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OPENING STATEMENT BY DR ALINE WONG, MINISTER OF STATE (HEALTH), AT PRESS CONFERENCE ON REVIEW COMMITTEE REPORT ON MONDAY, 24 FEBRUARY 1992 AT 2.30 PM

The Review Committee released Part One of its report in October 1991. We are now happy to release the main report. Part One is an integral part and a very important part of our recommendations on a comprehensive approach to a) improving the health of the people, b) improving the quality of medical services, and c) moderating the rise in healthcare costs. Thus, you will see that the theme of health education, health promotion and disease prevention re-emerges in the main report. It underlies the major health programmes that we recommend for the Ministry to place priority on during this decade.

The main report addresses the very broad terms of reference given to us (please see Annex 1). Understandably, the general public's interest will focus on the issue of rising healthcare costs, particularly the portion that affects their own pockets. I like to urge them to understand the issue within a wider national perspective and to read our report in its entirety. We have attempted to balance the needs of various sectors of the population, and combine a number of approaches into a comprehensive framework for tackling the problem of rising healthcare costs. This framework is outlined in the last chapter of the report.

In my mind, the two most important factors that will cause our national health expenditure to rise rapidly in future are: the ageing of our population, and the increasing use of new expensive medical technologies. The healthcare burden of an ageing population will soon confront us, in 15-20 years time. We must start preparing for it now. The elderly get ill much more often, and need much longer hospitalisation than younger

persons. As for new medical technology, although it may work wonders, it is also very costly. What will boost the cost of medical care even further is the rise in expectations that come with a more affluent and a more informed public. We are on the threshold of a revolution of rising expectations on the healthcare front. Put it simply, patients now expect to receive the highest quality of medical treatment, with state-of-the art methods. The question is, who should be paying for it?

Many countries in the world are finding their national healthcare burdens unsustainable. They are trying various means to contain the rise in medical costs and cut down government expenditures on healthcare. No country has found the ideal solution. But we can learn from their experiences. Above all, we must avoid the pitfalls of a third-party payment system, whether this is financed through general taxation or health insurance, because it encourages unnecessary demand for medical services and drives up cost rapidly. We must adhere to the principle of cost-sharing in payment for medical services. While the government will continue to subsidize healthcare, and in fact spends more and more each year in absolute dollar terms, our people must be encouraged to save more for their medical needs, particularly their needs during old age. Hence our recommendations on the Medisave contribution rate to vary with age, extending the Medisave scheme to cover the self-employed, raising the age limit for Medishield, and more public education on healthcare costs and prudent use of Medisave.

While we support the principle of co-payment, we emphasize that the rates of recovery for the various class of hospital wards must be within the affordability of the different income groups.

Healthcare costs in the past have been held down largely because the government has been the predominant provider of hospital services. Thus, while we think the share of government in providing hospital care can be reduced, by letting non-government organisations, voluntary welfare associations and the

private sector take on a bigger role, we believe the government should still maintain a major role. Government and restructured hospitals have a major responsibility towards catering to the middle and lower income groups. They are also the training grounds for our future doctors. They should try to achieve maximum cost efficiency so as to lower the costs for patients.

To provide more choice to the public and to encourage improvements in services through competition, we recommend several models of management for government-owned hospitals. However, we emphasize at the same time the government must retain control over several important areas: standard of care, provision for B2 and C class patients, charges for different types of wards, and use of expensive medical technology.

To tackle rising health costs, we cannot just tackle hospital costs alone. Hospitalisation expenditure accounts for only one-third of national health expenditure at present. As much as forty percent of the health dollar is spent on outpatient services, such as visits to the general practitioner or the specialist. The remaining 25-26 per cent are spent on medical and pharmaceutical products and appliances, etc. Thus, to cut down on total healthcare expenditure, whether from the point of view of the nation or the individual, there must be more rational use of medical services at all levels, i.e. at the primary, secondary and tertiary levels. There must be a greater emphasis on primary medical care as the first line of defence. People must be encouraged to have a family doctor who will act as a gatekeeper to the use of specialist and hospital services. There should also be more services offering an intermediate level of care for patients who do not require acute hospital care. These include community hospitals, day hospitals, day care and respite care facilities, nursing homes and domiciliary care services.

In healthcare, the provider is in the unique position of influencing, if not dictating, the kinds of investigations and treatments to be received by patients. The doctors must

therefore exercise restraint in prescribing expensive investigations and treatments unless they are absolutely necessary and have been proven to be effective. We recommend strengthening of medical audit and utilisation reviews. We support the Ministry's plan to implement the Private Hospitals and Medical Clinics Act and to amend the Medical Registration Act, which among other things, provides for the establishment of a Specialist Register. We also recommend that the public sector doctors' remuneration scheme be improved upon, to give due recognition to their additional responsibilities in teaching, research and administration, as well as to recognise their service to subsidized patients.

Finally, you may have noticed that the Ministry has been reviewing a number of policies on its own, and has announced several plans such as changes to the consultancy fee scheme, licensing of hospitals and clinics, and setting up of a Medical Audit and Accreditation Unit. The Review Committee, as an independent body, has provided its inputs to the Ministry on these matters within our terms of reference. We greatly appreciate the quick action taken by the government to implement Part One of our report on Healthy Lifestyles. We also feel greatly honoured that the Government has accepted in principle our main report.

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