

An Overview of Hong Kong's Healthcare System

C.1 Hong Kong's healthcare delivery system is characterized by its dual public and private healthcare sectors. Both sectors cover the various level of care from primary to the more specialized secondary and tertiary care. Both sectors and all levels of care have their unique roles which are equally important in promoting and protecting the health of the population. This note focuses more on the private healthcare sector and secondary and tertiary care for the purpose of providing background relevant to the discussion of health insurance.

Public and Private Healthcare Sectors

C.2 In the public healthcare sector, the Department of Health (DH) assumes public health functions including health promotion and disease prevention, while the Hospital Authority (HA) provides public hospital and clinic services through its 41 hospitals/institutions, 48 Specialist Out-patient Clinics (SOPCs), 74 General Out-patient Clinics (GOPCs) and 14 Public Chinese Medicine Clinics. HA concentrates mostly on specialized secondary and tertiary care provided through public hospitals and specialist clinics. The public healthcare system provides the Hong Kong population with equitable access to quality healthcare services at very affordable charges highly subsidized by the Government, underpinned by the long-established policy that "no one should be denied adequate healthcare through lack of means".

C.3 The private healthcare sector is the main provider of primary care¹ and complements the public sector by providing a range of specialist and hospital services. There are 13 private hospitals and more than 3700 Western medical practitioners' offices and clinics in the private sector. They provide the public with various choices of healthcare, including individual aspects of care such as choice of doctors and preference of amenities. Apart from doctors of Western medicine, other healthcare professionals including Chinese medicine practitioners, dentists, nurses, chiropractors, physiotherapists, occupational therapists, pharmacists, optometrists, etc. also provide healthcare in the private sector. Private healthcare services are not subsidized (except for certain institutional or day-time long-term medical and nursing care) and patients have to bear the full-cost for using them.

Public and Private Health Expenditure

C.4 According to the Domestic Health Accounts for 2006/07 (DHA 2006/07), Hong Kong's total health expenditure amounted to 5.0% of GDP or some HK\$75 billion (Table C.1). Analysed by financing source, the share of the public source was roughly the same as that of the private source (Figure C.1). In 2006/07, public and private health expenditure reached HK\$37.4 billion and HK\$37.6 billion respectively. Public health expenditure, which was financed exclusively by public funding from government budget, was used mostly for funding the highly-subsidized public healthcare system. Private health expenditure, which mainly came from out-of-pocket household payment and insurance pay-out, was mostly spent on healthcare services and medical goods supplied by the private sector, including private out-patient care, private in-patient care and

¹ Primary care is the first point of contact for individuals and families in a continuing healthcare process.

medical goods at retail outlets.

C.5 Because the public healthcare system is highly subsidized, 95% of the cost involved in delivering the public healthcare services in 2006/07 was financed by public funding while only 5% came from user fees. As regards services delivered in the private sector, they were mostly funded by out-of-pocket household expenditure, accounting for 67% of the expenditure involved in 2006/07, which were mainly destined for private primary care/out-patient services and medical goods at retail outlets. By comparison, employer-provided private health insurance and individually-purchased private health insurance together provided about 27% financing for private healthcare (at 15% and 12% respectively) in 2006/07. The use of insurance funding was broadly equally shared by private primary care/out-patient and private in-patient care. The predominant form of private health insurance (PHI) is reimbursement product which indemnifies the healthcare expenses on a fee-for-service basis with caps on the maximum reimbursement amount. Some of such coverage comes in the form of riders to other types of insurance schemes, most commonly life insurance policies.

Healthcare Manpower

C.6 Of the 12 424 medical doctors registered in Hong Kong as at end of 2009 (1.77 medical doctor per 1 000 population), around 40% worked in the public sector while 60% were in private practice. Out of these 12 424 doctors, there were some 5 700 specialist doctors (Table C.2) and their distribution in the public and private sector were more or less even. Other healthcare professionals who are mostly working in the private sector include Chinese medical practitioners, dentists, chiropractors, pharmacists and optometrists. On the other hand, most nurses, occupational therapists and physiotherapists are working in the public sector. (Also see paragraph C.15 for related details.)

