

# **The Actuarial Society of Hong Kong Annual Health Seminar 2018 “VHIS: Ready for Take-off”**

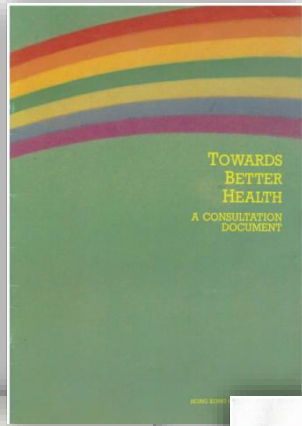
**19 June 2018**

**Food and Health Bureau**

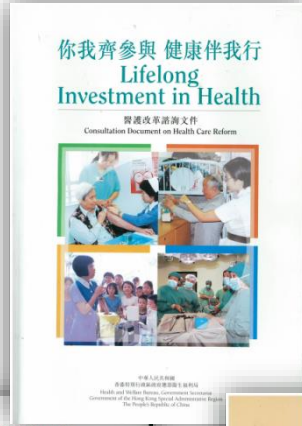


# Healthcare Reform: A Historical Timeline of Public Consultations

1993



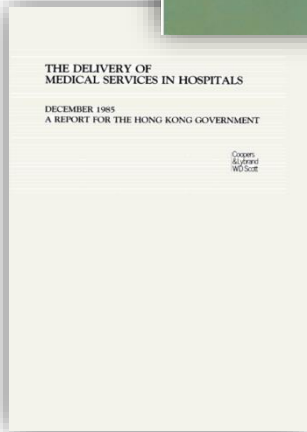
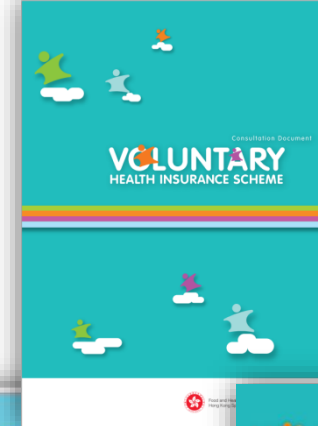
2000



