

# Report No. 58 of the Director of Audit — Chapter 3

## HOSPITAL AUTHORITY: PUBLIC-PRIVATE PARTNERSHIP (PPP) PROGRAMMES

### Summary

1. Hospital care in Hong Kong is provided predominantly by the public sector. Public hospitals are managed by the Hospital Authority (HA). The high demand for public healthcare services has led to long waiting time in HA hospitals. To address challenges to the Hong Kong healthcare system, one of the Government's reform proposals is to promote public-private partnership (PPP) in healthcare.

2. Since the early 2000s, the HA has planned to improve the interface between the public and private health sectors. In 2006, the HA launched an electronic platform, the Public-Private Interface — Electronic Patient Record Sharing Pilot Project (PPI-ePR), for patient record sharing. In 2008, the HA launched two pilot PPP programmes, namely the Cataract Surgeries Programme and the General Out-patient Clinic PPP Programme. In 2010, the HA launched three more pilot programmes, namely the Shared Care Programme, the Haemodialysis PPP Programme and the Patient Empowerment Programme. The Food and Health Bureau (FHB) provides funding for the HA's PPP initiatives. In 2011-12, the budgets for the five PPP programmes and the PPI-ePR were \$75 million and \$16.3 million respectively. The Audit Commission (Audit) has recently conducted a review to examine the HA's management of its PPP programmes.

3. ***General audit observations and recommendation.*** The HA has been operating various pilot PPP programmes since 2008. *Audit has recommended that the Chief Executive, HA should conduct, in consultation with the Secretary for Food and Health, an overall review of the pilot implementation of its PPP programmes, with a view to mapping out the way forward for the further development of PPP in healthcare.*

#### Planning and evaluation of PPP programmes

4. ***Planning the implementation of PPP programmes.*** As at December 2011, the Cataract Surgeries Programme and the General Out-patient Clinic PPP Programme were operating beyond their original pilot periods, yet the HA did not have any plan for rolling

them out as ongoing services. Audit noted that they had been used as stop-gap measures to address service gaps identified. This may not be conducive to the long-term development of PPP in healthcare. So far, the HA has varied the eligibility criteria for some of its PPP programmes, but it has not changed other key parameters (e.g. levels of government subsidy) since the programmes were launched. Furthermore, the HA did not lay down any exit plans for its pilot PPP programmes. *Audit has recommended that the Chief Executive, HA should, in planning the implementation of PPP programmes: (a) sharpen focus on programme sustainability; (b) explore opportunities for testing thoroughly the market sensitivity to key programme parameters; and (c) give due consideration to the adequacy of exit arrangements upon the termination of pilot programmes.*

5. ***Evaluating individual PPP programmes.*** The FHB has required the HA to make arrangements for independent assessment of individual programmes. Audit noted that the time of completion of the first independent evaluation study varied among the programmes. *Audit has recommended that the Chief Executive, HA should ensure that independent evaluations are conducted for individual PPP programmes in a timely manner.*

6. ***Assessing overall development of PPP.*** At present, a systematic mechanism is not in place for the HA to assess the overall development of PPP in its provision of healthcare services. *Audit has recommended that the Chief Executive, HA should consider devising a mechanism for assessing overall development of PPP in support of delivery of healthcare services.*

### **Implementation of PPP programmes**

7. ***Patient base for PPP programmes.*** Audit noted that the target places for the PPP programmes had been generally filled. The only exception was the Shared Care Programme with a low take-up rate of 37% which would have undermined the economies of scale of its operation. Moreover, many patients had not accepted the HA's invitation to the PPP programmes. Audit noted that improving programme popularity could make it practicable for the HA to increase programmes' target places (e.g. for the General Out-patient Clinic PPP Programme) and benefit more patients. Audit also noted that there was scope for improvement in the HA's monitoring of the patient drop-out situation. *Audit has recommended that the Chief Executive, HA should: (a) continue to monitor the patient take-up rates of PPP programmes and improve programme popularity; (b) expedite action in inviting patients to participate in the Shared Care Programme; and (c) monitor closely the drop-out situation of individual PPP programmes.*

8. ***Providing patients with choices.*** Healthcare providers' response to the HA's invitations to its PPP programmes was sometimes less than enthusiastic. Low take-up rates of healthcare providers were also not conducive to enriching patients' choices of services. Besides, the HA had not publicised the list of participating medical practitioners for the General Out-patient Clinic PPP Programme. Publishing such a list would better inform patients of the service choices available. *Audit has recommended that the Chief Executive, HA should: (a) take effective measures to improve healthcare providers' take-up of PPP programmes; and (b) publish on the HA website the list of participating healthcare providers for all PPP programmes.*

