

1: Summary: Hong Kong has a World-Class Medical System yet Cracks are Fast Appearing—It is high time we Augmented our Medical Capacity and Capabilities by Investing in Medical Hardware and Personnel

This is the fourth research report by HKGolden50, an independent not-for-profit research organisation whose mission is to illustrate through hard facts and figures the significant tasks the community and the government must undertake in order to convert the tremendous inflows of business opportunities, talents and capital during 2010 to 2014, “the Golden 5 Years” as we term it, into foundation for a more prosperous, vibrant and compassionate society for the next generation. HKGolden50 has two core beliefs: (1) the best 50 years of Hong Kong are ahead of us, and not behind us (2) taking over the baton to make Hong Kong a better place is the responsibility of the post-80’s, our most-educated generation.

“How to Create a World-Class Medical System” builds on the argument of our first three reports and specifies the actions Hong Kong should take in these Golden 5 Years in order to become a World City. A World City attracts talents from all over the world and is where every global citizen wishes to live and bring up a family in. Therefore a crucial component of achieving World City status is a sense of security that when our health deteriorates due to illness, accidents or old age, we would have access to the best medical care. This protection from harm, among the other factors (page 3, second report, “How to become a World City: Lessons from London”), is a critical ingredient to a World City as money cannot buy health, so sickness is the one risk that can only be mitigated by access to World-Class medical system.

This report aims to alert our community that despite our World-Class standard in Western and Chinese medicine, our healthcare system is on the brink of breaking down due to insufficient hardware and personnel coupled with surging local and foreign demand for our quality medical services. Having taken into consideration the favourable factors for Hong Kong to become a medical service leader in the region and the bottlenecks our system is experiencing due to the self-induced cutback in both public and private healthcare investment over the past decade or so, we list out below 13 reasons for augmenting our medical capacity and capabilities.

Hong Kong cannot be a World City without a World-Class medical system

Our healthcare system is World-Class but is on the brink of breaking down due to growing shortage in both hardware and medical personnel

(1) 13 reasons why we must expand our medical services capacity:

(1) Demand for medical services is surging ahead at an increasing pace

(1) Ageing demographics: Our elderly population (defined as people aged 65 or above) is expected to almost-double the current number to over 2m by 2029 (i.e. up over 4% p.a.);

(2) Elderly people require almost six times as much inpatient care than those younger;

(3) Population growth: According to government forecast, our population will grow 1.9m to 8.9m by 2039, or an increase of 27% in 30 years (i.e. up some 0.8% p.a.);

(4) Surging demand for quality private healthcare from the region: Patients from mainland China demanding non-maternity medical care at private hospitals surged 50% in the past four years (i.e. roughly 11% growth p.a.). This rate of growth is expected to remain high, a phenomenon similar to dynamics that lie beneath the 50% leap in tourist arrivals between 2009 and 2011

(2) Supply of doctor service is stagnant

(1) Retirement tide: 5,000 doctors (or 40% of our current c. 12,800 doctor workforce) from the baby boomers' generation will be retiring in the next two decades, just as our ageing population requires unprecedented amount of medical care. The upshot is that the shortfall in doctor hours against what is required, will widen significantly – from the 4% in 2009 to 25% by 2019 (i.e. up 2.1% p.a. from 2009 to 2019) , to 45% by 2029 (i.e. up 2.0% p.a. from 2019 to 2029) and to 47% by 2039 (i.e. up 0.2% p.a. from 2029 to 2039). This suggests that our wonderful medical system is at or is fast approaching a “breaking point”;

(2) Competency gap: A retiring doctor is far more experienced than a young doctor. The 420 students who will be joining medical school are supposed to replace the boomer doctors, but will not graduate until 2018. Individually, their experience and ability are less than the 5,000 doctors reaching their retirement age between now and 2030. In fact, not until mid-2020s will the 420 doctors have accumulated enough experience to become specialists;

(3) Generation gap: In line with changing society norms, young doctors demand shorter work hours, better work-life balance and preference for specialising in “less challenging” disciplines;

(4) More female doctors: The number of female per 100 male doctors has doubled over the past 30 years from 19 to the highest point at 40. Female doctors tend to retire and/or switch to part-time when they reach their 30's to take up maternity and childcare responsibilities. The rising trend of more female doctors therefore reduces the hours worked;

