

# Public-Private Partnership Models for Hong Kong

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**Chye Pang-Hsiang**  
[Pang.chye@milliman.com](mailto:Pang.chye@milliman.com)  
Hong Kong  
(852) 2147-9678

# About Milliman

- Over USD500m in consulting revenues, over USD100m from healthcare consulting
- Milliman healthcare consultants are multidisciplinary, comprising actuaries, doctors, nurses, health economists, health IT specialists, former hospital administrators
- Milliman tools include:
  - Health Cost Guidelines for forecasting utilisation and cost
  - Care Guidelines, clinical pathways used by clinicians to manage efficient delivery of care
- In Asia Milliman has been consulting to governments, the leading writers of health insurance in the region, reinsurance companies, and health care providers.

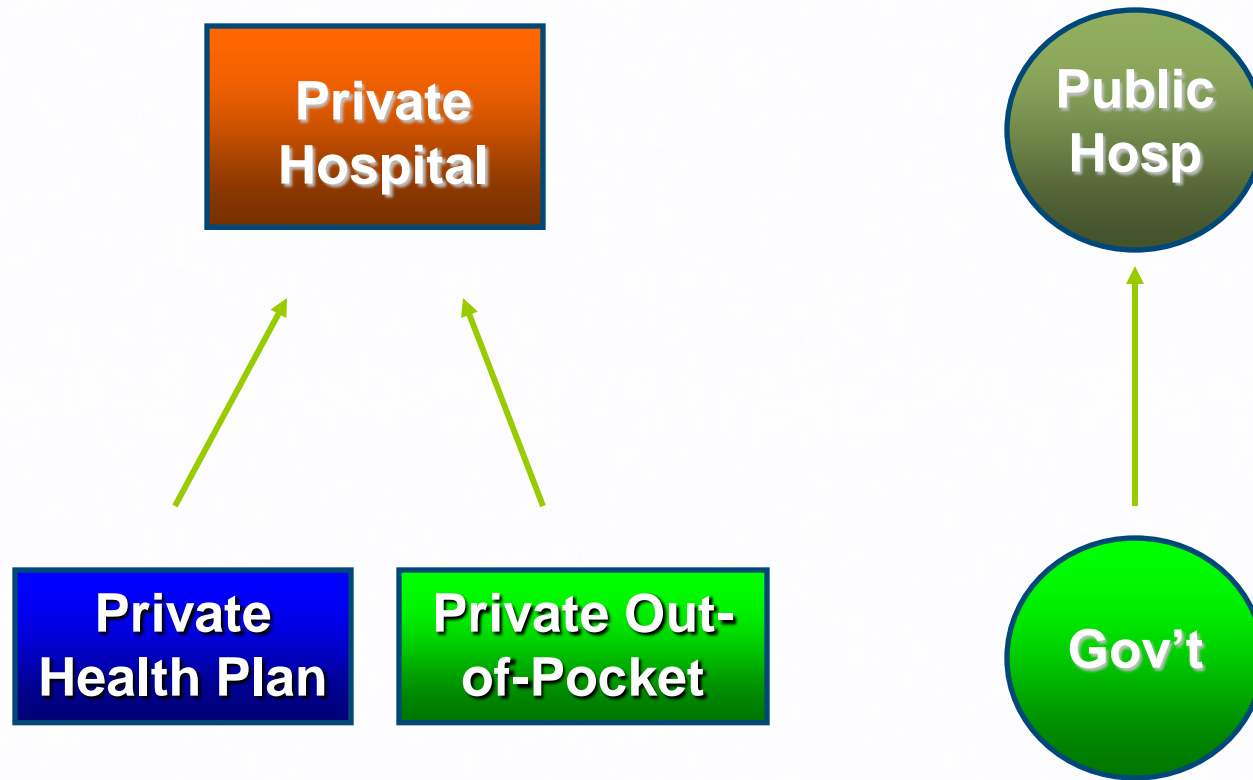
# The Perfect Health System

- Comprehensive
- Accessible
- Affordable
- Not dependent on taxation

# Hong Kong Delivery System

- Outpatient
  - Majority private sector
  - Mostly solo practitioners and small group practices
  - But two to three fairly large doctor panel groups
- Inpatient
  - Majority public sector in terms of number of beds
    - HKD100 per day
  - 13 private hospitals with around 3,800 beds
    - HKD20,000 per admission

