

CHAPTER 6

Hospital Authority

Social Welfare Department

**Hospital Authority and
Social Welfare Department:
management of medical fee waivers**

**Audit Commission
Hong Kong
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This audit review was carried out under a set of guidelines tabled in the Provisional Legislative Council by the Chairman of the Public Accounts Committee on 11 February 1998. The guidelines were agreed between the Public Accounts Committee and the Director of Audit and accepted by the Government of the Hong Kong Special Administrative Region.

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HOSPITAL AUTHORITY AND SOCIAL WELFARE DEPARTMENT: MANAGEMENT OF MEDICAL FEE WAIVERS

Contents

	Paragraph
PART 1: INTRODUCTION	1.1
Background	1.2 – 1.11
Audit review	1.12 – 1.13
Overall audit conclusion	1.14
General response from the Administration and the Hospital Authority	1.15 – 1.17
Acknowledgement	1.18
PART 2: PROCESSING OF WAIVER APPLICATIONS	2.1
Guiding principles	2.2
Operational Guidelines on waiving of fees	2.3 – 2.4
Eligible criteria for granting waivers	2.5 – 2.10
Assessment of waiver applications	2.11 – 2.13
Selection of waiver cases for audit review	2.14 – 2.15
Granting of waivers on financial grounds	2.16 – 2.18
<i>Audit observations</i>	2.19 – 2.27
<i>Audit recommendations</i>	2.28
Response from the Administration	2.29
Response from the Hospital Authority	2.30
Granting of waivers on non-financial grounds	2.31
<i>Audit observations</i>	2.32 – 2.38
<i>Audit recommendations</i>	2.39

	Paragraph
Response from the Administration	2.40
Response from the Hospital Authority	2.41
Granting of waivers to non-eligible persons	2.42
<i>Audit observations</i>	2.43 – 2.45
<i>Audit recommendations</i>	2.46
Response from the Administration	2.47
Response from the Hospital Authority	2.48
Documentation of waiver assessment	2.49
<i>Audit observations</i>	2.50 – 2.51
<i>Audit recommendations</i>	2.52
Response from the Administration	2.53
Response from the Hospital Authority	2.54
Granting of waivers exceeding \$7,000	2.55 – 2.56
<i>Audit observations</i>	2.57 – 2.60
<i>Audit recommendations</i>	2.61
Response from the Administration and the Hospital Authority	2.62
Adequacy of guidelines on waiving of fees	2.63 – 2.64
<i>Audit observations and recommendation</i>	2.65
Response from the Administration and the Hospital Authority	2.66
 PART 3: MANAGEMENT CONTROL ON FEE WAIVERS	 3.1
Prevention of fraud and abuse	3.2 – 3.4
<i>Audit observations</i>	3.5 – 3.10
<i>Audit recommendations</i>	3.11
Response from the Hospital Authority	3.12
Response from the Administration	3.13

	Paragraph
Verification of patients' eligibility status	3.14 – 3.20
<i>Audit observations</i>	3.21
<i>Audit recommendations</i>	3.22
Response from the Administration	3.23
Response from the Hospital Authority	3.24
Internal audit on fee waivers	3.25
<i>Audit observations</i>	3.26 – 3.27
<i>Audit recommendations</i>	3.28
Response from the Administration	3.29
Response from the Hospital Authority	3.30
 PART 4: PROVISION OF WAIVER SERVICE	 4.1
Clerical work in processing waiver applications	4.2 – 4.3
<i>Audit observations</i>	4.4 – 4.6
<i>Audit recommendations</i>	4.7
Response from the Administration	4.8
Response from the Hospital Authority	4.9
Granting of waivers to recipients of Comprehensive Social Security Assistance	4.10
<i>Audit observations</i>	4.11 – 4.13
<i>Audit recommendation</i>	4.14
Response from the Administration	4.15
 PART 5: STAFF TRAINING AND PERFORMANCE MANAGEMENT	 5.1
Training on provision of waiver service	5.2
<i>Audit observations</i>	5.3 – 5.6
<i>Audit recommendation</i>	5.7

	Paragraph
Response from the Administration	5.8
Response from the Hospital Authority	5.9
Quality assurance of work performance	5.10 – 5.11
<i>Audit observations</i>	5.12 – 5.18
<i>Audit recommendations</i>	5.19
Response from the Administration	5.20
Response from the Hospital Authority	5.21
Performance reporting	5.22 – 5.23
<i>Audit observations</i>	5.24
<i>Audit recommendations</i>	5.25
Response from the Administration	5.26
Response from the Hospital Authority	5.27

Page

Appendices

A : Median Monthly Domestic Household Income (30 June 2006)	55
B : Asset limit for waiving of fees (30 June 2006)	56
C : Main elements of a strategic approach for tackling fraud and abuse	57
D : Suggestions from MSWs on areas where more training was needed	58
E : Acronyms and abbreviations	59

PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

1.2 The Government's healthcare policy is to safeguard and promote the general public health of the community as a whole and to ensure the provision of medical and health services for the people of Hong Kong. No one will be denied adequate medical care due to lack of means.

1.3 Members of the public seeking treatment in public hospitals (hereinafter referred to as hospitals) managed by the Hospital Authority (HA — Note 1) have to pay medical fees and charges (hereinafter referred to as fees — Note 2). Eligible persons (EPs) are entitled to use public medical services which are heavily subsidised at about 96% of the full cost. EPs are:

- (a) holders of the Hong Kong Identity Card; or
- (b) children who are Hong Kong residents and under 11 years of age; or
- (c) other persons approved by the Chief Executive, HA.

1.4 Non-eligible persons (NEPs — i.e. persons who are not EPs) also have access to public medical services. However, they have to pay fees set on a full-cost recovery basis. Both EPs and NEPs can obtain medical services as private patients (Note 3) from hospitals. These services are charged at market rate which should at least be at full cost.

Note 1: *The HA is a statutory body established in December 1990 under the Hospital Authority Ordinance (Cap. 113) to manage all public hospitals in Hong Kong. It is governed by the HA Board that consists of a chairman and more than 20 members appointed by the Government. The Chief Executive, HA is responsible for the overall management of the HA's day-to-day operations under the policy direction of the HA Board. The HA is accountable to the Government through the Secretary for Health, Welfare and Food.*

Note 2: *The Hospital Authority Ordinance stipulates that the Secretary for Health, Welfare and Food may give directions to the HA to determine the fees payable for its medical services. The last fee revision was gazetted in September 2005.*

Note 3: *There are levels of expertise and facilities within the public medical sector (especially at the teaching hospitals) which are not generally available in the private medical sector. Medical services for private patients therefore provide a means for accessing such expertise and facilities.*

Provision of fee waiver service

1.5 To uphold the Government's policy that no one will be denied adequate medical care due to lack of means, patients who are recipients of Comprehensive Social Security Assistance (CSSA) can obtain free medical treatment at hospitals. For patients who are not CSSA recipients but have financial difficulties, the Social Welfare Department (SWD) and the HA have jointly put in place a fee waiver mechanism (hereinafter referred to as the Waiver System) to ease their financial burden.

1.6 Under the Waiver System, patients may approach Medical Social Workers (MSWs), stationed in the Medical Social Services Units (MSSUs) of hospitals, to apply for fee waivers (hereinafter referred to as waivers). For Schedule 1 hospitals (Note 4), the MSSUs are operated by the SWD. For Schedule 2 hospitals (Note 5), the MSSUs are operated by the HA.

