Healthcare Financing and Insurance in Hong Kong

HA Convention Symposium 2
8 June 2011

Food and Health Bureau
Hong Kong Special Administrative Region Government
HK’s Healthcare System
Macro-organisation of the HK Health System

**Public Health**

- Department of Health & Centre for Health Protection
  - Disease prevention and control (communicable and non-communicable diseases)
  - Elderly health
  - Health education
  - HIV/AIDS service
  - Maternal and child health
  - Port health
  - Student health
  - Tobacco control
  - Tuberculosis service

- Hospital Authority
  - 41 hospitals
  - GOPCs, SOPCs
    (predominantly Western allopathic medicine)

**Personal Health Care**

- Public (Food and Health Bureau)
  - Government general revenue
  - Minimal out of pocket fees (waived for the indigent)

- Private
  - Employers
  - Individuals
  - Private insurers/MCOs

**Funding sources**

- System
  - Department of Health & Centre for Health Protection
  - General population

- Purchasers
  - Hospital Authority
  - 41 hospitals
  - GOPCs, SOPCs

- Providers
  - Hospital Authority
  - (predominantly Western allopathic medicine)

- Consumers
  - Hospital Authority
  - Inpatient (bed-days) (admission)
  - Overall outpatient incl. TCM
    - Specialist
    - GP

- Market share
  - Public
    - Inpatient (bed-days) (admission)
    - Overall outpatient incl. TCM
    - Specialist
    - GP

- Private providers
  - Western allopathic medicine (73%)
  - Chinese medicine (14%)
  - Dental medicine (10%)
  - Laboratories (3%)

- Market share
  - Public
    - Inpatient (bed-days) (admission)
    - Overall outpatient incl. TCM
    - Specialist
    - GP

- Private
  - Employers
  - Individuals
  - Private insurers/MCOs

- General population
  - Minimal out of pocket fees (waived for the indigent)

- Mostly individuals from middle and upper socioeconomic strata (except for Chinese medicine use)

- Government general revenue
  - Minimal out of pocket fees (waived for the indigent)

- Hospital Authority
  - (predominantly Western allopathic medicine)

- Universal coverage
  - Mostly individuals from middle and upper socioeconomic strata (except for Chinese medicine use)
HK’s Health Expenditure
Health expenditure as a percentage of GDP

Fiscal year | Private | Public | Total | GDP
---|---|---|---|---
1991/92 | 1.9 | 1.9 | 3.8 | 2.2
1992/93 | 1.9 | 1.9 | 3.8 | 2.2
1993/94 | 1.9 | 2.0 | 4.1 | 2.2
1994/95 | 2.2 | 2.2 | 4.4 | 2.2
1995/96 | 2.2 | 2.3 | 4.5 | 2.2
1996/97 | 2.2 | 2.3 | 4.5 | 2.2
1997/98 | 2.2 | 2.3 | 4.6 | 2.2
1998/99 | 2.2 | 2.3 | 4.6 | 2.2
1999/00 | 2.3 | 2.3 | 5.1 | 2.3
2000/01 | 2.3 | 2.3 | 5.1 | 2.3
2001/02 | 2.3 | 2.3 | 5.3 | 2.3
2002/03 | 2.3 | 2.3 | 5.3 | 2.3
2003/04 | 2.3 | 2.3 | 5.3 | 2.3
2004/05 | 2.3 | 2.3 | 5.3 | 2.3
2005/06 | 2.3 | 2.3 | 5.3 | 2.3
2006/07 | 2.3 | 2.3 | 5.3 | 2.3
2007/08 | 2.3 | 2.3 | 5.3 | 2.3
Share of THE by source

Graph showing the share of THE (%), with different sources over fiscal years:
- Government
- Employers
- Insurance
- Households
- Non-profit institutions
- Others

Fiscal years: 1989/90 to 2007/08
Share of THE by provider

- Hospitals
- Nursing and residential care facilities
- Providers of ambulatory health care
- Retail sale and other providers of medical goods
- Provision and administration of public health programmes
- General health administration and insurance
- Other industries (rest of the economy)
- Rest of the world

Fiscal year:

Share of THE (%): 0, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50
Share of THE by function

- Inpatient curative care
- Day patient hospital services
- Ambulatory services
- Home care
- Rehabilitative and extended care
- Long-term care
- Ancillary services to health care
- Medical goods outside the patient care setting
- Prevention and public health services
- Health programme administration and health insurance
- Investment in medical facilities

Fiscal year
International Comparisons
International comparison by public vs private source (2007)