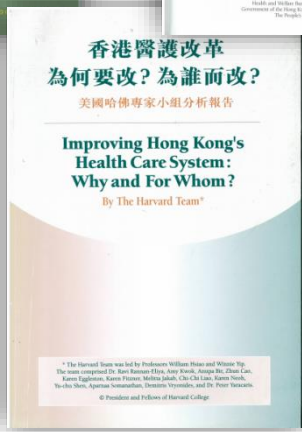
2008



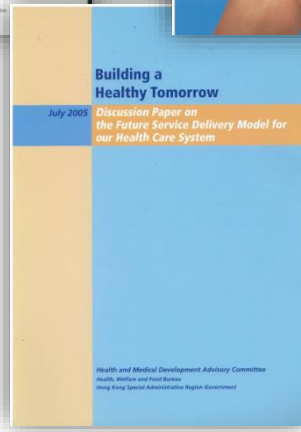
Dec 2014



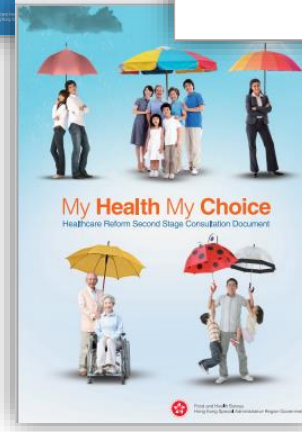
1985



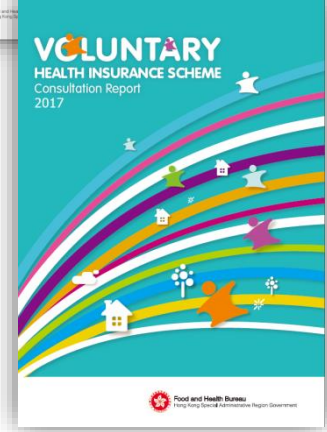
