



1995

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**REPORT ON
AUDITOR-GENERAL'S SPECIAL
REPORT No. 7
(REGIONAL HEALTH MEDICAL REVIEW)**

Laid upon the Table of both Houses of Parliament

The Committee was appointed under the provision of section 2 of the Public Accounts Committee Act 1970 (No. 54)

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Hon. G. A. Shaw (Chairman)
Hon. R. W. Ginn
Hon. P. R. Schulze

HOUSE OF ASSEMBLY

R. G. Mainwaring Esq.
P. A. Lennon Esq.
Mrs. S. D. Napier

By Authority:
Government Printer, Tasmania

Background

1. The Auditor-General's Special Report No. 7 reported on findings from a Regional Health Medical Review and was presented to the Presiding Officers on 2 August 1994.
2. The summary of key findings and recommendations contained in that report follows:
 - Visiting Medical Officers (VMOs)
Audit recommends that Tasmanian public hospitals should develop and implement formal performance indicators for VMOs to assist with the efficient/effective allocation of resources required to meet medical needs.
 - Full-time Specialists (FTSs)
Audit recommends that Tasmanian public hospitals should develop and implement formal performance indicators for FTSs, to assist with the efficient/effective allocation of resources required to meet medical needs.
Audit recommends Tasmanian public hospitals should have in place written agreements in relation to arrangements allowing FTSs to practice out-of-hours.
 - Private Patients Schemes (PPSs)
Audit recommends that trust deeds should be formally executed for all doctors presently participating in the PPSs.
Audit recommends Tasmanian public hospitals should review all costs associated with diagnostic tests carried out on private patients, to ensure adequate cost recovery. However, such costings would have to be consistent with the hospital's PPS agreement not to charge in excess of the Medicare Schedule fee.
 - Cross-File Matching
Instances were found where public patients were billed by specialist doctors while being inpatients in a public hospital.
A number of VMOs were found to be charging in excess of the Schedule Fee in contravention of their PPS agreement.
Several occurrences were found of specialists charging at the out-of-hospital 85% rate rather than the 75% rate for a service performed in a hospital.
Testing revealed a considerable number of specialists who treated patients in their private rooms while on sick or conference leave from their employing hospital.
Audit recommends that the existing confidentiality provisions in both Commonwealth and State legislation be amended to enable data sharing to occur. This would provide a cross-checking mechanism to address the potential for fraud or irregular payments to medical specialists.
3. The report received much media coverage at the time, with certain of the findings questioned by specialist authorities such as the AMA. For example, the Tasmanian Branch of the AMA released "An Evaluation of the Performance Audit—Regional Health Medical Review of Tasmanian Acute Care Medical Services Conducted by the Auditor-General" on 22 August 1994; and Press Release on 26 August 1994.
4. The Public Accounts Committee undertook initial discussions with the Auditor-General during early August 1994.
5. On 31 August 1994 evidence was received from the Deputy Director, Department of Health and Community Services. During this briefing the Committee was advised that:
"And what was done the day after the report was tabled, a special investigative group was established to work through the document and to look at all of the recommendations and the issues that were raised in the report. That group, as I have set out here, is chaired by the Corporate Services director and includes the acute care managers in each of the three regions.
We have a statewide audit committee which is a standing committee of the department and a special meeting of that committee will be held on Monday 5 September next when the secretary is back from leave and we will be receiving a report from that investigative group at that committee meeting. We intend then to address all of the issues and the recommendations that come from the report and to set a specific time frame so that there is an end point for us to look at all of those issues and I have set out here that my suggestion would be by the 31 October."
6. The Public Accounts Committee resolved that no further action be taken until after the Department of Health and Community Services report had been received.

7. The Department of Health and Community Services Action Plan was received on 25 November 1994 and was considered by the Committee on 9 December 1994. It was decided to write to the Auditor-General seeking his comments and this was done on 16 December 1994.
8. The Auditor-General's reply of 22 December 1994 stated in part:
"I consider that the Plan, if carried through, is an appropriate response to the recommendations in Special Report No. 7. As is usual in the case of performance audit reports, I will review the actions taken by the Department at the time of the next general report to Parliament expected to be in November 1995."

Committee Decision

As a result of the Auditor-General's comments the Committee resolved that no further action would be taken other than to monitor the situation in the future.

Parliament House, Hobart
29 March 1995

Honourable G. A. SHAW, M.L.C., Chairman.