Percentage of GDP (%)
Hong Kong has spent relatively less on health compared to OECD countries.
...although public spending is commensurate with the different levels of public revenue between countries.
International comparison by provider (2007)

Percentage of total current expenditure on health (%)

OECD average
Hong Kong

HP.1 Hospitals
HP.2 Nursing and residential care facilities
HP.3 Providers of ambulatory health care
HP.4 Retail sale and other providers of medical goods
HP.5 Provision and administration of public health programmes
HP.6 Health administration and insurance
HP.7 Other industries (rest of the economy)
HP.8 Provision and administration of public health programmes
HP.9 Rest of the world

13
International comparison by function (2007)

- HC.1.1, 2.1 & 3.1 In-patient care
- HC.1.2, 2.2 & 3.2 Day care
- HC.1.3 & 2.3 Out-patient care
- HC.1.4, 2.4 & 3.3 Home care
- HC.4 Ancillary services
- HC.5 Medical goods
- HC.6 Prevention and public health
- HC.7 Health administration and insurance
- HC.R.1 Capital formation

Percentage of total expenditure on health (%)
HK’s Demographics
HK’s population will be ageing rapidly

Population profile in 2009 & 2039

In 2009 – 1 out of 8 persons was an elderly person.
By 2039 – 1 out of 4 persons will be an elderly person.

Source: Hong Kong Population Projections 2010 -2039, C&SD
Hong Kong will see one of the fastest ageing among advanced economies

EDR of Hong Kong and Selected Economies

[Graph showing the number of elderly aged 65+ per 1000 population aged 15-64 from 1996 to 2032 for various countries, including Hong Kong, Singapore, Japan, Finland, Belgium, Australia, Canada, Switzerland, and the United Kingdom.]
HK’s health expenditure projected to continue to rise as a share of the economy.

Health expenditure as % of GDP 1990 - 2033

- **Past Health expenditure in HK in 1990 - 2004**
- **Projection Health expenditure in HK in 2005 - 2033**
- **Total health expenditure**
- **Public health expenditure**
- **Private health expenditure**

Source: Hong Kong’s Domestic Health Accounts: 1990 - 2004
Financial projection of Hong Kong’s total expenditure on health from 2004 to 2033
HK’s Healthcare Financing
Health spending by financing source

Source: Hong Kong’s Domestic Health Accounts 1989/90 – 2007/08
## Total Health Expenditure by Financing Source, 1989/90-2007/08 (HK$ Million)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>7,749</td>
<td>15,844</td>
<td>25,316</td>
<td>35,800</td>
<td>39,152</td>
<td>37,090</td>
<td>36,934</td>
<td>37,419</td>
<td>38,809</td>
<td>9.4%</td>
</tr>
<tr>
<td>PHI</td>
<td>2,337</td>
<td>3,622</td>
<td>6,016</td>
<td>8,195</td>
<td>8,109</td>
<td>8,394</td>
<td>9,022</td>
<td>9,924</td>
<td>10,883</td>
<td>8.9%</td>
</tr>
<tr>
<td>Individually purchased PHI</td>
<td>263</td>
<td>419</td>
<td>1,336</td>
<td>2,188</td>
<td>2,721</td>
<td>3,284</td>
<td>3,663</td>
<td>4,213</td>
<td>4,721</td>
<td>17.4%</td>
</tr>
<tr>
<td>Employer-provided PHI</td>
<td>2,074</td>
<td>3,203</td>
<td>4,680</td>
<td>6,007</td>
<td>5,388</td>
<td>5,110</td>
<td>5,359</td>
<td>5,711</td>
<td>6,162</td>
<td>6.2%</td>
</tr>
<tr>
<td>Out-of-pocket</td>
<td>9,157</td>
<td>14,264</td>
<td>18,882</td>
<td>21,306</td>
<td>20,890</td>
<td>21,872</td>
<td>23,508</td>
<td>25,268</td>
<td>27,522</td>
<td>6.3%</td>
</tr>
<tr>
<td>Others</td>
<td>370</td>
<td>375</td>
<td>993</td>
<td>926</td>
<td>568</td>
<td>619</td>
<td>901</td>
<td>1,396</td>
<td>1,732</td>
<td>9.0%</td>
</tr>
<tr>
<td>Total</td>
<td>19,613</td>
<td>34,104</td>
<td>51,207</td>
<td>66,227</td>
<td>68,720</td>
<td>67,975</td>
<td>70,365</td>
<td>74,008</td>
<td>78,946</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Source: Hong Kong's Domestic Health Accounts 1989/90 – 2007/08
## Total health expenditure of Hong Kong in 2007/08 by financing source and function

