

## Private hospitals brace for increased fraud: NHN

The uncertainty of whether or not invoiced medical practitioner fees will be paid due to the scrapping of the Ethical Tariff is just one of the problems facing private hospitals.

In November 2008 the Ethical Tariff (the maximum a doctor was allowed to charge as determined by the HPCSA) was scrapped and replaced with a requirement stipulating patients should agree to liability for fee charged over the suggested National Reference Price (NRL) list. Private hospitals with emergency facilities are not always in a position to request that patients sign documents agreeing to doctors' fee structures prior to being admitted. This increases the chance of doctors treating emergency patients at the risk of their fee remaining unpaid.

Approached for comment on this issue, hospital managers at a range of National Hospital Network Hospitals (NHN) dismissed the new risk presented by the removal of the Ethical Tariff, as 'just one more category in the long list of reasons that some bills would remain unpaid.'

### More misrepresentation, more fraud

The National Hospital Network is a group of 79 independent private hospitals, day clinics and psychiatric clinics and ophthalmic clinics and is the fourth largest private hospital group. The group has a comprehensive footprint with solid representation in South Africa's major cities and represents almost 20% of the private sector beds.

NHN hospital managers reported rising incidences of misrepresentation and fraud. They said that private hospitals are absorbing more bad debt as the economy tightens.

Hennie Steenkamp, manager of the 126-bed Klerksdorp-based Wilmed Park Private Hospital said that the most common type of fraud was misrepresentation.

'People come to our hospital pretending to be the wife, or husband of a member when in fact they are not. We get the authorization for the requested procedure, and then the medical scheme refuses to pay when they find out that the patient was not a beneficiary of the scheme. Our hospital fees and the doctor's fees are simply not paid,' he said.

A second type of fraud was perpetrated by lapsed members of schemes who were admitted to hospitals knowing that they were not eligible for treatment as they had not paid their medical scheme premiums for several months.

### Inefficient admin compounds the problem

This misrepresentation on the part of the member was compounded by inefficient medical scheme administration records. According to Steenkamp, it was 'not uncommon' for a medical scheme to authorize a procedure and then inform the hospital that it would not pay outstanding bills because the premiums of the member were not up to date.

'In these cases, it is may be worth our while to pay the outstanding premiums, which may be R7 or R8 000

rand, in order to recoup an expense of R40 000 or R50 000', he said.

Firoze Habib, spokesman for the Louis Pasteur Hospital in Pretoria, said that one of the most common types of fraud was the attempted use of medical scheme benefits after the principal member had been retrenched and was no longer eligible for treatment.

'People who were previously members of restricted schemes come into our hospital, knowing that they do not qualify for medical scheme benefits.

'In the case of restricted medical schemes, membership is a condition of employment and falls away if the member is no longer employed by the company. And yet, when we phone for authorization for a procedure for a retrenched patient, it is not uncommon that we are given the go-ahead as the records showing the employment status of the patient are not up to date.

'The medical scheme then backtracks on the authorization process and refuses to pay us,' he said.

### **Put the patient first**

'People who would never dream of filling a supermarket trolley with food and pushing it out the door without paying seem to have a different attitude with respect to the services offered by private hospitals,' said one hospital manager.

Fraud or attempted fraud from medical scheme members was often compounded by the inefficiency of medical schemes administration systems, which was a source of frustration for many hospital managers and spokesmen.

Ken Ford, spokesman for the Benoni-based Sunshine Hospital, said that he had experienced cases where the hospital admissions staff had obtained authorization from the medical scheme, the procedure had been performed and then the medical scheme had refused to pay because the maximum limit for that category of procedures for the family or the individual has been exhausted.

'This is in spite of the correct authorization process being followed,' he said.

And yet, in all cases, hospital managers said that their instructions to staff were clear: Put the patient first.

'My instruction to the nurses is to care for these patients, and to sort out the financial details at a later point,' said Hennie Steenkamp.

Keith Bonsall, hospital manager of the Ethekwini Hospital and Heart Centre in Durban, said that the level of fraud in private hospitals was ludicrous. 'We will, of course, remain a patient-centred hospital, in spite of these new regulations. And yes, our unpaid bills will go up,' he said.

'Ultimately it will be the people who do pay who will bear the cost in the longer term', he said. 'Hospitals will have to charge higher fees in order to recoup their losses from non-payers.