(5) Very high entry barriers for overseas-qualified doctors: The pass rate remained low at 5% to 8% between 2006 and 2010. Only an average of nine overseas doctors (or 2% of annual new doctors intake) were added to the medical workforce each year;

(6) Insufficient support staff: Shortage in nurses, administrative staff etc. further burdens doctors' workload, and reduces efficiency of facilities and personnel

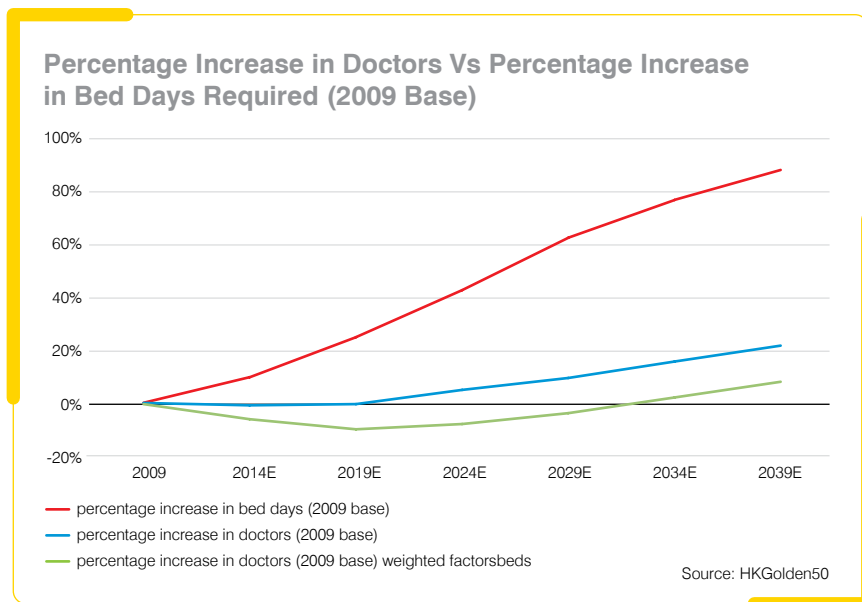
(3) Deficiencies in hospital facilities are worsening

(1) Stagnant public hospital facilities: Despite 6% growth in population and ageing of our population, 8% growth in inpatient admissions over the past decade, hospital beds grew by a mere 1% and zero hospitals were built when eight were established in the preceding decade; Public hospitals account for c. 80% of total inpatient numbers and c.75% of total hospital beds;

(2) Underinvestment in medical equipment: Budget cuts over the period 2000 to 2009 have caused severe hardware deficiencies; 36% of public medical equipment is over ten years old and is succumbing to technological obsolescence;

(3) Growth of private hospitals is stunted by constrictive government policies: A quarter of incoming patients have to wait over ten days for available surgical theatres; Private hospitals wish to expand but government policies are restraining their growth

The chart below shows the ever-widening gap between demand for healthcare and supply of doctor service over the next 30 years – a very worrying trend that requires immediate (supply measures take long lead time to take effect) and aggressive supply response (the gap is not self-stabilising):



The widest gap between demand and supply of healthcare in living memory lies right ahead

