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8/7/16 Qcos/017643

Director-General Brief for Approval

Requested by:

Department RecFind No:	BR064464
Division/HHS:	CSD
File Ref No:	IN1735

8

☒ Department ☐ Minister's office

SUBJECT: Health Funds Refusing Reimbursement for Private Patients in Short Stay Units

Recommendations

It is recommended that the Director-General:

1. **Approve** the letters to the Private Health Funds, regarding providing eligible patients with the choice of private or public status in short stay units in public hospitals.

APPROVED / ~~NOT APPROVED~~

2. **Sign** the attached letters to the associated Private Health Funds (Attachments 1 to 7).

APPROVED / ~~NOT APPROVED~~

Michael Walsh

MICHAEL WALSH
Director-General

Date: 8/7/16

Director-General's comment

Ministerial Brief for Approval required ☐

Ministerial Brief for Noting required ☐

RECEIVED	RECORDS TEAM
	12 JUL 2016

DEPT. OF HEALTH

Issues

1. Seven Private Health Funds (PHFs) are refusing to reimburse Hospital and Health Services (HHSs) for persons electing to be treated as private patients in short stay units:
 - 1.1. These PHFs are citing the Private Health Insurance (Health Insurance Business) Rules 2016 section 8(b), (treatment provided in an Emergency Department (ED) is excluded under private hospital insurance) as the reason for refusing to reimburse treatment/care in short stay units.
 - 1.2. Most short stay units are located within the ED but are physically and functionally separate and outside the usual scope of the ED activities.
 - 1.3. Short stay units have specific admission and discharge procedures where decisions are based on clinical criteria similar to a general ward admission.
2. This refusal to reimburse for short stay units is a long standing issue that individual HHSs have tried to resolve without success. It is now widespread and affecting all HHSs.
3. Metro North and Metro South HHSs report short stay unit Medicare eligible private patient non-payment and write-offs combined for the 2015-2016 financial year is approximately \$90,000.
4. Currently this behaviour is confined to smaller PHFs, which combined only hold 15.2% of the Queensland private health insurance market (Private Health Insurance Ombudsman State of the Health Funds Report 2015). While this quantum is not currently large the risk is great if bigger PHFs follow suit.

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5. A letter between the Director-General, Department of Health and Chief Executive Officers of the PHFs may assist to resolve this issue and reduce further risk.
6. Allowing admitted patients a choice to elect private or public status is a basic premise of the *National Health Reform Agreement*. PHFs, although not party to the agreement, are curtailing HHSs' ability to offer patients the choice of private patient status in short stay units.
7. Private patient funding contributes a substantial amount to the total HHSs' Own Source Revenue budget. The 2014/2015 total income from private patient billing was \$349,469,000, projected 2015/2016 figure is \$381,163,000.

Results of Consultation

8. The Revenue Managers' Forum brought the issue to the attention of the Revenue Strategy and Support Unit. The HHS Revenue Managers reported having tried to address the issue on a case by case basis with the PHFs. Currently the refusal to reimburse the HHSs for private patients in short stay units seems to be confined to the s47(3)(b)

s47(3)(b)

s47(3)(b)

Background

9. Patients in short stay units are admitted under the care of the designated Specialist Emergency Physician.
10. Under G 24(b) of the National Health Reform Agreement, a private patient may be treated by a doctor of his or her choice (as long as that doctor has the right of private practice within the facility). A person may make a valid private patient election in circumstances where only one doctor has private practice rights at the hospital.
11. PHFs are selling policies to members for public hospital only treatment, as private patients but discouraging members from using this insurance.

Attachments

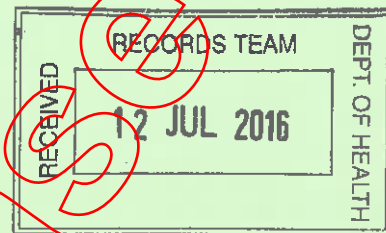
12. Attachment 1: s47(3)(b) - DG080787
- Attachment 2: s47(3)(b) - DG080788
- Attachment 3: s47(3)(b) - DG080789
- Attachment 4: s47(3)(b) - DG080790
- Attachment 5: s47(3)(b) - DG080791
- Attachment 6: s47(3)(b) - DG080792
- Attachment 7: s47(3)(b) - DG080793

