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The Long-Term Sustainability of the Hong Kong Healthcare System

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ABSTRACT

The Hong Kong healthcare system is well-known for its good performance and supreme efficiency, but it is facing the problem of long-term sustainability. The shift of epidemiological pattern, increasing medical costs, and the imbalanced demands between the public and private sectors have caused huge financial burden on public healthcare services. There is also resource misallocation in the public system. Therefore, the Hong Kong healthcare system may be unsustainable in the long term. Re-structuring of the healthcare system and health reform are the effective ways for improving healthcare sustainability. Voluntary Health Insurance Scheme, performance measurement system, public private partnership, and fare adjustment scheme can be considered and implemented into the healthcare system for enhancing the efficiency and effectiveness of resource utilisation in future.

KEYWORDS: Sustainability, Healthcare Systems, Hong Kong Healthcare
1 INTRODUCTION

The health delivery system of Hong Kong is highly efficient with very impressive health outcomes. It is a dual track system which includes the public and private sectors (HKSAR, 2014). The private sector mainly provides primary healthcare and the public sector is the main supplier of secondary and tertiary healthcare services. In the public sector, the Food and Health Bureau (FHB) is responsible for the policies and allocation of resources for operating the public services in healthcare. Under the FHB, the Department of Health (DH) and Hospital Authority (HA) are in-charge of the management of public health and public hospitals respectively. On the other hand, the private sector primarily caters for the non-subsidised services. As a result, the public sector provides the safety net and it is a free market in Hong Kong’s health system.

Nonetheless, the quality and sustainability of healthcare system are affected by the social and demographic changes. Since the majority of Hong Kong people rely heavily on the highly subsidised services in the public healthcare system, the Government bear the huge bill in maintaining the system. With the ageing population, and medical costs expanding continually, the system may not be sustainable because of the narrow tax base. As a result, the Government have to reform the existing system to uphold the quality and sustainability in future.

2 FACTORS OF SUSTAINABILITY

In terms of sustainability, it is related to the affordability, acceptability, and adaptability of health delivery systems (Fineberg, 2012). Affordability is about the ability of the patients and families, employers, users, and the government to pay for the medical cost. Acceptability is concerned about the key participants such as patients and health professionals. Lastly, adaptability describes how the systems respond to changes.

In 1997, the Hong Kong Government invited the specialist team from Harvard University to investigate Hong Kong’s healthcare system. The famous “Harvard report” has aroused discussions about the problems of the health system. It has pointed out a few serious problems, including jagged quality of healthcare service, and system sustainability in future (Hsiao and Yip, 1999). The report has also explained that the current financial system will be hard to maintain because health expenditure will be increased continually by the ageing population, escalating medical costs and rising service expectation from the citizens. There are many factors affecting healthcare sustainability in Hong Kong.

2.1 Maintenance of Excellent Service Quality

The quality of healthcare services in Hong Kong is renowned in the world. In terms of the vital statistics, it is among the best in the world, particularly in life expectancy and infant mortality rate (Food and Health Bureau, 2008). These results have indicated that Hong Kong citizens are receiving superb quality and high performance in healthcare services.

In addition, the Harvard Report has commented on the good equality in the Hong Kong health system (Hsiao and Yip, 1999). All people can receive the necessary health care services, no matter being rich or poor, as part of the Government’s health policies to “ensure that no one is denied adequate medical treatment due to lack of means”. The report has also found that the proportion of personal income on health expenditure, time of reaching the service locations, and number of times of using healthcare services are similar among people from different strata. It has shown that people can enjoy healthcare service without the geographic or financial limitations.
2.2 Increasing Medical Costs

According to a study by the Food and Health Bureau (2013), there are different factors causing the expanded medical costs, including the advancement of medical technology. The Government need to constantly invest more capital and funds to maintain the high service quality, because medical technologies always change and advance, and equipment is constantly being upgraded through development and innovation. The latest technology and equipment will spiral up health care costs (Kumar, 2011). Moreover, new technology will always replace the older one within a short time. The costs will continue to increase in order to improve the existing facilities and equipment, as well as drugs. On the other hand, health systems also need to invest in further training, because new equipment will have additional features, and staff need to learn the new skills. As a result, financial expenditure on the new equipment and technology will increase tremendously.

