

Briefing on the Voluntary Health Insurance Scheme (VHIS)

Food and Health Bureau

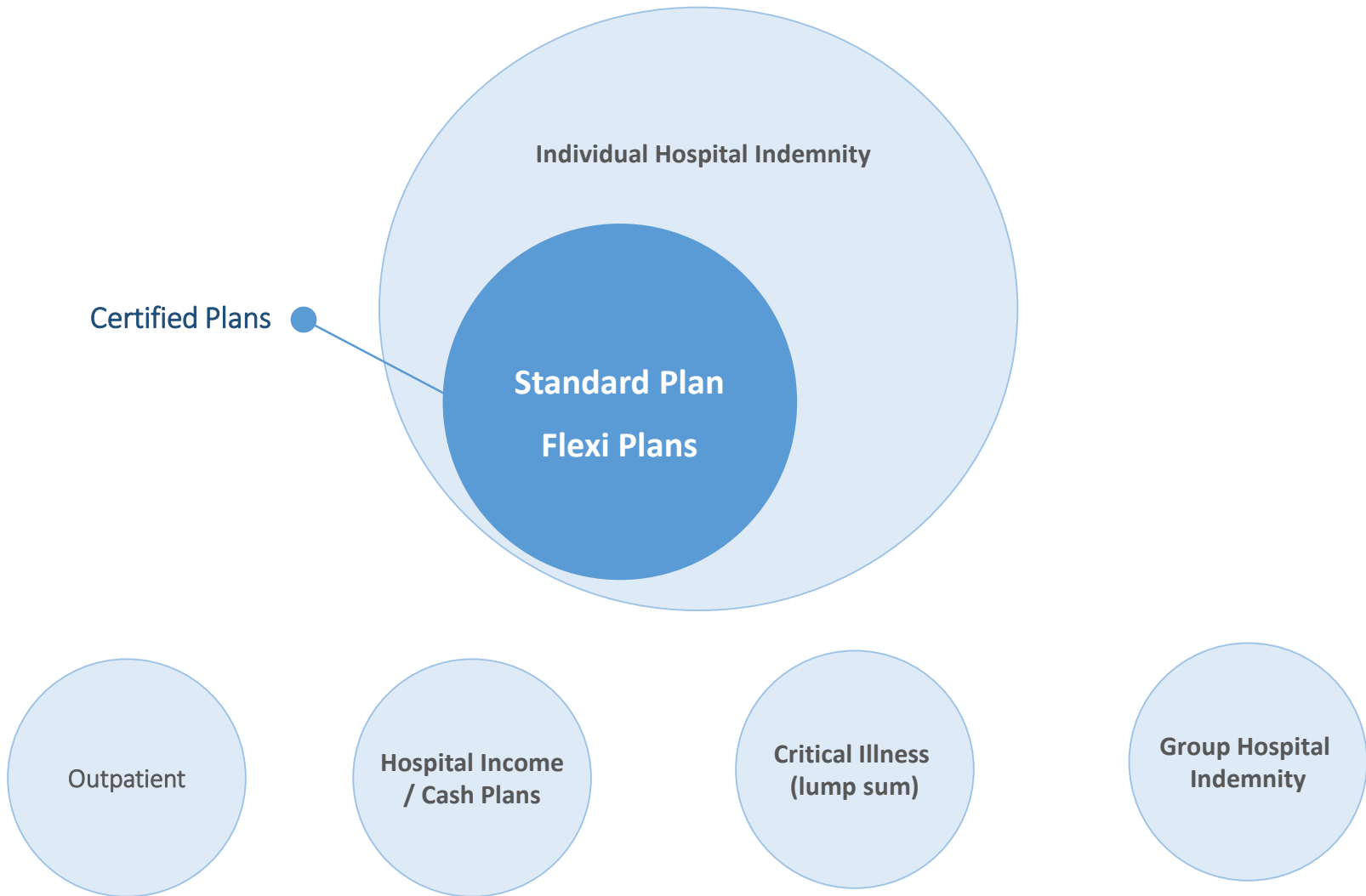
Jan 2019

Introduction

What is VHIS?