Private Ambulatory Care Services

C.7 The majority of Hong Kong people seek out-patient services in the private sector in which most doctors are providing primary care. About 26 million out-patients visit were made to western medicine clinics in the private sector each year, representing about 70% of all western medicine out-patient consultations, including both consultations of primary curative care and specialist out-patient services. According to DHA 2006/07, such services were paid for predominantly by out-of-pocket payment (78%), followed by employer-provided PHI (16%), and individually purchased PHI (6%) (Figure C.2). Of total private health expenditure, 39% were spent on acquiring private ambulatory care services.

C.8 It has been difficult to differentiate between primary care and secondary/tertiary care attendance in the private out-patient setting, as many private doctors provide specialist care in conjunction with or alongside primary care. Of note, primary care doctor's referral is not required for private specialist consultation in Hong Kong. According to patients' self-reported nature of consultations in the THS 2008, 86% of private western out-patient consultations were for primary care and 14% for specialist care.

C.9 Fees charged by private doctors for out-patient consultations vary greatly as indicated in The Hong Kong Medical Association's Survey on Doctors' Fee 2010: from some \$150 for consultations by private doctors in general practice to \$1000 or more for specialist consultations.

The Medical Claims Statistics compiled by The Hong Kong Federation of Insurers (HKFI) show that the average bill for private out-patient care posted significant rise in the past few years (Table C.3). Private doctors commonly provide both consultation and drug dispensary services within the same clinic. In many cases, especially the primary care practitioners, the consultation fees include the charges of medicine, but separated charges for medicine are also common for specialists. Patients also have to pay extra or separately for investigations (e.g. X-ray, Ultrasound, laboratory tests) and treatment procedures.

Private In-patient Care Services

C.10 There are currently 13 private hospitals in Hong Kong. In addition to in-patient services, these private hospitals also provide specialist out-patient services, general out-patient services, health screening services, diagnostic services and allied health services. As of December 2009, they provide 3,818 hospital beds (about 12% of total hospital beds) and serve about 360,000 in-patient admissions in the year. General class beds accounted for about 77% of all hospital beds in private hospital, while 15.6% are second class beds and 7.8% are first class beds.

C.11 According to DHA 2006/07, 42% of the expenditure on providing private in-patient care services were financed by out-of-pocket payments, followed by employer-provided PHI (37%) and individually-purchased PHI (21%) (Figure C.3). Compared with private out-patient care, the funding proportion of PHI especially individually purchased PHI was apparently higher for private in-patient care. This situation is related to the fact that PHI plans taken out by individuals more often encompass inpatient care only, while PHI plans taken out by employers typically include both outpatient and inpatient covers. Of total private health expenditure in 2006/07, 16% were spent on private hospital in-patient services.

C.12 While private in-patient services allow choice of doctors and amenities, and often have shorter waiting time, service charges are much more costly than the highly subsidized HA services. Patients are often charged on an item-by-item basis according to the range of services provided during hospitalization, such as fees for surgeons, anaesthetists, laboratory tests, medications, meals, etc. However, the level of charges and the definition and classification of items may be very diverse across different private hospitals. Besides, it is quite common for the price scale to escalate with the level of accommodation. According to the HKFI's Medical Claims Statistics 2008, the average bill for hospital stay increased with the level of accommodation, from about \$23 000 in general ward to \$65 000 in private room. It is also worth of note that the average billed amount has soared across different levels of accommodation in recent years (Table C.4).

C.13 Private hospitals sometimes also offer certain services at packaged pricing (i.e. a fixed charge for a package of services that differ from conventional itemized pricing) and, for example, a private hospital offers over 50 packages. Packages usually refer to a procedure and its related care, or the care for a health condition which comprise more than one service element. Examples include maternity packages, surgical operation packages, health check packages, etc. These packages may target at different user groups and life stages (e.g. employees, students, premarital). Package prices are generally established in advance to enhance price transparency and provide greater certainty for the patients or consumers in their budgeting.

