

Enriching Knowledge for the Health Management and Social Care Curriculum Series: Understanding Healthcare Policy and Services

Voluntary Health Insurance Scheme (VHIS)

22 June 2016

Mr Bill Li

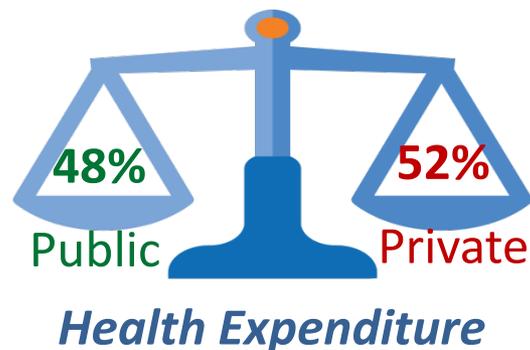
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Hong Kong SAR Government



Hong Kong's Dual-track Healthcare System



Public Sector



Dominant provider of **inpatient** services: 90% of inpatient bed days



Low user fee but relatively long waiting time



Run by Hospital Authority, oversight by FHB

Private Sector



Dominant provider of **outpatient** services: 70% of outpatient discharge



Shorter waiting time but higher or unpredictable charges



Limited regulation on facilities

Dual-track Healthcare System

Public Sector

27 000 beds, 5 400 doctors

- Acute & emergency care
- Provide healthcare services & care to lower-income & under-privileged groups
- Illness that entail high cost, advanced technology & multi-disciplinary professional team work
- Training of healthcare professionals



Private Sector

4 000 beds, >5 000 doctors

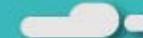
- Complements the public healthcare system by offering choice to those who can afford and willing to pay
- Primary care ; elective surgeries