Author	Cleared by: (SD/Dir)	Content verified by: (CEO/DDG/Div Head)
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Principal Revenue Officer	Chief Finance Officer	Acting Deputy Director-General,
Revenue Strategy and Support Unit/ Finance Branch	Finance Branch	Corporate Services Division
s.73	s.73	s.73
	s.73	s.73
3 June 2016	10 June 2016	27 June 2016
20 June 2016	21 June 2016	

- 8 JUL 2016

Enquiries to: Mr Scott Ponting
Acting Director
Revenue Strategy & Support
Unit, Finance Branch
Telephone: s.73
File Ref: DG080787

s47(3)(b)



Dear s47(3)(b)

The Queensland Hospital and Health Services are concerned that your Private Health Fund is refusing to reimburse admissions to short stay units. It is understood this is based on the misconception that short stay units are part of the emergency department and that emergency department services are excluded hospital treatment, in accordance with section 8(b) of the Private Health Insurance (Health Insurance Business) Rules 2016.

Queensland Health short stay units are often located within proximity of the emergency department area; however, are physically and functionally separate and outside the usual scope of emergency department activities. The units have specific admission and discharge criteria and procedures similar to general wards. Under the Queensland Health admission criteria, a decision to admit a patient requires a clinical determination that admission is required. In accordance with the Private Health Insurance (Benefit Requirements) Rules 2011 and Queensland Health Admission criteria, the treating doctor must complete an accompanying certification, documenting that at least a short-term admission was necessary.

Clause G18 of the National Health Reform Agreement supports Private Health Insurance (Health Insurance Business) Rules 2016 section 8(b) concept, that eligible patients must be treated as public patients on presentation at the emergency department. However, the National Health Reform Agreement and the *Private Health Insurance Act 2007* and its enablers support treatment on admission, as being hospital treatment, and therefore reimbursable by the Private Health Fund.

I trust that this information will assist to resolve any confusion around the admission of the patient to a short stay ward. Should you require further information, the Department of Health's contact is Mr Scott Ponting, Acting Director, Revenue Strategy and Support Unit, on telephone s.73

Yours sincerely



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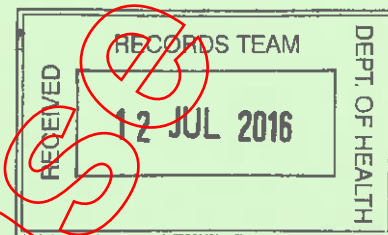
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27 June 2016

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Enquiries to: Mr Scott Ponting
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File Ref: DG080788

s47(3)(b)



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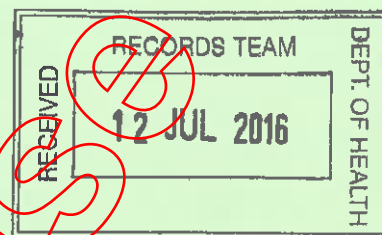
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Enquiries to: Mr Scott Ponting
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Telephone: s.73
File Ref: DG080789

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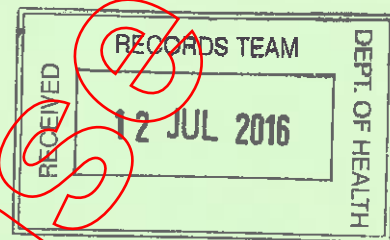
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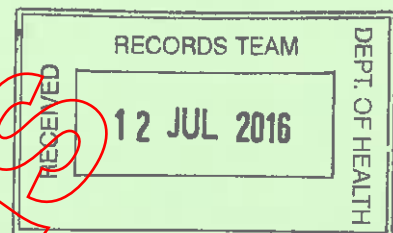
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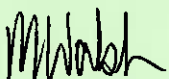
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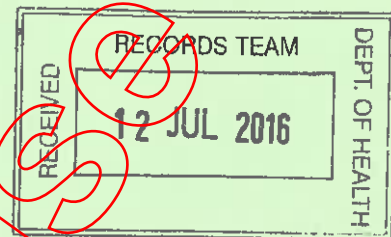
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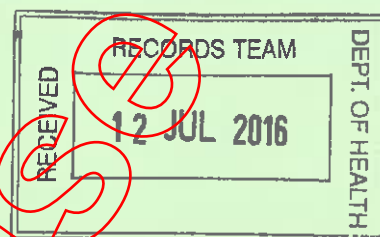
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