



# Public Private Partnership in Health Care in Hong Kong

*What are the effective strategies?*

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# What are Public Private Partnerships

Efficiency Unit of HK Government

- Public Private Partnerships (PPPs)  
*“arrangements where the public and private sectors both bring their complementary skills to a project, with varying levels of involvement and responsibility, for the purpose of providing public services or projects”.*

# Hong Kong Government policies on private sector involvement

involving the private sector in the provision of public facilities and services to:

- encourage innovation
  - enhance productivity
  - speed up project and service delivery
- to provide better and more efficient services  
to increase opportunities for investment in Hong Kong.
- *An Introductory Guide to Public Private Partnerships* in August 2003

# Merits of public private partnerships

PPPs can take different forms to meet the specific needs of individual cases.

According to EU, merits of PPPs include:

- (a) allowing the public agency to concentrate on its core competencies;
- (b) creating economic growth, employment and investment opportunities;
- (c) realizing better exploitation of public assets, data and intellectual property;
- (d) reducing lifecycle costs of a project;
- (e) providing opportunities for new sources of revenue;
- (f) bearing less risks of cost overruns and project delays;
- (g) achieving substantial improvement in the quality of public facilities and services;
- (h) achieving better allocation of risks;
- (i) spreading the public capital investment over the life of a project;
- (j) **utilizing the skills and experience, access to technology, and innovation of the private sector for better delivery of public services;**
- (k) bringing commercial disciplines into the provision of public services;
- (l) maintaining a small government and a lean civil service; and
- (m) **enhancing unity of responsibilities for delivering services.**

# Demerits of public private partnerships

Listed below are potential problems of PPPs as suggested by EU<sub>3</sub>:

- (a) loss of public control;
- (b) inadequate accountability of the private sector entity to the public;
- (c) **unreliable levels of service**;
- (d) lack of flexibility, especially over the longer term;
- (e) disruption of service, and costs incurred by the public agency when step-in rights are exercised;
- (f) inappropriate allocation of risks between the public and the private sectors;
- (g) the private sector entity escaping liability through liquidation and use of the status of a limited liability company;
- (h) higher costs due to limited competition if qualified PPP contractors are not available;
- (i) greater difficulty and higher cost in removing an unsatisfactory contractor;
- (j) higher private financing costs; and
- (k) **greater secrecy and lack of transparency resulting in benefits not being shared with the public agency.**

# PPP in HONG KONG

- only the Build-Operate-Transfer (BOT) approach has been adopted in the development of a few major infrastructures - cross-harbour tunnels and other tunnels.
- other forms of PPPs, in particular Private Finance Initiative (PFI):
  - (a) Tourism-related projects such as the former Marine Police Headquarters, the Central Police Station, Victoria Prison and the former Central Magistracy and the Tung Chung Cable Car Project;<sup>4</sup>
  - (b) Cyberport<sup>5</sup>;
  - (c) Asia World-Expo (AWE); and
  - (d) West Kowloon Cultural District (WKCD)

# PROMOTING PPP IN HEALTHCARE

## Benefits of Public-Private Partnership

- brings together the **resources and expertise** from both the public and private sectors
- becoming increasingly popular in many advanced economies
- help redress **imbalance** between public and private healthcare services
- an overall **improvement in the quality of care** for patients
- better use of the resources available in the community
- **training and sharing of experience and expertise**
- helping to ensure **sustainability** of the healthcare system

# PROMOTING PPP IN HEALTHCARE

## Achieve Savings and Enhance Cost-Effectiveness

- **bulk contracts** of purchase of services at a **lower cost** from the private sector - achieve savings and enhance cost-effectiveness
- service contract must set the **standards** and ensure **quality of service**
- public hospitals can focus more on its **priority services** such as acute cases and the treatment of complex illnesses requiring costly treatment
- relieve the service demands on public hospitals
- private sector more room to develop
- In the case of sharing facilities between co-located public and private hospitals, both would achieve cost savings and the patients would enjoy a reduction in fees.