Highly subsidized Public Healthcare Services



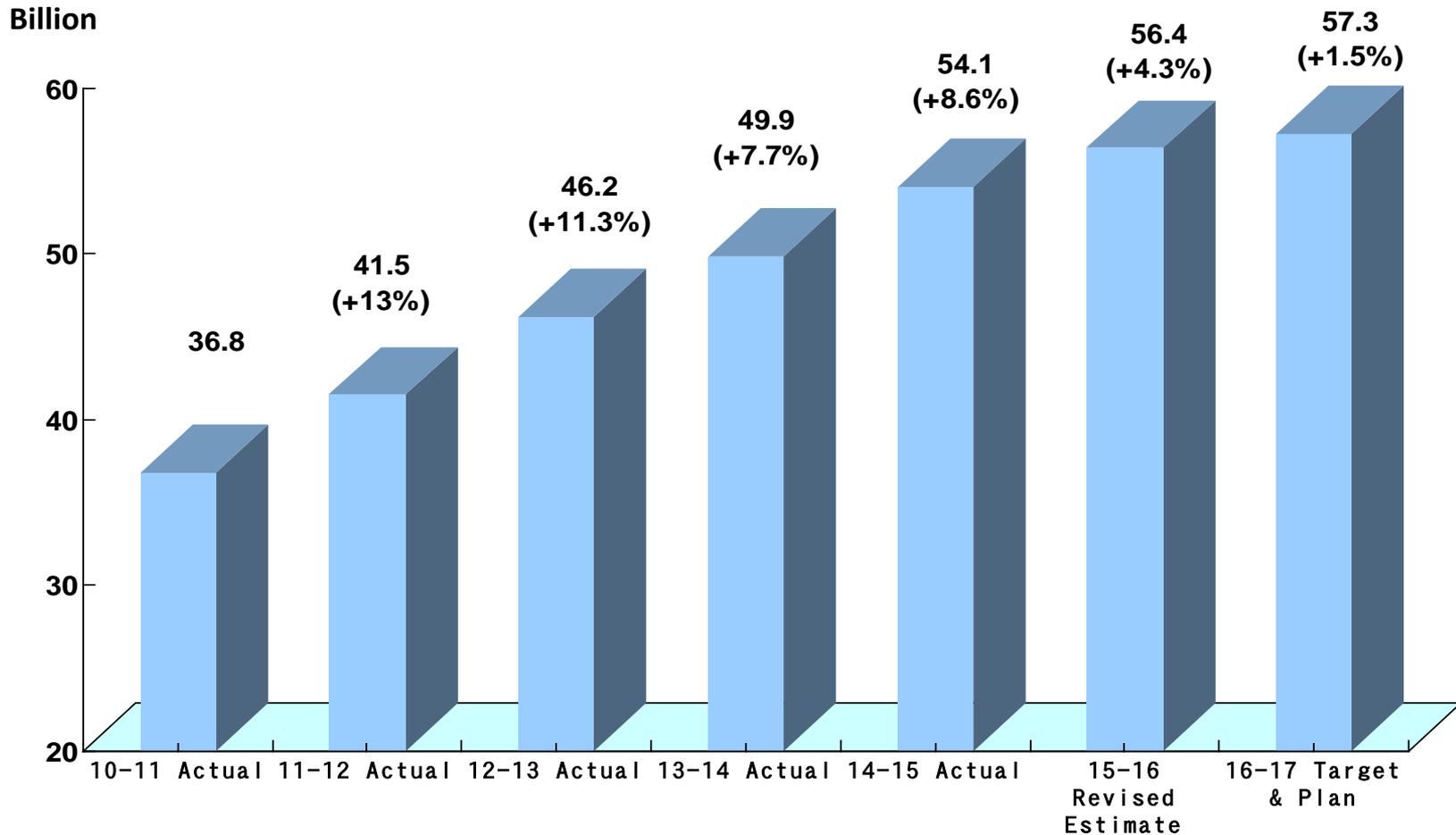
Services	Public Charges – Eligible Persons	Cost (2014-15 Actual)	Subsidised Rate
Accident and emergency	\$100 per attendance	\$1, 140	<i>91%</i>
Specialist outpatient	\$100 for the 1st attendance \$60 per subsequent attendance	\$1, 130	<i>91%–95%</i>
General outpatient	\$40 per attendance	\$410	<i>89%</i>
Inpatient services (general acute beds)	\$100 per day	\$4, 600	<i>98%</i>
In-patient (convalescent, rehabilitation, infirmary & psychiatric beds)	\$68 per day	\$1, 470–2, 470	<i>95–97%</i>



Recurrent Government Expenditure on Health



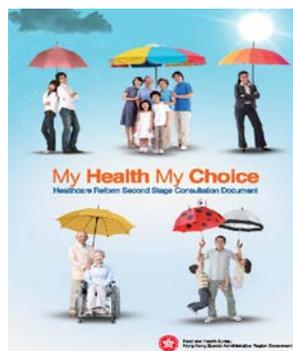
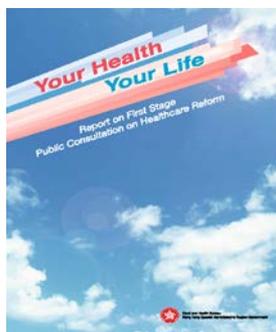
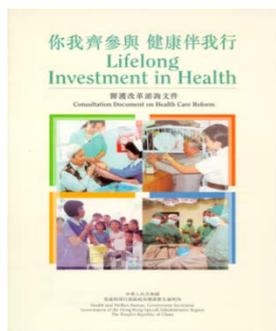
Share of the Government's total recurrent expenditure **16.5%** (2016-17)



Health Reform



- ◆ Voluntary Health Insurance Scheme (VHIS)
- ◆ Improving Regulatory Regime for Private Healthcare Facilities
- ◆ Strategic Review on Healthcare Manpower Planning and Professional Development
- ◆ Review of Hospital Authority
- ◆ Electronic Health Record (eHR)



Will VHIS cause significant change to current healthcare system ?

