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**Global Forum on Competition**

**Competition in the Healthcare Sector – Contribution from Hong Kong, China**

**- Session II -**

1 December 2025

This contribution is submitted by Hong Kong, China under Session II of the Global Forum on Competition to be held to be held on 1-2 December 2025.

More documentation related to this discussion can be found at: [oe.cd/chthc](https://oe.cd/chthc).

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## *Hong Kong, China*

### 1. Introduction

1. Global demand for healthcare is projected to rise sharply in coming years. For Hong Kong, China, this surge is partly driven by demographic factors, specifically:

- Elderly citizens (defined as those aged 65 or above), currently account for 24% of the total population. Such citizens are responsible for around 50% of inpatient bed days and Accident and Emergency admissions and over one-third of general and specialist outpatient consultations;
- The number of elderly citizens is projected to increase by approximately one million to represent 36% of the total population in 2046.<sup>1</sup>

2. Taken together these two factors will result in significantly increased demand for healthcare services.

3. The healthcare system in Hong Kong, China runs on a dual-track basis encompassing both the public and private sectors. The public healthcare sector serves as the safety net for all in Hong Kong's healthcare system, while the private healthcare sector provides personalized choices for citizens who can afford to bear the cost. The government of Hong Kong, China has consistently adopted a policy of strengthening the public healthcare system while promoting the parallel development of the private healthcare sector.<sup>2</sup>

4. The Health Bureau (**HHB**) of the government of Hong Kong, China formulates policies and allocates resources for healthcare services, with the aim of protecting and promoting public health, providing lifelong holistic care to every resident and ensuring no one is denied medical help due to lack of means.<sup>3</sup> To maintain the high quality and sustainability of Hong Kong's healthcare system while addressing the challenges of an ageing population, the government is deepening healthcare reforms in a holistic manner. Among other things, it is well recognized that highly efficient and cost-effective *private* healthcare is key to the sustainability of Hong Kong's healthcare system, and that if private healthcare becomes more affordable, it can also help alleviate the heavy burden on public hospitals and provide genuine choices to more citizens.<sup>4</sup>

5. The private healthcare system has been subject to minimal *economic* regulation, which is consistent with the government's pro-competition and pro-market principles.<sup>5</sup> The resultant institutional environment has made it possible for a wide range of treatment options to be available to patients in Hong Kong, China.

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<sup>1</sup> Paragraph 3 of the HHB's discussion paper on Enhancing Price Transparency of Private Healthcare Services for the meeting of the Legislative Council Panel on Health Services on 9 May 2025 (<https://www.legco.gov.hk/yr2025/english/panels/hs/papers/hs20250509cb3-639-3-e.pdf>) (**HHB May 2025 Paper**)

<sup>2</sup> <https://www.info.gov.hk/gia/general/202301/11/P2023011100252p.htm>

<sup>3</sup> <https://www.primaryhealthcare.gov.hk/bp/en/supplementary-documents/appendix/appendix-a/>

<sup>4</sup> Paragraphs 5 and 8 of HHB May 2025 Paper

<sup>5</sup> [https://www.compag.gov.hk/en/statement\\_on\\_competition\\_policy.html](https://www.compag.gov.hk/en/statement_on_competition_policy.html). The government considers competition is best nurtured and sustained by allowing the free play of market forces and keeping intervention to the minimum.

6. The government of Hong Kong, China has been endeavoring to boost public confidence and willingness to use private healthcare services, especially secondary and tertiary ones. One of the government initiatives is the **Pilot Programme for Enhancing Price Transparency for Private Hospitals** introduced in 2016, under which all private hospitals, on a voluntary basis, publish their fee schedules, provide patients with budget estimates for 30 common and non-emergency treatments and procedures, and disclosing historical bill size statistics for such 30 treatments and procedures.<sup>6</sup> Another initiative is the Voluntary Health Insurance Scheme introduced in 2019, providing the public with a choice of individual indemnity hospital insurance products that are subject to specific regulation and of high market transparency. It gives consumers greater confidence in purchasing health insurance and using non-primary private healthcare services when in need, thereby alleviating the pressure on the public healthcare system in the long run.<sup>7</sup>

7. The government of Hong Kong, China has long recognized the importance of price transparency for citizens in deciding whether to use private healthcare services, given that opaque pricing practice in private healthcare and continued escalation in fee levels would not only deter the public from using the services but also increase the premium level of health insurance and disincentivize citizens from purchasing or renewing policies.<sup>8</sup> In May 2025, the **HHB** announced a proposal of three legislative measures to enhance the price transparency of Hong Kong's private healthcare services (**Price Transparency Initiative**):<sup>9</sup>

- Requiring all licensed private healthcare facilities (namely private hospitals, day procedure centres and clinics) to make available to the public their fee schedules that clearly set out all basic service items and specified treatments and procedures (**Fee Schedules**);
- Requiring licensed private hospitals to provide patients, or their family members or authorized representatives, with written budget estimates before the patients receive specified treatments and procedures (**Budget Estimates**). While the final fees may be different due to changes in clinical conditions, private hospitals will be required to provide patients, or their family members or authorized representatives, with written explanations if the final fees significantly exceed the budget estimates to safeguard the interests of all the parties concerned;
- Requiring licensed private hospitals to publish on their websites historical statistics on the fees and charges for specified treatments and procedures (**Historical Statistics**). The Government of Hong Kong, China will also establish a thematic website to present all the historical statistics to facilitate consumers' comparison of different hospitals' fees and charges and their monitoring of year-on-year changes.