1.7 As at 30 June 2006, the SWD operated 27 MSSUs and the HA operated 21 MSSUs. The SWD and the HA had altogether 468 MSWs made up of Social Work Officers (SWOs) and Assistant Social Work Officers (ASWOs). The staff establishment of these 48 (i.e. 27 + 21) MSSUs is shown in Table 1.

Table 1
MSWs employed by SWD and HA
(30 June 2006)

Rank	SWD (Number)	HA (Number)	Total (Number)
SWOs	60	15	75
ASWOs	273	120	393
Total	333	135	468

Source: SWD and HA records

Note 4: *Schedule 1 hospitals are those hospitals where the management is vested in the HA under agreements with the Government.*

Note 5: *Schedule 2 hospitals are those hospitals where the management is vested in the HA under agreements with persons (e.g. non-governmental organisations) other than the Government.*

Amount of waivers granted

1.8 The amounts of fees waived in the three financial years 2003-04 to 2005-06 are shown in Table 2.

Table 2
Amount of fees waived
(2003-04 to 2005-06)

Financial year	Amount of fees waived		
	CSSA recipients (\$ million)	Non-CSSA recipients (\$ million)	Total (\$ million)
2003-04	393.7	123.1	516.8
2004-05	446.3	115.5	561.8
2005-06	432.2	84.9	517.1

Source: HA records

1.9 Table 3 shows a further analysis of the amount of fees waived for non-CSSA recipients.

Table 3
Amount of fees waived for non-CSSA recipients
(2003-04 to 2005-06)

Financial year	EPs		NEPs		Total	
	(\$ million)	(Percentage)	(\$ million)	(Percentage)	(\$ million)	(Percentage)
2003-04	81.7	66%	41.4	34%	123.1	100%
2004-05	87.0	75%	28.5	25%	115.5	100%
2005-06	74.2	87%	10.7	13%	84.9	100%

Source: HA records

The Ombudsman's report

1.10 In October 2005, prompted by a complaint alleging abuse of the Waiver System, the Ombudsman initiated an investigation to examine the adequacy and effectiveness of the System.

1.11 The Ombudsman issued a report in March 2006. According to the report, there was room for improvement in the Waiver System. The SWD and the HA generally accepted the Ombudsman's recommendations. In March 2006, they jointly issued a revised set of Operational Guidelines (the March 2006 Operational Guidelines) to incorporate some of the improvement measures recommended in the Ombudsman's report.

Audit review

1.12 In December 2005, the Audit Commission (Audit) started a review of the economy, efficiency and effectiveness of the SWD and the HA in managing the Waiver System (Note 6). The review was completed in August 2006. The review focused on the following areas:

- (a) processing of waiver applications (PART 2);
- (b) management control on fee waivers (PART 3);
- (c) provision of waiver service (PART 4); and
- (d) staff training and performance management (PART 5).

1.13 The following audit work was carried out:

- (a) visiting eight selected MSSUs in six hospitals (Note 7) during the period December 2005 to April 2006 for interviewing the operational staff and case studies relating to the operation of the Waiver System;

Note 6: *Audit has conducted another value for money audit of the economy, efficiency and effectiveness of the management of outstanding medical fees by the HA. The audit findings are reported in Chapter 5 of the Director of Audit's Report No. 47.*

Note 7: *The MSSUs of four hospitals visited were administered by the SWD, whereas the MSSUs of the other two hospitals were administered by the HA. The hospitals selected for audit visits had more NEP patients than others.*

- (b) conducting a survey among all Officers-in-charge (OICs) of MSSUs on their units' operational practices (Note 8);
- (c) conducting another survey among all MSWs (including OICs) to seek their views on the Waiver System (Note 8); and
- (d) interviewing staff and reviewing files at the SWD, the Hospital Authority Head Office (HAHO), and the Health, Welfare and Food Bureau (HWFB).

The response rates of the two audit surveys are shown in Table 4.

Table 4
Response rates of two audit surveys

Questionnaire recipients	Number of questionnaires		
	Issued	Returned (Note)	Response rate
OICs	41	41	100 %
MSWs	459	242	53 %

Source: Audit surveys

Note: The completed questionnaires were returned to Audit in April 2006.

Overall audit conclusion

1.14 Audit has found that both the SWD and the HA have taken continuous action to improve the Waiver System. Audit supports their efforts, but notes that there are still areas where further improvements can be made. In considering the audit findings and making the recommendations, Audit has taken into account the provisions of the latest Operational Guidelines (issued in March 2006 — see para 1.11).

Note 8: *In February 2006, Audit invited the management of the SWD and the HA to comment on the draft questionnaires. In March 2006, Audit issued the questionnaires to OICs and MSWs for completion. At about the same time as Audit issued the questionnaires, the SWD and the HA issued their revised Operational Guidelines (see para. 1.11).*

General response from the Administration and the Hospital Authority

1.15 Both the **Director of Social Welfare** and the **Chief Executive, HA** welcome the audit report. They have said that:

- (a) there are established guidelines and procedures in the MSSUs of hospitals and clinics to administer the Waiver System. Since the start of Audit's review in December 2005, the SWD and the HA have, as part of their on-going and continuous improvement programme, progressively enhanced various measures of the Waiver System, including the issue of the March 2006 Operational Guidelines. The improvement measures introduced are generally in agreement with the audit recommendations;
- (b) in August 2006, the SWD and the HA issued a set of "Frequently Asked Questions" (FAQs) to facilitate MSWs in discharging their duties. The FAQs have listed out sample case examples/scenarios to facilitate MSWs to evaluate the eligibility of applications and make recommendations. The FAQs will continue to be reviewed, updated and refined as necessary in future; and
- (c) the SWD will continue to collaborate with the HA to make continuous improvements to the Waiver System in the light of the audit recommendations and operational experience.

1.16 The **Secretary for Health, Welfare and Food** notes and agrees with the SWD's and the HA's responses.

1.17 The **Secretary for Financial Services and the Treasury** has said that, to ensure the proper use of public funds, the SWD and the HA should continue to make improvements in managing the Waiver System.

Acknowledgement

1.18 Audit would like to acknowledge with gratitude the full cooperation of the staff of the SWD, the HA and the HWFB during the course of the audit review. Audit would also like to thank the MSWs, including OICs of MSSUs, for their valuable views on the Waiver System provided in the audit surveys.

PART 2: PROCESSING OF WAIVER APPLICATIONS

2.1 This PART examines the processing of waiver applications by MSWs.

Guiding principles

2.2 Prior to April 2003, MSWs assessed waiver applications following the Waiver System established in 1994. In April 2003, with the introduction of the revised fee structure of the public health services, the Waiver System was enhanced. The guiding principles of the System are as follows:

- (a) public funds should be channelled to vulnerable groups (i.e. the low-income group, chronically ill patients and elderly patients who have little income or assets) and to services which carry major financial risks to patients;
- (b) there should be a set of objective and transparent criteria to assess a patient's eligibility for exemption from payment of fees. Both financial and non-financial factors should be considered; and
- (c) the Waiver System should facilitate accessibility to services, while maintaining low administrative and operating cost.

Operational Guidelines on waiving of fees

2.3 In March 2003, the SWD and the HA jointly issued a set of Operational Guidelines on the operation of the Waiver System. The Guidelines set out the guiding principles, eligibility criteria, application and assessment procedures, and level and period of waivers that can be granted by MSWs.