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Government</th>
<th>Private household out-of-pocket expenditure</th>
<th>Employer-provided group medical benefits</th>
<th>Private insurance</th>
<th>Others 8</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public in-patient 1</td>
<td>21,264</td>
<td>968 4</td>
<td>-</td>
<td>-</td>
<td>48</td>
<td>22,280</td>
</tr>
<tr>
<td>Public specialist out-patient</td>
<td>7,484</td>
<td>1,004 4</td>
<td>-</td>
<td>-</td>
<td>#</td>
<td>8,488</td>
</tr>
<tr>
<td>Public primary care/general out-patient</td>
<td>4,501</td>
<td>328 4</td>
<td>-</td>
<td>-</td>
<td>37</td>
<td>4,866</td>
</tr>
<tr>
<td>Private in-patient 1</td>
<td>745 3</td>
<td>3,499 5</td>
<td>2,427</td>
<td>1,488</td>
<td>3</td>
<td>8,162</td>
</tr>
<tr>
<td>Private primary care/out-patient 2</td>
<td>2</td>
<td>10,957</td>
<td>2,452</td>
<td>1,051</td>
<td>4</td>
<td>14,466</td>
</tr>
<tr>
<td>Dental care</td>
<td>489</td>
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<td>84</td>
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</tr>
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<td>Medical goods outside patient care settings</td>
<td>234</td>
<td>8,635</td>
<td>-</td>
<td>-</td>
<td>119</td>
<td>8,989</td>
</tr>
<tr>
<td>Others (including ancillary medical services,</td>
<td>4,090</td>
<td>193</td>
<td>1,199 6</td>
<td>2,116 7</td>
<td>1,512</td>
<td>9,109</td>
</tr>
<tr>
<td>investment and administration)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Total</td>
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</tr>
</tbody>
</table>

(HK$ million)

### Notes
Healthcare Financing – Present

Public hospital (inpatient, specialist out-patient clinic)
- 30.8b
- Subsidize rate is 89 - 97%

Private hospital
- 7.4b

Primary care / GOPC
- 4.9b
- Subsidize rate of GOP is 85%

Government funding
- 33.2b

Out-of-pocket
- Public fees 2.3b
- Out-of-pocket 3.5b

Out-of-pocket
- Public fees 2.3b
- Out-of-pocket 11.0b

Out-of-pocket
- 2.5b

Out-of-pocket
- 1.1b

Out-of-pocket
- 1.5b

Out-of-pocket
- 2.4b

Private sector (general/specialist outpatient)
- 14.5b

Private hospital
- 7.4b

Private insurance
- 14.5b

Employer provided insurance
- 2.4b

Premium [?]b

User pay
- 16.8b

Tax

Employer provided insurance

Private insurance

Public

Government budget

Source: Hong Kong’s Domestic Health Accounts: 2007/08
Expenditure on private inpatient services by financing source
% expenditure on private inpatient services by financing source

- Government subsidies
- Household out-of-pocket
- Employer provided PHI
- Individually purchased PHI
- Others

Year: 1989/90 to 2007/08
Expenditure on private primary care / outpatient services by financing source

HK$ Million

2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08

Government subsidies
Household out-of-pocket
Employer provided PHI
Individually purchased PHI
Others
Health spending by healthcare function and financing source (2007/08)

Source: Hong Kong’s Domestic Health Accounts: 2007/08
Health Insurance in HK
PHI premium revenue ($Mn)

Source: HKFI & OCI
Average annual premium per member

Source: HKFI
Size of insured population

HKFI – count by membership
THS – count by identity (concurrent cover of individual & group plans = 0.52mn in 2009)
Thematic Household Survey 2009: Population Coverage of Medical Insurance / Benefit

Base: Land-based non-institutional population excluding foreign domestic helpers (6.70 Million)

- No coverage: 3.84 Million (57%)
- Individually purchased PHI only: 1.16 Million (17%)
- Both individually purchased PHI & private employer provided medical benefits: 0.52 Million (8%)
- Private employer provided medical benefit only: 0.88 Million (13%)
- CS/HA staff medical benefit only: 0.30 Million (4%)

Total coverage: 2.56 Million

Total without coverage: 2.86 Million
% insured by age group

Base: Land-based non-institutional population excluding foreign domestic helpers (6.70 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
% insured by household income

Base: Land-based non-institutional population excluding foreign domestic helpers (6.70 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
% insured by gender & health status