# PROMOTING PPP IN HEALTHCARE

## Enable the Optimal Use of Human Resources

- healthcare human resources **costly**
- medical and healthcare professionals take time to train
- PPP to make **fuller use** of human resources in the private sector to deliver service for public sector patients
- private sector doctors to practice in public hospitals on a part-time basis - to relieve resources demand and encourage continuing enhancement of service quality in both sectors

# PROMOTING PPP IN HEALTHCARE

## Facilitating Cross-Fertilization of Expertise and Experience and Promoting Healthy Competition and Collaboration

- collaboration and cross-fertilization of experience between public and private sector medical professionals
- **skill transfer** and **cross-sector training**
- a more balanced spread of caseload of certain types of hospital services between public and private hospitals would create competition between the two sectors for service quality and standards
- Eg cataract service pilot scheme for purchase of private sector service

# PUBLIC-PRIVATE PARTNERSHIP IN HEALTHCARE - Possible Models

## Primary Care

- to purchase services from the private
- to partially subsidize patients to undertake preventive care in the private sector
- to makes use of capacity of private sector part of service demand on the public
- greater choice of services for individuals in community

# PUBLIC-PRIVATE PARTNERSHIP IN HEALTHCARE - Possible Models

## Secondary and Tertiary Care

- in financing, construction of facilities, and service delivery, etc
- (a) Purchase of hospital service from the private sector: elective procedures (lower cost; waiting list)
- (b) Hospital development: co-location of public and private hospital facilities (co-ordinated planning; avoid duplication of equipment and facilities; sharing of supporting services, diagnostic services and facilities)
- (c) Setting up of multi-partite medical centres of excellence: to draw together top expertise of the relevant specialty from both the public and private sectors, including the academia
- (d) Engaging private sector doctors in public hospitals: particularly in tertiary and specialized services, on a part-time basis

# PROMOTING PPP IN HEALTHCARE

## Chronic Disease Management Shared Care Programme

### *PPP Pilot Projects and Initiatives*

- a pilot Public-Private project - additional choices to chronic disease patients currently under the care of the public healthcare system to have their conditions followed up by private doctors
- clinically suitable patients identified by a multi-disciplinary risk assessment and management programme at special outpatient clinics
- invitation to participate in the Shared Care Programme
- Government provides partial subsidy for patients to receive comprehensive management in the community, and supports the establishment of long-term partnership between patients and the doctors of their choice
- programme primarily targets DM and HT patients currently taken care of by the public system
- piloted by HA in the New Territories East Cluster

# PROMOTING PPP IN HEALTHCARE

## ***PPP Pilot Projects and Initiatives***

- Tin Shui Wai Primary Care Partnership Project - primary care services are purchased from the private sector in Tin Shui Wai for specific patient groups under the care of public GOPCs
- purchasing of haemodialysis service from private centres for end stage renal disease patients currently under the care of public hospitals
- Cataract Surgeries Programme
- Elderly Health Care Voucher Pilot Scheme – “money-follows-patient” concept, piloting a new model for subsidised primary care services
- vaccination schemes

# PROMOTING PPP IN HEALTHCARE

<b>Cataract Surgeries Programme</b>	<p>The Cataract Surgeries Programme has been launched to shorten patients' waiting time on HA's queue for cataract surgeries.</p> <p>Eligible patients on HA's waiting queue for cataract surgeries are invited to participate in this Scheme.</p> <p>HA provides a one-off \$5,000 subsidy for participating patients to undergo cataract surgeries in the private sector, and any balance of the surgery fee will be borne by the patients concerned. Private surgeons may charge no more than \$13,000 for each surgery; the patients are thus required to co-pay at most \$8,000 for the cataract surgery performed. For eligible patients who are recipients of CSSA or from low-income families eligible for full medical waiver, they may have cataract surgeries performed in HA hospitals through additional operating sessions.</p>
<b>Tin Shui Wai Primary Care Partnership Project</b>	<p>The Tin Shui Wai (TSW) Primary Care Partnership Projects has been launched to test the use of PPP model and supplement the provision of public general out-patient services in the area.</p> <p>Under this Programme, eligible patients in TSW who have been under the care of HA's existing TSW GOPC are invited to participate. Those who choose to participate in this Scheme may enrol with a private medical practitioner in TSW who participates in this Scheme. They may seek up to 10 medical consultations with the private practitioners, and are required to pay a standard fee of \$45 per consultation, the same fee as attending HA's GOPC.</p>