2.4 In the March 2006 Operational Guidelines, the SWD and the HA have incorporated new developments and changes since March 2003 and have provided guidance on quality management, staff training, and handling of suspected fraud and abuse cases.

Eligible criteria for granting waivers

Eligible persons

2.5 As a general rule, an EP who meets both of the following financial criteria is eligible to apply for a waiver:

- (a) his monthly household income does not exceed 75% of the Median Monthly Domestic Household Income (MMDHI) applicable to his household size (see Appendix A); and
- (b) the value of his household assets is within a certain limit having regard to the size of his household (see Appendix B).

2.6 If an EP's household income does not exceed 50% of the MMDHI and his household assets do not exceed the asset limit, he will be considered for granting a full waiver.

2.7 If an EP's household income is between 50% and 75% of the MMDHI and his household assets do not exceed the asset limit, he will be considered for granting either a partial waiver (covering 25%, 50% or 75% of the fees) or a full waiver, based on non-financial factors which include the following:

- (a) category of patients (e.g. elderly, disabled, or single parent with dependent children);
- (b) nature of illness (e.g. chronic or terminal);
- (c) frequency and duration of hospitalisation (e.g. over 30 days in a year);
- (d) frequency of follow-up medical treatments (e.g. over 10 attendances at specialist out-patient departments in a year);
- (e) need to provide incentive and support to solve the patient's family problems;
- (f) need to incur special expenses (e.g. expenses on medical consumables); and
- (g) unemployment.

2.8 The above list is not exhaustive. MSWs are expected to exercise their professional judgment and discretion in the granting of waivers to patients with special difficulties.

2.9 If an EP's household income exceeds 75% of the MMDHI or his household assets exceed the asset limit, he will be considered for granting a partial or full waiver purely on non-financial grounds by taking into consideration the non-financial factors (see para. 2.7).

Non-eligible persons

2.10 Similar to EPs, patients who are NEPs will be considered for granting a full or a partial waiver based on financial and non-financial factors. However, the waiving of fees for NEPs follows a different set of guidelines. Details of these guidelines are set out in paragraph 2.42.

Assessment of waiver applications

2.11 A patient (Note 9) has to provide his personal information (financial and non-financial) in an Assessment Form for Waiving of Medical Charges (hereinafter referred to as the Assessment Form) for waiver application. He is required to provide financial documents to support his application.

2.12 The MSW conducts financial and non-financial assessments of the waiver application by reference to the Assessment Form. The patient's household income and assets will be verified against the financial documents provided by the patient. In case of doubt, the patient's family members and employers may be asked to confirm the information. The MSW will then request the patient to sign a declaration and undertaking on the Assessment Form, which contains a warning against providing knowingly false information. A case file, containing the signed Assessment Form and copies of the financial documents, is then opened for the patient.

2.13 After completing the assessment, the MSW may grant a full or partial waiver of the patient's fees. The waiver may be one-off or valid for a period of time (e.g. six months), based on the actual needs of the patient.

Selection of waiver cases for audit review

2.14 Audit visited eight MSSUs (see para. 1.13(a)). In each of the MSSUs, Audit randomly selected 30 waiver cases handled by MSWs during the period April 2005 to March 2006. Of the total of 240 cases (hereinafter referred to as the Audit Sample) selected, waivers were granted to:

- (a) 188 patients who were EPs;

Note 9: *The patient is normally the applicant for waiver of fees. However, to facilitate application, other person(s) can apply on behalf of the patient. For simplicity, an applicant, whether he is the patient or not, is hereinafter referred to as the patient.*

- (b) 27 patients who were NEPs;
- (c) 20 CSSA recipients who failed to produce the CSSA Medical Waiver Certificates (hereinafter referred to as the CSSA Certificates) for exemption of fees and had applied for waivers from MSWs; and
- (d) 5 asylum seekers or refugees (Note 10).

2.15 Audit has noted that there is scope for improvement in the following areas:

- (a) granting of waivers on financial grounds (see paras. 2.16 to 2.30);
- (b) granting of waivers on non-financial grounds (see paras. 2.31 to 2.41);
- (c) granting of waivers to non-eligible persons (see paras. 2.42 to 2.48);
- (d) documentation of waiver assessment (see paras. 2.49 to 2.54);
- (e) granting of waivers exceeding \$7,000 (see paras. 2.55 to 2.62); and
- (f) adequacy of guidelines on waiving of fees (see paras. 2.63 to 2.66).

Granting of waivers on financial grounds

2.16 A patient's financial condition is assessed on a household basis, taking into account the income and assets of the patient and his family members living under the same roof. The household income includes salary, pension, rental income, financial contributions from relatives or friends and income generated from the assets and properties, of the patient and his family members at the time of application. Compensation received on a regular basis is also counted as income.

2.17 A patient's household assets include cash, stocks and shares, insurance policies, valuable possessions, properties (excluding the residential property owned and occupied by the patient's family) and other realisable assets owned by the patient and his family members at the time of application. Compensation received in a lump sum is also counted as assets.

Note 10: *For these asylum seekers or refugees, MSWs granted waivers mainly on the basis of the letters issued by the United Nations High Commissioner for Refugees, who confirmed their status and requested the waiving of fees.*

2.18 A patient is required to submit the following financial documents to an MSW for assessment:

- (a) proof of household income (e.g. bank passbooks, salary statements, tax returns, employer's certifications, and Mandatory Provident Fund Scheme contribution records); and
- (b) proof of household assets (e.g. bank statements, time deposit receipts, foreign currency passbooks and insurance policies).

Audit observations

Documentation of financial proof

2.19 In the Audit Sample, 215 cases were related to applications from non-CSSA recipients (188 EPs and 27 NEPs — see para. 2.14). In 196 of these 215 cases, the patients declared that they had incomes and assets. Audit noted that:

- (a) in 106 (54%) cases, copies of financial documents of patients were kept in the case files; and
- (b) in 90 (46%) cases, copies of financial documents of patients were **not** kept in the case files. There was no document trail of what financial records the MSWs had checked.

2.20 The practices of the MSWs in documentation of financial proof were not standardised. Since the issue of the March 2006 Operational Guidelines, MSWs have kept copies of patients' financial documents only for cases warranting special attention. For normal cases, MSWs document in the Assessment Form the checking of financial documents, specify the types of documents checked and state the reason if the documents are not checked. **Audit considers that the SWD and the HA can further improve the procedures by specifying the circumstances under which copies of financial documents should be kept.** This helps standardise the practices of the MSSUs.

Reporting of balances of bank passbooks/statements

2.21 Based on the Audit Sample, Audit examined 338 bank passbook balances recorded in the Assessment Forms. Audit noted that the dates of 64 (19%) bank balances were more than four weeks before the waiver application dates. Details are shown in Table 5.

Table 5
Time interval between bank passbook balance date
and waiver application date

Time interval (Number of weeks)	Bank passbooks	
	(Number)	(Percentage)
≤2	227	67%
>2 to 4	47	14%
>4 to 8	36	11%
>8 to 12	11	3%
>12 to 16	8	2%
>16 to 20	3	1%
>20 to 24	3	1%
>24	3	1%
Total	338	100%

} 64
} 19%

Source: MSSU records and Audit analysis

2.22 An audit examination of the copies of bank passbooks/statements kept in the 106 waiver case files (see para. 2.19(a)) revealed that many of them had shown transactions for more than three months. However, in five cases, the passbooks showed less than three months' transactions. In another six cases, only the bank statements for the month immediately before the date of application were submitted by patients.