- **Gender**: 43% Male, 42% Female
  - Male: 3.26 Million (48.7%)
  - Female: 3.44 Million (51.3%)

- **Chronic Disease**: 36% Yes, 45% No
  - Yes: 1.89 Million (28.2%)
  - No: 4.81 Million (71.8%)

Base: Land-based non-institutional population excluding foreign domestic helpers (6.70 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
% of employed with medical benefit / insurance by monthly personal income

Base: Employed persons excluding foreign domestic helpers (3.23 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
% of employed in private sector with employer provided medical benefits by company size

Base: Employed persons excl. CS and HA staff and foreign domestic helpers (3.02 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
### Employers with staff medical plans (% by salient features)

<table>
<thead>
<tr>
<th>Service</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing basic hospital plans</td>
<td>96%</td>
</tr>
<tr>
<td>(of which 99% reimbursement plans)</td>
<td></td>
</tr>
<tr>
<td>Providing supplementary OP, maternity or dental benefits</td>
<td>60%</td>
</tr>
<tr>
<td>Providing spouse cover</td>
<td>61%</td>
</tr>
<tr>
<td>(by scheme)</td>
<td></td>
</tr>
<tr>
<td>Providing children cover</td>
<td>59%</td>
</tr>
<tr>
<td>(by scheme)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Mercer’s 2008 Health and Welfare Survey
Private Hospitals in HK
Private hospital expenditure by patient type

Note: Expenditure of non-residents prior to 2006/07 were estimated according to the number of mainland China visitor arrivals.
Private hospital expenditure by function

Note: Except for capital, expenditure breakdown prior to 2002/03 were estimated as of 2002/03.
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HK’s Healthcare Reform
First Stage: Healthcare Service Reform

- **Enhance primary care**
  - Primary Care Development Strategy by end 2010

- **Promote public-private partnership in healthcare**
  - PPP projects being launched progressively

- **Develop electronic health record sharing**
  - First stage eHR Programme for sharing by 2013-14

- **Strengthen public healthcare safety net**
  - Expand Drug Formulary to support patients in need

- **Over $5 billion committed for service reform**
Second Stage: Voluntary Health Protection Scheme

- Provide a government-regulated, reliable and sustainable HPS for those who subscribe to private health insurance and use private healthcare services on a voluntary basis.

- Relieve public queue through private services so that public resources can focus on target services especially to take care of low-income and under-privileged groups.

- Enable those who voluntarily subscribe to private health insurance to continue to be able to afford health insurance at an older age and use private healthcare services.

- Enhance transparency and competition in private health insurance and private healthcare sectors for better consumer protection and value-for-money services.
Why Health Protection Scheme?

<table>
<thead>
<tr>
<th>HPS is …</th>
<th>HPS is not …</th>
</tr>
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<tbody>
<tr>
<td>A <strong>supplementary financing</strong> option for more effective use of private health expenditure, with a positive effect on the sustainability of long-term healthcare financing</td>
<td><strong>Not</strong> a panacea that can solve the long-term healthcare financing problem completely given its voluntary nature</td>
</tr>
<tr>
<td>A <strong>regulated scheme</strong> to promote value-for-money services and enhance consumer protection in the private healthcare insurance and healthcare markets</td>
<td><strong>Not</strong> a reduction of public health expenditure or public healthcare services which remains the safety net for all</td>
</tr>
<tr>
<td>A measure to facilitate <strong>healthcare service development</strong>, enhance service capacity, competition and transparency in private healthcare, relieve pressure on public system, and enhance sustainability of healthcare system</td>
<td><strong>Not</strong> a once-and-for-all scheme – it requires continued monitoring and adjustment, including the use of the $50 billion fiscal reserve set aside</td>
</tr>
</tbody>
</table>
Thank You
Background Reference
Public and private shares of THE
Expenditure on public primary care / outpatient services by financing source

- **Expenditure on public primary care / outpatient services by financing source**

  - **Public SOP - Government subsidies**
  - **Public SOP - Household out-of-pocket**
  - **Public primary care / GOP - Government subsidies**
  - **Public primary care / GOP - Household out-of-pocket**

  - **HK$ Million**
## Total health expenditure of Hong Kong in 2007/08 by financing source and function (HK$ million)

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</tr>
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# less than HK$0.5 million
### Differences between 2007/08 and 2006/07

