

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

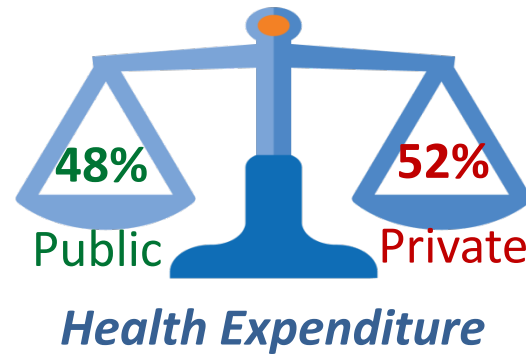
## **Voluntary Health Insurance Scheme (VHIS)**

**22 June 2016**

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***Food & Health Bureau***  
***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



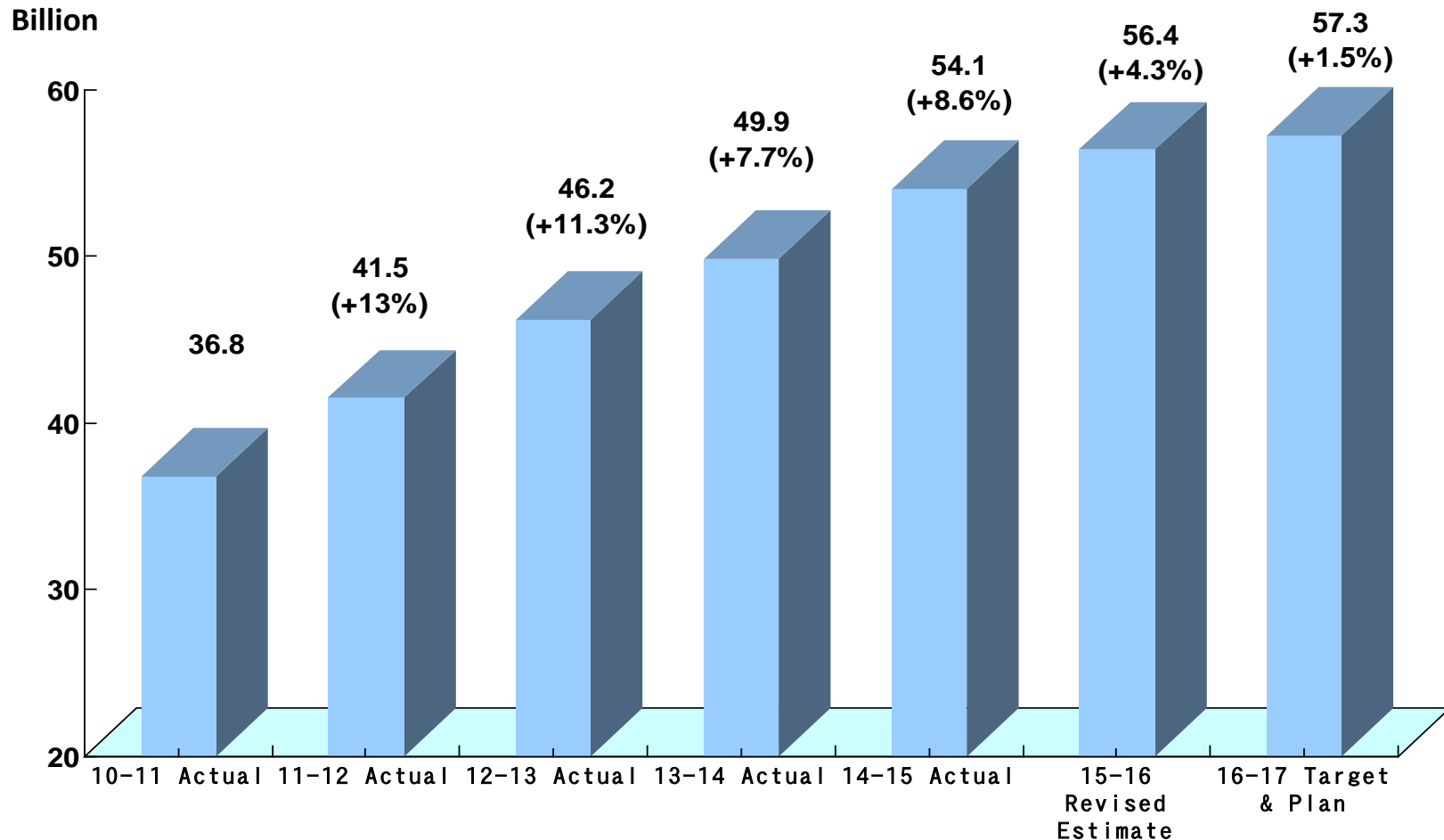
Services	Public Charges – Eligible Persons	Cost ( 2014-15 Actual )	Subsidised Rate
Accident and emergency	\$100 per attendance	\$1, 140	<i>91%</i>
Specialist outpatient	\$100 for the 1st attendance \$60 per subsequent attendance	\$1, 130	<i>91%–95%</i>
General outpatient	\$40 per attendance	\$410	<i>89%</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



