

## **Chapter 7 – Executive Summary**

### **Background**

127. Over the years, we have developed in Hong Kong an enviable health care system, which provides an accessible, quality, equitable and affordable health care service. Highly subsidised, the public health care sector offers protection to individuals from significant financial risks that may arise from catastrophic or prolonged illnesses. While more expensive to the consumers, the private sector offers patients greater choice and convenience. The two sectors serve different but complementary roles, and together, provide comprehensive health care of a high standard to the Hong Kong community. Our health indices are among the best in the world. In 1999, life expectancy at birth was 77 years for men and 82 years for women. The infant mortality rate was 3.2 per 1,000 live births, while the maternal mortality rate for 100,000 total births was 2.0. While our existing health care system has served us well for years, like other health care systems, it has to evolve and develop to meet changing societal needs. Because of the highly subsidised fees charged for services and improving standards, the public sector faces an increasing number of patients, mounting work pressure and threat of financial sustainability.

128. We commissioned the School of Public Health of Harvard University to conduct a study on the existing health care system. The study was completed in April 1999 with the release of a Report for public consultation. After intense media interest and public debates on the subject, we received over 2,200 written submissions from different sectors of the community generally supportive of the need for reforms. On the basis of the

comments received, we have further reviewed the three main pillars of our health care system - the organisation and provision of health services (service delivery system), mechanisms to assure the quality of health care provided (system of quality assurance) and the funding and financing for health care services (health financing system) - and formulated strategic directions for reforms to ensure that the system would be able to meet the needs and aspirations of our future generations.

129. Health is “a state of complete physical, mental and social well-being”. Health is a resource which enables individuals fulfil human potentials and maximise capabilities, achieve successes at work, reduce financial losses caused by illnesses, and enjoy a good quality of life. The pursuit of health requires investing in an effective and sustainable health care system which provides comprehensive and holistic lifelong care. The health care system protects and promotes health, prevents and cures illnesses, and minimises and eliminates disabilities. However, the promise of good health cannot be achieved without the individual’s personal actions and contributions through early planning for the individual’s long term health care needs and the adoption of health-promoting behaviours and lifestyles. Health is also an individual responsibility.

### **Vision and Objectives**

130. Our vision is to re-create a health care system which promotes health, provides lifelong holistic care, enhances quality of life and enables human development.

131. Based on the values we believe that should guide the transformation, the objectives of our health care system should be:-

- (a) To protect the health of the population, prevent diseases and disabilities, promote lifelong wellness, and support continuous health sector development.
- (b) To provide comprehensive and lifelong holistic health care which is humane, where care and comfort to the individual is as valued as medicine and technology-based interventions.
- (c) To provide accessible, equitable, and quality services to members of the community on the basis of health needs.
- (d) To remain cost-effective, sustainable and affordable both to the individual and the community.
- (e) To reinforce the notion that the pursuit for better health is a shared responsibility among the individual, the community and Government.

### **Reforms to the Health Care Delivery System**

132. The fundamental role of a health care system is to enhance the health of the population and improve the community's quality of life. To ensure that our delivery system can fulfil this role, we need to protect the health of the population, prevent disease and disability, promote lifelong wellness and provide treatment, care and rehabilitation to the sick, injured and

disabled. We seek to improve the health outcome and cost efficiency of the system through the development of a community-focused, patient-centred and knowledge-based health care system, comprising an appropriate balance of preventive, ambulatory, in-patient and outreach services, delivered in a humane way over an individual's lifetime, supported by sustained collaboration among health care providers, and between the latter and the community. To achieve our objective, we propose to pursue the following strategic directions.

### **Strengthen Preventive Care**

133. We propose that the Department of Health should adopt the role of an advocate for health, working in concert with the Health and Welfare Bureau, seeking political commitment, policy and systems support and social acceptance for different health goals and programmes. The Government will address the full range of potentially modifiable determinants of health – not only those related to individuals, such as health behaviours and lifestyles, but also factors external to the traditional health domain. The Government will build up an intersectoral infrastructure, covering all related sectors, including health care, education, environment and others, to focus and collaborate on preventive health issues. The Department of Health will seek to continuously enhance community involvement in health education and promotion activities. These efforts will strengthen, at the personal level, the capability and commitment to prevent diseases, the knowledge and understanding to improve health and the ability to make decisions on treatment processes; and at

the community level, the influence to create living conditions conducive to health.