2.23 The March 2006 Operational Guidelines state that patients are required to submit bank passbooks/statements showing updated balances. **To facilitate more accurate financial assessment, Audit considers that there is a need to further improve the Guidelines by requiring patients to submit bank passbooks/statements showing balances as at a date close to the application date, and showing transactions for an appropriate period (say at least three months).**

Follow-up of unusual bank transactions

2.24 Of the 106 cases with copies of bank passbooks/statements available, Audit noted that in four cases, there were large or unusual deposits in the patients' bank passbooks which were withdrawn within a short period of time. Audit found no records in the case files indicating that the MSWs concerned had sought clarification from the patients about the transactions.

2.25 Audit considers that MSWs should seek clarification from patients about unusual bank transactions as these may be telltale of under-reported income or assets. They should also document the results of the clarification sought in the case files.

Need to make reference to previous applications

2.26 Of the 106 cases, Audit noted that in three cases, certain information (e.g. bank accounts) reported by patients in their previous applications was not mentioned in their current applications. Records in the case files did not indicate that the MSWs concerned had enquired about such omissions.

2.27 Audit considers that, in conducting assessment of waiver applications, MSWs need to make reference to a patient's previous applications to ascertain whether there are any significant changes in the information provided and, if necessary, seek clarification accordingly.

Audit recommendations

2.28 Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should issue additional guidelines for:

- (a) **the circumstances under which copies of patients' financial documents should be kept;**
- (b) **the submission by patients of bank passbooks/statements showing:**
 - (i) **balances as at a date close to the application date; and**
 - (ii) **transactions of a minimum number of months prior to the application date;**

- (c) **MSWs to seek clarification from patients regarding unusual transactions in bank passbooks/statements (e.g. deposits/withdrawals of significant amounts); and**
- (d) **MSWs to make reference to previous applications to verify information provided by patients.**

Response from the Administration

2.29 The **Director of Social Welfare** agrees with the audit recommendations. He has said that:

- (a) case scenarios have been incorporated into the FAQs (see para. 1.15(b)) to illustrate circumstances under which copies of patients' financial documents should be kept. The FAQs have been uploaded to the SWD's Intranet for easy access by MSWs;
- (b) it has been incorporated into the FAQs that MSWs should check relevant bank statements for the current month if the patients' financial income is stable. For other cases, MSWs should consider checking the financial records for the past three to six months. MSWs will be reminded to comply with this practice. However, flexibility should be allowed for MSWs because, in some cases, there may be difficulties in providing updated bank passbooks/statements. In case a patient cannot provide the required bank passbooks/statements, he will be required to explain the reasons. MSWs will then exercise their professional judgment on granting waivers and, if approved, document the reasons for accepting patients' self-declaration in lieu of documentary proof. As a measure to safeguard proper handling of waiver applications, supervisors of MSWs have been required to check 1% of all waiver cases once every six months since March 2006 (see para. 5.13(c));
- (c) MSWs will be reminded to comply with the audit recommendation stated in paragraph 2.28(c). For those cases involving unusual transactions, the patients will be required to explain the reasons. MSWs will exercise their professional judgment on granting waivers and, if approved, document the reasons for accepting the patients' explanations. The said 1% supervisory check is considered adequate to safeguard proper handling of cases involving unusual transactions; and
- (d) MSWs will be reminded to make reference to previous applications recorded in the case files when making waiver assessment.

Response from the Hospital Authority

2.30 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that:

- (a) the FAQs have been made available to MSWs on the HA's Intranet and have been used during training;
- (b) as mentioned in paragraph 2.29(b), the practice of checking bank documents has been incorporated into the FAQs. The HA will remind MSWs to require patients to provide updated bank passbooks/statements, otherwise applications will not be processed unless for non-financial considerations;
- (c) further training will be conducted to reinforce MSWs' compliance with the recommended practice stated in paragraph 2.28(c). This aspect will also be incorporated into the quality assurance programme (see paras. 5.10 and 5.11); and
- (d) MSWs will be reminded to make reference to previous applications recorded in the case files and the Electronic Waiving System (EWS). This requirement will also be incorporated into relevant training programmes and the quality assurance programme.

Granting of waivers on non-financial grounds

2.31 If a patient fails to meet the financial criteria (see para. 2.5), MSWs will consider, on a case-by-case basis, whether the patient should be granted a partial waiver or a full waiver on non-financial grounds (see para. 2.9). Of 102,725 waivers granted by MSWs in 2005-06, 14,749 (14%) waivers were granted on non-financial grounds. Of these 14,749 waivers, 12,197 (83%) were full waivers and 2,552 (17%) were partial waivers. An analysis of the reasons for granting these 14,749 waivers is shown in Table 6.

Table 6
Reasons for granting waivers on non-financial grounds
(2005-06)

Reason	Waivers granted	
	(Number)	(Percentage)
To encourage treatment	4,220	28%
The patient is an elderly person	3,578	24%
Patients with chronic/terminal illness	1,993	13%
To encourage social support	828	6%
Frequent medical follow-up is required	777	5%
Unemployment	727	5%
Patients in the under-privileged group	590	4%
Patients with a relationship problem	584	4%
The patient is a disabled person	548	4%
Patients on prolonged hospitalisation	431	3%
Patients or their family members have to incur special expenses	373	3%
Single parent with dependent children	100	1%
Total	14,749	100%

Source: HA records

Audit observations

Patients whose income and assets exceeded the financial limits

2.32 One of the guiding principles of the Waiver System is to channel public funds to the vulnerable groups (i.e. the low-income group, chronically ill patients and elderly patients who have little income or assets) and to services which carry major financial risks to patients (see para. 2.2(a)). In the Audit Sample, 53 cases were related to waivers granted on non-financial grounds. Audit noted that, in four cases, waivers were granted to patients

(who were EPs) who had household income or assets (e.g. properties and large amount of savings) that significantly exceeded the financial limits for granting waivers. Audit however could not find specific justifications in the case files to support the need for granting these waivers, notwithstanding that, based on information in the case files, the patients appeared to have the financial means to pay their fees.

2.33 Audit recognises that waivers on non-financial grounds are granted based on MSWs' professional assessments of the patients' needs. **However, to enhance accountability, Audit considers that MSWs need to properly document the justifications for granting waivers to patients whose household income or assets have significantly exceeded the financial limits for granting waivers.**

Proof of special expenses

2.34 Of the 53 cases that were related to waivers granted on non-financial grounds, Audit noted that in another four cases, waivers were granted by MSWs on the grounds that the patients or their family members had to incur "special expenses". **However, in these four cases, Audit could not find any documents in the case files to support the patients' "special expenses" (Note 11). Audit also could not find evidence which indicated that the MSWs had requested such documents for verification.**

2.35 According to the March 2006 Operational Guidelines, MSWs are required to record in the Assessment Form any "special expenses" declared by patients, and to indicate the types of documents checked in relation to "special expenses". For those cases where documentary proof of "special expenses" cannot be produced, MSWs are required to document the reasons for accepting patients' self-declaration in lieu of documentary proof. **Audit considers that the SWD and the HA should ensure that MSWs comply with the verification requirement laid down in the March 2006 Operational Guidelines.**

MSWs' difficulties in granting waivers on non-financial grounds

2.36 In the audit surveys, MSWs were asked whether they had encountered problems or difficulties in granting waivers on non-financial grounds. Of the 237 MSWs who responded to this question, 115 (49%) MSWs stated that they had encountered problems or difficulties, while 122 (51%) MSWs stated that they had not. The following problems or difficulties were reported:

Note 11: *According to the Operational Guidelines (March 2003 and March 2006), in addition to the proof of household income and assets, patients need to produce proof of major household expenses (such as documents of mortgage payments, rental receipts, and bills of medical expenses) to support their applications.*

- (a) the Operational Guidelines were not clear or specific in providing guidance on the assessment of non-financial factors. Hence, there might be inconsistencies in interpretation and application by MSWs;
- (b) many non-financial factors were not measurable and therefore assessment of these factors was subjective; and
- (c) the categories for non-financial factors were so broad that almost every patient could fall into at least one of them.