<table>
<thead>
<tr>
<th></th>
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<th>Employer-provided group medical benefits</th>
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<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public in-patient</strong></td>
<td>890 (4.4%)</td>
<td>113 (13.2%)</td>
<td>-</td>
<td>-</td>
<td>12 (31.9%)</td>
<td>1,014 (4.8%)</td>
</tr>
<tr>
<td><strong>Public specialist out-patient</strong></td>
<td>267 (3.7%)</td>
<td>140 (16.2%)</td>
<td>-</td>
<td>-</td>
<td>#</td>
<td>406 (5.0%)</td>
</tr>
<tr>
<td><strong>Public primary care/general out-patient</strong></td>
<td>71 (1.6%)</td>
<td>7 (2.2%)</td>
<td>-</td>
<td>-</td>
<td>16 (71.2%)</td>
<td>94 (2.0%)</td>
</tr>
<tr>
<td><strong>Private in-patient</strong></td>
<td>-2 (-0.2%)</td>
<td>632 (22.0%)</td>
<td>147 (6.4%)</td>
<td>186 (14.3%)</td>
<td>-4 (-58.9%)</td>
<td>959 (13.3%)</td>
</tr>
<tr>
<td><strong>Private primary care/out-patient</strong></td>
<td>#</td>
<td>333 (3.1%)</td>
<td>21 (0.8%)</td>
<td>132 (14.3%)</td>
<td>-1 (-11.3%)</td>
<td>485 (3.5%)</td>
</tr>
<tr>
<td><strong>Dental care</strong></td>
<td>6 (1.3%)</td>
<td>119 (6.5%)</td>
<td>9 (11.5%)</td>
<td>8 (14.3%)</td>
<td>#</td>
<td>142 (5.8%)</td>
</tr>
<tr>
<td><strong>Medical goods outside patient care settings</strong></td>
<td>-27 (-10.3%)</td>
<td>896 (11.6%)</td>
<td>-</td>
<td>-</td>
<td>7 (5.8%)</td>
<td>876 (10.8%)</td>
</tr>
<tr>
<td><strong>Others (including ancillary medical services, investment and administration)</strong></td>
<td>184 (4.7%)</td>
<td>14 (7.8%)</td>
<td>275 (29.8%)</td>
<td>181 (9.4%)</td>
<td>307 (25.5%)</td>
<td>962 (11.8%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,389 (3.7%)</td>
<td>2,254 (8.9%)</td>
<td>451 (7.9%)</td>
<td>508 (12.0%)</td>
<td>337 (24.1%)</td>
<td>4,938 (6.7%)</td>
</tr>
</tbody>
</table>

(HK$ million)
Health Services in Hong Kong

Public Sector

- Hospital Authority
- Department of Health

41 Public hospitals and institutions (providing 26,824 beds as at March 2010)
48 Specialist out-patient clinics
74 General out-patient clinics
14 Chinese medicine clinics (more clinics will be set up in the coming years)

Private Sector

- Private Hospital
- Private Clinics

The Department of Health monitors the performance of private hospitals through a registration system

13 Private hospitals (providing 4,000 beds as at Dec 2010)
4,000+ Private doctors/clinics
12,000+ Private Chinese medical practitioners
Other private healthcare providers
# Health Expenditure and Manpower

## Health Expenditure

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-patient services</td>
<td>$22.3b</td>
<td>$7.4b</td>
</tr>
<tr>
<td>Specialist out-patient</td>
<td>$8.5b</td>
<td></td>
</tr>
<tr>
<td>Primary care / General out-patient</td>
<td>$4.9</td>
<td>$14.5b</td>
</tr>
<tr>
<td>Other services</td>
<td>$3.1b</td>
<td>$18.2b</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$38.8b (49%)</td>
<td>$40.1b (51%)</td>
</tr>
</tbody>
</table>

## Health Manpower

<table>
<thead>
<tr>
<th></th>
<th>Registered as at 31 Dec 2010</th>
<th>Public : Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors</td>
<td>12 620</td>
<td>5 : 5</td>
</tr>
<tr>
<td>Nurses</td>
<td>40 011</td>
<td>8 : 2</td>
</tr>
<tr>
<td>Allied Health Professionals</td>
<td>12 225</td>
<td>5 : 5</td>
</tr>
</tbody>
</table>

### Notes:
1. Hong Kong’s Domestic Health Accounts, 2007/08
2. Boards and Councils
3. Health Manpower Survey
4. Nurses Include registered and enrolled nurses
5. Allied health professionals include pharmacist, physiotherapist, occupational therapist, medical laboratory technologist, optometrist and radiographer
Healthcare System – Present

Public

Secondary/tertiary healthcare

Public hospital (inpatient, SOPD)

