

**Hospital Authority's Response to the
Government's Consultation Document on
the Voluntary Health Insurance Scheme**

(March 2015)

I. BACKGROUND

The healthcare system of Hong Kong runs on a dual-track basis encompassing the public and private sectors. The public sector is the predominant provider of secondary and tertiary healthcare services and the Hospital Authority (HA), being the major public healthcare provider, serves as a safety net for the community. Under this context, the private sector complements the public sector by offering personalised choices to those who can afford and are willing to pay for healthcare services with better amenities.

2. Like in many other countries, the rapidly ageing population, escalating healthcare cost and rising public expectations are posing serious challenges to the sustainability of the healthcare system in Hong Kong. During 2008 to 2010, the Government launched two stages of public consultation on healthcare reform, to which HA provided its views by submitting its responses to the two consultations. On 15 December 2014, the Government published the “Consultation Document on Voluntary Health Insurance Scheme” for a three-month public consultation to solicit views on implementing the Voluntary Health Insurance Scheme (VHIS) proposal.

Formulation of HA’s Response to the Consultation Document on VHIS

3. To formulate HA’s response to the public consultation on the VHIS, HA, including the Board and the executive management, has actively examined and deliberated the issues raised in the Consultation Document on VHIS. The discussions focused on two main aspects:

- (a) How the VHIS will impact the public healthcare system; and
- (b) How HA can move forward to support and contribute to the VHIS.

4. Based on the views collected, the following is HA’s response to the Government’s public consultation on the VHIS.

II. HA’s VIEW ON THE VHIS

5. As indicated in the Consultation Document on VHIS, the proposed scheme is not intended to be a total solution to the challenges faced by the healthcare system, but a supplementary financing arrangement complementing public healthcare which will continue to serve as the cornerstone of the healthcare system. HA welcomes the Government’s pledge to maintain and strengthen the dual-track

healthcare system (of the public and private sectors) and its continuous commitment to the public healthcare.

6. HA supports the proposed VHIS which would be one of the control knobs in redressing the public-private balance. Its success should bring about positive impacts on the public sector, which are described in the ensuing paragraphs.

How the VHIS Will Impact the Public Healthcare System

7. The VHIS aims to enhance the regulation of the private hospital indemnity insurance market and to encourage more individuals to take out private health insurance policies so that they could have a choice to use private hospital services when necessary. In doing so, the VHIS could facilitate a greater use of private healthcare services as an alternative to public services, thereby easing the pressure on the public system. In turn, this will enable HA to focus on its target areas and service quality.

8. On the other hand, HA shares the same view as stated in the Consultation Document on VHIS that the diversion of activities from the public sector to the private sector would unlikely be translated into any direct reduction in activities or expenditure in the public healthcare sector. This is due to the growing need for services from the ageing population, coupled with the additional demand generated from the improved access to public healthcare services and rising public expectation after the implementation of the VHIS. As a result, HA's workload and patients' waiting time for HA services may not necessarily be reduced, or reduced to an extent that one may otherwise expect. To this end, HA would continue to provide quality healthcare services and serve as the safety net for Hong Kong's population relying on the Government's undiminished and continuing financial commitment and support.

9. The success of the VHIS hinges on having in place an adequate manpower supply of healthcare professionals and sufficient private healthcare capacity. In relation to the supply of healthcare professionals, Hong Kong is facing an overall shortage of healthcare manpower, and both the public and the private sectors are in fact relying on the same pool of healthcare professionals. In this regard, HA welcomes the Government's initiative to conduct a comprehensive review on healthcare manpower planning.

10. Regarding the provision of sufficient private healthcare capacity, the Consultation Document on VHIS has pointed out the increase in number of private hospital beds through development of new private hospitals and redevelopment /

expansion of existing private hospitals in the coming years. HA is of the view that a synchronised approach would be the key to success. It is crucial to dovetail timing so that private hospital development could be delivered in time to cope with the expected increase in service demand. In addition, as the impact of the VHIS on the healthcare demand might emerge gradually in the medium and long term, planning of the service capacity in the private sector on an on-going basis should not be overlooked.

11. The actual outcome of the VHIS would depend on a number of factors such as market participation, products being offered, the uptake rate and utilisation/claim pattern, etc. The changes from the VHIS may take place gradually, and HA will stay mindful of the impact on the public sector so as to identify opportunities to optimise its resource allocation.

How HA Can Move Forward to Support and Contribute to the VHIS

12. As previously mentioned, a key enabler of the successful implementation of the VHIS is an adequate supply of healthcare professionals. HA is the main training provider for healthcare professionals, and will continue its contribution by upholding its role in fulfilling the healthcare training and development needs in Hong Kong. The growth of the private sector after the implementation of the VHIS also offers an opportunity to explore further collaboration between HA and the private sector on the training of healthcare professionals.

13. HA will also monitor the impact of the VHIS on the manpower position of HA, and prepare for early succession planning and targeted training in anticipation of potential brain drain, particularly of experienced medical and nursing staff, to the private sector.

III. CONCLUSION AND KEY MESSAGES

14. The proposed VHIS, through redressing the public-private balance, represents a step forward towards enhancing the long term sustainability of the healthcare system in Hong Kong. It offers opportunities for the public sector to focus their resources on targeted areas of need. At the same time, it also brings challenges with regard to manpower and capacity planning which need to be tackled to bring out the intended impact of the VHIS on the healthcare system.

15. Recognising the escalating demand on public healthcare services in the future, HA welcomes the Government's continuous commitment to the public sector. HA also welcomes the implementation of the VHIS, which would serve as a control

knob to adjust the public-private balance, in light of its possible positive impacts to the public healthcare sector.

16. HA will give its full support to the Government on the future development and implementation of the VHIS and will stay mindful of its impact on both the service demand and manpower position in the HA.

Hospital Authority
March 2015