NO

No

Will Government reduce its commitment to public healthcare ?



Voluntary Health Insurance Scheme (VHIS)



Does VHIS aim at resolving healthcare financing issues ?

X



Am I obliged to purchase VHIS plans ?

X



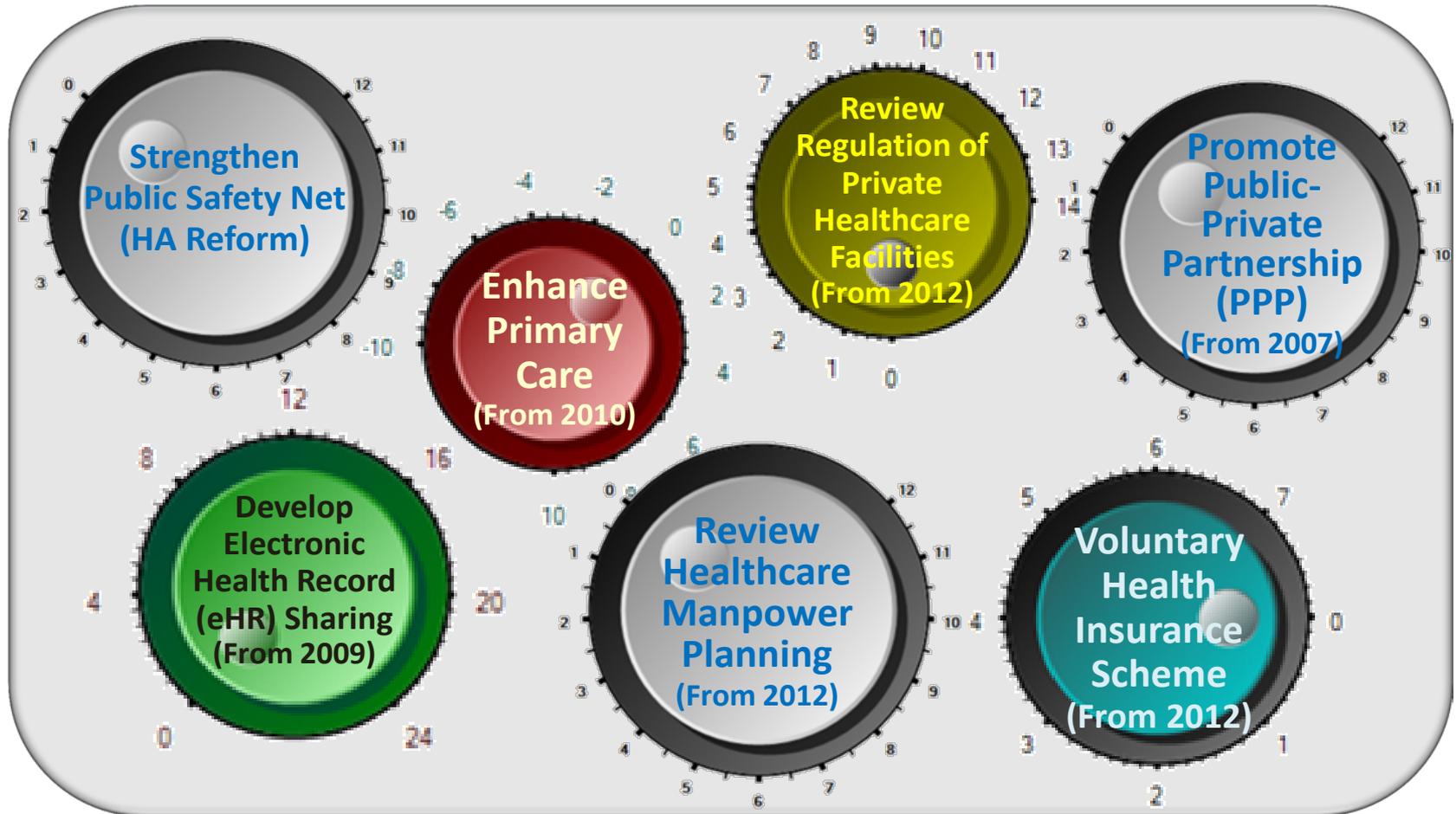
Does government encourage everyone to purchase health insurance ?