2.3 Lack of Co-ordination in Public Healthcare Services

Public health services in Hong Kong are provided by the Food and Health Bureau, Department of Health and the Hospital Authority. Each of the three authorities has a certain power in managing the healthcare system, and there is a lack of co-ordination among them (Fang and Chen, 2004). Therefore, the public healthcare system cannot effectively and quickly enact the relevant strategies, especially when facing with emergency situations or crises. In addition, the lack of co-ordination may also increase unnecessary or avoidable mistakes, or waste of time when the officers need to manage the many complicated processes of communication with other departments. Therefore, many resources cannot be correctly and effectively allocated to suitable services. As a result, the healthcare system will not be sustainable when the resources are not spent in efficient and effective ways.

2.4 Unaffordable Financial System in Future

In Hong Kong, communal healthcare services are largely supported by the Government through taxation (Yam et al., 2009). However, narrowed tax base and limited tax revenue will not help the financial sustainability of the Hong Kong health system, in which public health care is highly subsidized by the Government. For instance, the daily charge for public hospital and outpatient consultations for specialist clinics are only one hundred and only sixty dollars respectively. Such fee structure will produce an enormous risk on the financial sustainability of the public health delivery system under the existing financing planning (Food and Health Bureau, 2008). On the other hand, tax revenue will be reduced continually when the ageing population is still expanding. The proportion of the working population and tax income will be decreased in future. Thus the younger population will bear a huge financial burden.

2.5 Shifting Epidemiological Patterns

Apart from taxation, ageing population is another important issue for Hong Kong. According to the World Health Organisation (2002), the ageing population worldwide will be raised by around 700 million from 1970 to 2025. The local Census and Statistics Department (2015) has also indicated that the proportion of the elderly population in Hong Kong will increase to more than one third three decades later. The needs and demands for health services by the elderly population is likely to expand, and thus the cost of healthcare is expected to rise (Yam et al., 2009). As a result, the expanding elderly population will induce a big healthcare burden to the system and thus impose the potential risk on the health service sustainability since healthcare expenditure will increase distinctly with advancing age in the community (Coiera and Hovenga, 2007).
3 THE CHALLENGES

3.1 Imbalanced Utilisation in Public and Private Sectors

The public sector holds more than 90% of the market share in the Hong Kong healthcare system (Fang and Chen, 2004). The Hospital Authority has aimed to improve the quality of healthcare services and to promote the welfare structure into the healthcare system. It has invested huge funds and resources to deliver the all-in-one services, which include primary, secondary, tertiary and super-specialty care for an inexpensive and nominal price to local citizens. In-patient hospital charge is one hundred dollars per day, with everything included. Fee for local residents using the emergency service is only a hundred dollars each time, while the charges to foreigners for the same service are around thousands of dollars per attendance (Hospital Authority, 2016a). Thus, the public communal health system has provided a great discount, or more correctly subsidy, to all citizens.

On the other hand, charges by the private sector are much higher than the public sector. For example, in-patient charge in private hospitals is around $4000 to $6000 per day. For this reason, the public sector is continually “eroding” the market share. Private hospitals and clinics have found it hard to compete. This will lead to further increase in the burden of the public sector since eligible local citizens are more inclined to choose the public health services. As a result, the waiting time and needs of resource will have to be increased in the public sector. Such imbalanced utilisation pattern of the public and private healthcare services will influence the sustainability of the health system in the long run.

3.2 Expanding Population of Elderlies

When the population of elderlies is expanding fast, the need of geriatric care will also rise since older people have a relative high utilisation rate. In addition, healthcare expenditure on old people is more than the young. Elderlies will use six more times of in-patient care than those aged below sixty-five years (Yam et al., 2009). Therefore, the public healthcare system has to put in more resources to cope with this negative factor of sustainability arising from the increasing ageing population. The problem will get more serious in the future when the proportion of the working population drops.

3.3 Unhealthy Lifestyle and Fast Pace of Life

Hong Kong is a fast-paced city. As in many cities, people always consume food with high fat and salt contents, but do not exercise. People tend to suffer from chronic conditions such as obesity, diabetes and cancers, etc. The main causes of death from chronic diseases increase during the last decade (Hospital Authority, 2016b). Furthermore, there is a trend of rising prevalence of chronic conditions among young people in Hong Kong. Unfortunately, residents have always neglected the recommendations by the Government, resulting in growing number of people suffering from chronic diseases, the new public health burden. Expenditure of communal healthcare will be sharply increased by this phenomenon.