30.8b subsidize rate is 89% to 97%

4. Insufficient protection in safety net

2. Bottlenecks in public service

AED

Primary care / GOPC

4.9b subsidize rate for GOP is 85%

1. Primary health care not comprehensive enough

Private

Private hospital

7.4b

3. Public-private imbalance

5. Lack of sharing of medical record

Private sector (general/specialist outpatient)

14.5b

Source: Hong Kong’s Domestic Health Accounts: 2007/08
Comparison of public health expenditure and public spending in different economies

<table>
<thead>
<tr>
<th>Economies</th>
<th>Total health exp as % of GDP</th>
<th>Public health exp as % of GDP</th>
<th>Public exp as % of GDP</th>
<th>Highest personal income tax</th>
<th>Sales tax / VAT</th>
<th>Public health exp as % of public exp</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>15.7</td>
<td>7.1</td>
<td>36.7</td>
<td>41.7%</td>
<td>2.9-8.25%</td>
<td>19.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10.6</td>
<td>6.3</td>
<td>32.2</td>
<td>37.5%</td>
<td>8%</td>
<td>19.4</td>
</tr>
<tr>
<td>Austria</td>
<td>10.3</td>
<td>7.9</td>
<td>48.7</td>
<td>42.7%</td>
<td>20%</td>
<td>16.2</td>
</tr>
<tr>
<td>Canada</td>
<td>10.1</td>
<td>7.1</td>
<td>39.2</td>
<td>46.4%</td>
<td>5-15.5%</td>
<td>18.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>10.8</td>
<td>7.3</td>
<td>48.4</td>
<td>45.3%</td>
<td>21%</td>
<td>15.1</td>
</tr>
<tr>
<td>Netherlands</td>
<td>9.7</td>
<td>7.3</td>
<td>45.5</td>
<td>50.0%</td>
<td>19%</td>
<td>16.1</td>
</tr>
<tr>
<td>Australia</td>
<td>8.5</td>
<td>5.7</td>
<td>33.4</td>
<td>45.0%</td>
<td>10%</td>
<td>17.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8.4</td>
<td>6.9</td>
<td>44.2</td>
<td>40.0%</td>
<td>20%</td>
<td>15.6</td>
</tr>
<tr>
<td>Finland</td>
<td>8.2</td>
<td>6.1</td>
<td>47.3</td>
<td>48.6%</td>
<td>23%</td>
<td>12.9</td>
</tr>
<tr>
<td>Japan</td>
<td>8.1</td>
<td>6.6</td>
<td>36.0</td>
<td>47.3%</td>
<td>5%</td>
<td>18.4</td>
</tr>
<tr>
<td>South Korea</td>
<td>6.3</td>
<td>3.5</td>
<td>28.7</td>
<td>35.4%</td>
<td>10%</td>
<td>12.2</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6.2</td>
<td>3.6</td>
<td>17.7</td>
<td>40.0%</td>
<td>5%</td>
<td>20.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>4.8</td>
<td>2.3</td>
<td>15.3</td>
<td>17.0%</td>
<td>-</td>
<td>15.4</td>
</tr>
<tr>
<td>Mainland of China</td>
<td>4.2</td>
<td>1.9</td>
<td>18.7</td>
<td>45.0%</td>
<td>17%</td>
<td>10.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.0</td>
<td>1.0</td>
<td>13.2</td>
<td>20.0%</td>
<td>7%</td>
<td>7.4</td>
</tr>
</tbody>
</table>

Source: OECD Health Data 2010 (October 2010), OECD Tax Database (accessed on 4 April 2011), World Health Organization’s National Health Accounts Series, Hong Kong’s Domestic Health Accounts: Estimates of Domestic Health Expenditure, 1989/90-2007/08, Various government sources in the mainland of China, Taiwan, Hong Kong and Singapore
% of employed in private sector with employer provided medical benefits by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Employed (Million)</th>
<th>Share of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale, retail &amp; import/export trades, restaurants &amp; hotel</td>
<td>0.94</td>
<td>31.0%</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>0.43</td>
<td>14.3%</td>
</tr>
<tr>
<td>Financing, insurance, real estate and business services</td>
<td>0.59</td>
<td>19.6%</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>0.47</td>
<td>15.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>0.31</td>
<td>10.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.26</td>
<td>8.6%</td>
</tr>
<tr>
<td>Others*</td>
<td>0.02</td>
<td>0.8%</td>
</tr>
<tr>
<td>Overall</td>
<td>3.02</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

* Including agriculture and fishing; mining and quarrying; electricity, gas and water