# Hong Kong Financing System



# Hong Kong Report Card: Yays!

- Some of the lowest infant mortality and highest life expectancies in the world
- Comprehensive safety net
- Strong level of solidarity
  - Subsidies from rich to poorer
  - Subsidies from healthy to unhealthy
- Total healthcare expenditure is 5.5%
- Low tax rate

# Hong Kong Report Card: Nays!

- Rationing at public hospitals
  - Long waiting times
  - Slow adoption of technology
  - Too much emphasis on societal value?
- Primary and tertiary care operate in silos
- Efficiency of delivery system in question
- Majority of elderly rely on public hospitals
- System is financially unsustainable

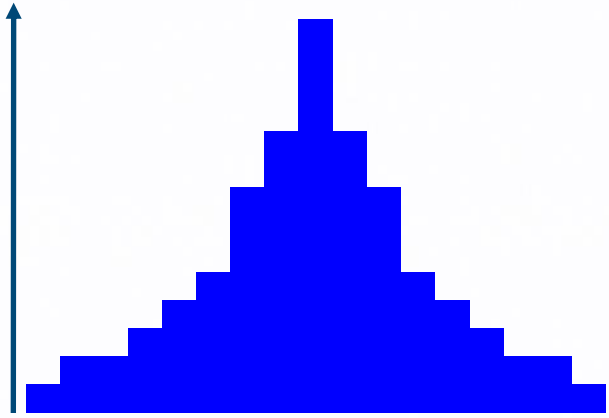
# Moving Forward

- Some efforts to outsource “commodity”-type procedures to private sector
- Electronic health records
- DRGs introduced at public hospitals
- More money being put into public hospital system
- Approval to build more private hospitals
- Plans to introduce government-incentivised voluntary PHI scheme