4 RECOMMENDATIONS

Healthcare systems should aim to contain the cost, and to improve the effectiveness without compromising service quality. The Hong Kong Government should fix the imbalance between the public and private sectors, and the lack of services by an effective and holistic primary care system. Health reform and extended age of retirement may be useful in the enhancement of sustainability.
4.1 Re-structuring Current System

Unity and co-ordination are the main issues and factors in healthcare sustainability. Each health authority and department consumes many resources and time in the complicated processes of communication among them (Fang and Chen, 2004). There are also overlapping powers and functions in the management of each health department. Such duplication has resulted in substantial resources being wasted.

On the other hand, the over-expanded Hospital Authority is another problem affecting the healthcare sustainability. Within the last two decades, the number of executive officers and health professionals has increased sharply in the HA system. However, such enhancement of human resource cannot improve the efficiency or effectiveness of the services since most of the officers only focus on the analysis of statistical results, and the administration of daily operations (Fang and Chen, 2004). In this regard, there is a lack of strategies and tactics aiming to improve the efficiency of the current system. Therefore, capital and time are not being allocated to the appropriate and necessary services such as the care of the elderly and chronic diseases.

The current system should be re-structured and streamlined by combining the FHB, DH and HA. They should be merged into one single authority to manage all the affairs of the public and private healthcare sectors. The entire health system will be fully administrated by the new department. Hence, allocation of resources and the unity of healthcare system will be improved. As a result, the efficacy of public health services and healthcare sustainability will be much enhanced by the refined system.

4.2 Performance Measurement System

According to World Health Organisation (2010), the efficiency of services will be improved when the price correlates to the provider’s performance. In addition, healthcare service providers will face a bigger chance of encountering moral risk in dealing with the resources, particularly when the system is lacking of effective performance. So, a compact performance measurement system can ascertain the quality of services and hence the healthcare sustainability.

The HA has assumed the dual roles of regulator and provider of the public hospital system. There is a lack of measurement and information about performance, which should be transparent to the health market (Yip and Hsiao, 2003). In addition, there exists a conflict of roles and duty when HA is both the service provider and regulator at the same time. This will limit the inducement for improving services and the public healthcare system in the long term (Ng and Yuen, 2012). The Government should introduce performance measurement into the current system, in order to enhance the efficacy and effectiveness of resource allocation.

The performance measurement system should be managed by an independent organisation, so that it can assure justice and reliability. It will co-ordinate with the funders, healthcare providers and end users. It is expected that allocation of financial resources will be based on the findings and recommendations of this independent organisation, with the hope to improve the quality of care for better outcomes.

4.3 Family Doctor and Primary Care

The worldwide trend of healthcare services in many countries has shifted to primary care, which is the milestone of reform in healthcare systems. It can help to reduce the government’s burden of healthcare financing (Fang and Chen, 2004). On the other hand, family doctors are the important and key players in primary care. Family doctors emphasise the holistic needs and care of patients. They advocate coherence and co-ordination of healthcare services in order to reduce duplication of services and wastage of resources. Thus
the abuse of specialised and accident and emergency (A&E) services can be minimised. Unfortunately, perception and knowledge of family medicine are still lacking in Hong Kong. Hence, primary care by family doctors is relatively underutilised, or even unaccepted (Griffiths and Lee, 2012).

The Government should make available more funding and other resources to promote family doctors and primary care. When the concepts and practice of family medicine, family doctors and primary are fully established in the society, the effectiveness and sustainability of healthcare system will be greatly improved.

4.4 Fare Adjustment Mechanism in Healthcare

The actual cost of health care is rising continuously and is the major factor influencing the financial sustainability of the health delivery system. However, the fees of public healthcare and hospital services remain unchanged over a decade. It cannot truly compensate for the costs of public healthcare service (Fang and Chen, 2004). In addition, the HA and FHB do not have an effective system and mechanism to adjust the medical fees. Hence, the Government continue to face the persistent huge burden of medical costs, resulting in a potential risk of an unsustainable healthcare system.

