

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA01

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 2

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

In the 2008-09 Budget measure: Increased Medicare Compliance Audits, how were expected savings calculated, was it a fivefold increase of existing savings?

Answer:

Expected savings were calculated on reduced service volumes of approximately 500,000 Medicare Benefit Schedule (MBS) claims per annum by an average unit cost of approximately \$75.00. These were derived from an agreed funding model with the Department of Health based on 2006-07 figures.

The forecast savings were expected to be more than five times greater than the savings achieved prior to the 2008-09 Budget measure: Increased Medicare Compliance Audits.

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA02

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 2

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

In the 2008-09 Budget measure Increased Medicare Compliance Audits, what was the expected value of debts to be raised and recovered?

Answer:

Direct savings were expected to be \$26 million over four years. The Department of Human Services seeks full recovery of debts owed however recognises that there may be extenuating circumstances, such as where an individual or entity has been declared bankrupt.

Joint Committee of Public Accounts and Audit

**PUBLIC HEARING – 17 JULY 2014
ANSWER TO QUESTION ON NOTICE**

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA03

Senator/Member: Mr Pat Conroy MP, Member for Charlton

Type of question: Hansard page 3

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

In the 2008-09 Budget measure: Increased Medicare Compliance Audits, how much of the \$147.3 million in expected gross savings was expected to be as a result of behavioural change?

Answer:

\$26 million was expected to be the direct save over four years, with the remainder being due to behavioural change.

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA04

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 4

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

How many health providers are there in the country? I found the figure of 344 million services.

Answer:

Approximately 120,000 health care practitioners have made a Medicare Benefits Schedule claim or a Child Dental Benefit Schedule claim within the last six months, ending 30 June 2014.

Joint Committee of Public Accounts and Audit

**PUBLIC HEARING – 17 JULY 2014
ANSWER TO QUESTION ON NOTICE**

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA05

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 6

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

How does the 13 per cent debt return compare with historical benchmarks?

Answer:

This debt return ratio is not inconsistent with historical rates pre 2008-09.

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA06

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 9

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

In the 2008-09 Budget Measure: Increased Medicare Compliance Audits, how much of the \$147.3 million in expected gross savings was expected to be received in the hand and what were you expecting as a result of behavioural change?

Answer:

Increased compliance was expected to increase the number of debts raised and amounts recovered. Direct savings were expected to be \$26 million over four years. The remainder of the forecast saves were expected to be achieved through behavioural change.

Joint Committee of Public Accounts and Audit

**PUBLIC HEARING – 17 JULY 2014
ANSWER TO QUESTION ON NOTICE**

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA07

Senator/Member: Dr Andrew Southcott MP, Member for Boothby

Type of question: Hansard page 9

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 1

Question:

In the 2008-09 Budget Measure: Increased Medicare Compliance Audits, how much of the \$147.3 million in expected gross savings was expected to be recovered and how much was due to behavioural change?

Answer:

Increased compliance was expected to increase the number of debts raised and amounts recovered. Direct savings were expected to be \$26 million over four years. The remainder of the forecast saves were expected to be achieved through behavioural change.

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.27 – Integrity of Medicare Customer Data

Question reference number: JCPAA08

Senator/Member: Senator Stephen Conroy, Senator for Victoria

Type of question: Hansard page 12

Date set by the committee for the return of answer: 8 August 2014

Number of pages: 2

Question:

Mr CONROY: I am particularly interested in the fact that the ANAO tested data in 40,000 records of customers 85 years old who did not have an associated claim in 12 months prior to testing and found that the absence of claiming activity does suggest that these customers may be deceased but that Human Services does not currently undertake data integrity testing. Have you considered this? Have you responded to this finding?

Mr Sandison: We have started responding. I think Ms Jones can answer in detail but we have already started looking at a group—I think it is the over 80s as a starting point—to look at claim activity in those of an elder age, just to see whether or not our records of whether or not we think somebody is deceased are accurate, to go through and do follow-up and check. We have started some of that work.

Mrs Jones: We do actually match data for death every day through daily data feeds, so we do actually remove people from our register who are deceased. There are some explanations around 80-year-olds not claiming regularly, because sometimes they may be in care and therefore do not go to an emergency room or public hospital. So there are some explanations to explain that kind of claiming activity; however, we are undertaking a further rigorous data activity program. The first round is the 80-year-olds who have not claimed in the last 12 months. That is first off the rank. We have got our first data run and we are just analysing that at the moment.

Mr CONROY: What sort of activities are you doing to try to determine whether there are in fact some deceased people in that cohort?

Mrs Jones: We will pull off the amounts that are identified and then we will have to manually go through and actually examine those files. We may be able to use a bit of data mining to further reduce the numbers, but it does require quite extensive resources to then go through and identify customers who may be on the database incorrectly and those who are.

Mr CONROY: To put it crudely, would that involve ringing up contact numbers or sending out letters? For example, we had the same problem. I can guarantee that every electoral office in this country will get phone calls from people who are upset when we send correspondence to people who are deceased. But ultimately we are at the whim of the electoral roll to flow through those changes. So, are you sending letters? Are you ringing phone numbers? What is the plan there?

Mrs Jones: I might have to take that on notice.

Answer:

The Department of Human Services (the department) receives daily Fact of Death data from the Victorian Department of Justice. Fact of Death data is a consolidated list of nationally recorded deaths. Where records are matched to Medicare customers' records, a date of death is recorded.

The department has commenced integrity work on those customers who have not claimed Medicare services in 12 months. This work has begun on customers over 90 years of age and will then move to the cohort over 80 years of age.

The department will not attempt to directly contact customers or their families to determine their status. The reason some customers may not have interacted with Medicare is because they may have only received healthcare services using public hospitals, aged care facilities or received services provided by the Department of Veterans' Affairs. Therefore the data integrity testing mentioned by the ANAO will be achieved by examining whether any of these customers have interacted with other health programmes administered by the department, including the Pharmaceutical Benefits Scheme (PBS), over the last 12 months. Use of the PBS is seen as a particularly accurate indicator for determining the status of a customer for Medicare.

The experience of the department is that it is highly likely that if customers have not accessed any of the above programmes they are deceased. However, a final extra check of the Fact of Death data will be made before any final decision to remove an individual from the customer data.

Joint Committee of Public Accounts and Audit

PUBLIC HEARING – 17 JULY 2014 ANSWER TO QUESTION ON NOTICE

Department of Human Services

Topic: 2013-14 Auditor-General Report No.26 - Medicare Compliance Audits

Question reference number: JCPAA 09

Senator/Member: Mr Pat Conroy MP, Member for Charlton

Type of question: Hansard page 9

Date set by the committee for the return of answer: 12 August 2014

Number of pages: 1

Question:

Mr CONROY: I want to follow up on Dr Hendy's line of questioning about accountability, whether the Public Service learns from this and holds people accountable. You commented that ultimately for a program of this size the secretary to the department is responsible for the costing. Who was the secretary to the department at that time?

Mr Sandison: At that time it would have been the chief executive of Medicare. I would have to check who that was back in the preparation. If it commenced in 2008, it would probably have started work in 2007 to go through the budget process in time to commence in 2008.

Answer:

In 2008, Medicare Australia was a statutory agency under the *Public Service Act 1999* and was not part of the Department of Human Services, but sat within the Human Services Portfolio.

The Secretary of the Department at that time was Helen Williams AO, while Catherine Argall PSM was the Chief Executive Officer of Medicare Australia.