

Organizational Resource Management in Health and Social Care

Title: Financing and Workforce Planning in the Hong Kong HealthCare System

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Introduction:

The Hong Kong healthcare system has been experiencing a shortage of healthcare manpower, resulting in immense workload for healthcare professionals across various specialties. This shortage is further worsened by the increasing prevalence of chronic diseases and rising demand for mental health services. According to a survey conducted by the Chinese University of Hong Kong in 2023/2024, there has been a high demand for the psychiatry services provided by the Hospital Authority due to increasing number of patients with mental illnesses. The number increased from 270,700 in 2019/2020 to 305,700 in 2023/2024 (Legislative Council, 2024). Outpatient services offered by Specialist Outpatient Clinics are the most in-demand psychiatric services provided by the Hospital Authority (HA) in Hong Kong. This highlights the critical need for adequate funding and workforce planning to ensure integrated, effective, efficient, equitable, safe, people-centered, and timely healthcare services. The World Health Organization (no date) has explained that a healthcare system operates effectively when it has trained and motivated healthcare professionals, a consistent supply of medicine and technologies, well-maintained infrastructure, adequate funding and evidence-based policies.

I am a registered nurse in a psychiatric outpatient clinic within the psychiatric department of a general care hospital in the public healthcare system. The aim of this assignment is to explore funding of the Hong Kong healthcare system with application to my workplace in a psychiatry clinic. In order to achieve this aim, I will give an overview of

Hong Kong healthcare funding system and how this is allocated to the psychiatric clinic. I will examine workforce planning and recruitment strategies and evaluate retention and reward policies within the organization. Additionally, I will explore and discuss the financial implications of these strategies on the healthcare delivery.

Overview of the Hong Kong healthcare funding system:

The Hong Kong healthcare system operates primarily under the Beveridge model in which Healthcare is provided for all citizens and financed by the government through tax payments (Wallace, 2013; World Economic Forum, 2024). The Hospital Authority (HA) is responsible for managing and operating the public healthcare system in Hong Kong, which includes 43 public hospitals, 49 Specialist Outpatient Clinics, and 74 General Outpatient Clinics. Since all the public hospitals are overseen by one entity, the Hospital Authority, the allocation and utilization of resources allows the HA to monitor service demand, prioritize funding, and adjust resources where necessary to ensure equitable



including hospitalization, specialist out-patient consultation, daytime rehabilitation and community support services. As supported by Ee et al. (2020), an integrated mental health care model allows for a holistic perspective on a patient's needs, providing

comprehensive support tailored to their individual circumstances, ultimately leading to higher quality care through integrated treatment strategies.

Additionally, the centralized structure of the public healthcare system facilitates seamless patient care across public hospitals, as supported by the Hospital Authority's advanced

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continuity of care, especially when patients move between different facilities within the public healthcare system. Since healthcare providers have access to a patient's medical history, treatment plans, and other relevant information, they are able to make informed decisions that enhance patient outcomes and reduce the risk of errors (Ehrenstein *et al.*, 2019).

However, healthcare systems operating under the Beveridge model experience their own pressures, particularly due to long waiting times for treatment (World Economic Forum, 2024). This is a significant issue in Hong Kong's public healthcare system, where the demand for services often exceeds the supply, leading to prolonged waiting times for specialist consultations like Psychiatric Specialist Out-patient Clinics. The Hospital Authority has tried to solve this problem by introducing a triage system for the psychiatric specialist clinics to ensure prioritization of patients with urgent conditions requiring early

interventions. This system categorizes new referrals into three levels based on the urgency of their conditions (Hospital Authority, no date). Priority 1 is for patients with

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median waiting time for these cases is within eight weeks. Finally, patients categorized as routine have non-urgent or stable conditions that do not necessitate immediate intervention. These patients typically experience longer waiting times due to the overwhelming demand for services and the prioritization of more urgent cases. A major disadvantage is that prolonged waiting times can lead to adverse outcomes for psychiatric patients (Samartzis and Talias, 2019; Wolff *et al.*, 2023). Even though their conditions may initially seem stable, delays in accessing care could exacerbate their mental health issues, potentially leading to crises that could have been prevented with earlier intervention.

Another key disadvantage of the Beveridge model is its heavy reliance on tax revenue for funding, which becomes increasingly unsustainable in countries like Hong Kong with an

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medical care (World Economic Forum, 2024). Population ageing in Hong Kong is expected to continue, with baby boomers entering old age and life expectancy at birth for

both sexes rising. The number of elderly persons aged 65 and over is projected to nearly double over the next 25 years. Excluding foreign domestic helpers, the elderly population will increase from 1.45 million in 2021 to 2.74 million in 2046 (Census and Statistics

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people to pay the taxes needed to fund healthcare services. Meanwhile, the demand for Healthcare, particularly for chronic diseases and long-term care associated with ageing, will continue to grow.

Financing and budgeting:

The public Healthcare is complemented by the private healthcare sector, that has a number of private hospitals and medical services. The licensed private healthcare facilities are regulated by the Hong Kong Department of Health under the Private Healthcare Facilities Ordinance (CAP. 633), and the medical clinics registered under Cap. 343 of the Medical Clinics Ordinance (GovHK, 2023). In 2023/2024, the government

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economic developments, such as Australia and United Kingdom, Hong Kong had a lower total current health expenditure. Hong Kong manages to deliver affordable, high-quality healthcare services (Schoeb, 2016).

