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COLLEGE OF PROFESSIONAL AND  
CONTINUING EDUCATION  
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# Reforming Hong Kong's Health Care System: Everyone a Private Patient

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# Is Our Health Care System Efficient?

- *Bloomberg* ranked Hong Kong as the most efficient health care system in the world in 2013, and second most efficient in 2014

Most Efficient Health Care 2014: Countries

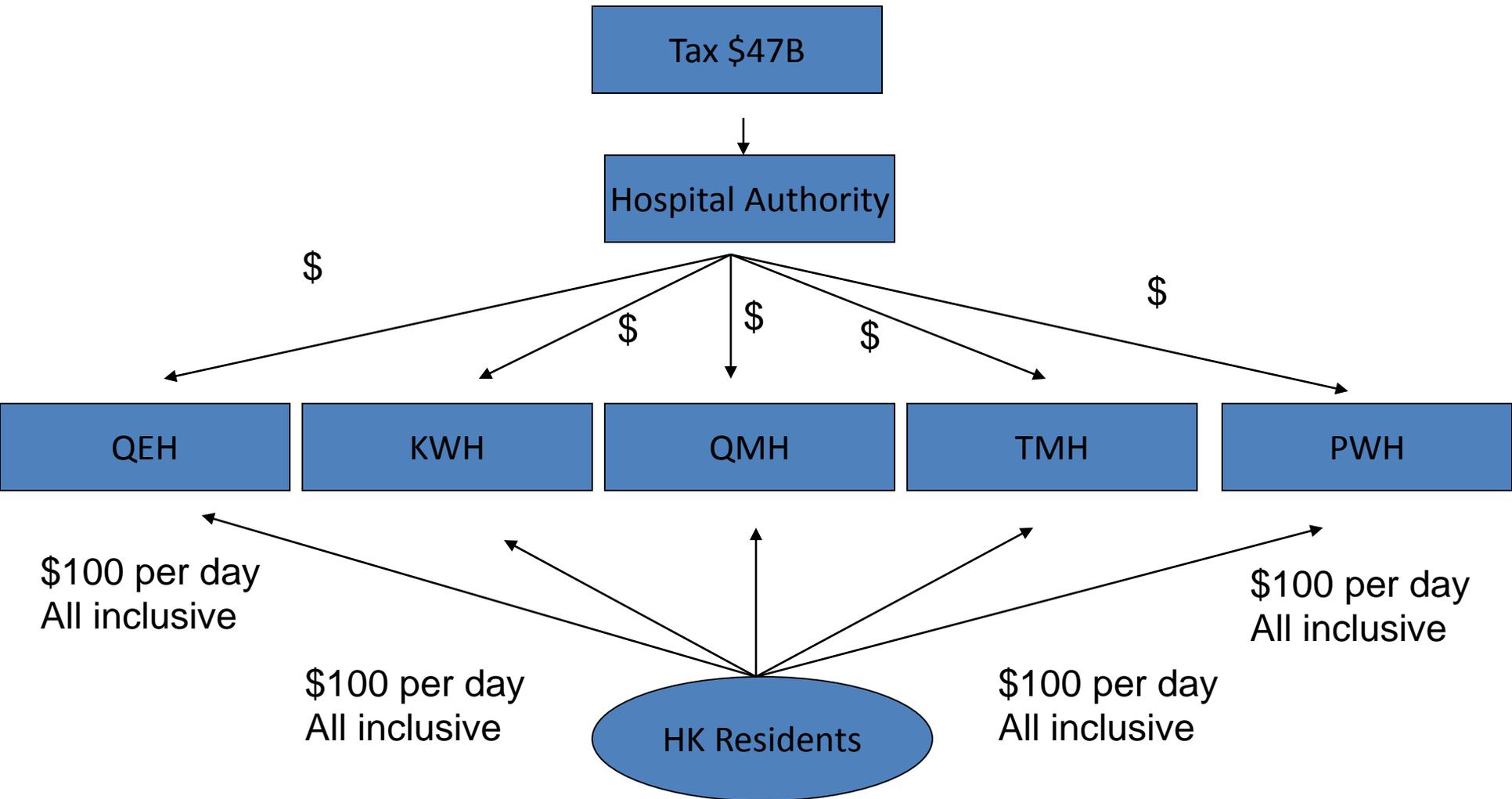
Singapore is best in Bloomberg's second annual ranking of countries with the most efficient health care while the U.S. remains near the bottom