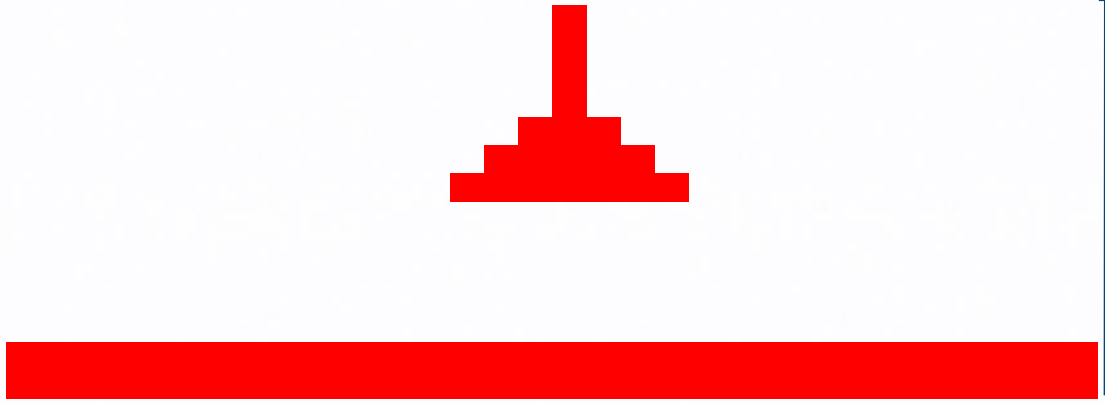


# Supply vs. Demand

Income



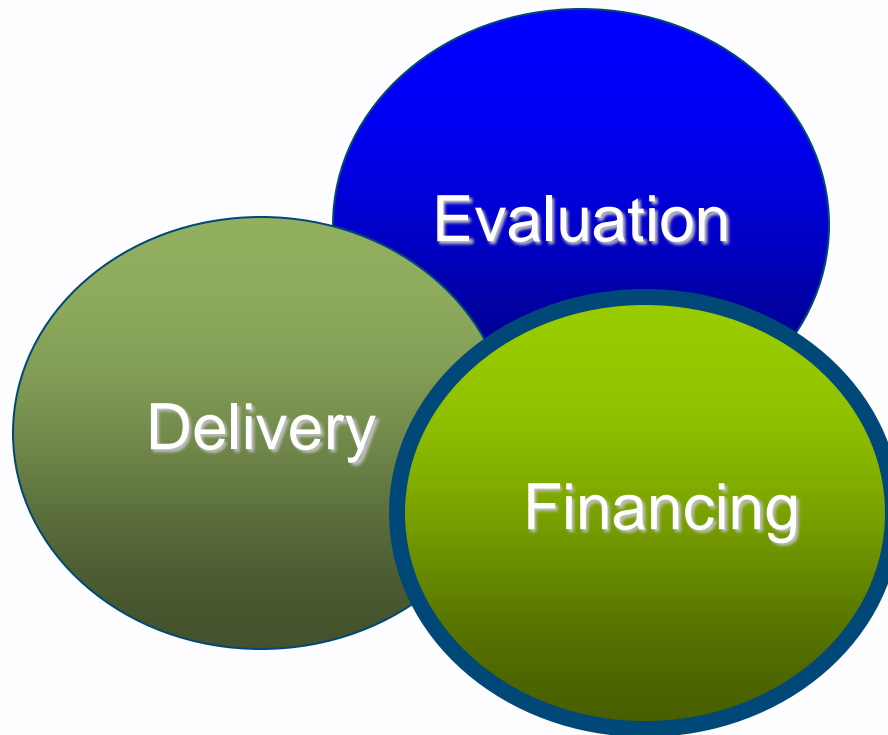
Cost of inpatient care utilized



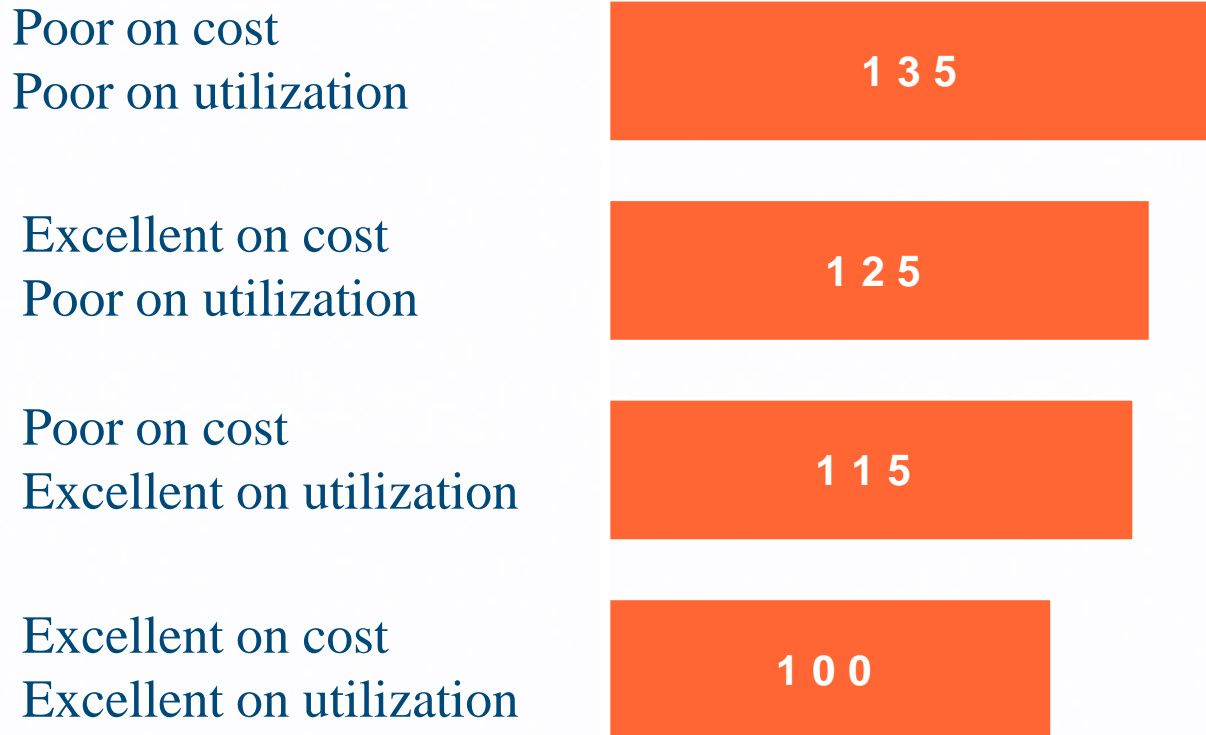
# It's PHI, but not as we know it.....

