

## South 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 the VHI and BUPA, 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.

I referred in my report on the 1998 Annual Financial Statements to the delays by Waterford General Hospital in recovering accommodation costs of insured patients from the Insurers. The problem was that the documentation necessary to complete the claims was not being completed by a small number of consultants. In January 2002 the Chief Executive Officer informed the Committee of Public Accounts that the issue was being addressed, that the arrears position had been reduced and that the matter was being brought under control.

During my audit of the 2003 Annual Financial Statements I reviewed the current position at Waterford Regional Hospital and four other Health Board hospitals. The analysis of the amounts due from private patients and not yet billed to the Insurers indicates that problems in completing documentation and submitting claims have continued at Waterford Regional Hospital and that there are also delays at the other Health Board hospitals. The table below shows the amounts outstanding at 30 June 2004 in respect of 2004 and earlier years.

Hospital	Total	2004	2003	2002	2001 and earlier years
	€000	€000	€000	€000	€000
Waterford Regional Hospital	2,245	1,376	619	162	88
St. Luke's, Kilkenny	812	587	145	61	19
Wexford General Hospital	843	506	162	47	128
Sth. Tipperary General Hospital	204	201	3		
Our Lady's Hospital, Cashel	343	276	31	15	21
Totals	4,447	2,946	960	285	256

In response to my enquiries the Chief Executive Officer (CEO) informed me that all Acute Hospital Managers have taken a personal interest in the issue, particularly during 2004, and they have spoken to or formally communicated with those consultants who have significant arrears. Despite this, the level of progress has not

been satisfactory. The process is continuing in all hospitals with the aim of clearing arrears. The CEO is satisfied that all legal avenues are being used to bring the matter to a satisfactory conclusion.

The CEO pointed out that the principal difficulty with the process was beyond the control of the Health Board i.e. the inflexibility of Insurers as to what they will accept as sufficient to pay an account. Despite the fact that private charges in public hospitals are only raised in respect of accommodation occupied, VHI and BUPA continue to insist on a medical report certified by a consultant before they will pay the account. Certification of admission by the Hospital Manager is not accepted as a basis for paying the accommodation account.

The CEO stated that some consultants are under significant pressure in their service areas from increasing workloads and on-call commitments and their time was more often given to their patients rather than to completion of paperwork. It was usually those consultants with the higher outstanding balances who had particularly demanding workloads. The issue of outstanding claims is pursued through routine verbal and written communications with consultants. A more sustained follow-up is applied with those consultants who have a higher value of outstanding claims in the form of letters, telephone calls and one-to-one meetings. Given the lack of improvement in individual cases and the seriousness of the overall position in Waterford Regional Hospital in 2004 the Hospital's Medical Advisory Board was notified of a proposal to cease the Hospital's direct payment arrangements with the Insurers. However, the Medical Advisory Board was not in favour of this proposal and the General Manager was working with the Board with a view to agreeing a joint strategy to address the issue. A project group consisting of administrative staff and consultant staff has now been established at the Hospital to work towards improving the situation.

The CEO also stated that additional administrative support had been provided, where necessary, to the co-ordination and processing of claims. However, in the case of Waterford Regional Hospital the current level of resources applied is significantly short of what is required to cope with the throughput and this was impacting on the capacity to maintain the effectiveness of the claims administration process. The Board proposed to utilise the new Hospital Information Systems Project to produce accounts with preset data ready for the consultants' signatures and it is expected that this will circumvent delays in the production of documentation for clearance by consultants. He added that the current negotiation of new Consultants' contracts at national level was an opportune time to strengthen the requirement for co-operation by consultants in the completion of claim forms.

The CEO also informed me that, although some claims have been outstanding for considerable periods, there has been no reluctance to date on the part of the Insurers to pay claims on the basis of the age of the debt.



**John Purcell**

**Comptroller and Auditor General**

**20 September 2004**