Introduction of the Health Protection Scheme in Hong Kong

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Food and Health Bureau
Hong Kong Special Administrative Region Government
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What is the Challenge?

An Ageing Population
Resident Population Growth & Ageing

Population Estimates and Population Projections

<table>
<thead>
<tr>
<th>Year</th>
<th>0-64</th>
<th>≥ 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>5.96M</td>
<td>0.75M</td>
</tr>
<tr>
<td>2011</td>
<td>6.13M</td>
<td>0.94M</td>
</tr>
<tr>
<td>2021</td>
<td>6.21M</td>
<td>1.45M</td>
</tr>
<tr>
<td>2031</td>
<td>6.00M</td>
<td>2.16M</td>
</tr>
<tr>
<td>2041</td>
<td>5.91M</td>
<td>2.56M</td>
</tr>
</tbody>
</table>

All: 6.71M 7.07M 7.66M 8.16M 8.47M

Population Change over 2001

<table>
<thead>
<tr>
<th>Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>+0.17M</td>
</tr>
<tr>
<td>2021</td>
<td>+0.25M</td>
</tr>
<tr>
<td>2031</td>
<td>+0.70M</td>
</tr>
<tr>
<td>2041</td>
<td>+1.80M</td>
</tr>
</tbody>
</table>

All: +0.36M +0.95M +1.45M +1.75M

Source: Census & Statistics Department, mid-year population estimates and 2011-based population projections for 2012 to 2041
Population vs Recurrent Government Expenditure on Health (in real terms)

Sources: Hong Kong Population Projections 2012-2041, Census and Statistics Department; Government Budget, and 2013 Economic Background and 2014 Prospects
Quality change – for better or worse

Increasing SOP Waiting Time in HA

- Orthopaedics & Traumatology
- Surgery
- Medicine
- Ophthalmology
- Psychiatry
- Gynaecology
- Ear, Nose & Throat
- Paediatrics
The True Story –

**Elderly** Population vs Recurrent Government Expenditure on Health (in **real** terms)

Notes:
- Expenditure figures in real terms based on 2014 price level using Government Consumption Expenditure Deflator.
- Population estimates are mid-year figures. Recurrent Government expenditure on health refers to financial year.
- Sources: Hong Kong Population Projections 2012-2041, Census and Statistics Department; Government Budget, and 2013 Economic Background and 2014 Prospects
Higher Risk of Hospitalisation for Elderly

Non-Elderly (< 65) vs. Elderly (65+)

Ever admitted to any hospital under the Hospital Authority for acute and convalescence/rehabilitation care in 2010*

0.7 in 10 vs. 2.6 in 10

1 vs. 4

*Well babies born in Hospital Authority are not included in the analysis.
Inpatient Service Utilisation Rate (Total Patient Days# per 1,000 Population)

Notes:
# Patient days for General Specialty only (i.e. Care Category: Acute General or Convalescence/Rehabilitation).
* Figures at age 0 refer to patient days (exclude Nursery only) per 1000 registered births.
How big is the challenge?
HA’s forecast of demand for hospital beds#

<table>
<thead>
<tr>
<th>Expert Scenario</th>
<th>Available beds as at 31 Mar 2014</th>
<th>Bed Requirement Equivalent*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2031</td>
</tr>
<tr>
<td>With clinical inputs, factor in a mild change in</td>
<td>21,326</td>
<td>23,600</td>
</tr>
<tr>
<td>service delivery and efficiency gain</td>
<td></td>
<td>30,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anticipated Shortfall</td>
<td></td>
<td>2,300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8,800</td>
</tr>
</tbody>
</table>

# Refer to beds under Acute, Convalescence/Rehabilitation and Local Infirmary Care but exclude accident & emergency observation beds, nursery cots, beds for Central Infirmary Waiting List placement, beds under mental health and psychiatry specialties.

* Derived by Inpatient bed days occupied, day patient discharges & deaths and assumed throughput per bed per year.
Recurrent Health Expenditure

Projected growth (p.a.) -
- No Service Enhancement: 6.5%
- Service Enhancement @ 1%: 7.5%
- Service Enhancement @ 2%: 8.6%
- Service Enhancement @ Historical Trend: 9.2%

% of Nominal GDP

Actual

Projection

- 2.4% $52.4 B

- 7.9% $563.6 B
- 6.8% $480.8 B
- 5.2% $370.6 B
- 4.0% $285.0 B
Three Dimensions

- **Cost** — healthcare financing
- **Manpower** — supply of healthcare professionals
- **Facilities** — integrative planning for cluster-based hospital services
Cost

- Healthcare Financing Reform
  - 1993 - “Towards Better Health” (Rainbow Document)
  - 1999 – “Improving Hong Kong’s Health Care System: Why and For Whom” (Harvard Report)
  - 2000 – “Lifelong Investment in Health”

*Why failed?*
Public and Private Health Expenditure

Total expenditure on health

- Public expenditure HK$45.5b (93%)
- Private expenditure HK$47.9b (7%)

Funding sources for public service

- Government subsidies: 65%
- Individually purchased private health insurance: 15%
- Employer-provided private health insurance: 15%
- Others: 2%

Funding sources for private service

- Household out-of-pocket: 65%
- Employer-provided private health insurance: 15%
- Individually purchased private health insurance: 15%
- Others: 3%

Source: Hong Kong's Domestic Health Accounts: 2010-11
New initiative – Health Protection Scheme

3 Basic Principles:

- Empowerment
- Choice
- Voluntary
Health Protection Scheme (HPS)

Objectives:

- An instrument to enhance the long-term sustainability of our dual-track healthcare system