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Rank 2014	Country	↓	Efficiency score	Life expectancy	Health-care cost as percentage of GDP	Health-care cost per capita	Change in life expectancy (years)	Change health-care cost per capita
1	<b>Singapore</b>		78.6	82.1	4.5%	\$2,426	0.40	\$281.7
2	<b>Hong Kong SAR</b>		77.5	83.5	5.3	1,944	0.06	535.6
3	<b>Italy</b>		76.3	82.9	9.0	3,032	0.30	-306.6
4	<b>Japan</b>		68.1	83.1	10.2	4,752	0.50	110.9
5	<b>South Korea</b>		67.4	81.4	7.0	1,703	0.40	50.1
			65.0	82.1	9.1	6,140	0.20	25.6

# The Current Funding Model

*Does Not Appear to Promote Efficiency*



# Serious Perverse Incentives

- Money goes to Hospital first
- Good services attract more patients without more resources – **penalize good service**
- Bad services deter patients from the hospital, but the hospital gets to keep the resources – **reward bad service**
- No incentive to be efficient

# Long Waiting Does Not Suggest Efficiency

- Waiting time for non-urgent radiographic services in HA > 5 years (Ming Pao 2013);
- Non-urgent orthopedic cases >2 years (Ming Pao 2014);
- First appointment at psychiatry clinics is > 94 weeks (The Sun 2014).
- Benign prostatic hyperplasia surgery > 2 years (Food & Health Bureau 2008).

# Common Popular Perception

- Our public hospitals are efficient
- They are under-resourced
- Not enough doctors in light of aging population
- Doctors are overworked
- Long waiting time inevitable

# Is our Public Hospital Efficient?

- Are we providing enough funding to our public hospitals in light of aging population?
- Do we have enough doctors in public hospitals in light of aging population?
- Is the long waiting time due to the fact that there are not enough doctors?

# Public Health Expenditure has Increased Almost 5 times since 1990

Year	Public Health Exp At Current Market Prices (\$M)	Public Health Exp At Constant 2012 Prices (\$M)	Public Health Exp As % GDP
1989/90	7,749	11,860	1.4
1994/96	21,581	22,491	2.0
2000/01	37,027	35,789	2.8
2005/06	36,931	41,370	2.6
2011/12	49,262	50,647	2.5

Source: Domestic Health Accounts, FHB

# Public Hospital Doctors & Population

Year	1993	1996	2002	2005	2007	2010	2015
<b>Population</b>	6,019,900	6,311,000	6,787,000	6,970,000	7,039,000	7,067,800	7,298,600
<b>Elderly population</b>	9%	10%	11.4%	12%	12%	13%	14.7%
<b>Population units: (elderly* 4)</b>	7,645,273	8,204,300	9,108,154	9,489,288	9,573,070	9,824,242	10,516,418
<b>No. of HA Doctors</b>	2,496	3,255	4,458	4,898	4,966	5,278	5,482
<b>Pop units/ HA Doctor</b>	3,063	2,520	2,043	1,937	1,916	1,861	1,918

Sources: Census & Statistics; Hospital Authority Annual Reports

# Public Hospitals' Doctor's Inpatient Workload

Year	1993	1996	2002	2005	2007	2010	2015
Gen Beds	23,299	25,177	29,022	20,225	20,180	20,516	21,337
Patient Days	4,995,104	5,384,353	6,744,886	5,230,343	5,220,389	5,314,224	5,813,000
No. of HA Doctors	2,496	3,255	4,458	4,898	4,966	5,278	5,482
Beds/ HA Doc	9.30	7.73	6.51	5.75	4.06	3.90	3.89
Patient Days/ HA Doc	2,001	1,654	1,513	1,077	1,051	1,006	1,060