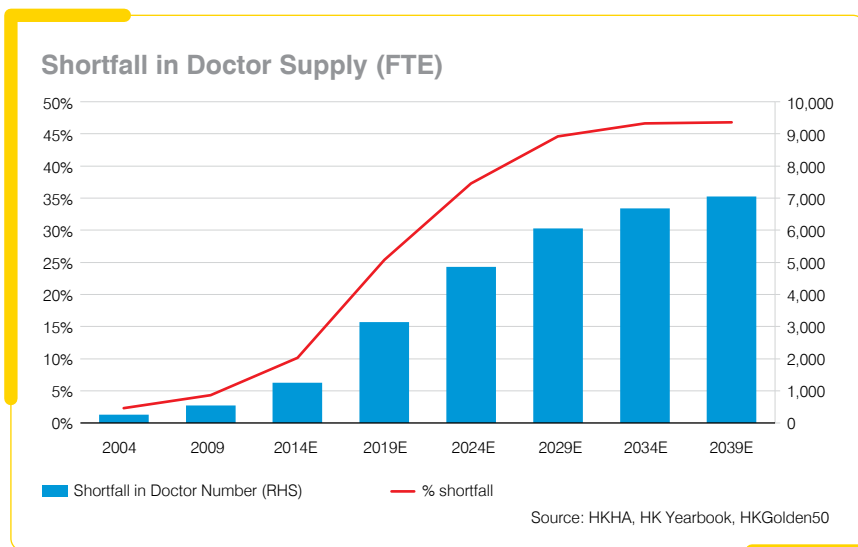
***Weighted factors:**

1. Younger doctors quitting the public system earlier on and hence working fewer hours in their late 30s
2. Female doctors working 2.8% less than male doctors (based on statistics from American Medical Association)

Upon the retirement of baby-boomers (currently aged 45-54), over 5,000 experienced doctors (equivalent to 40% of all doctors) are expected to retire in the next two decades just as the population of elderly people hit record high at over 2m by 2029 (or close to twice the number of elderly people in 2012; c. 4% p.a.). Various studies have already shown that Hong Kong was short of over 200 doctors (or c.1.5% of our doctors' workforce) in 2009 within the HKHA alone. Our projection shows that the 4.5% shortage of total doctors will worsen at an increased speed of c. 280 (c. 2% of total doctors) each year, for the coming two decades. At this rate of deterioration alarmingly, by 2029, we will be short by c. 6050 (or c. 45% of total doctors), and by 2039, we will be short by c.7,000 (or c. 46% of total doctors).

The current 4.5% doctor shortage will quickly worsen by 2% a year. Numbers show that if SARS hit again, our over-stretched medical system will not cope

These numbers suggest that if an epidemic like SARS were to hit Hong Kong again, our over-stretched medical system simply would not be able to cope. The doctors we interviewed have also expressed their belief that without any “designed redundancy” left for contingencies, our current medical system cannot accommodate any shock.



(2) Four metrics underlining the excellence of our medical system

Section 3 lists four metrics why Hong Kong scores very highly globally in four key performance metrics. Such service excellence should easily attract users from overseas and hold a huge potential of Hong Kong becoming a World-Class Medical Hub:

Four metrics evidencing Hong Kong's Medical Service is World-Class

- (1) Best rankings: Hong Kong can boast some of the world's longest life expectancies, lowest infant mortality rates, and highest cancer and organ transplant survival rates;
- (2) Best medical schools: HKU's medical school ranks top two in Asia and CUHK and Poly U's World-Class faculty produce international award-winning medical research and cures;
- (3) Quality services at lowest costs: Our healthcare expenditure per capita is amongst the lowest in developed countries (a third of USA, two thirds of UK, 72% of OECD average);
- (4) High patient satisfaction: Over 80% rank the public hospital system as "Very Good" & "Excellent" and only 3% were dissatisfied with Hong Kong Hospital Authority's (HKHA) services which account for c. 80% of our city's inpatient numbers

(3) Two signs why our medical system is deteriorating

Even with best medical standards, cracks in our medical system are fast appearing:

- (1) Medical blunders are on the rise: sentinel events (serious medical blunders) increased by a third between 2009 and 2010; HK\$40m were spent on settling medical blunder disputes over some 600 patients between 2006 and 2011;
- (2) Long waiting times will delay treatment and jeopardise full recovery: Access to healthcare is limited when patients have to wait for 3.5 hours for Accident & Emergency services, and over a year for specialist medical attention

These are first signals to our overstretched system, confirming our projections. The two graphs above on page 8 and page 9 spell out an urgent need to recruit more doctors, yet a specialist takes over ten years to train. In other words, even if we took action now to boost the number of medical students intake, these new medical students will only receive their specialist qualifications no sooner than 2025. Hence, during the 13 year vacuum between now and 2025, hiring qualified overseas doctors to make up for the shortfall is an inevitable move.