Base: Employed persons excl. CS & HA staff and foreign domestic helpers (3.03 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
% of employed in private sector with employer provided medical benefits by occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>% with Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and administrators</td>
<td>50%</td>
<td>0.42 Million (13.7%)</td>
</tr>
<tr>
<td>Professionals/Associate professionals</td>
<td>57%</td>
<td>0.68 Million (22.6%)</td>
</tr>
<tr>
<td>Clerks</td>
<td>51%</td>
<td>0.59 Million (19.5%)</td>
</tr>
<tr>
<td>Service workers and shop sales workers</td>
<td>25%</td>
<td>0.45 Million (14.9%)</td>
</tr>
<tr>
<td>Plant and machine operators and assemblers</td>
<td>20%</td>
<td>0.19 Million (6.4%)</td>
</tr>
<tr>
<td>Others*</td>
<td>20%</td>
<td>0.69 Million (22.8%)</td>
</tr>
<tr>
<td>Overall</td>
<td>39%</td>
<td>3.02 Million (100.0%)</td>
</tr>
</tbody>
</table>

* Including skilled agricultural and fishery workers; craft and related workers; elementary occupations

Base: Employed persons excl. CS and HA staff and foreign domestic helpers (3.03 Million)
Source: Thematic Household Survey on health-related issues conducted during Nov 2009 to Feb 2010
Health Expenditure: Growth Factors & Projection
Growth factors for health expenditure

Nominal health expenditure growth

Health care price inflation

Economy-wide inflation

Excess health care inflation

Public: 0.8%;
Private: 1.6%;
Others: 1.2%

Real health expenditure growth

Population growth

Average: 0.7%

Real spending per capita growth

Real GDP per capita growth

Excess per capita volume growth

0.2%

HK’s population will be ageing rapidly

Projection of total population, elderly population and elderly dependency ratio, 2009-2039

Source: Hong Kong Population Projections 2010-2039, C&SD
The elderly population has greater healthcare needs

The elderly population uses on average six times more in-patient care than the population aged below 65.

Source: Data from Hospital Authority
HK’s public health expenditure is growing faster than the economy...

Gross Domestic Product (GDP) and Total/Public and Private Health Expenditure according to Domestic Health Accounts (in nominal value) (1989/90-2007/08)

Source: Hong Kong’s Domestic Health Accounts 1989/90 – 2007/08
HK’s public share of health expenditure has been rising vis-à-vis private health expenditure by financing source.

**Source:** Hong Kong’s Domestic Health Accounts 1989/90 – 2007/08
Majority of public spending on in-patient & specialist out-patient services

Health expenditure by function and financing source (2007/08)

- Inpatient curative care: 67% (Public), 33% (Private)
- Day patient hospital services: 86% (Public), 14% (Private)
- Ambulatory services: 34% (Public), 66% (Private)
- Home care: 93% (Public), 7% (Private)
- Rehabilitative and extended care: 97% (Public), 3% (Private)
- Long-term care: 82% (Public), 18% (Private)
- Ancillary services to health care: 70% (Public), 30% (Private)
- Medical goods outside the patient care setting: 3% (Public), 97% (Private)
- Prevention and public health services: 93% (Public), 7% (Private)
- Health programme administration and health insurance: 10% (Public), 90% (Private)
- Investment in medical facilities: 58% (Public), 42% (Private)

Source: Hong Kong’s Domestic Health Accounts: 2007/08
Health Expenditure: Global Trend & Comparison
Health expenditure is rising everywhere

Per capita total health expenditure as percentage of per capital GDP in Hong Kong and selected economies (1991-2006)

Source:
1. OECD Health Data 2010 (October 2010)
2. World Health Organization - National Health Accounts Series.
4. Hong Kong’s Domestic Health Accounts: 1990-2006
Everywhere health expenditure is growing faster than the economy

Average annual real growth rate of total health expenditure and real growth rate of GDP in HKG and selected economies (1996-2005)

Medical Inflation - advance in medical technology, higher public expectation, rising medical cost -> medical inflation is driving increase in health expenditure everywhere

Source: OECD Health Data 2009 (Jun 2009); WHO – NHA Series; Singapore Ministry of Health; Statistics Singapore; HKDHA: 1990-2005.
## Comparison of source of healthcare financing