X



How does VHIS position itself ?

Adjusting the Balance of Public-Private Healthcare Sectors



Private Health Insurance Market

	Private Health Insurance* (headcount)	Indemnity Hospital Insurance (headcount)
individually-purchased	2.22 million	1.81 million
employer-provided#	1.57 million	0.88 million
Total [△]	3.02 million (~ 44% of HK's resident population)	2.27 million (~ 33% of HK's resident population)

Total Annual premium for PHI >\$15 bn

4.7 out of 10 times of the admissions required by people covered by PHI still pertain to **the public sector**



Note:

- Including indemnity hospital insurance plan, outpatient plan & hospital cash plan
- # excluding the staff medical benefits provided by government/hospital authority
- [△] including both having individually-purchased health insurance & employer-provided health benefit at the same time

source: Thematic Household Survey Report on health-related items(2014) · Office of the Commissioner of Insurance (Figures in 2014)



Private Health Insurance Market



Shortcomings of the existing market



- ☹️ **Exclusion** of pre-existing conditions or **decline** of cover
- ☹️ **Unnecessary** overnight hospital stay
(E.g. : Endoscopy, advanced diagnostic imaging tests)
- ☹️ **Inadequate** coverage & benefit limit
- ☹️ **Uncertainty** in out-of-pocket costs
- ☹️ **Unclear** interpretation of policy terms & conditions



Through the VHIS...

	Is the government selling health insurance ?	X
	Will VHIS create new insurance product type?	X



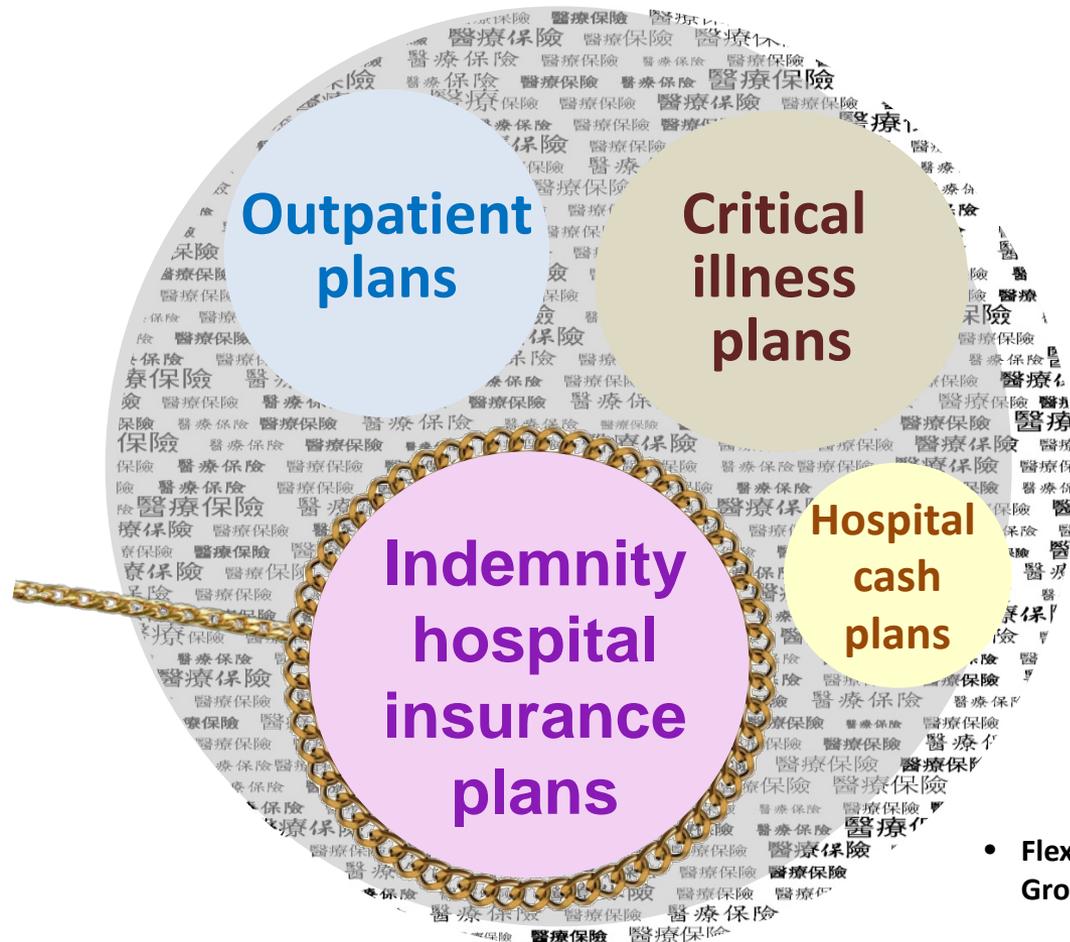
What is the aim of VHIS?