# PROMOTING PPP IN HEALTHCARE

<b>Haemodialysis Shared Care Programme</b>	<p>The Haemodialysis Shared-Care Programme has been launched to utilize spare capacity in the private sector in providing haemodialysis services.</p> <p>Under the Programme, eligible patients with end stage renal disease currently under the care of HA will be invited to participate. Qualified community haemodialysis providers in the private sector will provide haemodialysis treatment to patients who choose to participate. Patients participating in the programme will pay the community haemodialysis centre/private hospital a standard fee (\$80), the same as that for receiving haemodialysis treatment in HA hospitals.</p>
<b>PPP Project on Enhancement of Radiological Investigation Services</b>	<p>The purpose of the Project is to subsidise patients under the care of HA to receive radiological investigation service in the private sector as an additional choice for the patients, having regard to the spare capacity in the private sector to provide such service.</p> <p>Eligible patients will be invited to receive radiological imaging service through specified contracted private providers.</p>

# PROMOTING PPP IN HEALTHCARE

<b>Elderly Health Care Voucher Pilot Scheme</b>	<p>During the three-year period of the Pilot Scheme, all elderly with HK Identity Card at or above the age of 70 are provided each year with five vouchers of \$50 each as partial subsidies for their receiving primary care services from private primary care providers enrolled under the Scheme (covering 9 healthcare professions including doctors, dentists, Chinese medicine practitioners, etc.).</p> <p>Eligible elderly may choose freely to use one or more of the vouchers to pay for primary care services they received from enrolled private primary care providers, but are required to pay any balance of the fees that may be charged by the providers on top of the voucher amount.</p>
<b>Elderly Vaccination Subsidization Scheme, Childhood Influenza Vaccination Subsidization Scheme and Human Swine Influenza Vaccination Subsidization Scheme</b>	<p>A number of vaccinations for certain high risk groups are recommended by Scientific Committees comprising relevant experts to minimize the risk of infection and hospitalization. In this regard, a number of vaccination subsidization schemes have been launched to subsidize eligible individuals receiving vaccination from private medical practitioners who are the predominant primary care providers for the population.</p> <p>Eligible individuals are provided a fixed amount of subsidies when they receive vaccination from a private medical practitioner enrolled under the schemes. The practitioner may charge extra fees for the vaccination which have to be paid by the individuals, subject to the extra fees being indicated upfront to the Government and on a poster in the clinic. In the case of Human Swine Influenza Vaccination, extra subsidies are provided for the injection costs and practitioners are encouraged not to charge extra. However, no restriction is set on charging co-payments.</p>

# Implementation of PPP programmes

Audit has recommended that HA should:

- (a) continue to monitor the patient **take-up rates** of PPP programmes and improve programme **popularity** - especially in the **Shared Care Programme**; and
- (b) monitor closely the **drop-out situation** of individual PPP programmes

Hospital Authority: Public-private partnership (PPP) programmes **Audit Commission 2012**

# Implementation of PPP programmes

Audit has recommended that HA should:

- (a) take effective measures to improve **healthcare providers' take-up** of PPP programmes;
- (b) publish on the HA website the **list of participating healthcare providers** for all PPP programmes.

# Administering partnership between Hospital Authority and private sector

Service protocols - HA should:

- (a) step up the monitoring of healthcare providers' service delivery;
- (b) remind healthcare providers to give due consideration to the service protocols.