Sources: Census & Statistics; Hospital Authority Annual Reports

# Public Hospitals' Doctor's Total Workload

Year	1993	1996	2002	2005	2007	2010	2015
<b>Gen OPD visits</b>	760,145	754,572	887,328	5,179,203	4,842,247	4,700,543	5,768,000
<b>A&amp;E visits (2.63*GOPD)</b>	1,492,637	1,979,212	2,522,972	2,019,451	2,052,774	2,214,422	2,241,000
<b>SOPD visits (2.74*GOPD)</b>	4,420,542	6,119,560	5,943,653	6,018,338	6,005,257	6,392,410	7,040,000
<b>In-Patient days (11.12*GOPD)</b>	4,995,104	5,384,353	6,744,886	5,230,343	5,220,389	5,314,224	5,813,000
<b>Total Work Units</b>	72,343,622	82,601,499	98,811,486	85,142,019	84,746,172	87,133,847	95,591,990
<b>No. of Doctors</b>	2,496	3,255	4,458	4,898	4,966	5,278	5,482
<b>Work Units/Doctor</b>	28,984	25,377	22,165	17,383	17,065	16,509	17,437

Sources: Hospital Authority Annual Reports

# Observations

- More resources have been given to public hospitals year after year
- There are more doctors in public hospitals than ever before
- Overall age-adjusted population to doctor ratio is much better now than ever before
- Inpatient workload for has been on the decline

- Despite Outpatient Workload is on the increase, average workload for doctors has not increased significantly and has decreased in many years
- The evidence does not support that the generally held perception that HA is underfunded
- The evidence does not support the generally held perception that our doctors are overworked

# Why long waiting time?

- Perverse incentives systems
- Money does not follow patients
- Money goes to hospitals at beginning of the year regardless of workload, outcome
- Good care attract more patients but not resources
- Poor care deter patients but resource level is the same

# Private vs Public Provision Efficiency Comparisons

- UK-NHS vs US Kaiser-Permenente
- Chris Ham, Nick York, Steve Sutch and Rob Shaw Hospital bed utilisation in the NHS, Kaiser Permanente, and the US Medicare programme: analysis of routine data *BMJ* 2003;327;1257
- Feachem RGA, Sekhri N, White K. Getting more for their dollar: a comparison of the NHS and California's Kaiser Permanente. *BMJ* 2002;324:135-43.
- After adjusting for age differences, the Studies finds that the NHS used **3 times** the no. of acute bed days as Kaiser
- Evidence suggests that private sector provision is more efficient than public sector provision

# Can Hong Kong Afford to Switch to Private Provision?

- Public hospital cost is not low: \$4,780 per day
- HA received \$47 Billion a year in 2012 from government : \$6,440 per HK resident
- *2015 Employee Insurance Benefit Research (Gainmiles 2015)* indicates Average Hospitalization insurance premium per employee is \$3,068
- Can everyone be a private patient?
  - A patient can choose to go to QEH or Baptist or HK Sanatorium Hospital

## If we insured Everyone with the private Voluntary Health Insurance Scheme

Age Group	Illustrative Annual Standard Premium	End-2012	
		% of total population	Total Premium X1,000
Under 15	\$1,250	11.2	\$1,007,250.0
15-19	\$1,500	5.8	\$620,550.0
20-24	\$1,450	6.4	\$664,535.0
25-29	\$2,200	7.3	\$1,147,960.0
30-34	\$2,200	7.9	\$1,251,580.0
35-39	\$3,200	7.8	\$1,797,760.0
40-44	\$3,300	8.1	\$1,908,720.0
45-49	\$4,750	8.7	\$2,959,250.0
50-54	\$5,300	9.0	\$3,438,640.0
55-59	\$6,250	7.7	\$3,468,125.0
60-64	\$6,900	6.1	\$3,017,370.0
65-69	\$8,600	3.9	\$2,418,320.0
70 and Above	\$9,950	10.1	\$7,203,800.0
All age groups	<b>\$3,600 (Average Premium)</b>	<b>100</b>	<b>\$30,903,860.0</b>