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The private healthcare sector complements the public sector, and it plays a significant role, particularly in the provision of primary healthcare services. The private sector accounts for approximately 75% of PHC expenditure and provides about 68% of

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lower incomes. Interestingly, despite the country not imposing mandatory insurance scheme, private household out-of-pocket expenditure (27%) and private insurance (15%) accounted for a large share of total health spending. This is due to the government's efforts to promote public-private partnership through the introduction of schemes like the

Voluntary Health Insurance Scheme (VHIS), which aims to relieve the burden on the public system and ensure care continuity (Wong *et al.*, 2015; He, 2017).

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relative to those provided by the private sector, it is not surprising that Hospital Authority services are strongly preferred by most patients (Lee, 2018).

Traditionally, HA used an incremental budgeting approach, which uses historical and current expenditure data to estimate production costs and allocate a budget (Hospital Authority, 2016a). This budgeting method is simple and predictable because it simply adjusts a budget based on the previous year's budget, allowing for stable financial

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assess and plan for the healthcare needs across various regions in Hong Kong Hospital

(Authority, 2016a). The population-based model provides several advantages, including proactive planning by anticipating future healthcare demands based on demographic trends and promoting equity in resource allocation by identifying specific needs of the community (Homauni *et al.*, 2023). It also supports data-driven decision-making, enhances the HA's ability to respond to emerging healthcare challenges, and ensures long-term sustainability by linking resource allocation to projected population changes.

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demographic factors.

Workforce Planning and Recruitment

There have been concerns about the inadequate manpower of the Hospital Authority for mental health services. In 2019/2020, the ratio of psychiatric nurses to patients was 10.4 per 1000 patients, while in 2023/2024 it was 10.1. In the same period, the number of psychiatric doctors per 1000 patients was 1.4 and 1.3 respectively (Legislative Council, 2024). This minor decline over the past five years highlights a stagnation in workforce growth despite the increasing demand. Furthermore, there are ongoing issues with high attrition rates among mental health professional. A high turnover rate can lead to a loss

of experienced staff, impacting the quality of services due to reduced productivity, which lowers the morale of the remaining staff and may lead to additional attrition (De Vries *et al.*, 2023). As a result of this shortage, the government has taken proactive measures to address the growing demand for mental health services. In recent years, the HA has

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Furthermore, in July 2024, the government passed legislation to allow non-locally trained nurses to practice in Hong Kong through special registration without the need to pass local licensing exams. Following the passage of this legislation, the HA has been launching promotions in different regions and countries to actively recruit more non-locally trained nurses (GovHK, 2024). For instance, the HA has collaborated with several Mainland cities in the Greater Bay Area and other areas to commence exchange

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workers, how healthcare services are organized, planned and delivered, as well as on their efficiency and quality.

Since the HA is responsible for workforce planning in the public healthcare sector, the hospital where I work has limited control over addressing the manpower shortages directly. The clinic relies on the HA's centralized recruitment initiatives and the allocation

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turnover rate, ageing staff, high nursing workload and inadequate level of staffing at the hospital level. Nurses make up the majority of healthcare workforce delivering patient care thus, adequate nursing personnel is essential to human resource allocation. The study conducted by Yu et al. (2024) found that nurse staffing is affected by nurse shortage, skill mix and individual-level factors.

Workforce Retention

Workforce retention is a critical concern within the HA due to the increasing demand for mental health services and shortage of healthcare professionals. High attrition rates are

associated with increased expenditure on recruitment, increased medical errors, higher

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with patients, and mentoring new staff (Hartley et al., 2019). The continuity of care provided by retained staff improves patient outcomes and contributes to a positive workplace culture, which is essential for attracting new talent, especially in a high-stress work environment like psychiatric care.

The HA has implemented several strategies aimed at improving retention, recognizing that staff shortages and high turnover rates are detrimental to patient care. In addition to the subsidized training opportunities mentioned above, HA also encourages continuous learning and professional development. It offers diverse training opportunities which covers more than 40 nursing specialties to provide options for nurses to advance their

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enhances employee productivity and contributes to organizational success (Sultana et al., 2022; Hung and Ramsden, 2021; Zajacova and Lawrence, 2018). In Healthcare, retaining staff who have acquired specialized knowledge and skills ensures that patients receive high-quality care. Losing these skilled professionals disrupts care and

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working arrangements can significantly enhance job satisfaction and retention rates among healthcare professionals (Dousin *et al.*, 2021).

Herzberg's Two-Factor theory provides an important framework for understanding employee motivation to stay in an organization (Mitsakis & Galanakis, 2022). The theory proposes that the major factors responsible for staff well-being and motivation are

associated with intrinsic factors such as achievement, recognition, responsibilities and personal growth, while feelings of dissatisfaction mostly comes from the “hygiene” factors relating to extrinsic environment such as organizational and administrative policies, supervision, working conditions of the organization, salary and interpersonal relations (Bohm, 2012; Alrawahi *et al.*, 2020). When motivator factors are present, they increase job motivation and satisfaction, but when absent, they do not lead to dissatisfaction. If

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involving staff in decision-making processes. Addressing hygiene factors is equally important, including ensuring safe working conditions, advocating for favourable policies and competitive salaries and promoting interpersonal relations. Additionally, fostering a positive work culture with strong leadership support and mentorship programs can significantly improve staff satisfaction and reduce turnover rates.

Conclusion

The Hong Kong healthcare system, operating under the Beveridge model, offers universal coverage funded primarily through taxation. However, it faces significant challenges, including staff shortages and long waiting times, which threaten the quality and accessibility of care. A multifaceted approach towards workforce retention, improved reward systems, and better budget allocation to meet patient and staffing needs. Recent government initiatives to increase workforce are promising, but more comprehensive

strategies are needed to address workforce shortage and turnover rates. The Hospital

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