C.14 Although the public hospitals take up a majority of patient loads across all age groups, the private hospitals play a relatively more active role in serving the younger patients than the older patients. This can be manifested by the narrower differential in bed day utilization per

1 000 population between the public and private hospitals for people aged below 40 (around 3.5:1) as against the corresponding figure for those aged 65 and above (around 22:1) (Figure C.4). Compared with the elderly, the younger population are more commonly covered by private health insurance and hence have a higher chance to go private when they require inpatient care (see paragraph B.11 and Figure B.3). On the other hand, hospitalization of the elderly more often involves complex and multi-disciplinary treatments that are expensive and more readily available in the public hospitals. Hence, they have a higher tendency to use the public hospital services under such circumstances.

Health Regulatory Activities

Healthcare Professionals

C.15 Under existing legislations, 12 categories of healthcare professionals need to be registered with their respective boards or councils to be allowed to practise in Hong Kong. At December 31, 2009, they numbered 12 424 doctors, 2 143 dentists, 6 119 registered Chinese medicine practitioners, 38 641 nurses (including registered and enrolled nurses), 4 525 midwives, 1 878 pharmacists, 118 chiropractors, 2 202 physiotherapists, 1 354 occupational therapists, 2 766 medical laboratory technologists, 2 004 optometrists and 1 700 radiographers.

C.16 The respective councils and boards are empowered to maintain a register of eligible healthcare practitioners, administer their respective licensing examinations and exercise regulatory and disciplinary powers for the professions. Under the principle of professional autonomy, the Administration respects the decisions that are made within the autonomy of the professions.

Private Hospitals

C.17 All 13 private hospitals are registered with the Department of Health (DH) as required by the *Hospitals, Nursing Homes and Maternity Homes Registration Ordinance* (Cap.165) (the Ordinance). Private hospitals are registered subject to their conditions relating to accommodation, staffing and equipment are considered to be fit by the Director of Health.

C.18 The *Code of Practice for Private Hospitals, Nursing Homes and Maternity Homes* (COP) was developed and promulgated among private hospitals to set out the standards of good practice with a view to enhancing patient safety and quality of service. These standards include the need for a private hospital to ensure that services provided are of quality and appropriate to the needs of patients, requirements on the management of medical incidents and the setting up of a system to deal with complaints, requirements on the management of staff, premises and services, protection of the rights of patients, and requirements to maintain transparency in fees and charges. The COP also includes requirements on specific types of clinical and support services. Compliance with the requirements under the COP is an important consideration for the registration and re-registration of healthcare institutions.

C.19 DH regulates private hospitals through conducting inspections, investigating sentinel events and handling complaints lodged against private hospitals.

C.20 Doctors who provide medical service for patients in private hospitals can be resident

doctors who are employees of the hospital, or doctors with admission or practicing privileges. According to the COP, private hospitals that cater for acute inpatient services are required to have resident doctors available on immediate call within the hospital at all times to provide urgent patient care. Where the private hospital allows the practice of doctors who are not its employees, an advisory body has to be in place to make recommendations on eligibility criteria for practicing privileges of the doctors; and review, renewal, restriction or withdrawal of practicing privileges.

Hospital Accreditation

C.21 Hospital accreditation is widely adopted internationally as a useful measure to sustain and improve the quality of healthcare services. While there has been no hospital accreditation system implemented in Hong Kong, public and private hospitals have participated in accreditation programmes available overseas. To-date, among the 13 private hospitals in Hong Kong, except for one newly opened hospital, 12 of them have completed five 2-year cycles of accreditation by Trent Accreditation Scheme (TAS) of the United Kingdom.