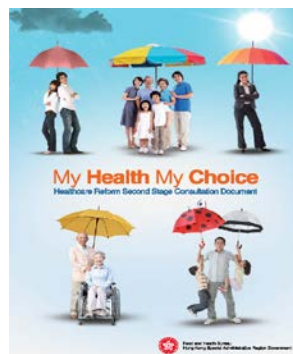
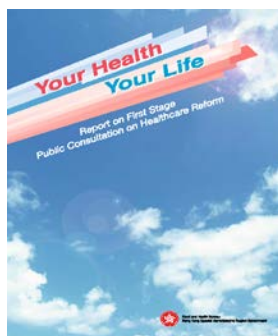
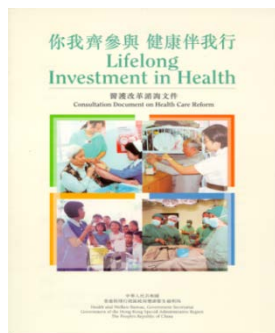
Share of the Government's total recurrent expenditure 16.5% (2016-17)



# 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

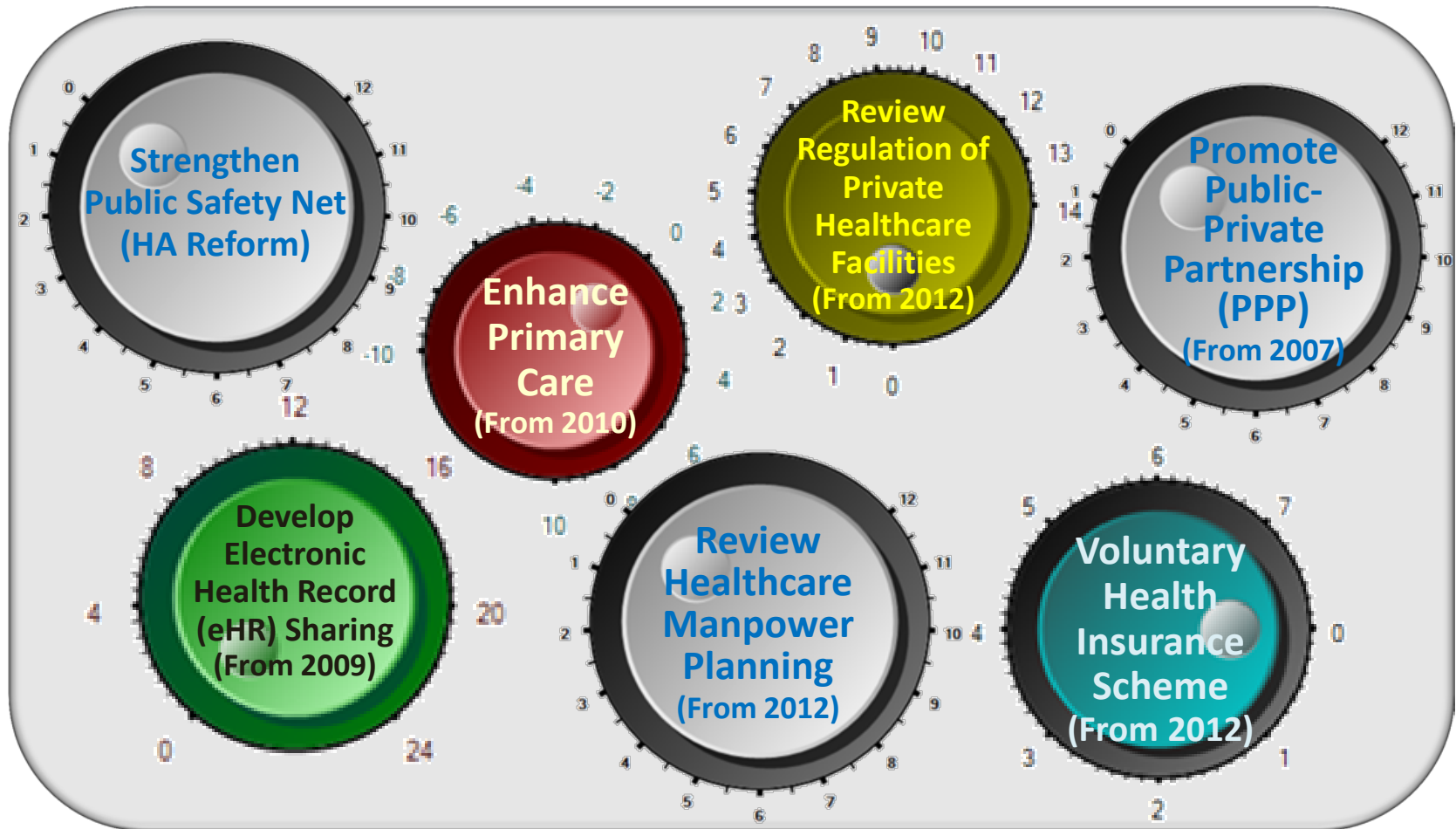


How does VHIS position itself ?





# 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 <sup>#</sup>	1.57 million	0.88 million
Total <sup>△</sup>	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
- <sup>#</sup> excluding the staff medical benefits provided by government/hospital authority
- <sup>△</sup> 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