### **Re-organise Primary Medical Care**

134. The effectiveness of primary medical care can be gradually enhanced by the promotion and adoption of family medicine practice and the development of other primary care practitioners including other physicians, nurses and allied health professionals. Family medicine is a specialised discipline of medicine that provides primary, continuing and comprehensive care to an individual and the family in their own environment. The care is holistic, incorporating the interaction and inter-relatedness of psycho-social and physical elements of health. To improve primary medical care, we propose that the public sector should provide training opportunities for family medicine practice to doctors, nurses and allied health professionals.

135. We propose that the Department of Health's general out-patient service should be transferred to the Hospital Authority to facilitate integration of the primary and secondary levels of care in the public sector. Upon transfer, the general out-patient service should be redesigned into clinics attending to, primarily, the financially vulnerable and those chronically ill who are exposed to high financial risk because of the long term treatment required. These clinics can serve as training ground for family medicine and other models of primary medical care and for other primary care professionals.

136. The public sector should explore ways to improve collaboration with the private sector, to assist family medicine trainees to complete their training, and to improve on the quality and continuity of care. This objective can be achieved, for example, by contracting out some of the general out-patient services to private practitioners for the purpose of training in family medicine and establishing a network between public and private sectors to support exchange of information and knowledge in primary medical care.

**Develop a Community-focused, Patient-centred and Knowledge-based Integrated Health Care Service**

137. International trend has been to focus on the development of ambulatory and community care programmes and to replace, where appropriate, in-patient treatment by out-patient services. This has been made possible following advances in medical technology and changing perspectives of policy makers, providers and users, supported by appropriate training of the staff and patients. Health care services are evolving both in breadth and in depth, with better appreciation of the socio-economic and environmental factors and psycho-social variables which influence health. The knowledge needed for delivering health services has incorporated environmental, social and behavioural sciences. The organisation and provision of health care has become increasingly complex, and skills in managing and organising need to be learnt and developed in order to provide effective care. Medical science technology is advancing rapidly, with knowledge and understanding evolving so rapidly that systems for knowledge management and application are vital. These systems include continuing education of health

professionals, development of research-based clinical practices (evidenced-based medicine) and adoption of relevant tools such as clinical practice guidelines which incorporate research evidence.

138. We support this new trend to emphasise less on in-patient services and to develop, in addition to and in partnership with the hospital system, a network of community-based integrated health care services. Care delivered in or around people's home, or in homely settings in the community, helps maximise the patient's quality of life. Well-designed ambulatory and community care programmes also have the added benefits of achieving greater cost-effectiveness. This community-based model should adopt a multi-disciplinary (i.e. joining the efforts of different health care experts and professionals) and multi-sectoral (i.e. joining the efforts of providers in the public and private sectors as well as providers outside the health care sector, particularly the welfare sector and the community) approach in order to provide a comprehensive and integrated health care service to patients. The development of an electronic Health Information Infrastructure will help link up all relevant providers in a community network to facilitate their communication and the provision of care in continuity.

139. We propose that continuing professional training and development be required for all health care professionals to enable them to meet the requirements of knowledge-based and patient-centred health services.

### **Improve Public/Private Interface**

140. To facilitate the choice of providers by patients and minimise discontinuity of care, we propose to take measures to overcome the existing professional, information and price barriers that have given rise to the present lack of collaboration between the public and private sectors. We propose to overcome the professional barriers by adopting common clinical protocols and sharing some staff training and development programmes. The information gaps can be overcome by the development of a computer-based Health Information Infrastructure, to which both the public and private sectors can access. This network will provide a platform for sharing medical knowledge and information, for quality assurance and patient care audits and for sharing patient records. The price differences between the public and private sectors can be overcome by product differentiation and we encourage the private sector to pursue this further. We propose that the public and private sectors can jointly explore how the two sectors can collaborate and develop new health care products in which both sectors can participate. We encourage the medical insurance industry to develop new health care insurance policies to support these new products.