C.22 In August 2008, a Steering Committee on Hospital Accreditation chaired by the Deputy Director of Health and with representation from the Food and Health Bureau (FHB), DH, HA and the Private Hospitals Association (PHA), was set up to steer the collaboration, implementation and evaluation of the Pilot Scheme of Hospital Accreditation (Pilot Scheme). The Pilot Scheme was launched in 2009. HA has engaged an Australian consultant in the project. One of the key objectives of the Pilot Scheme is to develop a set of common hospital accreditation standards for measuring the performance of both public and private hospitals in various aspects in the long run. Five public hospitals and three private hospitals have participated in the pilot scheme. Two private hospitals have been awarded the accreditation status so far.

Healthcare Manpower Training and Development

Doctors

C.23 The University of Hong Kong and the Chinese University of Hong Kong provide basic training of doctors. In 2009, 264 bachelor degree medical students graduated from the two universities and 15 medical graduates with professional qualifications obtained outside Hong Kong passed the licensing examination conducted by the Medical Council of Hong Kong.

C.24 The Hong Kong Academy of Medicine is an independent statutory body with the authority to approve, assess and accredit specialist training within the medical and dental professions. Its 15 colleges conduct training and examinations to award specialist qualifications to qualifying candidates. In early January 2010, the number of specialist under the Academy was 5 695, with breakdown by colleges as shown in Table C.2.

C.25 Each year, the majority of medical graduates of the two local universities are offered appointment to HA to receive specialist training while working in HA. In 2009, some 200 doctors completed training at HA and obtained specialist qualification.

Nurses

C.26 The University of Hong Kong, the Chinese University of Hong Kong, the Hong Kong

Polytechnic University and the Open University of Hong Kong provide basic registered nurse training. The four universities recruited 895 nursing students into their four-year general nursing degree programmes in 2009, while the Hong Kong Polytechnic University and the Chinese University of Hong Kong enrolled another 105 nursing students into their three-year Master Degree of Nursing Programme. In addition, the Hong Kong Polytechnic University enrolled 160 students into its three-year higher diploma nursing programme.

C.27 The Hong Kong Sanatorium and Hospital, St Teresa's Hospital and the Hong Kong Baptist Hospital Nursing School also provide basic enrolled nurse training. Between them they recruited 135 nursing pupils into their two-year Diploma in General Nursing (Enrolled Nurse) programmes. During the year, 43 nurses with professional nursing qualifications obtained outside Hong Kong passed the licensing examinations for registered nurses or enrolled nurses conducted by the Nursing Council of Hong Kong and were awarded practising certificates.

C.28 The Hospital Authority provides basic registered nurse training through its three-year higher diploma programme. A total of 300 registered nurse students were recruited by the Hospital Authority in 2009. The Hospital Authority also runs a two-year enrolled nurse basic training programme and recruited a total of 350 pupil nurses in 2009. During the year, it also recruited 110 trainees into its two-year enrolled nurse basic training programme for the social welfare sector.

C.29 The 2007 Health Manpower Survey conducted by DH indicated that over two third (71.8%) of the active registered nurses enumerated were working in the HA, followed by those working in the private sector (13.5%), the Government (7.5%) and the academic and subvented sectors (6.6%).

Allied Health Professionals

C.30 Hong Kong Polytechnic University offers degree programmes for allied health professionals, in the fields of medical laboratory science, physiotherapy, occupational therapy, optometry and radiography. In 2009, enrolments in these courses numbered 33, 70, 46, 40 and 55 respectively.

C.31 To address the service demand and tie in with the new model of professional development, the Institute of Advanced Allied Health Studies under the Hospital Authority devises structured long-term training plan for allied health staff and runs courses on specialist and multi-disciplinary training and personal development. These include a three-year in-service training course organised for new recruits of 13 allied health grades. A total of 246 new recruits enrolled in the course in 2009.

