Director-General Brief for Approval

Requested by:  
X 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
Director-General

Date: 8/1/16

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.
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 bought 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

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: - DG080787
   Attachment 2: - DG080788
   Attachment 3: - DG080789
   Attachment 4: - DG080790
   Attachment 5: - DG080791
   Attachment 6: - DG080792
   Attachment 7: - DG080793
DOH-DL 16/17-034

Dear [Redacted],

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 [Redacted].

Yours sincerely,

Michael Walsh
Director-General
Queensland Health

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Queensland Health Building
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BRISBANE QLD 4001

Phone
[Redacted]

Fax
3234 1482
Dear [s47(3)(b)]

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DOH-DL 16/17-034
8 JUL 2016

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Michael Walsh
Director-General
Queensland Health

Enquiries to: Mr Scott Ponting
Acting Director
Revenue Strategy & Support Unit / Finance Branch

Telephone: s.73
File Ref.: DG060789

Records Team
DEPT. OF HEALTH
12 JUL 2016

DOH-DL 16/17-034
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Queensland Health

Enquiries to: Mr Scott Ponting
Acting Director
Revenue Strategy & Support
Unit / Finance Branch

Telephone: s.73
File Ref: DG080791

DOH-DL 16/17-034

DOH-DL 16/17-034
Prepared by: Lyn Anderson
Principal Revenue Officer
Revenue Strategy and Support Unit
Finance Branch
3 June 2016

Cleared by: Mortuza Huq
Acting Director
Revenue Strategy and Support Unit
Finance Branch
3 June 2016

Cleared by: Malcolm Wilson
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Finance Branch
7 June 2016

Cleared by: Libby Gregoric
Acting Deputy Director-General
Corporate Services Division
27 June 2016

Document Name: DG080791 – Attached to BR064464
8 JUL 2016

Dear Mr Scott Ponting

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.

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DOH-DL 16/17-034

GTH Document No. 13
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