### **Facilitate Dental Care**

141. On oral health, since public funds should be used in where the funds can help achieve the best outcome, we propose that the Department of Health should continue with the present educational and preventive efforts and the special curative services, and at the same time review the focus of the services. The Department of Health should collaborate with the dental



profession to formulate standards, set oral health goals, conduct surveillance programmes, assure quality and promote the importance of oral health to the community. We propose that the Department should assist the dental profession to launch an oral health scheme for secondary students, as an extension to the school dental scheme for primary students now provided by the Department. To assist the lower income groups to obtain quality dental service, we propose that Government should take active steps to encourage more non-governmental organisations to provide affordable dental care on self-financing basis.

### **Promote Chinese Medicine**

142. Chinese medicine has been widely used in Hong Kong for many years and its application to prevention of disease and maintenance of health and to treatment of illnesses is widely recognised and acknowledged. We support the promotion of the use and development of Chinese medicine in Hong Kong. As the first step, we shall proceed expeditiously with the establishment of a regulatory system for Chinese medicine in Hong Kong in accordance with the Chinese Medicine Ordinance. The Department of Health will co-operate with the Chinese medicine profession and trade in regard to the setting of standards, conduct of basic and clinical research, education and training of practitioners and related personnel, compilation of data and information and the promotion of the quality and efficacy of Chinese medicine in general. We propose to introduce the provision of Chinese medicine in the public health care system. At the first step, we will examine options on modes of provision of out-patient Chinese medicine service in the public sector. We will make plans to pilot the practice of Chinese medicine in

selected public hospitals to support clinical research and the development of standards and mode of interface between western and Chinese medicines.

### **Improvements to the System of Quality Assurance**

143. We believe that the Hong Kong population is entitled to a high standard of service and it is the responsibility of the health care professionals, the medical practitioners in particular, to ensure that quality health care services are always maintained and delivered. We propose to enhance our quality assurance mechanisms through a combination of education and training, systems support and regulatory measures.

### **Enhance Quality Assurance**

144. We propose that all health care professionals, including medical practitioners, dentists, nurses and allied health providers, should be required to undergo continuing professional education and development to ensure that their knowledge, practice and skills are updated. We believe that a holistic approach offers the best care to our patients, and we advocate a co-ordinated multi-disciplinary team approach which can offer our patients comprehensive and seamless care. This requires new knowledge and skills for all health care professionals based on social and behavioural sciences, enabling them to better understand the inter-relatedness of the psycho-social and physical elements of care. Skills and knowledge in management and communication sciences will also enhance capabilities to interact with patients and other colleagues and to work in complex organisational settings where health care is provided. To take this approach

forward, we will persuade professional bodies to incorporate these new competencies in the professional development programmes.

145. We propose to put in place, both in the public and the private sectors, a system of peer review, common clinical protocols, clinical supervision, clinical audit, and risk management to help the professionals identify problems and maintain quality. We recognise the potential benefits that may arise by separating drug prescription from drug dispensing, and it is being practised in the public sector. For the private sector, the priority is to ensure good dispensing practice and patient safety. To protect the right of the patients to choose, we propose that the medical practitioners should make it clear to patients that they have the right to obtain the drug not from their clinics. We do not propose to interfere in the pricing in the private sector, but we encourage the latter to make the pricing transparent to allow consumers the opportunity to choose before receiving the services.

146. To support our policy formulation efforts, we propose to set up a Research Office to support the Administration in collecting data, identifying problems, assessing priorities, formulating strategies and evaluating results. The Office will be located in the Health and Welfare Bureau and the research work may be conducted in-house or contracted out.