C.32 Moreover, to tie in with the new career development model, which was first piloted in three of the allied health grades including physiotherapist, occupational therapist and diagnostic radiographer, specialist certificate courses at postgraduate level and a number of overseas scholarships were offered.

Private Hospital Development

C.33 The Government of the Hong Kong Special Administrative Region aims to increase the overall capacity of the healthcare system of Hong Kong and facilitate the development of the

medical sector through the promotion of private hospital development.

C.34 To take this forward, the Government has reserved four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau of Hong Kong for private hospital development. Meanwhile, some existing private hospitals and new hospital developer have indicated their plans to expand existing capacity or develop new private hospitals. These hospital development projects are at different stage of planning and would bring additional hospital beds to the community.

Table C.1 Total health expenditure of Hong Kong in 2006/07 by financing source and function (HK\$ million)

	Gov't Subsidies (note 8)	Household out-of-pocket	Employer-provided PHI (note 9)	Individually purchased PHI	Others (note 10)	Total
Public in-patient (note 1)	20,343	856 (note 4)	-	-	36	21,235
Public specialist out-patient	7,217	864 (note 4)	-	-	*	8,081
Public primary care / general out-patient	4,445	321 (note 4)	-	-	21	4,787
Private in-patient (note 1)	760 (note 3)	2,805 (note 5)	2,240	1,302	7	7,113
Private primary care / out-patient (note 2)	2	11,431	2,341	920	5	14,697
Dental care	483	1,932	76	57	9	2,555
Medical goods outside patient care settings	261	8,065	-	-	113	8,439
Others (including ancillary medical services, investment and administration)	3,906	179	916 (note 6)	1,935 (note 7)	1,204	8,140
Total	37,417	26,451	5,573	4,213	1,394	75,048

Notes: * Less than 0.5

1. Include in-patient curative care, in-patient rehabilitative care, in-patient and institutional long-term care, and day patient hospital services.
2. Private out-patient included both specialist and general out-patient.
3. Subsidized in-patient and institutional long-term care.
4. Include employer-provided and individually purchased PHI for which there are no separate statistics.
5. Include \$282 million that was spent on in-patient and institutional long-term care.
6. Include expenditures on ancillary services to healthcare (such as laboratory services and diagnostic imaging services) as well as the administration and operation of employer-provided PHI.
7. Include expenditures on ancillary services to healthcare (such as laboratory services and diagnostic imaging services) as well as the administration and operation of individually purchased PHI.
8. Include expenditure on civil servant and Hospital Authority staff medical benefit.
9. Include medical benefit not in the form of medical insurance provided by private companies / organizations, and exclude civil servant and Hospital Authority staff medical benefit.
10. Include non-profit institutions serving households, corporations and non-patient care related revenue.

Source: Hong Kong's Domestic Health Accounts: 2006/07

Table C.2 Number of fellows (specialist doctors) by colleges under the Hong Kong Academy of Medicine (as at 4 January 2010)

College	Number of fellows
Anaesthesiologists	371
Community Medicine	124
Dental Surgeons	223
Emergency Medicine	266
Family Physicians	247
Obstetricians & Gynaecologists	405
Ophthalmologists	230
Orthopaedic Surgeons	347
Otorhinolaryngologists	132
Paediatricians	524
Pathologists	231
Physicians	1 266
Psychiatrists	254
Radiologists	362
Surgeons	713
Total	5 695

Source: Hong Kong Academy of Medicine

Table C.3 Average billed amounts (HK\$) for out-patient services by type, 2005 - 2008

Type of out-patient services	2005	2006	2007	2008	Average annual change during 2005-2008 (3 years)
General practitioners	207	210 (1.4%)	216 (2.9%)	226 (4.6%)	3.0%
Specialists	449	467 (4.0%)	485 (3.9%)	511 (5.3%)	4.4%
Chinese medicine practitioners	214	229 (7.0%)	237 (3.5%)	258 (8.9%)	6.4%
Physiotherapists	273	291 (6.6%)	300 (3.1%)	316 (5.3%)	5.0%
Chiropractors	439	496 (13.0%)	505 (1.8%)	543 (7.5%)	7.3%
X-ray/Laboratory	603	612 (1.5%)	623 (1.8%)	632 (1.4%)	1.6%
Dentists	655	622 (-5.0%)	653 (5.0%)	699 (7.0%)	2.2%
All	246	255 (3.7%)	265 (3.9%)	282 (6.4%)	4.7%

Notes: Figure in brackets represents percentage change over previous year.