- Encourage those who are willing and may afford to use private healthcare services through enhancing transparency, trust and regulation of private health insurance products

- Relieve pressure on public healthcare so that public resources can focus on target services – safety net for the needy, emergency services, complicated cases and more job satisfaction for doctors in public service
# Population with Private Health Insurance (2011)

<table>
<thead>
<tr>
<th></th>
<th>Private Health Insurance*</th>
<th>Indemnity Hospital Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individually-purchased</td>
<td>1.84M</td>
<td>1.53M</td>
</tr>
<tr>
<td>Employer-provided medical benefits#</td>
<td>1.55M</td>
<td>0.70M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.79M</strong></td>
<td><strong>2.00M</strong></td>
</tr>
<tr>
<td></td>
<td>(about 40%)</td>
<td>(about 30%)</td>
</tr>
</tbody>
</table>

* Including indemnity hospital coverage, outpatient coverage and hospital cash plans.
# Except civil service / Hospital Authority staff medical benefits

Source: 2011 Thematic Household Survey, Census and Statistics Department
# Hospital Admissions by Persons with and without Private Health Insurance

<table>
<thead>
<tr>
<th>With Private Health Insurance</th>
<th>No. of admissions</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public hospital</td>
<td>115 800</td>
<td>54%</td>
</tr>
<tr>
<td>Private hospital</td>
<td>97 900</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>213 700</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Without Private Health Insurance</th>
<th>No. of admissions</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public hospitals</td>
<td>385 500</td>
<td>90%</td>
</tr>
<tr>
<td>Private hospitals</td>
<td>41 800</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>427 300</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2011 Thematic Household Survey, Census and Statistics Department

Findings are based on the last and up to the last three hospital admissions of all household members during the 12 months before enumeration.
Claims Complaints

Main categories of cases closed

Source: Insurance Claims Complaints Bureau
## Minimum Requirements

<table>
<thead>
<tr>
<th>Products Generally Offered in Current market</th>
<th>HPS Minimum Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>No guarantee on policy renewal</td>
<td>✔ Guaranteed renewal without re-underwriting</td>
</tr>
<tr>
<td>Unnecessary overnight hospital stay</td>
<td>✔ Cover ambulatory procedures and advanced diagnostic imaging tests</td>
</tr>
<tr>
<td>May not cover non-surgical cancer treatments</td>
<td>✔ Cover non-surgical cancer treatments subject to benefit limit (e.g. chemotherapy, radiotherapy)</td>
</tr>
<tr>
<td>Exclusion of pre-existing conditions</td>
<td>✔ Coverage of pre-existing conditions subject to waiting period</td>
</tr>
<tr>
<td>Rejection of application by high-risk individuals</td>
<td>✔ Guaranteed acceptance, premium loading capped at 200%</td>
</tr>
<tr>
<td>Uncertainty of coverage and policy terms</td>
<td>✔ Standardized terms and conditions</td>
</tr>
<tr>
<td>Feature</td>
<td>Australia</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Guaranteed acceptance</td>
<td>✓</td>
</tr>
<tr>
<td>Guaranteed renewal</td>
<td>✓</td>
</tr>
<tr>
<td>Minimum benefit coverage and limits</td>
<td>✓</td>
</tr>
<tr>
<td>Cover pre-existing conditions</td>
<td>✓ (with waiting period)</td>
</tr>
<tr>
<td>Standardised terms</td>
<td>✓</td>
</tr>
</tbody>
</table>

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Choice for Using Private Services

Benefits for the public system:
Doctors released from routine cases, more time to see patients and training to handle complicated cases
Impact of HPS on the Public Healthcare System

Nominal Substitution of Procedures from Public Healthcare Sector due to HPS

Remark: Major types of procedures include advanced diagnostic imaging services, endoscopy, chemotherapy and radiotherapy.
HPS alone is not enough - Manpower

- Strategic Review on Healthcare Manpower Planning and Professional Development

- Review direction
  - A more sustainable mechanism for ensuring adequate supply of healthcare professionals –
    - Local sufficiency?
    - Making more and better use of overseas supply?
  - Training and development framework –
    - Pre-registration training and post-registration CME/CPD
  - Regulatory regimes –
    - Greater accountability and transparency of regulatory bodies (e.g. lay participation)
Facilities

- **Expansion of public hospitals in coming decade**
  - New Tin Shui Wai Hospital (300 beds)
  - New Hong Kong’s Children Hospital (468 beds)
  - United Christian Hospital (300 beds)
  - Kwong Wah Hospital (350 beds)
  - Under planning:
    - Hong Kong Buddhist Hospital
    - Queen Mary Hospital, Phase 1

- **Expansion of private hospitals**
  - New hospital at Wong Chuk Hang (commission in 2017, 500 beds)
  - Expansion of existing hospitals (about 900 beds)
    - Hong Kong Baptist Hospital
    - Tsuen Wan Adventist Hospital
    - St. Paul’s Hospital
    - Hong Kong Sanatorium & Hospital

- **Development of cluster-based clinical service plan in Hospital Authority**
Is it enough?
Increasing trend of age-related diseases (1)

Sources: Hospital Authority and Department of Health
Increasing trend of age-related diseases (2)

Sources: Hospital Authority and Department of Health
Utilization of acute medical wards
(Annual occupancy from 2003-04 to 2013-14)

* Provisional figure
Act before the flood arrives!

- Age-related diseases
- New technology
- New service delivery model
Integrated elderly healthcare services

- Elderly homes
- Medical wards
- Geriatric services
Mobilize community resources – self-help and the good Samaritan

- Bring back the good old tradition of family value and neighbourhood support
- Primary care and education
Thank you