- 1) VHIS is a policy initiative introduced by FHB to regulate indemnity hospital insurance plans offered to individuals, with **voluntary participation** by insurance companies and consumers
- 2) The indemnity hospital insurance plans (“IHIP”) certified to be compliant with the VHIS rules (“Certified Plans”) will be available for consumer choice as from **1 April 2019**
- 3) Certified Plans are eligible for tax deduction

Scope of VHIS

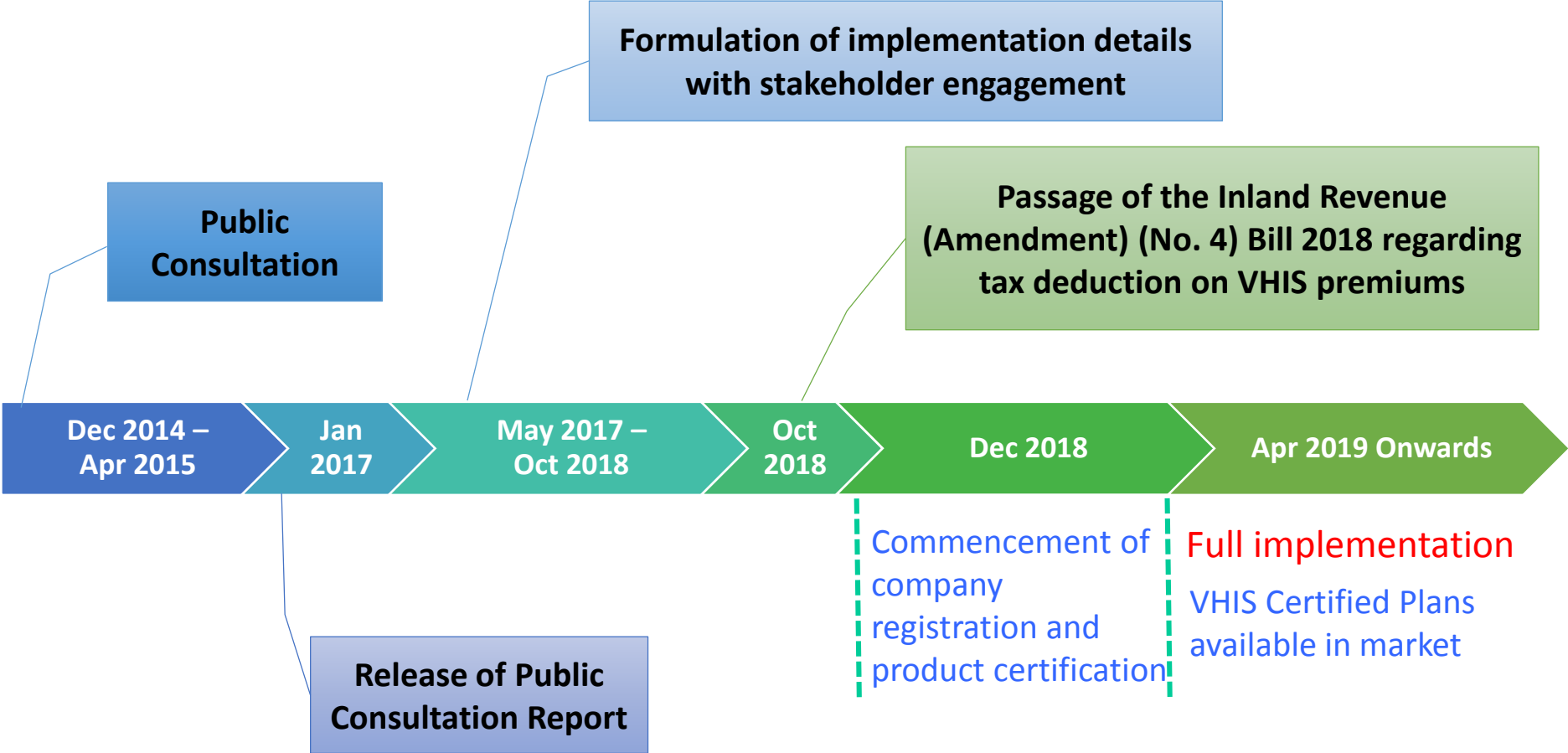


Key Objectives of VHIS

- 1) To ensure people will have more confidence in purchasing health insurance and thereby using private healthcare services
- 2) To encourage people to purchase health insurance policies at a younger age to benefit from continuous protection for lifetime
- 3) To set a benchmark and facilitate non-VHIS insurance plans to be gradually converged to the level of the Certified Plans