2.37 Audit notes that, while some non-financial factors (e.g. “frequent medical follow-up” and “prolonged hospitalisation”) are defined in the Operational Guidelines, some other such factors are not clearly defined. For example, a waiver was granted to a 61-year-old person by reason of old age. While the Operational Guidelines do not define the age for being an “elderly person”, it is stated in the Operational Guidelines that the asset limit for waiving of fees is raised by \$120,000 for each additional elderly member aged 65 or above (see Appendix B). Hence, it is unclear whether a 61-year-old person should have been regarded as an “elderly person” for the purpose of granting waivers on non-financial grounds.

2.38 **To enable MSWs to properly and more consistently assess the non-financial factors of patients, Audit considers that the SWD and the HA need to provide clearer and more specific guidance on the assessment of non-financial factors in the Operational Guidelines.**

Audit recommendations

2.39 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) **require MSWs to properly document their justifications for granting waivers to patients whose household income or assets have significantly exceeded the financial limits for granting waivers;**
- (b) **ensure that MSWs comply with the verification requirement relating to the granting of waivers on the grounds of “special expenses”; and**
- (c) **provide clearer and more specific guidance in the Operational Guidelines to help MSWs assess the non-financial factors for granting waivers.**

Response from the Administration

2.40 The **Director of Social Welfare** agrees with the audit recommendations. He has said that:

- (a) the March 2006 Operational Guidelines have specified the financial and non-financial considerations for waiver assessment (see paras. 2.5 to 2.9). MSWs will be reminded to document specific justifications for granting waivers in cases where the income or assets of patients have significantly exceeded the financial limits. In addition, typical case scenarios will be incorporated into the FAQs to facilitate MSWs to make decisions;
- (b) MSWs are required to follow the verification requirement relating to the granting of waivers on the grounds of “special expenses”; and
- (c) further elaboration of other non-financial factors and various case scenarios will be incorporated into the FAQs (see para. 1.15(b)) to provide more specific case examples to facilitate MSWs to exercise their professional judgment in waiver assessment. The 1% supervisory check on cases (see para. 2.29(b)) is also considered as an effective measure to detect doubtful cases.

Response from the Hospital Authority

2.41 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that:

- (a) for patients’ whose household income or assets have significantly exceeded the financial limits, waivers will be granted on non-financial grounds. The March 2006 Operational Guidelines have listed out the non-financial criteria for granting waivers (see paras. 2.7 and 2.9). The HA has also put in place a quality checking mechanism by requiring supervisors to conduct checking on all waivers approved on non-financial grounds (see para. 5.10(a));
- (b) the HA will reinforce the verification requirement relating to the granting of waivers on the grounds of “special expenses” through training programmes and quality assurance measures; and
- (c) the March 2006 Operational Guidelines have provided specific definitions on non-financial factors. The HA will continue to provide more case examples in the FAQs to facilitate MSWs to conduct the waiver assessment (see also para. 2.40(c)).

Granting of waivers to non-eligible persons

2.42 The procedures for granting waivers to NEPs are as follows:

Before September 2005

- (a) the Operational Guidelines issued in March 2003 applied to both EPs and NEPs in the granting of waivers. If there was no means of conducting a financial assessment for an NEP case (i.e. an NEP could not produce any income or asset proof or relevant information regarding his financial position), the MSW might submit a brief social history to the Hospital Chief Executive (HCE), or a designated person, of the hospital for his consideration for granting a waiver;

Since September 2005

- (b) the SWD and the HA have adopted a new set of waiving guidelines for NEPs (which have subsequently been incorporated into the March 2006 Operational Guidelines). Under the new guidelines, waivers will only be considered for NEPs who:
- (i) have close family ties with Hong Kong residents. These are NEPs:
- whose spouses are Hong Kong Identity Card holders; or
 - who are under 18 years of age and whose parent(s) is/are Hong Kong Identity Card holder(s); and
- (ii) meet the social criteria, as follows:
- the treatment is necessary in the interest of the welfare of the NEPs or for the protection of other persons (e.g. emergency or psychiatric treatment); or
 - the NEPs have genuine need to stay in Hong Kong to look after their vulnerable family members (e.g. young children or spouse/parent suffering from chronic illness).

Once an NEP is considered eligible for the granting of a waiver, his case will be subject to financial and non-financial assessments as in the case of EPs. Since September 2005, MSWs do not consider the NEPs' applications if there is no means of conducting a financial assessment. However, MSWs may exercise their professional judgment and discretion to grant waivers to NEPs under special circumstances, such as psychiatric treatment or follow-up that is necessary for the protection of the patients and other persons. MSWs may only grant one-off waivers to NEPs;

- (c) the new waiving guidelines further state that, under exceptional circumstances, an MSW may exercise discretion to consider waiving of fees (for both emergency and non-emergency treatment) for an NEP who does not have close family ties with Hong Kong residents, if the NEP meets the following criteria:
- (i) the NEP is a single parent (either widowed or divorced from a Hong Kong resident), holding a two-way permit from the Mainland;
 - (ii) the NEP is assessed by the MSW to have genuine need to stay in Hong Kong to take care of his young children who are Hong Kong residents and lack strong support network in Hong Kong; and
 - (iii) the NEP has met the social criteria stated in (b)(ii) above;
- (d) MSWs should seek prior approval from their supervisors for granting waivers to NEPs; and

Since March 2006

- (e) the exceptional arrangement in (c) above has been revised to further provide that, for waiver cases assessed by MSWs to be having exceptional hardship and desperate social circumstances but not meeting the criteria stated in (c), MSWs should consult their supervisors who can exercise discretion to approve granting of waivers to these special cases.

Audit observations

Financial resources of NEPs

2.43 In the Audit Sample, 27 cases were related to NEPs (see para. 2.14(b)). Of these 27 cases, Audit noted that in 9 cases, the NEPs reported financial resources outside Hong Kong. Of these 9 cases, the MSWs successfully obtained proof of income or assets in 2 cases. The reported resources, together with the income and assets of their family members in Hong Kong, were included in the financial assessment for granting of waivers. In the other 18 cases, the NEPs did not report any financial resources, nor had the MSWs enquired about the existence of such resources. **To ensure proper assessment of the financial conditions of patients who are NEPs, Audit considers that MSWs need to ascertain, as far as possible, their financial resources.**

Non-compliance with the new guidelines

2.44 Of the 27 cases, 5 cases were approved after the issue of the new waiving guidelines in September 2005 (but before the introduction of the revision in March 2006). According to the requirements of the September 2005 waiving guidelines, waivers will not be considered for NEPs who have no close family ties with Hong Kong residents and do not meet the social criteria, unless they meet the criteria for granting waivers under the exceptional arrangement (see para. 2.42(b) and (c)). Audit however noted that, of the 5 cases, 2 did not meet the requirements of the September 2005 waiving guidelines.