During the last few years, Fare Adjustment Mechanism has been implemented in public transport service (Transport and Housing Bureau, 2007). It aims to control the prices and ensure financial sustainability. The System sets up the mechanism and formula for deciding the overall fare adjustment each year, with a limit on the adjustment to fifty cents each time. Since public healthcare services and public transport service are similarly the necessary and essential services for all citizens, the Government can consider introducing the fare adjustment system into the public healthcare system, making reference to the public transport system. It can adjust the medical fees, which will better reflect the actual and true cost of public healthcare services. Then, the disparity between medical costs and charges will be reduced. Ultimately, there will be more available resources to be allocated to other healthcare services, making the system more sustainable.

4.5 Voluntary Health Insurance Scheme

In general, personal health insurance is still not popular when compared to America (Leung and Bacon-Shone, 2006). Many people and families do not have a private medical insurance policy, and thus the Government need to provide a huge financial support to people suffering from chronic diseases. The latest health reform paper by the Government has suggested the Voluntary Health Insurance Scheme (VHIS) for improving the financial sustainability. The VHIS can provide more options for people, who are willing to use the private healthcare services. This will be done through improving the quality of existing healthcare insurance (Food and Health Bureau, 2014).

In addition, it will include some features and set up the minimum requirements for enhancing the accessibility and acceptability of health insurance. For example, it will accept the high-risk population through the high risk pool. More citizens can thus successfully apply to the scheme and be protected by health insurance. Hence, healthcare expenditure will be expected to be reduced since a portion of patients will to channelled to private hospitals and services for treatment, thus reducing the public-private imbalance.
4.6 Improvement of Co-ordination between Public and Private Providers

Better co-ordination between the public and private sectors is achievable by public private partnership (PPP), a collaboration between the two sectors in the infrastructure and services. It will also set a standard on the efficiency of healthcare delivery and will reduce the imbalance between the private and public sectors. Recently, the HA has carried out a programme of co-operation with the private sector in order to better meet the needs of public health service (Hospital Authority, 2015). Public hospital patients will attend the private clinics for follow-up consultations. The patients only pay around fifty dollars for each consultation, which is subsidised by the Government. As a result, it can ease the imbalance between the public and private sectors, and save the medical dollars in future.

The Government should also establish more effective methods for enhancing the co-ordination between the public and private sectors by PPP. For example, the Government can share and co-operate with private providers in primary care service, relieving the overload of primary care in the public sector. On the other hand, private and public providers can co-operate in hospital development, as in the new private hospital in Wong Chuk Hang to be managed by the University of Hong Kong (HKSAR, 2013). It may help to improve the financial sustainability through shared use of facilities, medical expertise and costs.

In addition, the Pioneer Generation Package (PGP), designed and implemented by the Singaporean Government, is an effective strategy to manage the imbalanced healthcare system, and financial sustainability in long term. The package provides several forms of healthcare supports to eligible elderly pioneers. PGP has co-operated with private clinics that have joined the Community Health Assist Scheme (Singapore Government, 2016). People will be subsidised in some services and treatments provided in these private clinics, which share the burden and workload of elderly care services. Hong Kong may refer and consider to apply the concept of PGP into the local health system, with the aim to address the problems of imbalanced health system and financial sustainability.

4.7 Raised Retirement Age

In the United States, it has established a gradual shift of retirement age for allowing for a later retirement, thus changing the elderly dependency ratio (Leung and Bacon-Shone, 2006). Then, the dependence of healthcare service by the elderly will be reduced when the retirement age increases. It is because old people still receive an income from working, and they can pay for a part of the medical charge when they get sick. As a result, the public health expenditure can be lowered by saving from the subsidy to geriatric care.

5 CONCLUSION

The Government’s long-policy to “ensure that no one is denied adequate medical treatment due to lack of means” is the best health care assurance in the World. Nonetheless, the Hong Kong healthcare systems is facing many challenges in the long-term sustainability. Ageing population, rising medical costs, and the imbalanced demand between private and public sector are the main factors affecting sustainability. Hence, the Hong Kong Government have to re-organize the existing structure and system for improving co-ordination between public and private sectors. On the other hand, the Government can also promote the voluntary health insurance scheme, PPP, and fare adjustment mechanism. When these tactics are fully implemented in the health system, the huge burden of public health services may be relieved and the Hong Kong healthcare system can be more sustainable in the long term.
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