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\$2b to boost hospitals

By Denise Wong

THE Government will have to invest an additional \$2 billion to improve public hospital services after the forthcoming Hospital Authority takes over all Government and subvented hospitals.

The authority is to assume responsibility by the end of this year.

Sources close to the Provisional Hospital Authority said the "seed money" was an extra 10 percent on top of current expenditure on public medical services of \$5 billion to \$6 billion a year.

A large portion of the funds will be used to upgrade benefits of subvented hospital staff to bring them on par with their counterparts in Government hospitals.

Funds will also be

needed to hire staff to reform the hospital management system, to improve the hospital environment, and to upgrade facilities and services of subvented hospitals.

The report of the provisional body is soon to be endorsed by the Executive Council, and the bill for setting up the statutory authority is to be tabled in Legco early next month.

The salaries of future authority staff will be based on the current civil service structure, but they will be given the flexibility of opting for cash equivalents of their fringe benefits.

The more than 22,000 Government medical staff, including about 14,000 doctors and nurses, can choose to retain their civil servant status or opt for the authority's terms.

Sources close to the Government Secretariat said a "formula of bridging-over arrangements" will compensate staff who opt for the authority's terms.

The options would include payment of only a portion of their pensions on switchover, as the authority may implement a provident fund and do away with the pension system.

The final decision has yet to be approved by Exco.

It is understood the Government has no intention of offering full pensions to the staff - a practice stipulated in civil service regulations when a department is abolished - as the financial burden would amount to some \$4 billion.

A source said only a few positions in the Hos-

pital Services Department, which will become the future executive arm of the authority, would become redundant and be abolished.

The majority of the department's front-line workers would retain their present positions when the authority takes over the 15 Government and 20 subvented hospitals.

A reformed management structure emphasising professionalism, efficiency and cost-effectiveness, would be implemented in phases in various public hospitals over a four-year period.

But sources said the authority would only be a "management agent" of public hospital services. Medical policy, including charges and building of new projects, would still be decided by the Government.

The provisional hospital body's recommendation that an average of 15 to 20 percent of cost be recovered for hospital services some time in the future, one source said, was similar in principle to that prevalent at Government-sponsored tertiary institutes.

Hospitals would also turn no one away because of a lack of financial means, another principle adopted by Government tertiary institutions.

The Government would also adjust the charge-waiving system to cope with society's demands.

At present, operating an acute bed in a Government hospital costs about \$1,300 a day. But public wards, with over 98 percent of beds in those hospitals, charge only \$29 a day.