We note that the full registration of foreign qualified doctors in Hong Kong is constrained by Section 8 of the Medical Registration Ordinance, which basically specifies that non-graduates of HKU or CUHK cannot be qualified for registration as a medical practitioner in Hong Kong unless the person has:

1. passed the Licensing Examination; and
2. completed a period of assessment (normally 12 months) as the Medical Council may determine in an approved hospital or approved institution

The relevant sections of the Medical Registration Ordinance may have to be revised to allow for more flexibility in importing foreign registered doctors. While Article 142 of the Basic Law states that professional organizations “may, on their own, assess and confer professional qualifications,” it is important to note that this provision does not confer the professional organization the sole right to assess and confer professional qualifications on their own. The choice of using the word “may” suggests that it is an option but not a requirement. Therefore, the government may also assess and confer professional qualifications jointly with the Medical Council. may also assess and confer professional qualifications jointly with the Medical Council.

Article 142 also states that the government “may, as required by developments in society and in consultation with the parties concerned, recognize new professions and professional organizations.” This suggests that the government has the right to introduce a new professional organization to work alongside or independently of the Medical Council if necessary. The law states that it is the duty of the government to “formulate provisions on its own for assessing the qualifications for practice” so it has very wide powers to reorganize how the medical profession qualifications are assessed.

The Basic Law grants the government very wide powers to reorganize how the medical profession qualifications are assessed

(4) Ten Improvements we Must Make to Meet Surging Demand and Realise our Potential of Becoming a World-Class Medical Hub

In Section 4, we set out the action plan with the objective to enlarge and improve the medical hardware and personnel of our medical system so that there would be sufficient resources to provide for our community within the next ten years when shortage should become acute and realise the potential of becoming a medical hub.

It is up to our community to safeguard the fate of Hong Kong’s medical system amidst our ageing demographics: to direct more resources to medical care with the expected total fiscal surplus of HK\$350bn in the first four years of the Golden 5 Years. Medical care is an item that should always be built for redundancy so that there is capacity to cope with the inevitable calamity, yet we have been doing the opposite (zero hospitals were built) for the past decade. It is crucial to invest in a healthy future for our people as soon as possible, starting from today.

Proposed Investments

Build World-Class Medical Software	Capital Expenditure HK\$bn	Operating cost per year HK\$bn
(1) Increase annual medical students intake from 420 to c. 800 (+90%)	N.A.	1
(2) Introduce overseas qualified doctors to bridge the quickly developing shortage in specialists	N.A.	0.5
(2.1) Introduce new "Restricted Registration" to admit qualified specialists from overseas		
(2.2) Introduce Approved List of Medical Schools whose graduates could practise in Hong Kong without passing the Licensing Exams under Limited Registration		
(2.3) Introduce Clinical Year Recruitment Scheme to attract medical students or fresh medical graduates from top universities back to Hong Kong		
(2.4) Improve Transparency and Relevance in Licensing Exams for Overseas Qualified Doctors		
(2.5) Restructure composition of Medical Council to enhance responsiveness to community priorities		
(3) Establish a committee for centralised manpower planning	N.A.	0
(4) Facilitate doctors in private practice to return to HKHA should they wish to do so	N.A.	0.5
(5) Increase medical support staff by at least one-third	N.A.	5
(5.1) Train allied health professionals outside of universities		
(6) Enhance Primary Healthcare for the Community	10	3
(6.1) Invest in Integrative Medicine		
(6.2) Establish multi-disciplinary community centre and nursing homes targeted at elderly people		
(6.3) Explore feasibility of adopting part of Japan's Golden Plan for homecare		
(6.4) Establish mental health centres		
(6.5) "Return to Work" program for disabled citizens		
(7) Promote Medical Tourism	N.A.	N.A.
Build World-Class Medical Software		
(8) Increase hospital capacity by 5,000 hospital beds (or 14% of our current 35,525 beds) from building new hospitals and expanding existing facilities	20	10
(8.1) Build new public hospitals		
(8.2) Build nursing homes and add hospital beds to badly undersupplied districts		
(8.3) Increase private hospital capacity		
(8.4) Develop medical hub at Gateway To The World (GTTW) at the airport		
(9) Replace and upgrade medical equipment over ten-years old	7	2
(10) Expand facilities of HKU and CUHK medical schools*	3	N.A.
Total	40	22

We sincerely hope that you find this report informative and valuable. Feel free to send us your comments and suggestions by emailing friends@hkgolden50.org and please stay in touch through our website www.hkgolden50.org.