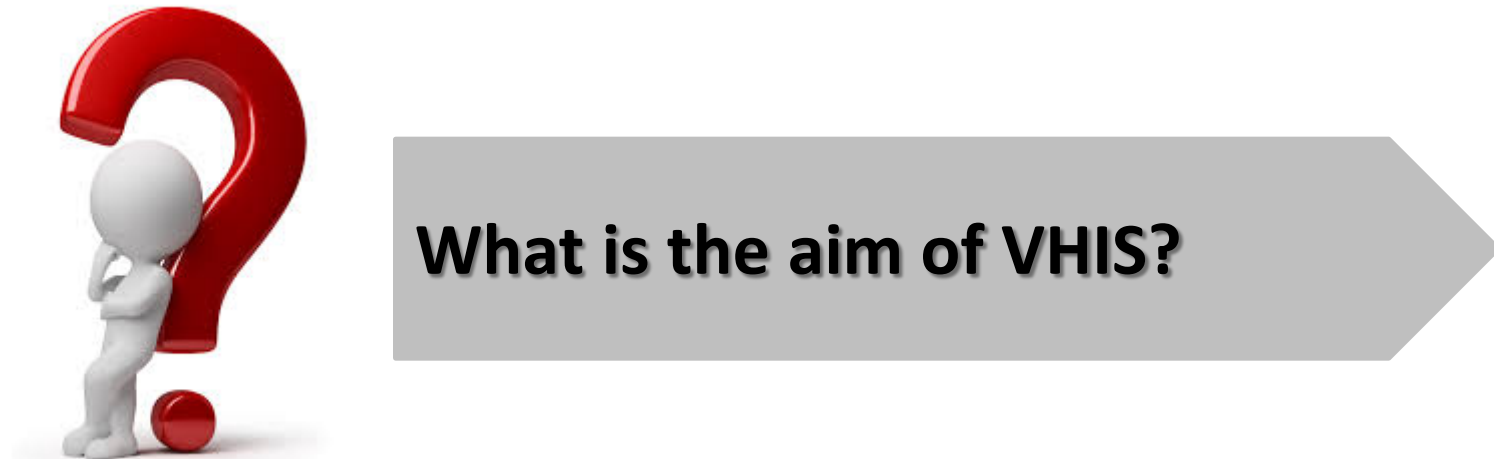


- ☹️ **Exclusion** of pre-existing conditions or **decline** of cover
- ☹️ **Unnecessary** overnight hospital stay  
(E.g. : Endoscopy, advanced diagnostic imaging tests )
- ☹️ **Inadequate** coverage & benefit limit
- ☹️ **Uncertainty** in out-of-pocket costs
