學會  
THE TAXATION INSTITUTE OF HONG KONG

committee held on the financing options - these views do not represent the official view of the Institute.

3. We urge the Government not to rule out the use of taxation as a new source of financing for the healthcare reform. We do note that four of the six financing options (the social health insurance, medical savings account, mandatory private health insurance and personal healthcare reserve) will involve employed people who earned more than a certain threshold to contribute. These people may well be the same group of people who are already contributing to MPF and pay salaries tax. A new compulsory contribution will add on to the burden of these people. A new type of tax which is broadly based and which has a different tax base from salaries tax can arguably generate extra revenue and enable resource re-allocation to be done in a more cost effective manner.

We trust the above is helpful.

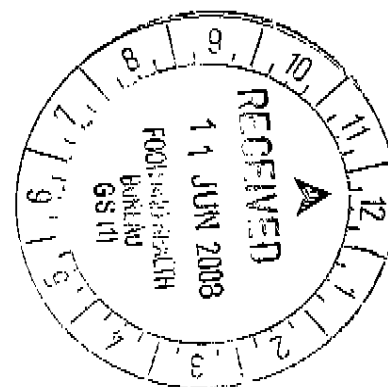
Yours sincerely,



**Kenneth Leung**

**Vice President**

**Chairman, Healthcare Reform Committee**



香港稅務學會  
THE TAXATION INSTITUTE OF HONG KONG

### Appendix

Collection of personal views from members of the Healthcare Reform Committee:

- "The Government should consider structural and operational reform first before considering any financing options."
- "The financing proposals are not appealing to middle class people since this class of people usually already has health insurance of some kind in place (either through their employers or through private means) and they will usually plan ahead."
- "The financing proposals will not be able to provide enough funding (for example, a simple operation with a private hospital will cost a patient hundreds of thousands of dollars) to encourage patients to switch to use private health care facilities, so the imbalance between the utilisation between private and public healthcare facilities will remain even with the financing proposals in place."
- "Apart from private and public healthcare options, there can be a third option whereby the Government can subsidize charitable organisations to build medical and hospital facilities (for example, by granting land at a very low premium and partially subsidizing the operation). This type of healthcare system will pitch at a price higher than the existing public healthcare system but lower than the private sector."
- "The more extensive use of communal care centres and day care centres for taking care of patients with chronic illness but who do not require immediate hospitalisation will alleviate the demand of services from the public hospitals."