2.45 **Audit considers that the SWD and the HA need to take action to ensure that MSWs always follow the guidelines (which are subject to regular reviews and revisions) on the granting of waivers to NEPs.**

Audit recommendations

2.46 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should take measures to ensure that:**

- (a) **MSWs request NEPs to report their financial resources, including those outside Hong Kong, and to produce relevant financial proof; and**
- (b) **MSWs follow the guidelines for the granting of waivers to NEPs.**

Response from the Administration

2.47 The **Director of Social Welfare** agrees with the audit recommendations. He has said that:

- (a) currently, MSWs are required to conduct financial and non-financial assessments for NEP applications, including asking the applicants to report their financial resources outside Hong Kong. MSWs may turn down the applications if there is no sufficient information available for assessment. For those needy patients with genuine hardship but lacking the required financial proof, MSWs should have the flexibility of granting waivers to these patients. In such cases, the endorsement of their supervisors would be required according to current practice. Appropriate case scenarios will be incorporated into the FAQs to facilitate MSWs to handle NEP patients; and
- (b) MSWs will be reminded to follow the guidelines in handling NEP cases.

Response from the Hospital Authority

2.48 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that:

- (a) as MSWs are required, under the March 2006 Operational Guidelines, to conduct financial and non-financial assessments for each NEP application, patients will need to provide information on their financial resources including those outside Hong Kong; and
- (b) to ensure quality practice of granting waivers to NEPs, it is provided under the March 2006 Operational Guidelines that MSWs should seek prior approval from their supervisors before approving and granting the waivers. Through this arrangement, 100% checking of all NEP cases is ensured.

Documentation of waiver assessment

2.49 After conducting assessment of a waiver application, an MSW has to document the assessment result and details of recommendation in the Assessment Form. The MSW has to sign the Form after making the recommendation. He also has to input the information relating to his assessment and recommendation into the EWS, which will print the waiver certificate for the patient.

Audit observations

2.50 In the Audit Sample, 215 cases were related to waivers granted to non-CSSA recipients. Audit noted that:

- (a) in 10 cases, the MSWs did not record their assessment results and recommendations in the Assessment Forms, nor did they sign the Forms. They had only input details of their assessment results and recommendations into the EWS; and
- (b) in 25 cases, the information recorded in the Assessment Forms did not tally with that recorded in the EWS. Examples of such cases are shown in Table 7.

Table 7

Examples of inconsistencies in information recorded

Case	Point of inconsistency	As recorded in Assessment Form	As recorded in EWS
A	Reason for the grant	Waiver was granted on financial grounds.	Waiver was granted on non-financial grounds (i.e. the patient was a disabled person).
B	Reason for the grant	Waiver was granted on the grounds that the patient's son owed debt (with a bankruptcy number stated).	Waiver was granted on non-financial grounds (i.e. the patient was a disabled person).
C	Income category	The patient's family monthly income was below 50% of the MMDHI.	The patient's family monthly income was over 75% of the MMDHI.
D	Asset category	The patient's family assets did not exceed limit.	The patient's family assets were recorded as "Not applicable".

Source: MSSU records

2.51 **Audit considers that there is a need for the SWD and the HA to remind their MSWs to record accurate and complete information in both the Assessment Forms and the EWS.**

Audit recommendations

2.52 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should remind MSWs to:**

- (a) **record accurate and complete information relating to their processing of waiver applications, including their signatures, in the Assessment Forms; and**
- (b) **input accurately the assessment results and recommendations into the EWS.**

Response from the Administration

2.53 The **Director of Social Welfare** agrees with the audit recommendations. He has said that:

- (a) MSWs will be reminded to provide accurate and complete information for the processing of waiver applications; and
- (b) the 1% supervisory check on waiver cases (see para. 2.29(b)) would include checking on the accuracy of information recorded in the Assessment Forms and of the records in the EWS.

Response from the Hospital Authority

2.54 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that:

- (a) the HA will continue to remind MSWs to provide accurate and complete information, including their signatures, for the processing of waiver applications; and
- (b) the first exercise of 1% supervisory check should be completed by October 2006.

Granting of waivers exceeding \$7,000

2.55 MSWs have been delegated the authority to waive fees not exceeding \$7,000. For fees exceeding \$7,000, an MSW submits, via his supervisor, a brief social history of the patient together with his recommendation to the HCE (or a designated person) for consideration. After endorsement by the HCE, summaries of waiver cases involving amounts of over \$7,000 each are forwarded by hospitals to the HAHO for approval.

2.56 The following officers have been authorised by the HA Board, with effect from October 2001, to approve waiving of fees exceeding \$7,000:

- (a) the Director (Finance) of the HAHO, or above, can approve waivers up to \$250,000 in each case; and
- (b) the Chief Executive, HA can approve waivers up to \$1 million in each case.

For all waiver cases exceeding \$1 million, the approval of the HA Board is required.

Audit observations

Need to obtain waiver approval promptly from proper authority

2.57 In the Audit Sample, 31 cases were related to waiving of fees exceeding \$7,000. In these 31 cases, waiver certificates had been issued by the MSWs, although approvals from the proper authority were not yet obtained. Audit noted that, as at mid-June 2006:

- (a) in 18 cases, hospitals had not forwarded their waiver submission to the HAHO for approval. Of these 18 cases, 17 cases had been due for submission for more than 200 days after the issue of waiver certificates;
- (b) in the other 13 cases which had been approved by the HAHO, hospitals made their waiver submission more than 99 days after the issue of waiver certificates, with 5 cases (38%) more than 200 days; and
- (c) in 6 of the 13 cases (see (b) above), the HAHO had taken 79 days to review the MSWs' assessment results and recommendations, and to approve the waivers.

2.58 **Audit considers that the SWD and the HA need to take necessary action to speed up the approval process and to improve control over the issue of waiver certificates involving fees exceeding \$7,000.**

Waiving of fees for long-stay patients

2.59 For in-patients, waivers are normally granted when such patients are discharged from hospitals. In the Audit Sample, Audit noted that there were five patients who did not have a foreseeable discharge date due to their medical conditions. As the March 2006 Operational Guidelines have not specified how waivers for long-stay patients should be granted, these patients were granted waivers repeatedly, with each waiver covering a period of three months. Table 8 shows the waivers granted to one of the five patients during the period January 2005 to January 2006.

Table 8
Waivers granted to one long-stay patient

Waiver certificate	Period covered	Amount waived (\$)
1	21 January 2005 to 20 April 2005	6,120
2	21 April 2005 to 20 July 2005	6,188
3	21 July 2005 to 25 October 2005	6,596
4	26 October 2005 to 31 January 2006	6,664

Source: MSSU records

2.60 As can be seen in Table 8, if the MSW had granted waivers covering a period longer than three months, the amounts of fees to be waived would have been more than \$7,000 and the granting of waivers would have to be approved by a higher authority. Audit considers that there is a need to specify in the Operational Guidelines the arrangements for the granting of waivers to long-stay patients.