Proposal to Regulate Individual Hospital Insurance

All individual indemnity hospital insurance products must comply with the **Minimum Requirements** prescribed by the Government

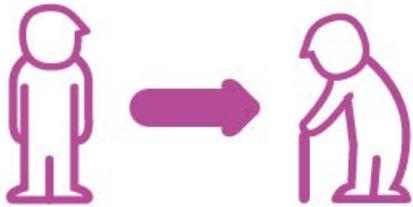
VHIS



- Flexibility will be allowed for Group Hospital Insurance

Minimum Requirements of VHIS Standard Plan

(A) Improving accessibility to and continuity of health insurance



Guaranteed renewal

- No re-underwriting upon policy renewal



Coverage of pre-existing conditions

- Subject to a three-year waiting period, during which only partial reimbursement will be provided



No "lifetime benefit limit"

- No lifetime limit on cumulative claims amount



(B) Enhancing quality of insurance protection



Coverage of hospitalisation and prescribed ambulatory procedures

- Benefit coverage includes prescribed ambulatory procedures and treatments in addition to those performed in in-patient setting



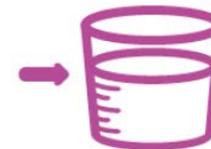
Cost-sharing restrictions

- No co-payment of policyholders, except the 30% co-insurance paid for prescribed advanced diagnostic imaging tests
- Co-payment subject to an annual cap of \$30,000



Coverage of prescribed advanced diagnostic imaging tests and non-surgical cancer treatments

- Magnetic Resonance Imaging (MRI), Computed Tomography (CT) and Positron Emission Tomography (PET) scans, as well as chemotherapy and radiotherapy, etc.



Minimum benefit limits

- Prescribed levels for benefit limits to provide basic protection to the public



(C) Promoting transparency and certainty



Budget certainty

- “No-gap / known gap” arrangement for at least one procedure / test: policyholders can enjoy “no-gap” (no out-of-pocket payment) or “known-gap” (a pre-determined amount of out-of-pocket payment) if the procedure concerned is on the list specified by the insurer
- “Informed Financial Consent” : i.e. written quotation, providing information on estimated doctor fees, hospital charges and out-of-pocket expenses to be paid after deducting estimated insurance reimbursement amount