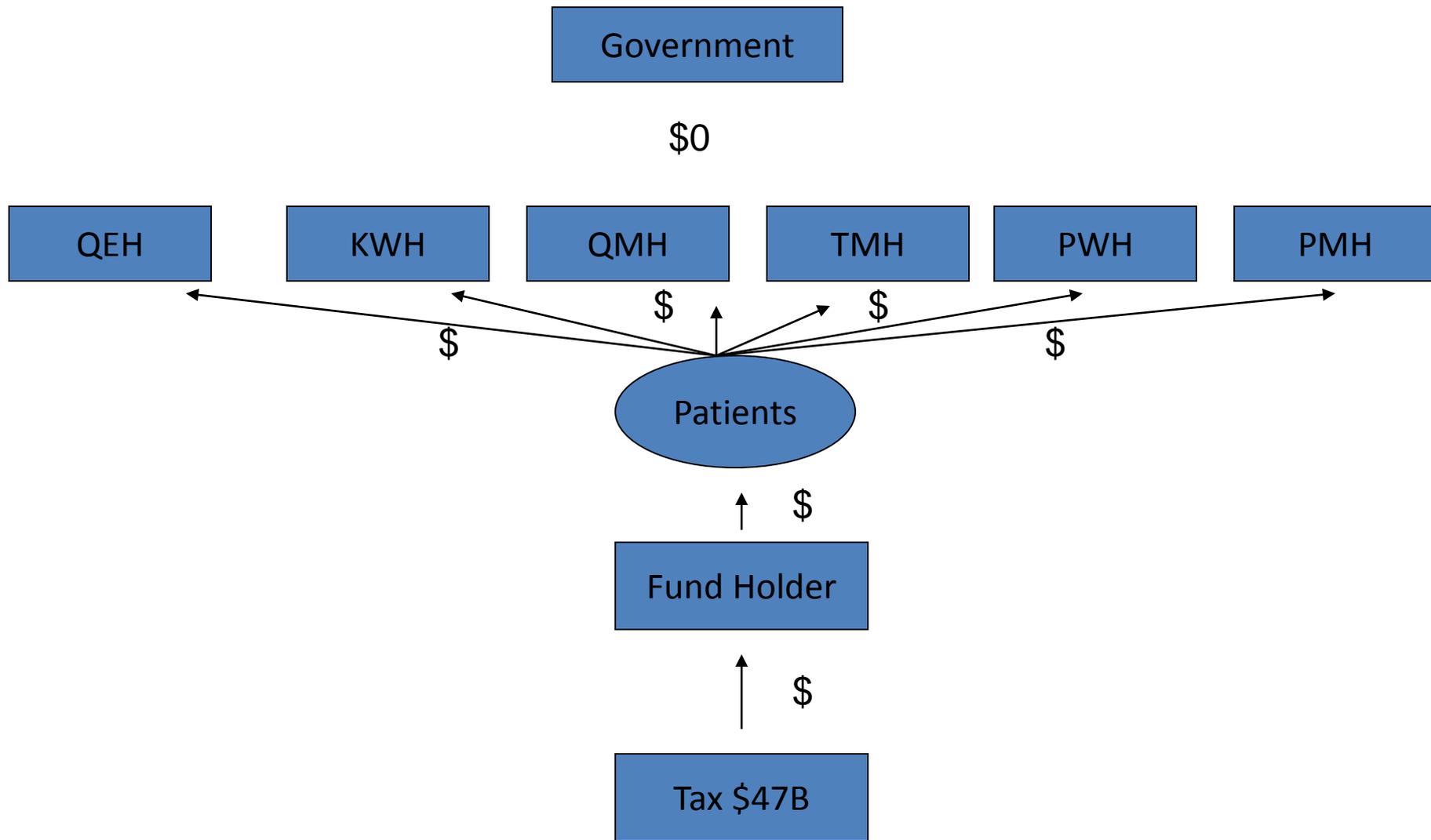
# Can We Afford it?

- Premium for entire population :\$30.9B
- HA Income in 2012: \$47.1B
- Inpatient Expenditure : 54.8% of total :\$24.8B
- Shortfall of *\$6.1B*
- Existing Private Insurance Premium Expenses
  - Group \$7.6B + Individual \$7.5B = \$15.1B
  - Assuming 50% are hospitalization :\$7.5B
- No shortfall: Money is there

# How to Progress this?

- Phase 1 : Separate public financing from provision
- Hospital will not get any operational budget at the beginning of the year
- HA holds money and purchase service from hospitals (initially existing public hospitals)
- Money follow patients

# Change Needed: Change the Funding Model to Money Follow Patients



# Phase 2 and 3

- Phase 2
- Start purchasing from private hospitals as well
- Phase 3
- Form a Central Insurance Authority integrating both public and private health care
- Everyone can choose to go to any hospital he/she likes
- **Everyone becomes a private patient**



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Thank You