



Response to your request for official information

I refer to your email of 23 July 2019 requesting under the Official Information Act 1982 (the Act) for:

- a) *The number of prosecutions relating to PHO funding/recoveries for the three calendar years of 2016, 2017 & 2018?*
- b) *The kinds of issues, in breach of the contract, that result in audits being initiated. These being issues picked up during audit or as a result of analytics being run over primary health registers?*
- c) *The audit/investigation costs relating to PHO audit activity carried out by the ministry on behalf of the DHB over the three years;*
- d) *Details of future averted losses, in relation to the identified recoveries, as a result of eliminating future payments in breach of the contract*

My response to your request is outlined below:

- a) ***The number of prosecutions relating to PHO funding/recoveries for the three calendar years of 2016, 2017 & 2018?***

There have been no prosecutions in the last three years relating to Primary Health Organisation (PHO) funding or recoveries arising from Ministry of Health (the Ministry) audit.

It is important to note that the main objective of an audit is to assess the accuracy and completeness of the data included on the register submitted by a PHO. This data forms the basis upon which capitation funding is calculated. Capitation funding provides funding to the practice/GP for every patient entered on the PHO enrolment register.

If the patient records on an enrolment register are incorrect (for example the patients are deceased, or they are ineligible to receive publicly funded health services) then the practice/GP has no entitlement to the funding relating to those patients. Where the audits identified breaches of contractual claiming provisions, contractual recovery options were exercised, and overpayments recovered. No cases during that period reached the necessary threshold to commence a prosecution.

b) The kinds of issues, in breach of the contract, that result in audits being initiated. These being issues picked up during audit or as a result of analytics being run over primary health registers.

When conducting an audit, certain issues are of interest when running analytics over the entire patient registers, now known as the National Enrolment Service (NES). These issues are:

- Patients previously found ineligible as a result of data matches and not removed from the register;
- Practices with excessive numbers of daily enrolments;
- Unusual enrolments dates (for example due to age of enrolment record, or conflicts with date of birth or date of death);
- Practices with excessive numbers of daily consultations or unusual consultation dates;
- Proof of Life - Patients not accessing any other health services for more than three years;
- Patient enrolment due to expire from NES due to having no contact with a practice for 3 years; and
- Ethnicity and Age Group spread issues.

c) The audit and investigation costs relating to PHO audit activity carried out by the ministry on behalf of the DHB over the three years.

Approximately \$1.3 million was spent in the last three years for audit and/or investigation relating to PHO audit activity that was carried out by the Ministry. It is important to note that the DHBs can also conduct their own audit activity and the cost of this is assumed by the individual DHB.

d) Details of future averted losses, in relation to the identified recoveries, as a result of eliminating future payments in breach of the contract.

Future averted losses are those payments that would have been made had the behaviour not been stopped.

Calculating the savings from avoiding future losses provides a more accurate assessment of the value of audit activity and the identification of incorrect payments. Capitated based funding has a three-year funding cycle. A conservative approach is used in calculating the value of future averted losses to not over value the savings achieved. The future averted losses detailed in the table below is based on a two-year period over which the incorrect payments would have continued had the recoveries through the audit process not been identified.

The following table shows the identified recovery and future averted losses in the last three years:

YEAR	IDENTIFIED RECOVERY	FUTURE AVERTED LOSSES
2016	\$2,218,227.11	\$4,436,565.00
2017	\$782,396.24	\$1,557,790.00
2018	\$69,510.54	\$139,018.00

I trust that this information fulfils your request. Under section 28(3) of the Act you have the right to ask the Ombudsman to review any decisions made under this request.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Gordon', with a long horizontal flourish extending to the right.

Sue Gordon

**Deputy Director-General
Corporate Services**