Figures are extracted from The Hong Kong Federation of Insurers' Medical Claims Statistics for 2005 to 2008, provided by the largest medical underwriters in Hong Kong, which represent around 80% of the total market earned premium. The statistics include only group medical insurance policies and are based on the billed amounts of around 6 000 000 out-patient cases each year in 2005 to 2008.

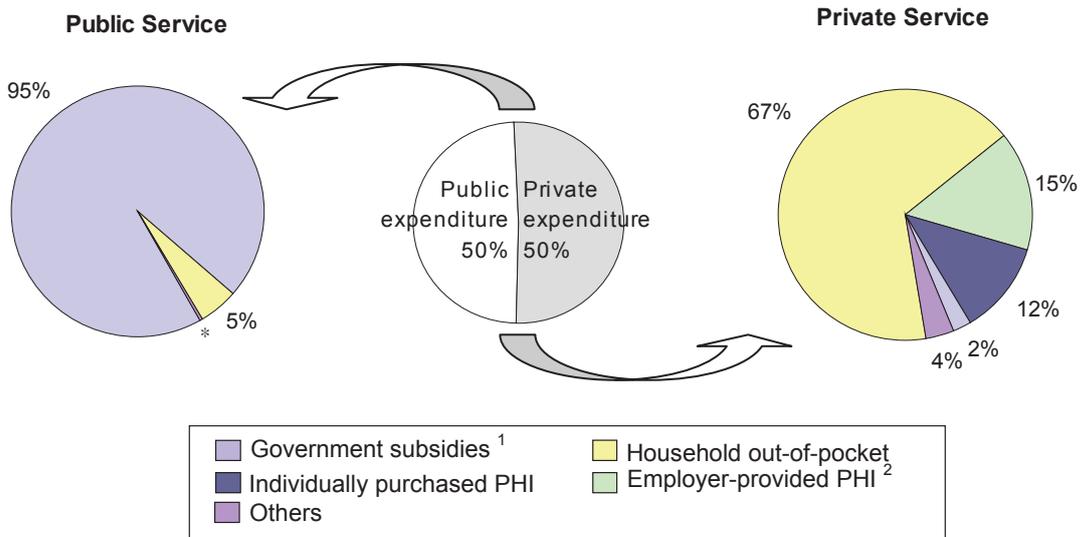
Table C.4 Average billed amounts (HK\$) for in-patient services by level of accommodation, 2005 - 2008

Level of accommodation	2005	2006	2007	2008	Average annual change during 2005-2008 (3 years)
Private room	57,091	62,151 (8.9%)	64,258 (3.4%)	64,496 (0.4%)	4.1%
Semi-private ward	27,699	32,612 (17.7%)	32,528 (-0.3%)	32,927 (1.2%)	5.9%
General ward	18,588	20,451 (10.0%)	22,529 (10.2%)	22,919 (1.7%)	7.2%
Clinical surgery	3,076	3,177 (3.3%)	3,550 (11.7%)	3,717 (4.7%)	6.5%

Note: Figure in brackets represents percentage change over previous year.