Audit recommendations

2.61 Audit has *recommended* that the Director of Social Welfare should, in conjunction with the Chief Executive, HA, take measures to:

- (a) **ensure that:**
 - (i) **waiver applications involving fees exceeding \$7,000 are promptly submitted by hospitals to the HAHO for approval;**
 - (ii) **the HAHO promptly reviews and approves waiving of fees exceeding \$7,000; and**
 - (iii) **waiver certificates are only issued to patients after approvals from the proper authority have been obtained; and**
- (b) **specify in the Operational Guidelines the arrangements for the granting of waivers to long-stay patients.**

Response from the Administration and the Hospital Authority

2.62 The **Director of Social Welfare** and the **Chief Executive, HA** agree with the audit recommendations. They have said that the SWD and the HA have jointly developed improvement measures for handling waivers exceeding \$7,000, as follows:

- (a) under the set of enhanced approval procedures, specific timeline for obtaining approval has been set. A standard proforma has been introduced to facilitate the preparation of social summary by MSWs. The social summary will be submitted by MSWs to the concerned HCE for onward submission to the HAHO to seek approval. The Patient Billing/Revenue Collection (PBRC) System and the EWS have been enhanced to produce monthly reports to facilitate adherence to the timeline;
- (b) waiver certificates will no longer be issued to patients for cases with fees exceeding \$7,000 before approval from the HAHO is obtained; and
- (c) the March 2006 Operational Guidelines are being revised to reflect the new procedures, in particular on the granting of waivers to long-stay patients. The enhanced procedures will be implemented as soon as the revision is completed in late 2006.

Adequacy of guidelines on waiving of fees

2.63 In the audit surveys, MSWs had been asked whether they considered that the guidelines provided by the SWD and the HA on waiving of fees were adequate. Of the 239 MSWs who responded to this question:

- (a) 100 (42%) MSWs said that the guidelines were adequate;
- (b) 110 (46%) MSWs said that the guidelines were adequate, but more guidelines were still needed in some areas; and
- (c) 29 (12%) MSWs said that the guidelines were not adequate, and had suggested areas for improvement.

2.64 As suggested by the MSWs, more guidelines on waiving of fees would be needed in the following areas:

- (a) determination of the waiver level and period (which patients always bargained for with MSWs);
- (b) financial assessment involving insurance policies, investment products (such as trust fund, stock, provident fund), real estates and businesses;

- (c) definition of household income or assets (e.g. when the patient resided in an elderly home, or family members claim that they only lived with the patient temporarily);
- (d) types and extent of financial documents and other asset/income proof for the conduct of financial assessment; and
- (e) granting of waivers on non-financial grounds (e.g. provision of more illustrated examples/case studies).

Audit observations and recommendation

2.65 The March 2006 Operational Guidelines provide more detailed and specific guidance to MSWs. However, Audit notes that the revised guidelines have not fully addressed the concerns of MSWs. For example, the Guidelines do not provide guidance on the valuation of investment products/properties/businesses, or on the circumstances (with illustrated examples) under which waivers may be granted on non-financial grounds. **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should regularly review the Operational Guidelines and revise them in the light of the results of such reviews.**

Response from the Administration and the Hospital Authority

2.66 The **Director of Social Welfare** and the **Chief Executive, HA** have respectively said that the SWD and the HA agree with the audit recommendation. They have also said that:

- (a) the SWD and the HA will continue to review and revise the Operational Guidelines and the FAQs in the light of experience and taking into account the views of MSWs stated in paragraph 2.64 as and when necessary, so as to cater for the MSWs' needs and address their concerns;
- (b) regarding the need to give guidance to MSWs on the valuation of insurance policies and investment tools, training sessions organised by the SWD, which were open to all MSWs, were held in December 2005 and September 2006 to enhance MSWs' capability in conducting financial assessment and in alerting possible fraud cases; and
- (c) the FAQs will be revised periodically to include more case illustrations and examples to clarify the concerns raised by frontline MSWs regarding the interpretation and implementation of the waiver guidelines.

PART 3: MANAGEMENT CONTROL ON FEE WAIVERS

3.1 This PART examines the management control measures implemented by the SWD and the HA to ensure that fees are properly waived.

Prevention of fraud and abuse

3.2 The existing Waiver System relies mainly on the honesty of patients to provide complete and accurate information and documents for assessment by MSWs. To deter patients from providing incomplete, inaccurate or false information, the waiver assessment process requires MSWs to read out a warning statement contained in the Assessment Form to the patients. The statement stresses the legal consequences for knowingly providing false information.

3.3 In March 2006, to strengthen control and to guard against potential fraud and abuse, the SWD and the HA included a new section “Reporting Suspected Fraud and Abuse Cases” in the March 2006 Operational Guidelines, which reads as follows:

- (a) the MSWs should do their best to guard against fraud and abuse of the Waiver System;
- (b) if patients are found abusing the Waiver System by either providing false statement or withholding any information, the OICs of MSSUs should report such cases to their HCEs or their supervising officers for further action; and
- (c) the HA policy requires any substantiated case of fraud or abuse to be reported to the Police for their action.

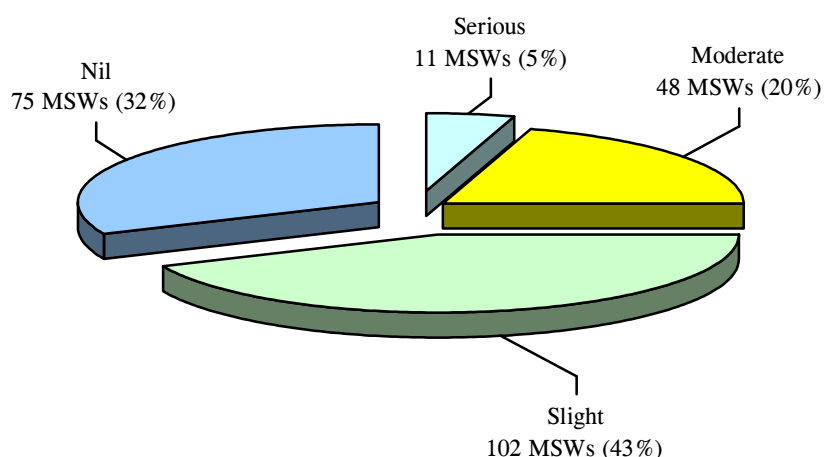
3.4 In July 2006, the HA informed Audit that it was considering the feasibility of establishing a post-approval checking mechanism for waiver cases. In this connection, the HA had gathered, for reference purposes, information from the SWD on the latter’s measures adopted for random checking, data-matching and fraud investigation in administering the CSSA Scheme.

Audit observations

3.5 In the audit surveys, MSWs were asked whether they considered that the Waiver System had been subject to potential abuse by patients. The views of the 236 MSWs who responded to this question are shown in Figure 1.

Figure 1

Views of 236 MSWs on potential abuse of Waiver System



Source: Audit surveys

3.6 In their responses, many MSWs provided examples of potential abuses, including the following:

- (a) patients might provide false claims or withhold information to satisfy financial and non-financial criteria for waivers. It was hard to verify whether they had provided all the information for financial assessment;
- (b) patients could not produce the required documents for assessment but they insisted on obtaining waivers for medical treatment;
- (c) patients or their family members claimed that they were self-employed or worked part-time and were unable to provide income proof. Financial assessment was therefore mainly conducted on the basis of their declarations;
- (d) patients claimed to have relationship problems with their family members. They refused to provide family members' financial documents for assessment or strongly objected to the inclusion of their family members' income and assets in the assessment;
- (e) it was hard to verify whether family members were actually living together; and
- (f) some patients behaved violently and claimed that they would commit suicide if their waiver applications were rejected.