Standardised policy terms and conditions

- Minimise disputes over interpretation of terms and conditions



Premium transparency

- Publish age-banded premium schedules



Illustrative Outline of Benefit Schedule of Standard Plan



	Benefit Limits (for hospitalization only)	“Standard Plan” Benefit Limits
Basic Protection	Room & Board (daily), max. 180 days	\$650
	Attending physician’s visit (daily), max. 180 days	\$750
	Specialist’s visit (per admission)	\$2,300
	Miscellaneous hospital expenses (per admission)	\$9,300
	Surgical limit (including surgeon, anesthetist, operating theatre) (per surgery)	\$58,000
Additional protection	Prescribed ambulatory procedures (including endoscopy)	Lump-sum packaged benefit limit (varies by procedure type)
	Magnetic Resonance Imaging (MRI) examination , Computerized Tomography (CT) scan, Positron Emission Tomography (PET) scan	Lump-sum packaged benefit limit & subject to 30% co-payment)
	Non-surgical cancer treatments (including chemotherapy , radiotherapy) (per disability)	\$150,000
Not allowed	Deductible	No
	Co-insurance	No (Except the fixed 30% co-insurance for prescribed advanced diagnostic imaging tests)
	Lifetime Benefit limit	No

International Experience



Australia

Ireland

Netherlands

Switzerland

United States



Guaranteed acceptance	✓	✓	✓	✓	✓
Guaranteed renewal	✓	✓	✓	✓	✓
Minimum benefit coverage and limit	✓	✓	✓	✓	✓ (except for large group & grandfathered plans)
Standardised policy terms & condition	✓	x	✓	✓	✓