9. ***Arrangements for patients with limited economic means.*** Under the Cataract Surgeries Programme, participating patients with limited economic means can have their cataract surgeries conducted by participating ophthalmologists on a charitable basis, without the need to pay any fees. Audit noted that many of these patients might still prefer to have their cataract surgeries conducted by the HA. Notwithstanding this, the implementation of the charitable arrangements was generally satisfactory. *Audit has recommended that the Chief Executive, HA should: (a) step up efforts in promoting the charitable arrangements offered by participating ophthalmologists of the Cataract Surgeries Programme; and (b) in launching other PPP programmes, examine the desirability of implementing similar charitable arrangements.*

10. ***Fees and costs of services.*** The HA has not clearly laid down a framework for setting patient fees for the PPP programmes. The HA also did not regularly compile analyses of the programmes' cost elements to help monitor their cost-effectiveness. *Audit has recommended that the Chief Executive, HA should: (a) consider laying down a fee-setting framework for the PPP programmes; (b) compile, on a regular basis, management information on the costs of services provided under the programmes; and (c) take measures, where necessary, to improve their cost-effectiveness.*

#### **Administering partnership between Hospital Authority and private sector**

11. ***Risk of material damage claims.*** The HA had direct involvement in providing treatments to patients of its PPP programmes. Audit reviewed the HA's medical malpractice insurance for its hospitals and institutions. The insurance policy did not explicitly mention that it covered the HA's PPP mode of operation. *Audit has recommended that the Chief Executive, HA should review: (a) the adequacy of the HA's insurance cover for its PPP mode of operation; and (b) the need for requiring healthcare providers to include the HA as a co-insured party in their insurance policies for the PPP programmes.*

12. **Risk of service disruption.** The HA had not laid down any specific arrangements for handling service disruption of three PPP programmes. *Audit has recommended that the Chief Executive, HA should: (a) review the adequacy of the contingency arrangements for addressing the risk of service disruption of the PPP programmes; and (b) consider formulating a contingency plan to safeguard against service disruption of the programmes.*

13. **Performance-based payments.** Payments to healthcare providers under the PPP programme were primarily related to service outputs. Audit noted that, only two programmes had performance-based payments in addition to output-based payments. *Audit has recommended that the Chief Executive, HA should: (a) review the effectiveness of performance-based payments; and (b) consider adopting performance-based payments for PPP programmes in future.*

14. **Service protocols.** The HA has set protocols for delivering services under its PPP programmes. Audit noted that there were cases in which participating healthcare providers might not have paid adequate attention to the service protocols. *Audit has recommended that the Chief Executive, HA should: (a) step up the monitoring of healthcare providers' service delivery; and (b) remind healthcare providers to give due consideration to the service protocols.*

#### **Electronic platform for patient record sharing**

15. **Usage of electronic patient records.** Many patients and healthcare providers enrolled in the PPI-ePR had not made use of the system to access patient records since enrolment. In 2007, the HA conducted a survey and ascertained the factors which were perceived by patients to be barriers to using the PPI-ePR. However, the survey did not ascertain the barriers facing healthcare providers. In 2008, an HA evaluation found that patients and private medical practitioners had low satisfaction with the publicity of the PPI-ePR. *Audit has recommended that the Chief Executive, HA should: (a) ascertain the factors which hinder various users from using electronic patient records; (b) take effective measures to facilitate the use of electronic patient records; and (c) step up publicity of electronic patient records.*

16. **Updating of patient records.** The HA organises training sessions on the PPI-ePR. Audit noted that there were cases in which private medical practitioners who had not attended training did not update electronic patient records on a timely basis. The HA has also not laid down clearly the time frame for private medical practitioners of PPP programmes to create an electronic consultation record in the PPI-ePR after each consultation. *Audit has recommended that the Chief Executive, HA should: (a) review the adequacy of the current practice to ensure timeliness in updating electronic patient records; (b) lay down the time frame for updating electronic patient records; and (c) take measures to ensure that users receive adequate training on the PPI-ePR.*

17. **Way forward for the electronic platform for patient record sharing.** The Government is developing a territory-wide patient-oriented Electronic Health Record (eHR) Sharing System. Upon the launch of the system, PPI-ePR records will be migrated to it, and the PPI-ePR will be decommissioned. Audit noted that there was no definite plan for the migration and the decommissioning. *Audit has recommended that the Chief Executive, HA should formulate an action plan for implementing the impending changeover from the PPI-ePR to the eHR Sharing System.*

### **Performance management**

18. **Performance measurement and reporting.** Performance measures of the HA's PPP programmes are reported to the FHB and the HA Board. Audit noted that such performance measures primarily consisted of output indicators, and the HA did not publish comprehensive information on them. *Audit has recommended that the Chief Executive, HA should consider: (a) developing more useful key performance indicators for assessing the efficiency and effectiveness of the PPP programmes; and (b) publishing key performance measures of the programmes.*

### **Response from the Administration and the Hospital Authority**

19. The Secretary for Food and Health welcomes the audit review. The HA accepts the audit recommendations.

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