

## North Eastern Health Board – 2003

### Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

*This report has been prepared pursuant to Section 6(4) of the Comptroller and Auditor General (Amendment) Act, 1993*

#### Delayed Claims to Private Health Insurers

Under agreements between hospitals and Private Health Insurers, hospitals can recover directly from the Insurers accommodation costs in respect of insured patients treated privately by hospital consultants. In order to do so, the hospital is required to submit to the Insurers written confirmation from the relevant consultants on the treatment provided and the length of stay in hospital. The bulk of claims relate to patients insured by VHI and BUPA.

During my audit of the 2003 Annual Financial Statements I reviewed the current position at five Health Board hospitals. The analysis of the amounts due from private patients and outstanding at 31 December 2003 indicates that there are delays at the Health Board hospitals in submitting claims and collecting amounts due. The table below shows the amounts outstanding at 31 December 2003 broken down between amounts relating to claims arising in 2003 and claims relating to 2002 and earlier years. The table also shows how much of the amounts outstanding is estimated to be attributable to forms unsigned by consultants.

Hospital	Total Due	2003 Claims	2002 and earlier years claims	Estimated Total Unsigned
	€000	€000	€000	€000
Our Lady of Lourdes Hospital, Drogheda	2,808	2,239	569	1,511(53%)
Cavan Hospital	1,012	594	418	991(98%)
Louth County Hospital	638	543	95	370(58%)
Monaghan Hospital	328	190	138	321(98%)
Our Lady's Hospital, Navan	298	298	-	55(18%)
<b>Totals</b>	<b>5,084</b>	<b>3,864</b>	<b>1,220</b>	<b>3,248(63%)</b>

I asked the Chief Executive Officer (CEO)

- to outline the Board's procedures for recovering costs from the insurers
- to explain how the delays occur
- to describe the actions taken by the Board to address the issue.

### **CEO's Response**

In response to my enquiries the CEO informed me that spreadsheets, which record all outstanding private insurance claims, are issued to each consultant together with the claim forms for completion. The claims, on return, are matched with the relevant invoices relating to the patients' stay in the hospital and collated forms are then submitted to the relevant insurance company each month for payment. All consultants receive regular reminders with details of forms which have not been signed and, if a consultant fails to keep forms up to date, the Finance Manager will contact the consultant with a view to having the forms signed. If there is no improvement at this stage the Group Manager will then meet with the consultant concerned.

The CEO stated that over the past 3 years the Board's hospitals have experienced a huge increase in activity levels. These activity levels have been driven by increases in demand for maternity, A&E, day cases and the highest increase in population levels outside of the Dublin area. This increased activity generated increased workload on both consultants and existing administrative staff.

There were also a number of significant change issues that impacted on both consultants and administrative staff in hospitals over the past 3 years. The Louth Meath Group and the Cavan Monaghan Group underwent a considerable reorganisation of services for A&E, Maternity and Obstetrics and Orthopaedics. These changes took up considerable management and consultant resource and consequently lessened the focus on administrative issues such as debt collection.

In addition there were a number of high profile legal issues which also impacted on the time and participation of consultants in the collection process during this period. The net effect of these major changes reduced the capacity of consultants to deal with claims in an efficient and timely manner.

For example, in Our Lady of Lourdes Hospital the demand for services increased very significantly in recent years. Consequently it became necessary to provide extra space for service delivery within the hospital. This was achieved by moving some of the administration staff to a building formerly used as a nurses' home which is at the other end of the campus from the hospital building. While this improved the overall situation in the hospital it did mean there was no patient accounts presence in Our Lady of Lourdes Hospital. Consultant queries were dealt with mainly by phone, and the collection process was adversely impacted.

However, since July 2004 a member of the Patients Account staff has been relocated to the office. There is now an easily accessible office where consultants can get their queries sorted out promptly and they are more likely to call there than to an off site location. This on site location should prove very beneficial in reducing the unsigned lists. This hospital deals with over 40 individual consultants.

The position at Cavan Hospital was aggravated by the suspension of two consultant surgeons. Collection staff were unable to deal with the outstanding claims relating to these consultants until 2004. Subsequently, a significant proportion of these forms

have been signed. However, the change in workload subsequent to this event also impacted adversely on the collection process with other consultants resulting in a slowdown in the collection rate.

In 2003 the Board did recognise that there were weaknesses in the collection process and put in place some additional resources to help address the increasingly complex task of managing the collection of private hospital charges from the medical insurance companies.

However, the control of staff numbers seriously reduced the Board's capacity to apply the required resources to the areas most affected.

In addition, a new in-patient billing system was introduced in Cavan towards the end of 2003 utilising the SAP system. This has resulted in a more efficient and user friendly system and incorporates a tracking system for insurance forms which means issues are identified earlier.

Hospital Management now regularly meet with consultants to identify cash collection problem areas and put in place measures to resolve issues to improve the collection rate. Measures to address the collection of the older debts have also been discussed with the Medical Insurance Companies and with consultants. Some successes have been achieved in recovering debts in 2004 and the Board remains focussed on these areas with a view to producing a significant improvement in 2004.

The CEO pointed out that the consultant's common contract does not oblige consultants to sign insurance claim forms for the Board. Consequently, the Board relies on the goodwill and full cooperation of the consultants to make the collection process work efficiently.

A handwritten signature in black ink, appearing to be 'John Purcell', with a large circular flourish at the beginning and a long, wavy horizontal line extending to the right.

**John Purcell**  
**Comptroller and Auditor General**  
**30 September 2004**