- ☹️ **Unclear** interpretation of policy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



# Through the VHIS...

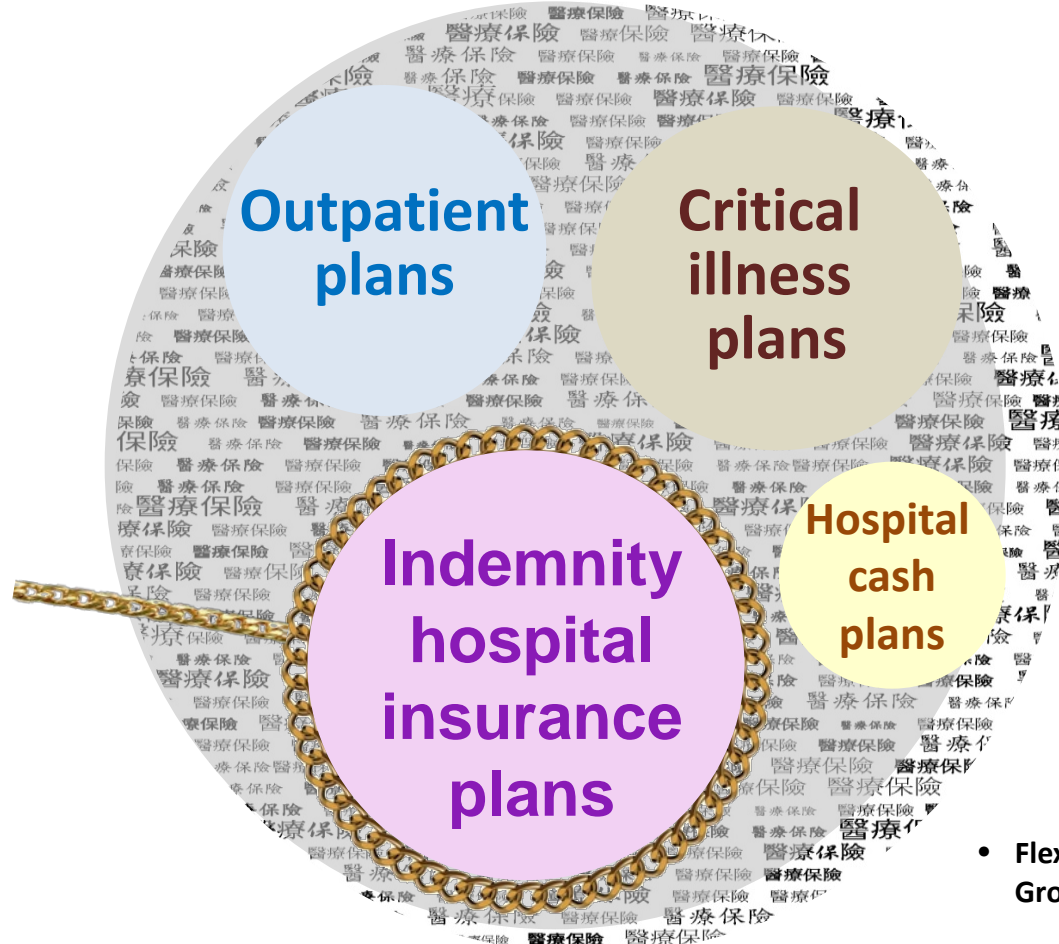
	Is the government selling health insurance ?	X
	Will VHIS create new insurance product type?	X