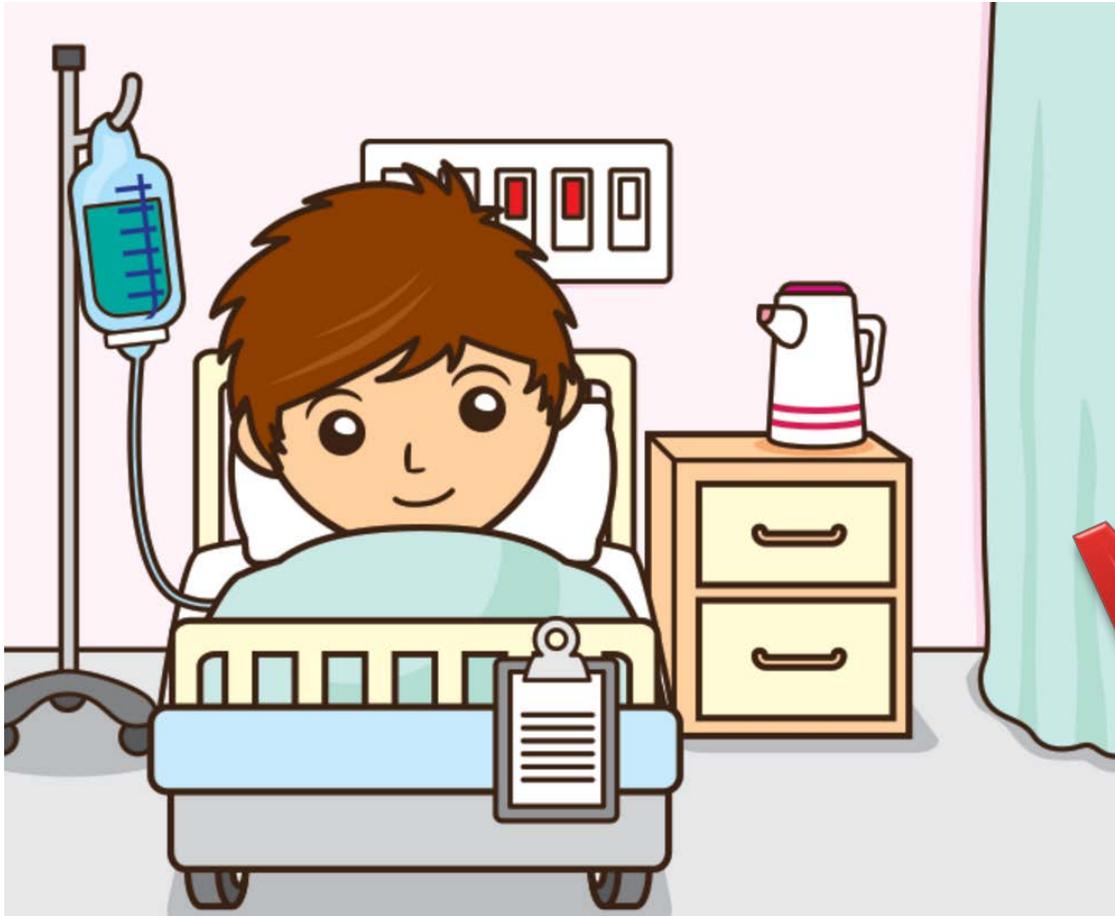
2D Animation

- 自願醫保計劃會減少市民的選擇 ? (in Chinese only)



YouTube channel : **VHIS_FHB** <https://youtu.be/UMd998C0EZ8>

If I've got private health insurance, does it affect my access to public healthcare ?



NO

After The Implementation of The VHIS...

Conditions	Existing arrangement	After the implementation of VHIS
 <p>Emergency (Traumatic car crashes injuries, Heart Attack, Acute stroke, heat stroke, etc.)</p>	 <p>Public Hospital A&E</p>	 <p>Public Hospital A&E</p>
 <p>Complex illnesses (Organ transplantation, uncommon diseases, diseases requiring multidisciplinary care, etc.)</p>	 <p>Public Hospital</p>	 <p>Public Hospital</p>
 <p>Cases requiring long-term follow-up treatment (chronic pulmonary disease, end-stage cancer, common geriatric illnesses such as diabetes, stroke, degenerative disorders, etc.)</p>	 <p>Public Hospital</p>	 <p>Public Hospital</p>

I'm not getting any private health insurance, will I be benefited by VHIS?



Absolutely!

After the implementation of the VHIS...

Conditions	Existing arrangement	After the implementation of VHIS
 <p>Non-emergency treatments (Primary cancer surgery、joint replacement surgery、laparoscopic cholecystectomy, etc.)</p>	<p>Public & Private Hospitals</p>	<p>↑ Usage of Private Hospitals</p>
 <p>Procedures with long waiting times in public healthcare system (Endoscopy, cataract surgery, etc.)</p>	<p>Public Hospitals (have to queue up) + Private Hospitals</p>	<p>↑ Usage of Private Hospitals</p>
 <p>Procedures commonly arranged as overnight inpatient stays in private hospitals (Endoscopy, Magnetic resonance imaging (MRI)、Computed Tomography(CT) & Positron emission tomography (PET), etc.)</p>	<p>Private Hospitals *need hospital stay</p>	<p>↑ day-case & ambulatory procedures in private healthcare facilities</p>



Coherent Policy Initiatives

◆ Measures implemented to review manpower supply



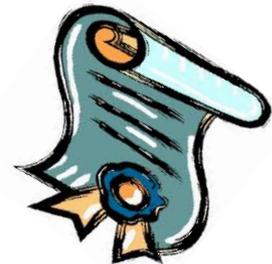
Recruitment of **part-time doctors and non-local doctors** in HA



Substantial increase in first-year first-degree places in medicine, nursing and allied health professionals



Medical Council of Hong Kong increased the number of **licensing examinations** from once to twice a year



Coherent Policy Initiatives

◆ Facilitate the development of private hospitals

New Gleneagles hospital in Wong Chuk Hang
(500 beds, commences operation in 2017)

New teaching hospital by
Chinese University of Hong Kong
(~500 beds)

Expansion of existing private hospitals
(~1000 beds)

- Hong Kong Baptist Hospital
- Tsuen Wan Adventist Hospital
- St Paul's Hospital
- Hong Kong Sanatorium & Hospital
- Union Hospital