Progress so far



Key features of VHIS Certified Plans

Key features of VHIS Certified Plans

**Guaranteed
renewal up to
the age of 100**

**No “Lifetime
Benefit Limit”**

**21-day cooling
off period**

**Premium
transparency**

**Extended
coverage**

Extended coverage

Extended coverage	Highlights
Unknown Pre-existing Conditions	1 st Policy Year - no coverage 2 nd Policy Year - 25% reimbursement 3 rd Policy Year - 50% reimbursement 4 th Policy Year onwards - full coverage
Congenital Conditions	<ul style="list-style-type: none"> • Cover investigation and treatment of Congenital Conditions which have manifested or been diagnosed after the age of 8 • Subject to the same reimbursement arrangement of unknown Pre-existing Conditions
Day Case Procedures	Cover surgical procedures (including endoscopy) not conducting in hospital
Prescribed Diagnostic Imaging Tests	<ul style="list-style-type: none"> • Cover Computed Tomography (CT scan), Magnetic Resonance Imaging (MRI scan) and Positron Emission Tomography (PET scan) not conducting in hospital • Subject to a 30% Coinsurance
Prescribed Non-surgical Cancer Treatments	Cover radiotherapy, chemotherapy, targeted therapy, immunotherapy and hormonal therapy
Psychiatric treatment	Cover the psychiatric treatment during confinement in Hong Kong as recommended by a Specialist

Choice of Standard / Flexi Plans

1) **Basic Benefits as the minimum requirement :**

**Standardised Policy
Terms and Conditions**

&

**Standard Plan
Benefit Schedule**

2) **Certified Plans are either Standard Plan or Flexi Plans**

	Standard Plan	Flexi Plan
Basic Benefits	Must include	Must include
Enhanced Benefits	Must not include	Must include
Other Benefits	Optional	Optional

Basic Benefits for all Certified Plans = Standard Plan's Benefit Schedule (summary)

Benefit items	Benefit limit (in [HKD])
1. Room and board	\$750 per day (Maximum 180 days per Policy Year)
2. Miscellaneous charges	\$14,000 per Policy Year
3. Attending doctor's visit fee	\$750 per day (Maximum 180 days per Policy Year)
4. Specialist's fee	\$4,300 per Policy Year
5. Intensive care	\$3,500 per day (Maximum 25 days per Policy Year)
6. Surgeon's fee	Per surgery, subject to surgical category for the surgery/procedure in the Schedule of Surgical Operations - <ul style="list-style-type: none"> • Complex \$50,000 • Major \$25,000 • Intermediate \$12,500 • Minor \$5,000
7. Anaesthetist's fee	35% of Surgeon's fee payable
8. Operating theatre charges	35% of Surgeon's fee payable

Benefit items	Benefit limit (in [HKD])
9. Prescribed Diagnostic Imaging Tests	\$20,000 per Policy Year (Subject to 30% Coinsurance)
10. Prescribed Non-surgical Cancer Treatments	\$80,000 per Policy Year
11. Pre- and post-Confinement/Day Case Procedure outpatient care	\$580 per visit, up to \$3,000 per Policy Year <ul style="list-style-type: none"> • 1 prior outpatient visit or Emergency consultation per Confinement/Day Case Procedure • 3 follow-up outpatient visits per Confinement/Day Case Procedure (within 90 days after discharge from Hospital or completion of Day Case Procedure)
12. Psychiatric treatments	\$30,000 per Policy Year
Other limits	
Annual Benefit Limit for benefit items 1 – 12	\$420,000 per Policy Year
Lifetime Benefit Limit for benefit items 1 – 12	Nil

