Chapter 40

Health Service Executive

Management of Patient Income

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40.1 The timeliness of collection of maintenance charges due from private patients and the causes of delay in collection were reported on in the 2008 Annual Report. The vast bulk of maintenance charges is collected from patients' private insurers. The 2008 report concluded that there were substantial delays in collecting debts from private insurers due to

- outmoded administration systems and
- delays in sign off of claims by consultants.

Chapter Focus

This chapter reviews collection performance during 2009 to seek to establish whether there had been any improvement in the collection of debts from private insurers.

Information was sought from the Accounting Officer in regard to the action taken or proposed to improve timeliness of collection.

Collection Performance

40.2 The debt outstanding at 31 December 2009 increased marginally but there was a slight drop in the period of credit in both the larger Health Service Executive (HSE) hospitals and the major voluntary hospitals. Figure 191 sets out the debt outstanding at 31 December 2009 and the average number of months income it represents for the larger HSE hospitals, along with the comparative figures at 31 December 2008.

Figure 191 Debt Outstanding for Larger HSE Hospitals at 31 December 2009

Hospital	Due at Year End		Income of the Year		Debtors	
	2009	2008[a]	2009	2008	2009	2008
	€m	€m	€m	€m	Months	Months
Waterford Regional Hospital	8.5	12.3	14.1	13.2	7.2	11.1
Sligo General Hospital	3.9	5.7	8.9	7.6	5.2	9.0
Cork University Hospital[b]	13.0	9.4	36.5	26.3	4.2	4.3
UCH Galway	13.1	11.9	23.7	21.8	6.6	6.5
Limerick Regional Hospital	11.4	8.9	22.8	18.2	6.0	5.8
Our Lady of Lourdes Hospital	6.7	8.4	13.1	13.9	6.1	7.2
All HSE Hospitals	**92.5**	**89.8**	**195.2**	**170.8**	**5.7**	**6.3**

Source: Analysis provided by the HSE.

Notes:

a The HSE completed a review of the categorisation of income during 2009 which resulted in adjustments to the debt outstanding from private insurers at the end of 2008.

b In 2009, Cork University Hospital incorporates the maternity services previously provided by the Erinville and St. Finbarr's Hospitals and the prior year figures are restated. In the 2008 Annual Report, the Erinville and St. Finbarr's Maternity Hospitals were referred to as Unified Maternity.

40.3 Figure 192 sets out the corresponding information for the voluntary hospitals.

Figure 192 Debt Outstanding for Larger Voluntary Hospitals at 31 December 2009

Hospital	Due at Year End		Income of the Year		Debtors	
	2009	2008	2009	2008	2009	2008
	€m	€m	€m	€m	Months	Months
Mater Misericordiae[a]	12.0	8.7	10.6	8.8	13.6	11.8
AMNCH - Tallaght	13.8	15.5	28.3	23.8	5.8	7.8
Beaumont	11.4	10.1	19.6	15.8	6.9	7.7
St. James's[b]	7.3	6.9	26.5	22.2	3.3	3.7
South Infirmary	3.8	3.5	12.9	10.3	3.5	4.1
Holles Street	4.5	3.2	12.5	10.0	4.3	3.8
Mercy Hospital	6.5	4.1	16.0	13.2	4.9	3.7
All Voluntary Hospitals	**82.6**	**70.4**	**190.6**	**153.5**	**5.2**	**5.5**

Source: Analysis provided by the HSE.

Notes:

a The Accounting Officer informed me that the figures for the Mater Misericordiae Hospital had not been verified.

b As a result of the introduction of electronic processing of claims, St. James's Hospital completed a review of total debtors outstanding during 2009 which resulted in adjustments to the debt outstanding from private insurers at the end of 2008.

Debt Management Initiatives 2009

40.4 The HSE reports four initiatives, designed to reduce the length of time it must wait for income due from private patients, that have either been taken or are proposed

- establishment of targets for collection at hospital level
- more frequent claim submission to insurers
- movement to electronic processing of claims
- centralisation of billing.