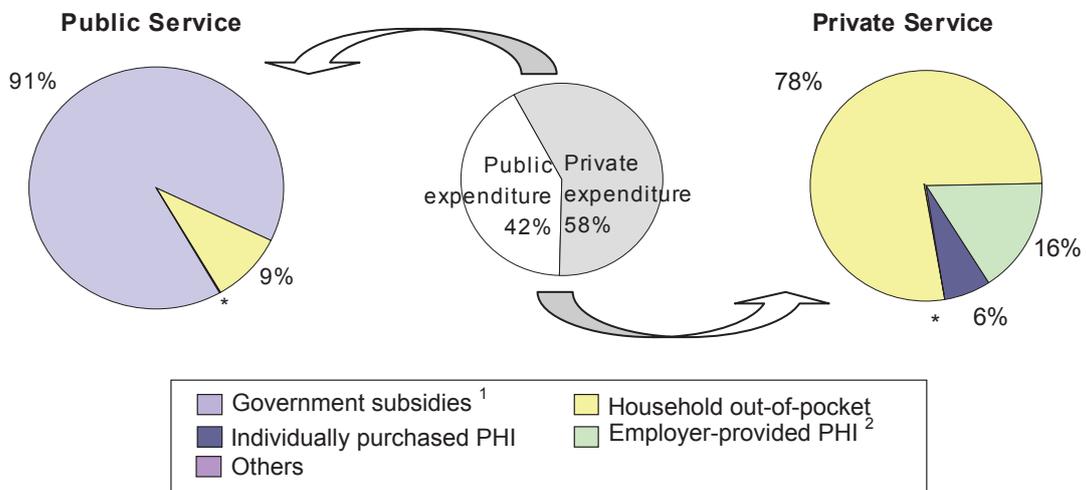
Figures are extracted from The Hong Kong Federation of Insurers' Medical Claims Statistics for 2005 to 2008, provided by the largest medical underwriters in Hong Kong, which represent around 80% of the total market earned premium. The statistics include only group medical insurance policies and are based on the billed amounts of around 100 000 in-patient cases each year in 2005 to 2008.

Figure C.1 Total health expenditure in 2006/07 by financing source of public and private services



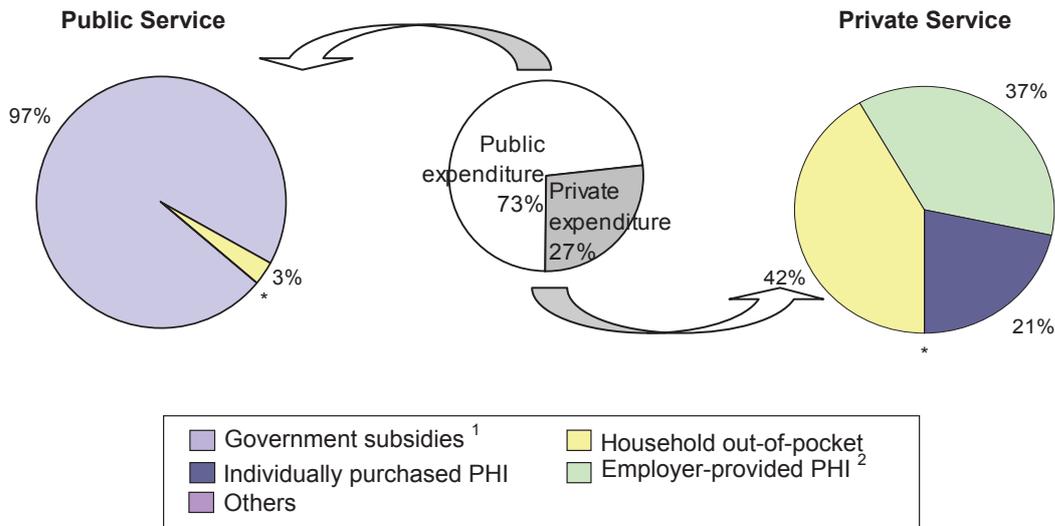
Note: * figures smaller than 0.1%
¹ include expenditure on civil servant and Hospital Authority staff medical benefit
² exclude expenditure on civil servant and Hospital Authority staff medical benefit
 Source: Hong Kong's Domestic Health Accounts: 2006/07