8. It is observed that different measures on price transparency have also been adopted in other economies to make private health care more accessible to the public by way of engendering more competition in that sector.

9. The key issue is to understand whether and how price transparency can lead to increased competition resulting in more affordable prices.

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<sup>6</sup> Paragraph 9 of HHB May 2025 Paper

<sup>7</sup> Paragraph 10 of HHB May 2025 Paper

<sup>8</sup> Paragraph 11 of HHB May 2025 Paper

<sup>9</sup> Paragraphs 28 to 36 of HHB May 2025 Paper

## 2. The Competition Commission's engagement

10. The Competition Commission of Hong Kong, China (**HKCC**) considered that competition policy thinking could help the HHB in the implementation of the Price Transparency Initiative in a way that would achieve its laudable goals.

11. The HKCC shared with the HHB its views from the competition perspective (grounded in competition and economic principles (including behavioral economics), international comparators and academic studies) and its recommendations.

12. The starting point of the HKCC's advice was to look at basic competition principles:

- If patients have no means to find out or compare expected prices before selecting a private healthcare service provider, it is unlikely that prices will be a significant factor in their decision making;
- If price is not an important consideration in patients' choices of private healthcare service providers, the latter will have limited incentive to compete on prices;
- The success of the Price Transparency Initiative, therefore, ultimately depends on patients increasing the relevance of price in their selection of private healthcare service providers with the expectations that this will subject private healthcare service providers to more intense price competition.

13. We derived four basic principles based on the considerations presented in paragraph 12. These are set out below:

### 2.1. Focusing on increasing information available to patients before selection of private healthcare service providers

14. It is acknowledged that patients benefit from obtaining Budget Estimates from private hospitals before they receive treatments or procedures. It is not clear that there is much benefit from a competition perspective as Budget Estimates are typically generated *after* the selection of private provider.

15. To increase competition in the private healthcare market, we recommended engineering a cultural shift on the part of patients towards obtaining Budget Estimates from more than one private hospital. We also recommended publishing data on the accuracy of different private hospitals' Budget Estimates. This is intended to prevent private hospitals from gaming the system by providing low but inaccurate budget estimates to render them to appear more attractive than a competing private hospital that always provides more reliable estimates.

16. The requirements of publishing Fee Schedules and Historical Statistics can also help patients take into account the likely costs when narrowing down their selection of private hospitals for receiving treatments or procedures.

### 2.2. Considering the healthcare service provider selection process as a whole

17. It is important to not focus on a single perfect mechanism. It is beneficial to consider how to increase the availability and salience of price information along the decision-making process. Providing more price related information earlier in the process may not allow patients to precisely estimate their likely cost (as their precise treatment needs may not be known) but it can be particularly effective at driving competition.

18. In particular, we identified Historical Statistics as being a particularly powerful tool for the following reasons:

- Historical Statistics are less susceptible to manipulation;
- Historical Statistics facilitate the easy comparison of different private hospitals based on historical costs. This can be done at an early stage of the process before a patient has a confirmed diagnosis;
- Patients ideally would be able to shortlist a few private hospitals based on Historical Statistics for deciding which one to go for in receiving treatments or procedures.

19. In addition, encouraging patients to consider Historical Statistics at the start of the process of selecting healthcare provider is likely to have the effect of embedding in patients a mindset of considering price along the selection process. This is in contrast to the current practice where price may first be considered when receiving a Budget Estimate from the already selected provider.

20. In summary, encouraging patients to consider Historical Statistics will not help them estimate the likely cost of their treatment. It would, however, drive more competition on price and ultimately act as a constraint on further price rises.

### **2.3. Understanding how patients make use of relevant information to induce private healthcare service providers' response**

21. Providing patients with a large amount of information will, in theory, be helpful in their selection of private healthcare service providers.

22. At the same time, consideration should be given to the possibility of such a large amount of information overwhelming the vast majority of patients, who might then select service providers without relying on the available information. This could be a concern because limited competitive pressure might be placed on private healthcare service providers if only a small number of patients incorporate the information available in their decision-making process.

23. Therefore, we suggested that behavioral economics studies could be conducted on how to arrange and present information in ways that maximizes the number of patients that will use and understand them. The Commission provided some mock-up examples of this.

### **2.4. Integrating quality considerations into patients' decision-making process**

24. Consideration should be given to preventing price from being given a disproportionate weight in patients' choices of private healthcare service providers, which might otherwise be incentivized to compete in lowering their prices through quality degradation rather than efficiency (or margin) reduction.

25. While quality metrics are often complex and take time to develop, consideration could be given to exploring the possibility of using simpler measures/proxies such as "Friends and Family Test", particularly for low risk treatments.

## **3. Outcome**

26. The HKCC's ongoing engagement with the HHB on the Price Transparency Initiative has been a very positive one. The HHB's policy goals are in line with core competition principles.

27. The HKCC's initial advice addressed those who pay for private healthcare services out of their own pockets. Our future work will focus on how patients with insurance may behave differently in selecting private healthcare service providers. This is a topic we are considering carefully and will require further engagement with insurance market regulators and participants.

28. Finally, we are pleased that the OECD Global Forum on Competition has selected the private health sector as one of its topics this year. We find this topic to be under-researched during the process of formulating our advice for the HHB. The bulk of the research studies we are able to find has focused on the healthcare system in the United States. As the institutional structure that underpins the healthcare system in the United States differs from those found in other jurisdictions, the findings from those studies may not be equally applicable to other places. Building upon experiences across the globe, we are hopeful that ongoing work in this area will make private healthcare markets work more efficiently to the benefit of all.