Regulation of Private Healthcare Facilities

- ✓ Public generally agreed the regulation of private healthcare facilities should be **strengthened**
- ✓ Proposed 3 Categories of PHFs to be Regulated
 - ☞ **Hospitals**
 - ☞ **Facilities providing high-risk medical procedures in ambulatory setting (Day procedure centres)**
 - ☞ **Medical clinics operated by incorporated bodies**
- ✓ 5 Regulatory Areas, 19 Regulatory Aspects - focusing on **Price Transparency**



Price Transparency



Provision of Fee Schedule



Provision of Quotation



Provision of Recognized Service Packages



Disclosure of Historical Bill Sizes Statistics

私家醫院住院及手術費用預算表格
Financial Estimation Form for Hospital Admission and Surgery in Private Hospital

說明: 本表格共三頁, 由醫生或醫院填寫, 並由顧客、醫生及醫院簽名作實。
預算費用只應作為參考, 顧客最終應繳費用視乎其實際接受的治療、程序及服務而定。
Statement: This form has 3 pages, which is to be completed by doctors or hospitals and signed by customers, doctors and hospitals. The estimated charges are for reference only. Final payments are subject to charges incurred from treatment, procedures and services performed.

姓名 (中文) _____ 姓名 (英文) _____ 身份證號碼 / 護照號碼* _____
Name in Chinese: _____ Name in English: _____ HKID / Passport No.: _____

初步病牒診斷 Provisonal Diagnosis: _____
入住的私家醫院 Private Hospital Admitted: _____
預計住院時間 Estimated Length of Stay: 4 小時(Hour(s))/日 Day(s)** 病房類別 Class of Ward: _____
治療 / 手術 Treatment / Surgical Operation: _____
轉介 / 主診醫生 Admitting / Attending Doctor: _____
是否能夠結算費用? 是 Yes (請填寫以下欄目 - Please complete the following sections.)
否 No (請另頁提供理由 - Please provide reasons on a separate sheet.)

預算醫院費用 Estimated Hospital Charges

醫院費用總額 Total Hospital Charges R:	\$	2,520	--	\$
其他項目及收費 Other Items and Charges:	\$		--	\$
	\$		--	\$

*醫院應另頁列明醫院費用細項的明細和顧客參考。
Hospital should provide the breakdown of total hospital charges on a separate sheet for customer's reference.

預算醫生費用 Estimated Doctor's Fees

每日醫生巡診費 Daily Doctor's Round Fee:	\$	500	x	4	日(day(s))	\$	2,000	--	\$
手術費 Surgical Fee:	\$					\$	15,000	--	\$
	\$					\$	3,600	--	\$
	\$					\$	3,200	--	\$
	\$					\$		--	\$
	\$					\$	5,600	--	\$
	\$					\$		--	\$
總計 Total S							30,520		

外費用, 並同書最終應繳費用以醫院帳單所列為準。
by: Additional charges incurred from complications are not pital invoice.



Surgical Packages

Surgical Packages	Length of Stay	Package Price
Cystoscopy (L.A.)	1- 2 days	\$9,800
Cystoscopy (G.A.)	1- 2 days	\$11,600
Excision of Breast Mass	1- 2 days	\$15,800
Fistulectomy	4 days	\$23,000
Hernia Surgery	3- 4 days	\$23,000
Appendectomy	5 days	\$35,000
Laparoscopic Cholecystectomy	3 days	\$45,000
Thoracoscopic Sympathectomy	1- 4 days	\$49,000



Conclusions

Voluntary Health Insurance Scheme(VHIS) will help...

**Enhance
Quality of Insurance
Protection**

**Improve
Accessibility &
Continuity of
Insurance**

**Promote
Transparency
& Certainty**

**Dual-track Healthcare System : continues to enhance
the long-term sustainability of our healthcare system**

「VHIS」 website

<http://www.vhis.gov.hk/>

「VHIS」 Facebook

<https://www.facebook.com/VoluntaryHealthInsuranceScheme>





Thank You