1999



2005

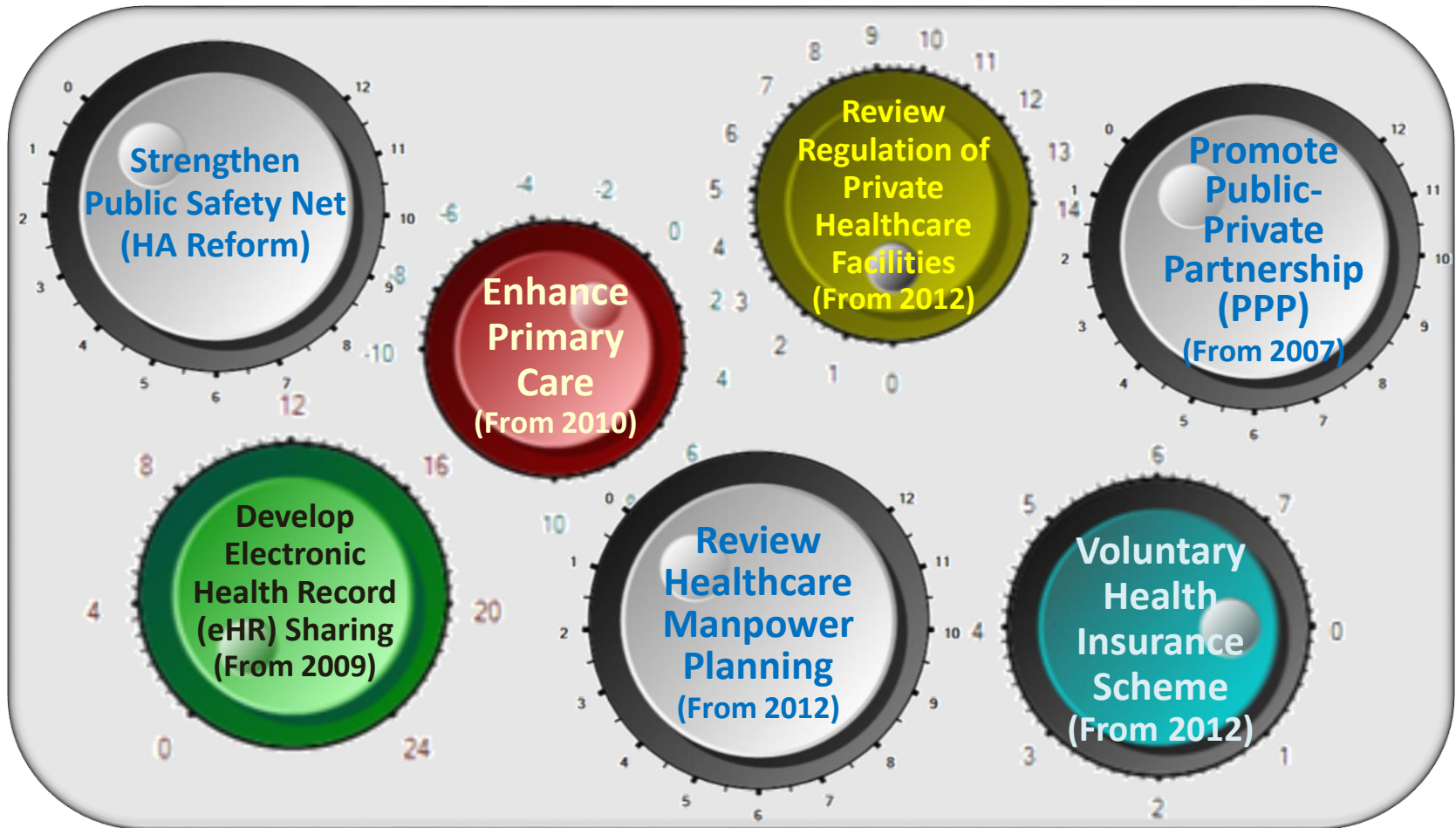


2010



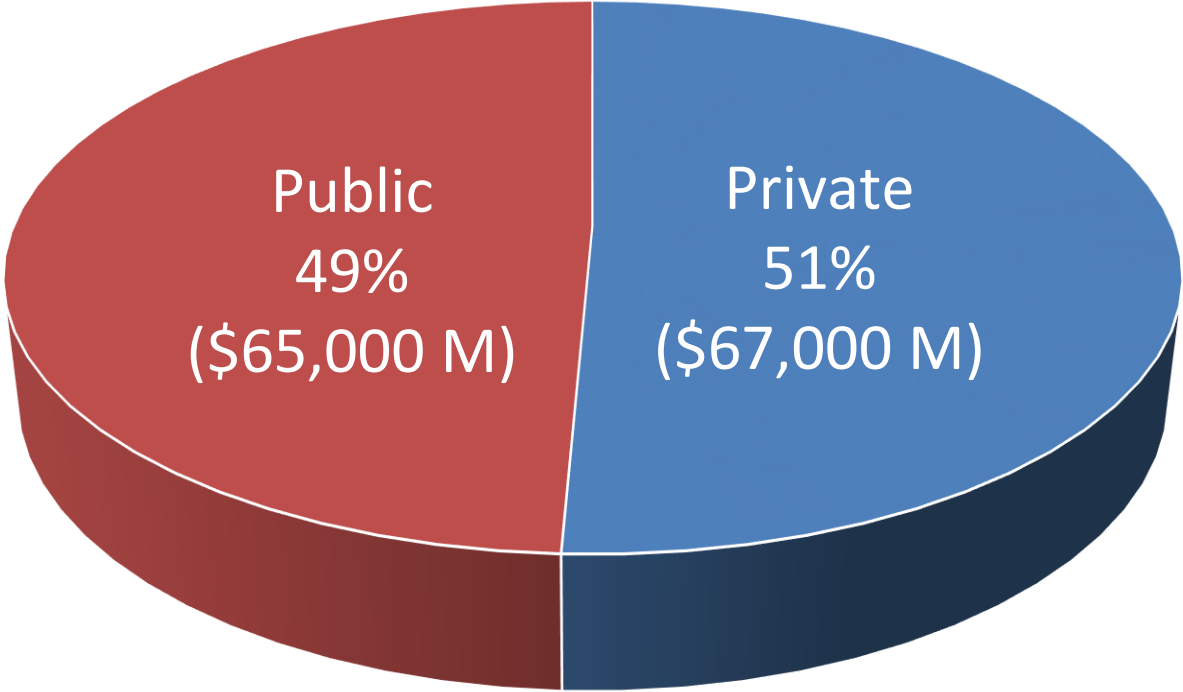
Jan 2017

# Adjusting the Balance of Public-Private Healthcare