- Why PHI?
  - Makes access to private care more affordable
  - Those that purchase PHI tend to use private hospitals
- But want to address weaknesses in PHI
  - Cherry-picking
  - Guaranteed renewal and portability
  - Moral hazard
  - Competition through standardization and transparency
  - Customer dissatisfaction

# Let's not forget evaluation

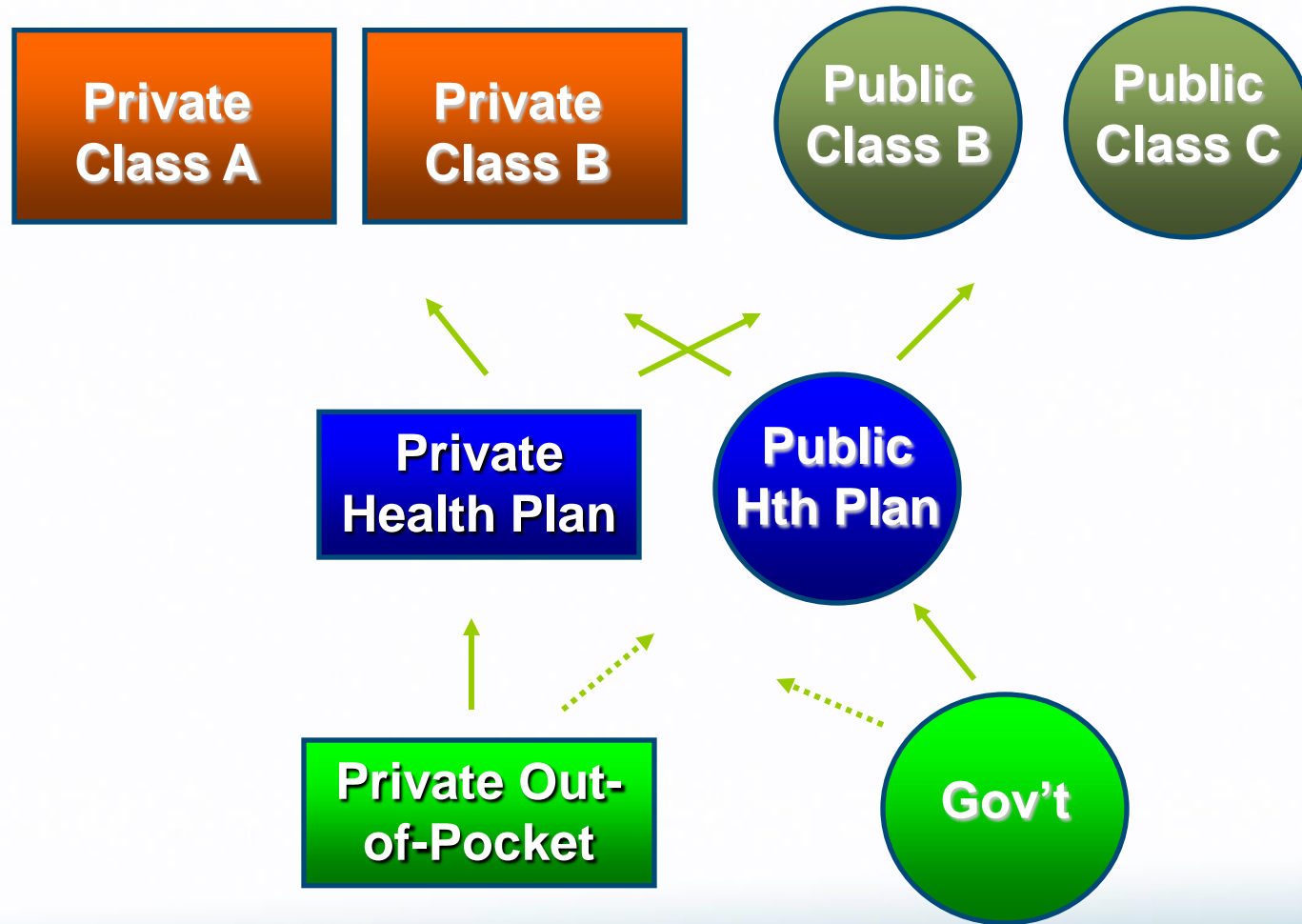


# Inefficiencies Can be Significant



Figures are illustrative and adapted from a proprietary Milliman study

# Consumer - Choice System



# Built to Evolve

- Basic services covered by public health plan
  - Evolve with technology, education, awareness, and affluence
- Consumers vote with their feet and money
- Public-private organizations evolve
  - Competition and consumer demand
  - Political inertia diffused
- Dynamic equilibrium
  - In terms of scope of services, efficiency, and costs across different options

# Public vs. Private