# Proposal to Regulate Individual Hospital Insurance

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

**VHIS**

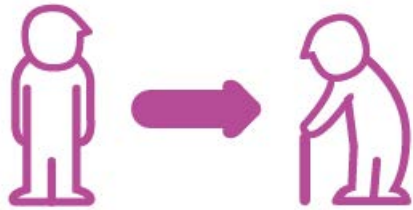


- Flexibility will be allowed for Group Hospital Insurance

# Minimum Requirements of VHIS Standard Plan

## (A) Improving accessibility to and continuity of health insurance

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### 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



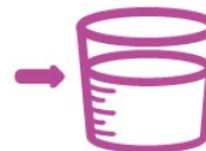
### Cost-sharing restrictions

- 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
<b>Basic Protection</b>	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
<b>Additional protection</b>	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
<b>Not allowed</b>	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



<b>Guaranteed acceptance</b>	✓	✓	✓	✓	✓
<b>Guaranteed renewal</b>	✓	✓	✓	✓	✓
<b>Minimum benefit coverage and limit</b>	✓	✓	✓	✓	✓ (except for large group & grandfathered plans)
<b>Standardised policy terms &amp; condition</b>	✓	x	✓	✓	✓

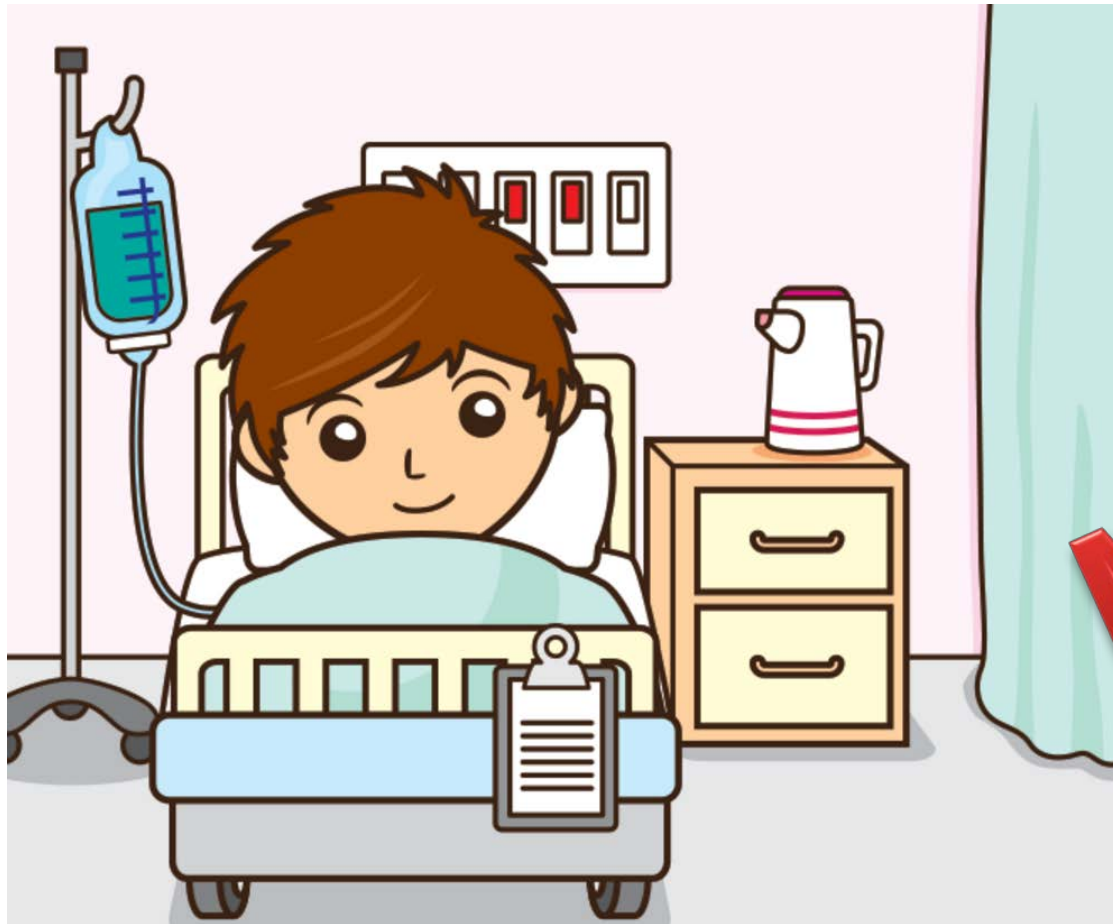


## 2D Animation

– 自願醫保計劃會減少市民的選擇？ (in Chinese only)












**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><b>Emergency</b> ( Traumatic car crashes injuries, Heart Attack, Acute stroke, heat stroke, etc. )</p>		
 <p><b>Complex illnesses</b> (Organ transplantation, uncommon diseases, diseases requiring multidisciplinary care, etc. )</p>		
 <p><b>Cases requiring long-term follow-up treatment</b> ( chronic pulmonary disease, end-stage cancer, common geriatric illnesses such as diabetes, stroke, degenerative disorders, etc.)</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><b>Non-emergency treatments</b> (Primary cancer surgery 、 joint replacement surgery 、 laparoscopic cholecystectomy, etc.)</p>	<p>Public &amp; Private Hospitals</p>	<p>↑ Usage of Private Hospitals</p>