Sectors



# Hong Kong's Dual-track Healthcare System

Health Expenditure (2014/15)



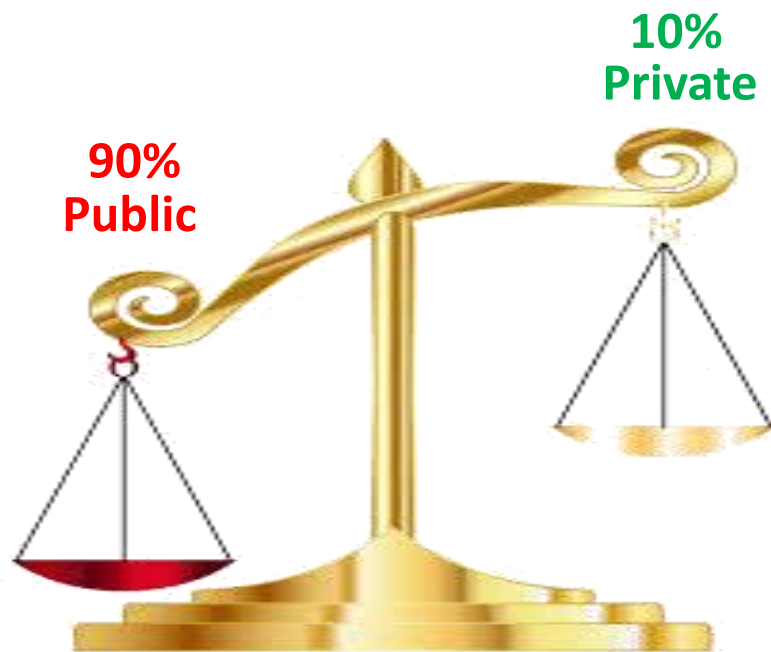
# Hong Kong's Dual-track Healthcare System