147. On regulatory measures, we shall continue with our review of the licensing requirements for private hospitals and of the existing controls over the sale of drugs. We propose to commence a review of the present statutory regulations in relation to the operation of clinics, use of medical facilities/equipment, and provision of medical services in general. The review will also

examine how managed care schemes affect our patients in Hong Kong. We want to ensure that patients will always receive quality treatment and care.

### **Improve Patient Complaint Mechanisms**

148. We are aware of the increasing pressure from the community to improve our patient complaint mechanisms. Given the imbalance of knowledge and information in favour of the professionals, it is essential that there should be a credible complaint mechanism to protect the patients. A health care system in which there is reducing trust between patients and providers will not be efficient or effective. Therefore, the mechanism must be unbiased, transparent and user-friendly so that both the complainants and the professionals are satisfied that they will be treated fairly under the mechanism.

149. In response to public sentiment, the Medical Council of Hong Kong has proposed some improvement measures to its existing complaint mechanism, including the setting up of a committee to address standards, increasing the number of lay members to enhance transparency and publication of guidelines to assist complainants. The latter has been issued and made available to the public. While we support these initiatives, we also propose to set up a Complaint Office in the Department of Health. The Office, which will handle only cases related to patient care, will conduct investigations into the complaints, assist the complainants to obtain expert advice, brief the complainants of the facts of the case as known, and attempt to mediate between the complainant and the complained. At the request of the complainants, the Office will forward its findings to

the relevant regulatory body to decide whether or not to take disciplinary proceedings. The power to deliver a verdict and to award discipline, where appropriate, will remain with the regulatory bodies. In parallel, there is a need for these regulatory bodies to review their complaint handling procedures to enhance the credibility of their final decisions. We shall commence discussion with these bodies.

150. This proposal of setting up a Complaint Office has several advantages. Firstly, the transparency and credibility of the investigations will be enhanced by the involvement of the Complaint Office as an independent third party. Secondly, the complainants will now be assured of the full benefit of the expertise and advice of the Complaint Office. Thirdly, with the final decision and discipline resting with the professional bodies, the professions would find the arrangement more acceptable as their practice and conduct will still be judged by their colleagues who possess the relevant professional knowledge.

### **Options for Financing Health Care Service**

151. Of the many problems now facing the health care system, financial pressure is the one most talked about. One fundamental role of the public health care system in Hong Kong is to protect the community from huge financial risks that may arise from serious or prolonged illnesses. Given that about 94% of our hospital services rendered to the local population are provided by the public sector, it is important that we must have a financially sustainable public hospital system. At present, our public health care services are heavily subsidised by general revenue. The recurrent public health care expenditure takes up about

14.7% of the Government's total recurrent public expenditure. As health care cost continues to grow against a background of aging population, advances in medical technology and rising community aspirations, we shall have to decide whether or not to allow major increases in the allocation of public revenue to health care. Such option is, however, not acceptable as it would mean corresponding major reductions in other equally deserving public programmes. On the other hand, inadequate funding will hurt the lower income groups most, who have to depend on public sector health care services.

### **Reduce Costs**

152. We are fully aware that the first place to look for new resources is from within the organisation. To this end, the public sector has already implemented many programmes to enhance productivity and reduce cost, and these efforts will continue. These cost containment mechanisms include : the cluster concept by the Hospital Authority to minimise unnecessary service duplication; improvement of the productivity and operational efficiency through service re-design and process re-engineering; structured management of health care technology to ensure cost effectiveness; development of clinical guidelines and protocols to minimise inappropriate investigations and services; and appropriate pricing of the public services to influence provider and patient behaviour. We are confident that these cost containment measures will help produce savings. In the longer term, the reforms to the delivery system, such as strengthening of preventive care, practice of family medicine, development of

community care and collaboration between the public and private sectors ,will help slow down the increase in total health costs.

### **Revamp Fees Structure**

153. The financial pressure on the public health care system is further aggravated by the fact that the public funds made available are not sufficiently well targeted in terms of service provision or population groups. In short, we have not been able to prioritise our resources to areas of greatest needs.

