



HONG KONG RETAIL MANAGEMENT ASSOCIATION

Submission on Voluntary Health Insurance Scheme

6 March, 2015

The Hong Kong Retail Management Association (“the Association”) supports the idea of healthcare reform in Hong Kong, starting from a voluntary basis. The Association believes that the Voluntary Health Insurance Scheme (VHIS) will motivate people to switch to private healthcare services, thereby enabling the public sector to focus on serving the group who are in higher need of a less expensive medical system.

The Association submits our views on the following issues:

1. Regulatory Regime for individual hospital insurance

1.1. We support introducing a regulatory regime for individual hospital insurance so that consumers have confidence in the competitiveness of products available in the market which must have fulfilled the minimum requirements set by the Government.

2. Twelve (12) Minimum Requirements

2.1. In regard to the 12 Minimum Requirements proposed for Standard Plan, we suggest to shorten the waiting period for full coverage (say from 3 years to 2 years) of pre-existing conditions or uplift the percentage of reimbursement in the second and third year during the waiting period. It is common in the current medical market that the waiting period can be as short as one year.

2.2. Besides, we suggest extending the guaranteed acceptance of all ages from the first year to at least two years from implementation of VHIS because it is not unreasonable for the public to wait and see for a while if there may be better product available after free market competition. With reference to the experience of MPF, people take time to grasp “what it is”, “how far they may benefit from it” and “how fit the product is to serve their needs”.



- 2.3. We consider that waiver for re-underwriting should be given for portable plan with no claim for just one year because it is believed that the public will not avoid from treatments for more than one year if there is any serious pre-existing condition.

3. Group Hospital Insurance

- 3.1. We agree with the proposal that group hospital insurance should not be subject to the Minimum Requirements to encourage employers to continue with group medical plan for their employees. Employers providing medical benefits to their employees as a family-friendly measure which should be incentivized by the community and any acts which may discourage this caring policy should be avoided. Not to mention that employers are already under a great pressure on cost (e.g. rent, SMW, operating cost) in running business.
- 3.2. We agree with the proposed arrangement of Conversion Option and Voluntary Supplement(s) for group hospital insurance. It can encourage the public to subscribe the VHIS on top of the employer's scheme, which will surely further alleviate the pressure on the public medical services. It also can simplify the administration during the conversion and help people to manage/plan ahead their own VHIS when they are younger and still eligible for employer's medical plan.

4. Public Funding & Financial Incentives

- 4.1. We support setting up a Health Protection Scheme with government financial support. If it is not financially supported by the Government, high risk individuals will be charged a very high premium, if not being refused for enrolment.
- 4.2. We support providing tax reduction to taxpayers for premiums paid for individual hospital insurance policies, covering themselves and/or their dependants. In order to promote this new scheme and fulfill the objectives of this scheme, we suggest setting high enough tax incentives to encourage people to join. An early announced table of tax incentives for consecutive years from implementation, giving the most reduction in the first year of launch will definitely encourage high intake rate in a



faster pace.

- 4.3. In view that some in the community may not benefit from tax incentives if they are non tax payer, the government may consider to offer discount on premium or concession benefit in the first 1-2 years to attract public interest.

5. Migration Arrangements

- 5.1. We support the arrangements to allow migration of expiring existing individual policies to VHIS policies to remove the barrier of expanding this new VHIS system. For existing policies which do not meet the Minimum Requirements set by the Government, we support to relax the Minimum Requirements to a lower level but not totally waive for grandfathering arrangements. Such relaxing requirement may tempt service providers to raise the protection level to the policy holders at a competitive price to retain their market share.

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About Hong Kong Retail Management Association

The Hong Kong Retail Management Association (HKRMA) was founded in 1983 by a group of visionary retailers with a long-term mission to promote Hong Kong's retail industry and to present a unified voice on issues that affect all retailers. Established for 32 years, the Association has been playing a vital role in representing the trade, and raising the status and professionalism of retailing through awards, education and training.

Today, HKRMA is the leading retail association in Hong Kong with membership covering more than 7,800 retail outlets and employing over half of the local retail workforce. HKRMA is one of the founding members of the Federation of Asia-Pacific Retailers Associations (FAPRA) and is the only representing organization from Hong Kong. FAPRA members cover 17 Asian Pacific countries and regions.