

# REGULATORY CONTROL OF PRIVATE HOSPITALS

## Executive Summary

1. Private hospitals are regulated by the Department of Health (DH) under the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165 — the Ordinance) on matters of accommodation, staffing and equipment. The DH has issued a Code of Practice (COP), which does not form part of the Ordinance, but sets out standards of good practices for private hospitals. The Office for Registration of Healthcare Institutions (ORHI) of the DH is responsible for enforcing the Ordinance and the COP. The ORHI regulates private hospitals through conducting inspections, and monitoring sentinel events (i.e. unexpected occurrence involving death or serious injury) and complaints. The Audit Commission (Audit) has recently conducted a review of the DH's regulatory control of private hospitals.

### Inspection of private hospitals

2. *Documenting inspections.* In the ORHI inspections conducted in 2011 and 2012, Audit noted that a checklist was not used for documenting the inspection results. There were also no records readily available showing the extent of checking performed. The absence of proper documentation may limit the reviewing officers' ability to ensure that the front-line staff have properly identified all cases of non-compliance with the COP. There is room for improvement in the ORHI's system of documentation.

3. *Advisory/warning letters not issued for some serious irregularities.* In 2011, the DH issued 6 advisory/warning letters to 6 private hospitals. Audit however found that for some inspections in which serious irregularities were noted, the DH only provided summary reports of inspection to the hospitals concerned for follow-up, but did not issue any advisory or warning letters to them. An example of such serious irregularities included a specialty centre in operation before the registration of its premises. The centre would provide various specialty services including surgical procedures.

## Executive Summary

---

### Monitoring of sentinel events and complaints

4. **Reporting of sentinel events.** Since 2007, the DH has set up a sentinel event reporting system, under which all private hospitals are required to report a sentinel event to the DH within 24 hours upon occurrence of the event and submit a full investigation report within 4 weeks upon occurrence of the event. Given the lack of statutory backing and the voluntary nature of the reporting system, Audit considers that there is a risk of under-reporting. Audit analysis of DH records revealed that in many cases, the private hospitals concerned had taken a long time to report sentinel events or to submit full investigation reports to the DH. Notwithstanding this, the DH had only issued three regulatory letters in respect of 55 cases of delays in reporting of sentinel events from 2008 to 2011.

5. **Public disclosure and follow-up action of sentinel events.** Upon receipt of the notification of a sentinel event, the DH will assess whether there is a need to disclose details of the event to the public. From 2007 to 2011, the DH issued only three press releases relating to sentinel events in private hospitals. Besides, the DH also uploads an aggregated figure of sentinel events onto its website on a quarterly basis. However, identities of the private hospitals concerned and details of the sentinel events are not disclosed.

6. In a review in 2010, the Independent Commission Against Corruption (ICAC) stated that the DH adopted a strategy of “partnership approach” towards private hospitals in enforcing the regulatory provisions of the Ordinance. The ICAC also stated that when investigating reports on sentinel events, the DH only issued advisory or warning letters to the private hospitals concerned and did not refer cases involving the professionalism of doctors and nurses to the Medical Council of Hong Kong (MCHK) or the Nursing Council of Hong Kong (NCHK) for follow-up action.

7. **Handling of complaints.** Under the COP, private hospitals are required to set up a mechanism for handling complaints, and provide monthly to the ORHI a complaint digest on the complaints received, results of investigation and actions taken. From 2009 to June 2011, private hospitals received a total of 2,063 complaints. From 2009 to 2011, the DH also received 246 complaints directly from the public concerning private hospitals’ services. Audit noted that some private hospitals had not always submitted the complaint digests monthly as required. Besides, although the DH noted irregularities in the course of its investigation of a number of complaint cases, it did not issue advisory or warning letters to the private hospitals concerned.

## Executive Summary

---

### Price transparency in hospital charges

8. *Promoting price transparency.* In recent years, there had been growing public concerns about the level and increase of hospital charges and the lack of price transparency in private hospitals. Besides, charges have always been a common source of complaints against private hospitals. Audit reviewed the websites of private hospitals and found that the price information available varied considerably. Apart from services which were offered at packaged charges, most hospitals could not provide comprehensive price information for their services. In this connection, Audit noted that the Hospital Authority made available comprehensive price information on its website regarding private services provided by its hospitals. Audit considers that there is scope for further promoting price transparency of private hospitals.

### Way forward

9. *Review of the existing regulatory framework.* The existing Ordinance was enacted in 1936 with major amendments last made in 1966. It has become outdated and failed to meet the rising public expectation for a mechanism that could effectively monitor the performance of private hospitals. A review of the Ordinance was conducted in 2000 (2000 review), but was subsequently held in abeyance. On 11 October 2012, the Government set up a steering committee to conduct a review on the regulatory regime for private healthcare facilities.

### Audit recommendations

10. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Director of Health should:**

#### *Inspection of private hospitals*

- (a) **consider developing and using a suitable checklist for guiding and documenting ORHI inspections of private hospitals, and ensure that the ORHI properly documents all inspections conducted;**
- (b) **issue advisory/warning letters to private hospitals when serious irregularities are detected during inspections;**

## Executive Summary

---

### *Monitoring of sentinel events and complaints*

- (c) **closely monitor the effective implementation of the sentinel event reporting system;**
  - (d) **consider directly referring cases of sentinel events involving professional misconduct/substandard performance to the MCHK or the NCHK for investigation and follow-up;**
  - (e) **consider disclosing in a timely manner the identities of private hospitals and more details of the sentinel events, including the cumulative number of sentinel events for each private hospital; and**
  - (f) **ensure that private hospitals submit their complaint digests to the ORHI monthly, and issue advisory or warning letters to private hospitals when serious irregularities are detected during investigation of complaints.**
11. **Audit has also *recommended* that the Secretary for Food and Health should, in collaboration with the Director of Health:**
- (a) **take measures to further enhance the price transparency of private hospitals; and**
  - (b) **take into account the audit observations and recommendations, and take on board the findings and recommendations of the 2000 review when conducting the forthcoming review on the regulatory regime for private healthcare facilities.**

### **Response from the Administration**

12. The Administration agrees with the audit recommendations. The Secretary for Food and Health has said that the Administration has commenced a review of the Ordinance which will be completed within a year. The Director of Health has also said that the DH will take proactive measures to enhance the regulatory control of private hospitals.