154. We propose to carry out a full-scale review of our fees structure. We do not intend to reduce Government commitment to the financing of the public health care system, but we would like to examine how to target our subsidy to various services in the most appropriate manner. We believe that public funds should be channeled to assist the lower income groups and to services of major financial risks to patients. The review should also examine how the relative priorities of services provided may be reflected in the subsidy level and how inappropriate use and misuse of service can be minimised.

155. We shall ensure that public fees would be set at a level that is affordable by individual patients, and will evaluate the impact of restructured fees on utilisation and on the financially vulnerable. We shall also ensure that there will be a safety net to support those unfortunate persons who cannot afford even a highly subsidised fee. In short, we shall continue to uphold our long-held policy of ensuring that no one is denied adequate medical care because of insufficient means.

### **Establish Health Protection Accounts**

156. For the longer term, we propose to establish Health Protection Accounts to assist individuals to meet their medical needs upon retirement. The Harvard consultants recommended to establish a Health Security Plan, which has not been well received by the local community. This Plan, funded by mandatory contributions from the working population, is based on the concept of risk-pooling, involving inter-generation subsidisation and requiring substantial copayments and deductibles, which would have to be borne by users. We do not propose to take this Plan further as we are concerned that given the declining percentage of young people in Hong Kong in the future, such an approach will put undue pressure on the future generations. We have also considered carefully the pros and cons of promoting voluntary private insurance. While we do not consider voluntary insurance to be a viable long term solution to our problems, we do recognise the potential contributions from voluntary insurance, and we encourage the medical insurance sector to devise attractive packages for the public to consider. We are confident that there are population groups who would like to purchase some additional protection.

157. We propose to establish Health Protection Accounts which will contain the following principal features :-

- (a) This will be a mandatory contributory scheme, with every individual putting approximately 1-2% of the earnings to a personal account, from the age of 40 to 64, to cover the



future medical needs of both the individual and the spouse. The savings will attract investment returns.

- (b) The savings cannot normally be withdrawn until the person reaches the age of 65 (or earlier in case of disability). Upon withdrawal, the savings can only be used to pay for medical and dental expenses at public sector rates, or to purchase medical and dental insurance plans from private insurers.
- (c) If the person chooses services in the private sector, the person will still be reimbursed only at the public sector rates. The price difference will have to be met from the person's own means outside the savings account or from the entitlement of private insurance.
- (d) In the case of the death of an individual, any unspent savings left in the account will be passed on to the surviving family.

158. Our future public health care system shall continue to be supported primarily by allocation from general revenue. To ensure long term financial sustainability, we propose to target public subsidies at areas of greatest needs, supplemented by affordable contributions and (medical) savings plans by individuals in their working lives to meet their health needs after retirement. We will also establish a safety net to ensure that those who are unable to pay the highly subsidised fees will still be able to receive the needed health care. Under this arrangement, the needs of the lower income groups are protected as they will

continue to have good access to an equitable and affordable health care system.

159. In addition to medical treatment, long term nursing care may also be required by a small group of our population. This group of persons, while medically in stable conditions, suffer from various degree of disability and require multi-services to assist them to live in the community. Prolonged long term care is expensive; and to relieve the burden, the Harvard consultants recommended to establish a personal savings account called MEDISAGE to purchase long term care insurance upon retirement. We support this proposal, but as long term care insurance is not well developed in Hong Kong, we need to conduct further study of the subject before we can recommend how to bring the matter further. We may suggest modifications to the MEDISAGE proposal, subject to the findings of the study.

### **Summing Up**

160. We seek your support for and comments on these proposals, which will make some fundamental and long-lasting changes to our health care system. Subject to the views received, we shall proceed immediately to set up working committees and appoint studies to formulate detailed plans and implementation timetable. We expect to initiate some of the implementation plans in two years, while others will be phased in over the coming decade. We shall consult the public again on some of the more long term plans, such as the setting up of the Health Protection Accounts, when more details are drawn up. We are confident that upon implementation of these proposals in due course, we shall achieve in Hong Kong a world-class health care system,

which can effectively support the individual's pursuit for good health and a good quality of life, and add value to the community's development.