Figure C.2 Expenditure of out-patient in 2006/07 by financing source of public and private services



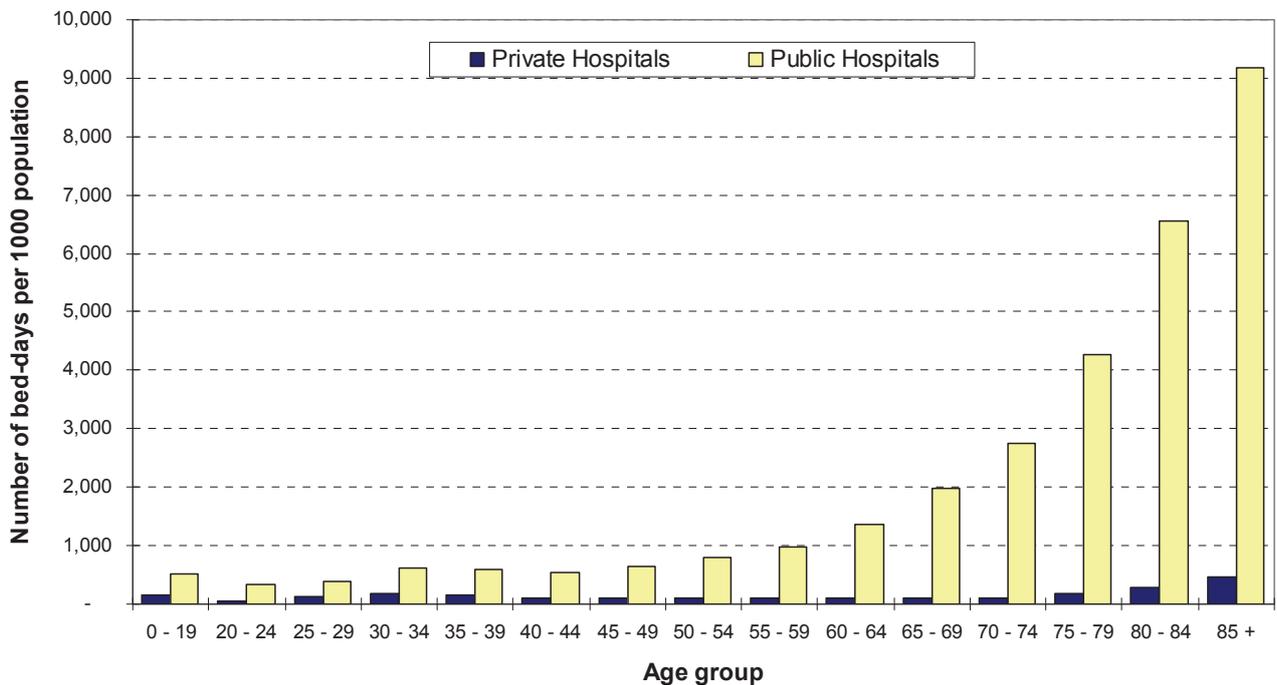
Note: * figures smaller than 0.1%
¹ include expenditure on civil servant and Hospital Authority staff medical benefit
² exclude expenditure on civil servant and Hospital Authority staff medical benefit
 Source: Hong Kong's Domestic Health Accounts: 2006/07

Figure C.3 Expenditure of hospital in-patient care[#] in 2006/07 by financing source of public and private services



Note: [#] included in-patient curative care, in-patient rehabilitative care, and day patient hospital services.
^{*} figures smaller than 0.1%
¹ include expenditure on civil servant and Hospital Authority staff medical benefit
² exclude expenditure on civil servant and Hospital Authority staff medical benefit
Source: Hong Kong's Domestic Health Accounts: 2006/07

Figure C.4 Number of bed days per 1 000 population, 2009



Note: The calculation of bed days is based on cases of discharges and deaths for both inpatient and day-patient cares, and the length of stay.
The length of day-patient care is counted as one day.
Source: Department of Health and Hospital Authority