Hospitals Targets

40.5 From the final quarter of 2009 targets have been set for cash collection for each hospital based on the difference between their actual debtor days and a target debtor days of 65 (35 days to submit the claim and 30 days for the insurer to process and pay). The HSE informed Hospital Managers, Executive Boards and Clinical Directors of the importance of this project to the HSE and they were requested to support the initiative. The Hospitals redeployed staff to help support the project and in some instances recalled staff from leave. Clinical Directors and Hospital Managers contacted individual consultants to assist completion of claim forms. Progress is monitored by HSE senior management on a weekly basis. Notwithstanding these efforts, the period of credit has not decreased to any significant degree.

Private Insurers

40.6 From December 2009, the method of dealing with insurers was changed, moving to the daily submission of claims as opposed to monthly submission, heretofore. A pilot scheme was introduced with the VHI and Aviva Healthcare in six selected hospitals, which allows a secondary consultant involved in the case to sign the claim form after a defined period of time. This pilot has since been extended to a further six hospitals and a further change agreed whereby the VHI would accept claims without the primary consultant's own invoice. These initiatives were suspended during the recent industrial relations dispute but were being reactivated in August 2010.

Electronic Submission of Claims

40.7 The Accounting Officer stated that negotiations are ongoing with private insurance providers to implement electronic exchange of data which will significantly speed up the claims and payment process. The HSE is working with the Department of Health and Children (the Department) and the Department of Finance with a view to implementing electronic submission of claims data, in the first instance, in the ten biggest Voluntary and HSE hospitals. The business case for the implementation of electronic processing of claims has been submitted to the Department. St. James Hospital has piloted this project and succeeded in reducing average debtor months from 3.7 months in 2008 to 3.3 months in 2009.

Shared Services National Credit Management Facility

40.8 Approval has been obtained from the Department and the Department of Finance to commence the centralisation of the entire HSE billing system. This is designed to streamline the process and focus attention on collection of all outstanding debts. Tender documents for the project were issued in January 2010 but the initiative had been affected by the recent industrial relations dispute. The HSE has reactivated this process and the expectation is that a contract will be signed in the last quarter of 2010 and that the centralised unit will be ready to commence processing of all HSE bills in the second half of 2011.

Proposals for the Future Management of Patient Income

40.9 The Accounting Officer informed me that the HSE believed that, while all the actions taken so far will in their own ways improve income collection and facilitate acceleration of cash collection, the private income claims and collection process, as it exists, is fundamentally flawed and needs to be radically altered. The HSE had proposed two options to the Department of Health and Children in July 2010 for the future management of patient income. The first option related to agreed cash limits and payments with insurers and the second involved the decoupling of hospital inpatient charges and private fee payments.

Cash Advances

40.10 The first option would entail an annual payment on account equivalent to 95% of the previous year's payments which would be agreed with the private insurers in advance and which would be paid to the HSE by way of an agreed schedule over the current year. Subsequent audit of particular cases could be undertaken by the private insurers at an agreed statistical level and any appropriate cash adjustments made to individual hospital balances as required. This would eliminate the cash collection problem as well as reduce debtor days to a maximum of 60.

40.11 The HSE estimates that the financial benefit would result in a once-off improved cash flow of approximately €116 million to the public hospital system. It also estimated that the reduction in administrative overhead in the HSE and voluntary hospitals would result in a minimum saving of 200 whole time equivalent posts in the public health system.

Decoupling

40.12 The second option involved the decoupling of the billing of hospital inpatient charges from the billing of private fees of the medical consultants. It is the view of the HSE that the inpatient charges are a statutory charge determined by the Minister for Health and Children and are due for payment within 30 days of discharge in accordance with normal business terms and in keeping within the spirit of the Prompt Payments of Accounts legislation. The HSE would be prepared to continue to process private fee bills on behalf of the consultants provided agreement was reached with the private insurers that private inpatient charges are paid within 30 days of discharge.

Conclusion

There has been a marginal reduction in the length of time debts remain outstanding in respect of patient maintenance. The HSE has proposed taking a set of actions to improve the collection of inpatient charges. Any substantial effect of most of these actions will only be realised from 2010 onwards. The HSE should keep the impact of the measures under review on an ongoing basis.