Enhanced Benefits for Flexi Plans

Category	Examples
1. Higher benefit limit	<ul style="list-style-type: none"> a) Increasing Annual Benefit Limit to \$500,000 per Policy Year b) Increasing room and board benefit to \$800 per day c) Increasing room and board limit to 250 days per Policy Year d) Increasing no. of visits for pre- and post-Confinement/Day Case Procedure outpatient care
2. Reduction of coinsurance	Reducing the Prescribed Diagnostic Imaging Tests Coinsurance to 20%
3. Enhancement based on Standard Plan framework – new benefit items	Companion Bed Benefit, Private Nurse’s Fee etc
4. Enhancement based on Standard Plan framework - removal of general exclusions	Medical Appliances, Pregnancy Complications, Reconstructive Surgery etc
5. Items prescribed by FHB other than those enhancement on the Standard Plan framework	<ul style="list-style-type: none"> a) Donor Benefit b) Emergency Outpatient Treatment c) Home Nursing d) Hospice and Palliative Care Benefit e) Outpatient Kidney Dialysis Benefit f) Rehabilitation Treatment

Other Benefits for all Certified Plans

Items	
1.	Accidental Death Benefit
2.	Cash Benefit
3.	Check Up Benefit
4.	Critical Illness Benefit
5.	Dental Benefit
6.	Life Benefit or (compassionate) death benefit
7.	Medical Negligence Benefit
8.	Optical Benefit
9.	Outpatient Care Benefit
10.	Outpatient Maternity Benefit
11.	Personal Accident Benefit
12.	Second Opinion Service
13.	Vaccination Benefit
14.	Worldwide Emergency Assistance Benefit

Migration

Migration Facilitation

VHIS Providers are required to -

- 1) Provide migration arrangements to their existing individual indemnity hospital insurance plan policy holders within 10 years after FHB commences registration of insurance companies as a VHIS providers
- 2) Offer all policy holders belonging to the same portfolio the same migration arrangement –
 - Portfolio means all policies of the same terms and conditions and benefit schedule
 - Portfolio one – “General ward”
 - Portfolio two – “Semi-private”
 - Portfolio three – “General ward + SMM”
 - Portfolio four – “Semi-private + SMM”
- 3) Make known of the migration arrangement at least through the company website
- 4) Provide accessible enquiry channels

Migration Facilitation (Cont'd)

Two types of migration arrangements

		Same plan with VHIS features incorporated (Option A)	Different plan with VHIS features incorporated (Option B)
1.	Re-underwriting	Not allowed	Allowed
2.	Standard premium increment	Allowed	
3.	Add individual Premium Loading	Not allowed	Allowed
4.	Add Case-based Exclusion	Not allowed	Allowed
5.	Waiting period for unknown pre-existing conditions	Inception date of the existing individual IHIP policy	Inception date of the policy after migration or an earlier date offered by the insurance company
6.	Cooling-off period	Not applicable	Applicable
7.	Opt to stay insured with the existing individual IHIP	Not applicable	Allowed
8.	No. of Certified Plans offered for migration	Not applicable	No restrictions
9.	Standard Plan option	If the plan offered is a Flexi Plan, must offer the Standard Plan for those who decline the Flexi Plan offer	

Concessionary tax deduction

Concessionary tax deduction

- 1) Not primary but **additional incentive** to purchase VHIS
- 2) Deduction (\neq Allowance)
- 3) Tax savings = **Qualifying premium** for Certified Plans (up to \$8,000 per insured person for each taxpayer) x applicable tax rate (up to 17%)
- 4) Eligible person to claim deduction = Tax payer who (or whose spouse) is Certified Plan policy holder plus insured Person being oneself or **“specified relatives”**
- 5) No limit on the number of insured persons and policies claimed
- 6) Effective date : Certified Plan policies effective as **from 1 Apr 2019**
- 7) Year of assessment : counted according to premium payment date

Thank you