 <p><b>Procedures with long waiting times in public healthcare system</b> (Endoscopy, cataract surgery, etc.)</p>	<p>Public Hospitals (have to queue up) + Private Hospitals</p>	<p>↑ Usage of Private Hospitals</p>
 <p><b>Procedures commonly arranged as overnight inpatient stays in private hospitals</b> (Endoscopy, Magnetic resonance imaging (MRI) 、 Computed Tomography(CT) &amp; Positron emission tomography (PET), etc.)</p>	<p>Private Hospitals *need hospital stay</p>	<p>↑ day-case &amp; ambulatory procedures in private healthcare facilities</p>





# Coherent Policy Initiatives

## ◆ Measures implemented to review manpower supply



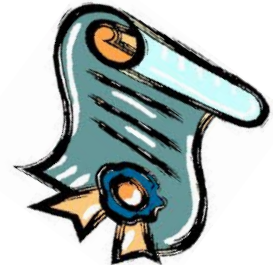
Recruitment of **part-time doctors and non-local doctors** in HA



**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.: \_\_\_\_\_

初步病徵診斷 Provisional Diagnosis: \_\_\_\_\_  
入住的私家醫院 Private Hospital Admitted: \_\_\_\_\_  
預計住院時間 Estimated Length of Stay: 4 小時/Hours / 日 Day(s)\* 病房類別 Class of Ward: \_\_\_\_\_  
治療 / 手術 Treatment / Surgical Operation: \_\_\_\_\_  
轉介 / 主治醫生 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:	\$	2,320	~	\$
其他項目及收費 Other Items and Charges:	\$		~	\$
	\$		~	\$

\*醫院應另頁列明醫院費用細項說明和供顧客參考。  
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**

每日醫生巡視費 Daily Doctor's Round Fee:	\$	500	x	4 (day(s))	\$	2,000	~	\$
手術費 Surgical Fee:	\$	15,000	~	\$				
	\$	3,000	~	\$				
	\$	3,200	~	\$				
	\$		~	\$				
	\$	5,000	~	\$				
	\$		~	\$				
<b>總計 Total S</b>		<b>30,520</b>						

外費用, 並同意最終應繳費用以醫院賬單所列為準。  
by: Additional charges incurred from complications are not in the bill. Please refer to the hospital invoice for the final payment.



## 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**