Hospital Authority: Public-private partnership (PPP) programmes **Audit Commission 2012**

# PROMOTING PPP IN HEALTHCARE

## eHR Sharing System

- Public Private Interface-Electronic Patient Record (PPI-ePR) in mid-2005 enhanced the co-ordination of the public and private health service sectors as a way to promote continuity of care of patients, with the aim to facilitate a free flow of patients between the public and private sectors, in providing on time access to patient information

# PROMOTING PPP IN HEALTHCARE

## eHR Sharing System

- a territory-wide patient-oriented system, the eHR Sharing System, was implemented in response to the healthcare reform in 2008, as part of the Public Private Partnership (PPP) initiative (Hospital Authority, 2010)

# PROMOTING PPP IN HEALTHCARE

## eHR Sharing System

- in July 2009, the eHealth Record Office established to monitor the complex and multi-faceted development of her
- to strengthen the delivery of service in both the public and private sectors
- eHR is now entering the legislation process on patient privacy and security of eHR (eHealth Record Office, 2014b).

# Electronic platform for patient record sharing

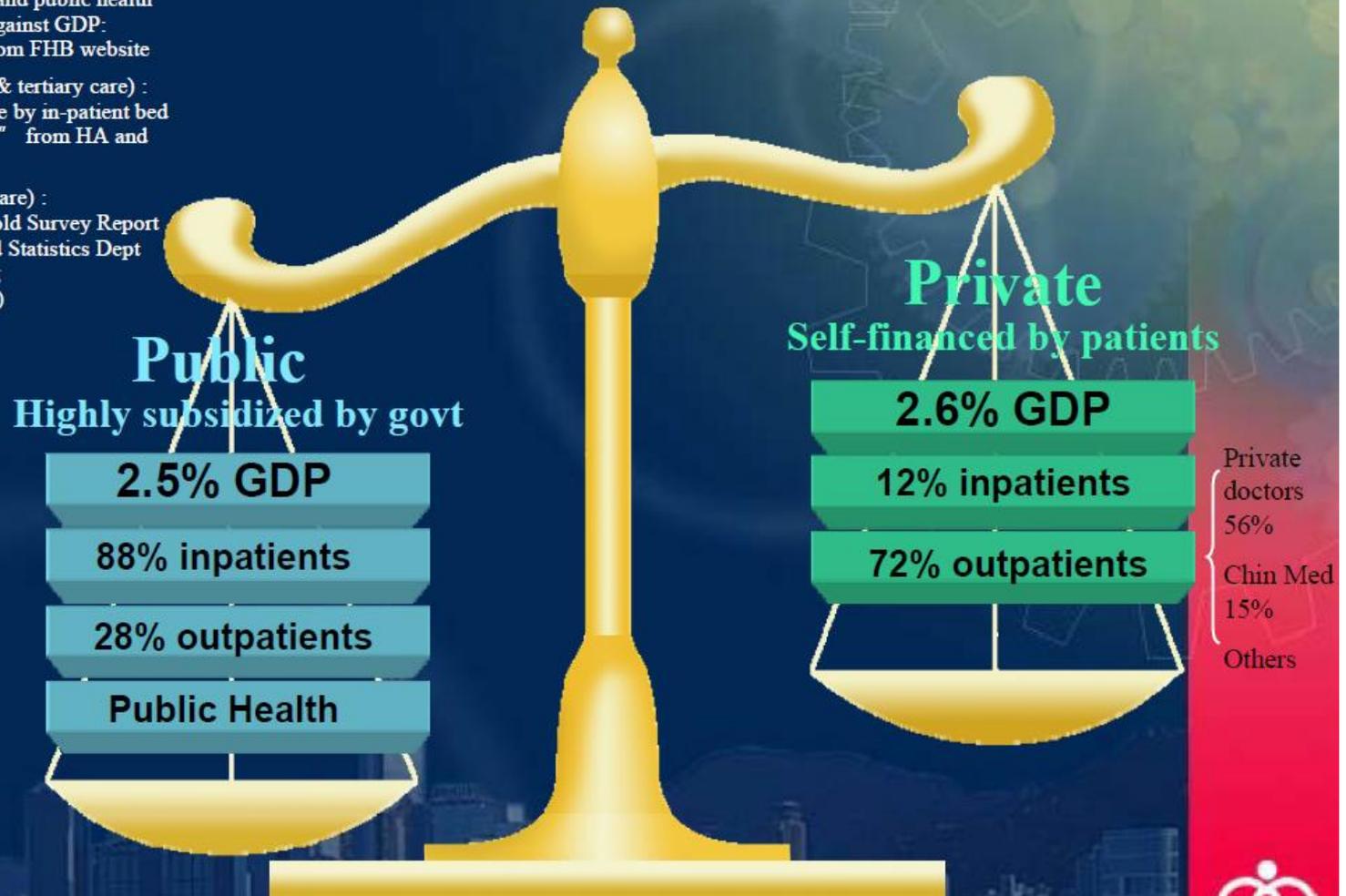
HA should:

- (a) ascertain the factors which hinder various users from using electronic patient records;
- (b) take effective measures to facilitate the use of electronic patient records;
- (c) step up publicity of electronic patient records.

# Hong Kong Healthcare System

Source:

- (1) Percentage of public and public health sectors expenditure against GDP: figures in 2008/09 from FHB website
- (2) Inpatient (secondary & tertiary care) : "Public-private share by in-patient bed day occupied in 2010" from HA and Dept of Health
- (3) Outpatient (primary care) : "Thematic Household Survey Report No. 45" , Census and Statistics Dept (data collected during Nov 2009 - Feb 2010)



## Challenges

Financially viable, operationally sustainable

Public and private interaction in the past

Patients' perspectives

Perception about public healthcare

Essential, social good, welfare

Public is dependable

Private sector perspective

Trust between two sectors

Package offered

## Challenges 2

Public perspectives:

Capacity of private sector

Quality assurance

Logistics arrangement

Two-way flow of information: legal and  
technical  
issues

Drug dispensing

Legal liabilities

Still a lot of room for exploration for  
Innovative PPP

# Existing Problems

## Population Growth

- Population growth **increase** healthcare service **users**
- 2011: 7.07 million | 2041 year: 8.47 million (+ **19.8%**)

## Aging population

- Aging population exert **tremendous pressure** on the healthcare system
- Geriatric attendances: 1997 → 2012 years (+ **65.0%**)
- In the coming 20 years → Working population: Elderly population 6:1 → **3:1**

## Keep increasing on Public health spending

- 2012: 37.8 billion ( GDP 5.1% ) | estimation in 2033: 186.6 billion (GDP 9.2%)
- **Cannot fulfil the demand** for public health care system services
- The Drug Formulary are not comprehensive so some patients **can not benefited**.

# Existing Problems

## Inadequate protection

- Fail to provide adequate protection for those patients suffering from diseases with **expensive treatment**
- Especially patients from **middle-class** as they fail to meet the requirement of financial assistance mechanism

## Holistic primary care

- Patients and health care providers fail to pay attention to **holistic primary care** and health promotion.

## Without coherent health care

- Unable to establish **long-term relationship** between doctors and patients

# Existing Problems

## Imbalances of Medical systems between public and private sector

- Private hospitals and private doctors charge much higher than the public institutions
- Public sector employs about 60% of the local medical staff, they **take care of nearly 90% of patients**;
- Instead, the private sector employs about 40% of medical staff, but they take care only 10% of the patients

## Insufficient manpower in public hospitals

- Because of the overload healthcare system, the front-line staff suffer from **long working hours** and **huge working pressure**
- Private sector can afford higher salary to healthcare professionals far beyond the affordability of the public sector

## Overload of the public healthcare system

- Long waiting time, the quality may decrease
- Waiting Time for stable new case: ENT 85 weeks; Gynecology 129 weeks; ophthalmology 154 weeks