<table>
<thead>
<tr>
<th>Economies</th>
<th>Source of financing</th>
<th>Public</th>
<th>Private</th>
<th>Out-of-pocket payments/other sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General taxation</td>
<td></td>
<td>Private health insurance</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>49.2%</td>
<td>-</td>
<td>13.8%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>67.5%</td>
<td>-</td>
<td>7.8%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Canada</td>
<td>68.9%</td>
<td>1.4%</td>
<td>12.6%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Finland</td>
<td>60.0%</td>
<td>14.5%</td>
<td>2.1%</td>
<td>23.4%</td>
</tr>
<tr>
<td>UK</td>
<td>82.0%</td>
<td></td>
<td>1.0%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Austria</td>
<td>31.3%</td>
<td>45.1%</td>
<td>4.5%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Belgium</td>
<td>11.8%</td>
<td>56.1%</td>
<td>4.5%</td>
<td>27.5%</td>
</tr>
<tr>
<td>Japan</td>
<td>14.9%</td>
<td>65.4%</td>
<td>2.5%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Korea</td>
<td>12.8%</td>
<td>42.4%</td>
<td>3.9%</td>
<td>40.9%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.9%</td>
<td>70.3%</td>
<td>5.7%*</td>
<td>19.1%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>16.2%</td>
<td>42.9%</td>
<td>9.2%*</td>
<td>31.7%</td>
</tr>
<tr>
<td>US</td>
<td>32.8%</td>
<td>12.7%</td>
<td>34.6%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Singapore</td>
<td>27.1%</td>
<td>4.8%</td>
<td>1.8%</td>
<td>66.3%*#</td>
</tr>
</tbody>
</table>

Notes: All figures are in 2007.

(*) The Netherlands and Switzerland implement mandatory private health insurance system for basic coverage, the funding from which is classified by data providers into the column of social health insurance.

(#) Including Medisave according to WHO’s definition.

Source: OECD Health Data 2010 (October 2010); WHO – NHA Series; HK DHA 1989/90 – 2007/08.
Government Revenue and Expenditure in Hong Kong
Sources of Government Revenue

Notes:
- Indirect taxes include bets and sweeps tax, hotel accommodation tax, stamp duties, air passenger departure tax, duties, general rates, motor vehicle taxes, royalties and concessions, and tax-loaded fees and charges.
- Others include fines, forfeitures and penalties, loans, reimbursements, contributions and other receipts, utilities, fees and charges (excluding tax-loaded fees), and capital revenue (excluding land premium).

Source: Census and Statistics Department website
Hong Kong tax revenue compared to OECD economies in 2009

Notes:
- Profits Tax includes Profits and Capital Gains Taxes on enterprises.
- Personal Income Tax includes salaries tax, personal assessment and property tax.
- Social Security Tax includes all compulsory payments that confer an entitlement to receive a future social benefit. Hong Kong has a Mandatory Provident Fund Scheme that provides for retirement benefits. For OECD definitional purposes, this is not considered as a social security tax.
- Payroll tax includes taxes paid by employers, employees or the self-employed which do not confer entitlement to social benefits. There is no such tax in Hong Kong.
- Property-related Taxes include rates, stamp duties, and estate duty. (Estate Duty was abolished with effect from 11 February 2006)
- Consumption Tax includes taxes on all goods and services. In Hong Kong, it includes duties, bets and sweeps tax, hotel accommodation tax, air passenger departure tax and motor vehicle tax.
- In Hong Kong, Others refer to income from royalties and concessions.
- Figures for Hong Kong are in 2009/10.
- The OECD figure does not add up to 100% due to rounding.

Hong Kong Annual Digest of Statistics 2010, C&SD
Total Public Expenditure as Share of GDP

Source: Data from Financial Services and the Treasury Bureau
Recurrent Government Expenditure on Health (2011-12)

2011-12 Total Recurrent Government Expenditure: $242.1 billion

Health
$39.9 billion (16.5%)

Other Policy Areas
Recurrent Government Expenditure on Health

Source: Data from Financial Services and the Treasury Bureau
Difference between public health expenditures under DHA and Government Accounts

Public health expenditure under DHA

less

Health expenditure by government department other than FHB and DH, such as –
✓ nursing homes, rehabilitation and medical social services under SWD;
✓ ambulance service under the FSD and AMS;
✓ staff cost for monitoring medical and health projects under Architectural Services Development;
✓ prevention and control measures for vector-borne diseases and pest control under FEHD; and
✓ occupational health care under Labour Department.

Health expenditure under total public expenditure of Government Accounts
Government Expenditure on Health

Gross Domestic Product (GDP), Public Health Expenditure according to Domestic Health Accounts (DHA) and Government Accounts

Source: Hong Kong’s Domestic Health Accounts 1989/90 – 2007/08