*Outpatient health  
expenditure in 2014/15*



# Hong Kong's Dual-track Healthcare System



*Inpatient Bed Days*



Low user fee but relatively long waiting times



Shorter waiting times but higher or unpredictable charges

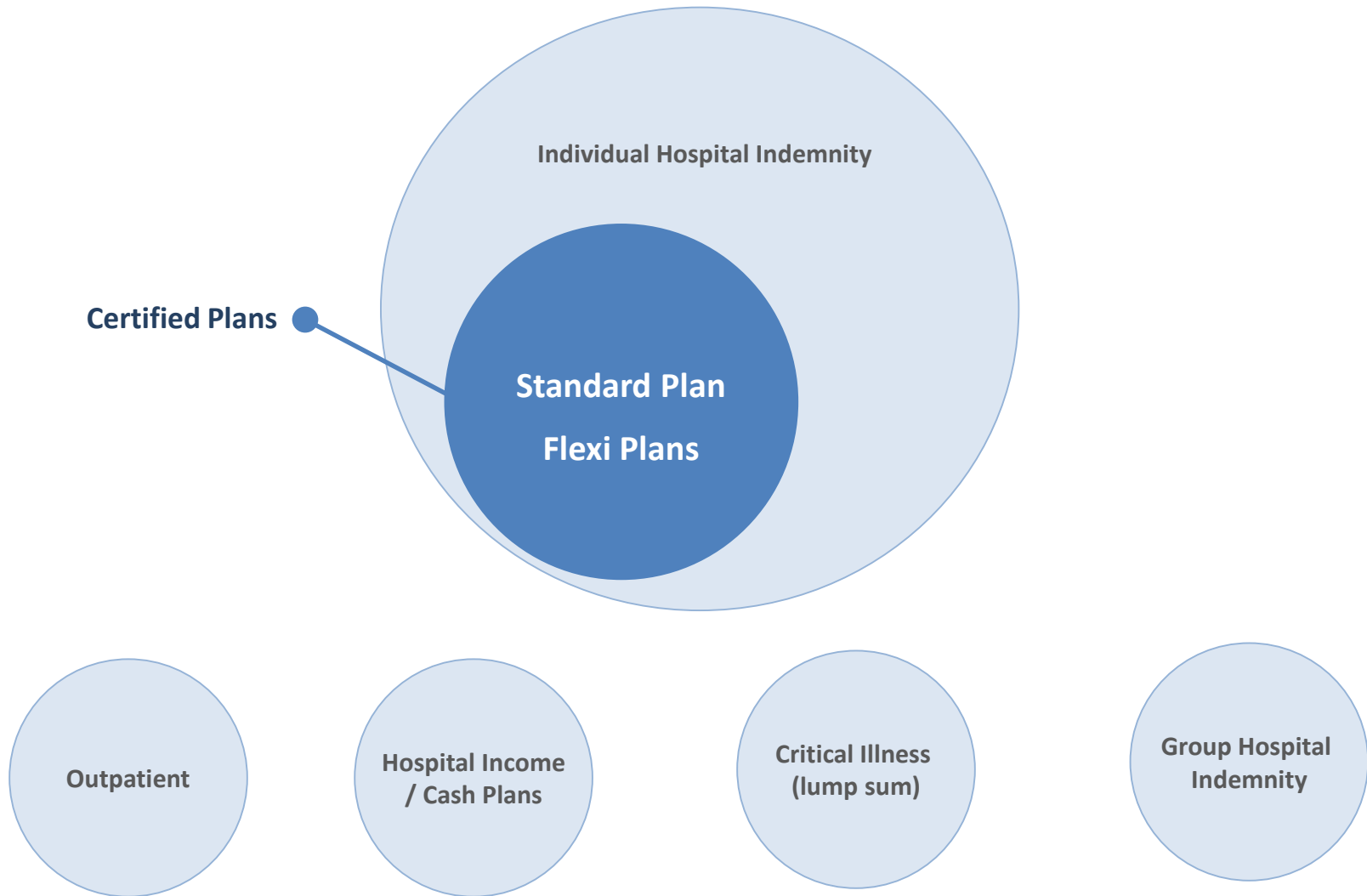


# Major Objectives of VHIS

1. To ensure people will have more **confidence in purchasing health insurance and thereby using private healthcare services**
2. To encourage people to purchase health insurance policies at a **younger age** to benefit from continuous protection for lifetime
3. To set a benchmark and facilitate **sub-par** insurance plans to be gradually **upgraded** to the level of the Standard Plan



# Scope of VHIS



# Attractiveness of VHIS-compliant Products

1. Guaranteed renewal without reunderwriting until age of 100
2. No “lifetime benefit limit”
3. 21-day cooling off period
4. Price transparency



# Attractiveness of VHIS-compliant Products

5. Coverage extended to include –
  - a. Unknown pre-existing conditions (3 year waiting period)
  - b. Congenital treatment (after 8 years old)
  - c. Ambulatory procedures, including endoscopy
  - d. Prescribed diagnostic imaging tests
  - e. Prescribed non-surgical cancer treatments
  - f. Psychiatric treatment



# Benefit Schedule of Standard Plan (1/2)

Benefit	Benefit Limit (HKD)
Room and board	\$750 per day Maximum 180 days per Policy Year
Miscellaneous charges	\$14,000 per Policy Year
Attending doctor's visit fee	\$750 per day Maximum 180 days per Policy Year
Specialist's fee	\$4,300 per Policy Year
Intensive care	\$3,500 per day Maximum 25 days per Policy Year
Pre- and post-Confinement/Day Case Procedure outpatient care <ul style="list-style-type: none"> <li>▪ 1 prior outpatient visit or emergency consultation per Confinement/Day Case Procedure</li> <li>▪ 3 follow-up visits per Confinement/Day Case Procedure (within 90 days after hospital discharge / completion of Day Case Procedure)</li> </ul>	\$580 per visit, Up to \$3,000 per Policy Year
Prescribed Diagnostic Imaging Tests <ul style="list-style-type: none"> <li>• CT/MRI/PET/PET-CT/PET-MRI</li> </ul>	\$20,000 per Policy Year Subject to 30% coinsurance



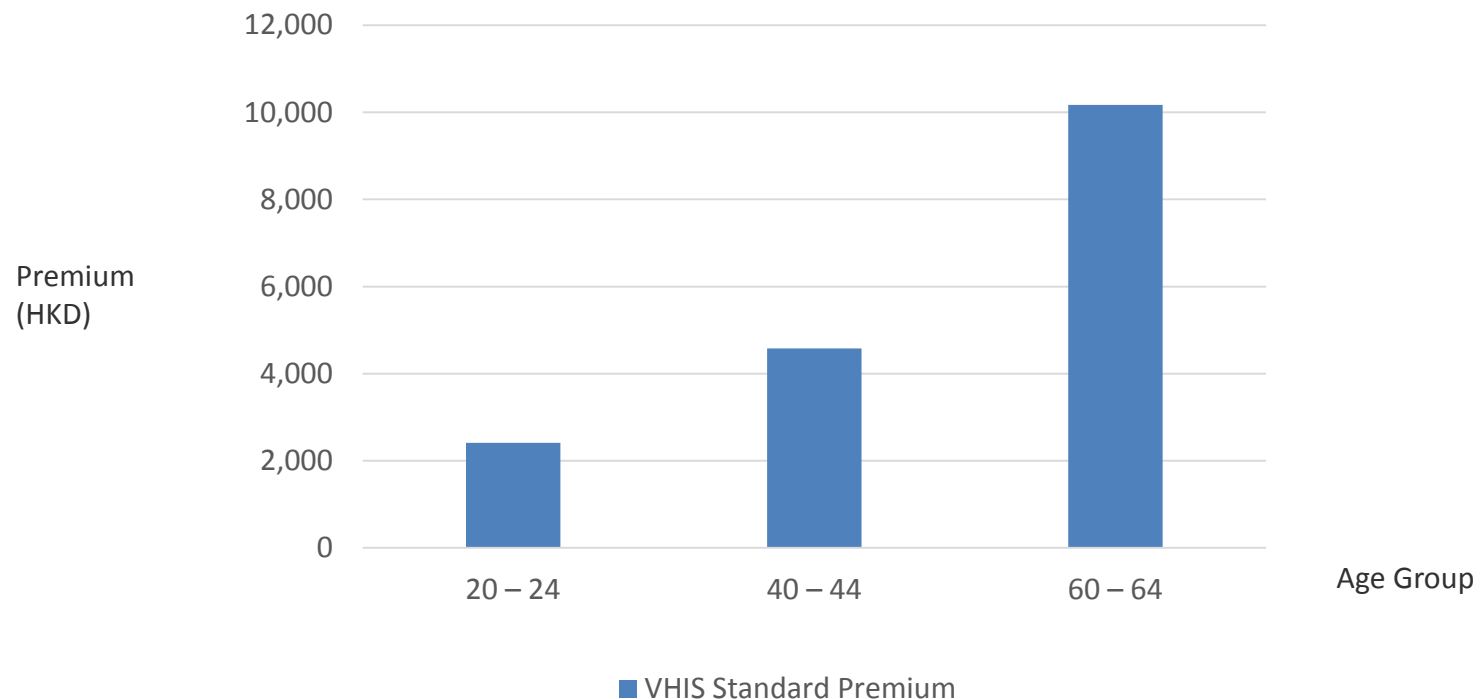
# Benefit Schedule of Standard Plan (2/2)

Benefit	Benefit Limit (HKD)
Surgeon's fee (for both inpatient and outpatient services)	Maximum \$50,000 per surgery  Complex: \$50,000 Major: \$25,000 Inter: \$12,500 Minor: \$5,000
Anaesthetist's fee	35% of surgeon's fee payable
Operating theatre charges	35% of surgeon's fee payable
Prescribed Non-Surgical Cancer Treatments • Radiotherapy, chemotherapy, targeted therapy, immunotherapy and hormonal therapy	\$80,000 per Policy Year
Psychiatric treatment	\$30,000 per Policy Year
<b>Lifetime limit</b>	<b>Nil</b>
<b>Annual limit</b>	<b>\$420,000</b>



# Estimated Standard Plan Premium

- ◆ Average of Standard Plan Premium : about **\$4,800** per year
- ◆ About 15% higher than existing insurance products at ward level
- ◆ Standard Plan Premium by age group :



# Migration of Existing Individual Hospital Indemnity Policyholders

- ◆ Facilitate a **smooth transition** from existing plans to VHIS-compliant plans if the policyholders choose to
- ◆ Insurers will be required to –
  - ◆ Offer an **option to all** of their existing policyholders to consider switching
  - ◆ Provide such an option on a **portfolio basis** in principle



# Tax deduction

- ◆ For people who purchase eligible health insurance products for themselves or their specified relatives under the Scheme. The annual tax ceiling of premium for tax deduction is **\$8,000 per insured person**.
- ◆ Specified relatives cover the taxpayer's spouse and children, and the taxpayer's or his/her spouse's grandparents, parents and siblings
- ◆ **No cap on the number of specified relatives** eligible for tax deduction
- ◆ **No cap on the number of taxpayers** who can make a claim for tax deduction for the same insured person



# Way Forward

## Step 1

- Launched the VHIS
- Promulgated Policy Template & Code of Practice

## Step 2

- Amend the Inland Revenue Ordinance for introducing tax deduction
- Promulgate registration rules and compliance manual

## Step 3

- Officially receive applications for VHIS plans
- Tax deduction start on 1 April 2019 (subject to passage of amendment bill in LegCo)





**Thank You**