3.7 In the audit surveys, MSWs were also asked whether they considered that additional measures were needed to minimise the risk of fraud and abuse of the waiver service. Of the 235 MSWs who responded to this question, 173 (74%) MSWs said that additional measures were needed, while the other 62 (26%) MSWs said that there was no such need.

3.8 In their responses, some MSWs had suggested additional measures, as follows:

- (a) 35 MSWs said that a special investigation unit should be set up in the head office to conduct investigation of the financial resources of patients, e.g. checking patients' bank accounts, paying home visits and performing land searches;
- (b) 18 MSWs said that MSWs should refer suspicious cases to the special investigation unit for further investigation; and
- (c) 10 MSWs said that sanction measures should be imposed on fraudulent claimants.

Need to develop a strategic approach for tackling fraud and abuse

3.9 Audit recognises that patients applying for waivers are usually honest and should be assisted, on a need basis, with the benefit of waivers. However, by mainly relying on the checking of documents submitted by them, there is a risk that fraud and abuse, such as deliberate under-reporting of income or assets, may not be detected.

3.10 **Audit considers that the SWD and the HA need to consider developing a strategic approach for tackling fraud and abuse.** In developing such an approach, the SWD and the HA can draw on the experience of the special investigation team of the CSSA Scheme of the SWD. Such an approach for tackling fraud and abuse may include the main elements as listed at Appendix C.

Audit recommendations

3.11 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) **consider developing a strategic approach for tackling fraud and abuse of the Waiver System; and**

- (b) **monitor the risk of fraud and abuse, and evaluate the effectiveness of the anti-fraud and anti-abuse measures, with a view to fine-tuning the strategy in the light of experience.**

Response from the Hospital Authority

3.12 The **Chief Executive, HA** has said that the HA agrees with the audit recommendations. He has also said that, as one of the continuous quality improvement measures to prevent and detect fraud and abuse cases, the HA is targeting to set up a post-approval checking mechanism in 2006-07.

Response from the Administration

3.13 The **Director of Social Welfare** has advised that the audit recommendations will be followed up by the HA and the HA's post-approval checking mechanism will also cover waiver cases handled by the SWD.

Verification of patients' eligibility status

3.14 Recipients of CSSA are given a CSSA Certificate by the SWD. The CSSA Certificate:

- (a) bears a CSSA reference number; and
- (b) lists out the names and the identity document numbers of all household beneficiaries entitled to full waiver of fees up to a specified validity date.

3.15 When a patient claiming his status as a CSSA recipient presents his CSSA Certificate at the Shroff Office of a hospital, the shroff staff verifies his name and identity document number on the CSSA Certificate to his details recorded in the hospital. The shroff staff then inputs details of the CSSA Certificate (i.e. name, identity document number, CSSA reference number and expiry date) into the PBRC System of the HA. The patient is exempted from payment of fees. The HA has built up a CSSA recipients' database for subsequent checking of patients' CSSA status.

3.16 Audit notes that the CSSA recipients' database of the HA has a number of control inadequacies. To enhance control, the HA selects from time to time a small percentage of CSSA cases from the CSSA recipients' database and forwards them to the SWD for manual checking of the eligibility status of patients who have been granted

waivers. If the SWD confirms that the patients are not CSSA recipients, or that their CSSA Certificates have expired, the HA will seek to recover fees from the patients.

3.17 In 2005-06, fees waived for CSSA recipients amounted to \$432.2 million. In view of the significant amount and the risks involved, the HA's internal and external auditors had pointed out that the manual checking of a small percentage of the CSSA waiver cases was insufficient. The HA had also admitted that the arrangement was not adequate in terms of coverage and timeliness.

3.18 The checking of a small percentage of waiver cases by the SWD in 2005-06 indicated that in 68 cases, the validity dates of patients' CSSA Certificates expired earlier than those recorded by the HA. In addition, in 8 cases (out of the 68 cases), the reference numbers of the CSSA Certificates did not match with those in the SWD's records. The HA had requested the hospitals granting the waivers in these 68 cases to take follow-up action with the patients, and to recover the fees where appropriate.

3.19 In March 2005, the SWD and the HA formed a Working Group to discuss how the validity checking of the status of patients on CSSA could be enhanced. The Working Group considered that the ideal solution would be the installation of an on-line enquiry facility at hospitals, whereby hospitals could gain direct access to the CSSA recipients' database of the SWD. This would allow the HA staff to readily establish the CSSA status of patients obtaining waivers.

3.20 As an alternative, the Working Group agreed on an arrangement for a full checking of the status of patients on CSSA. Under this arrangement, the HA would send, on a monthly basis, information on all patients who have had fees waived on the basis of CSSA Certificates, to the SWD for electronic verification. The SWD would then return the verified and updated information to the HA for follow-up action. The required enhancement to the SWD's computer system had been tested. The proposed checking would be implemented once enhancement to the HA's computer system was ready and proper computer integration testing had been conducted.

Audit observations

3.21 Audit supports the SWD's and the HA's initiatives in stepping up their efforts to detect invalid claims of CSSA status of patients. **Audit considers that the proposed full electronic verification of the status of patients on CSSA should be implemented as early as possible. In Audit's view, as a long-term measure, the SWD and the HA should consider the feasibility of installing an on-line enquiry facility at hospitals, whereby the CSSA status of patients can be readily established.**

Audit recommendations

3.22 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) **implement as soon as possible the proposed full electronic verification of the status of patients who claim waivers based on CSSA Certificates; and**
- (b) **consider the feasibility of providing Shroff Offices of hospitals with an on-line enquiry facility, which can readily confirm the CSSA status of patients.**

Response from the Administration

3.23 The **Director of Social Welfare** agrees with the audit recommendations. He has said that the full electronic verification of validity of patients is actively pursued by the SWD and the HA. The proposed verification will be implemented once the system enhancement of both the SWD and the HA are ready.

Response from the Hospital Authority

3.24 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that the SWD and the HA will upgrade the full electronic verification to on-line verification which has been assessed to be technically feasible. The on-line verification will be implemented once the system enhancement of both the SWD and the HA are completed. With the on-line facility, the HA staff would be able to detect instantly ineligible patients claiming for waivers.

Internal audit on fee waivers

3.25 The SWD and the HA make use of internal audit to provide additional assurance of the efficient and effective operation of the Waiver System. The internal audit teams of the SWD and the HA are responsible for reviewing the waiving of fees at the MSSUs of the SWD and the MSSUs of the HA respectively.

Audit observations

3.26 In the audit surveys, all OICs were asked whether any internal audits on the waiving of fees had been conducted at their MSSUs during the period 1 April 2001 to 31 March 2006. Of the 38 OICs who responded to this question, 5 (13%)

stated that their MSSUs had been subject to internal audits (see Table 9). There were no significant observations noted in the internal audits of the five MSSUs.

Table 9

**Internal audits carried out at MSSUs
(1 April 2001 to 31 March 2006)**

Internal audits	MSSUs			
	SWD	HA	Total	
	(Number)	(Number)	(Number)	(Percentage)
Carried out	3	2	5	13%
Not carried out	15	18	33	87%
Total	18	20	38	100%

Source: *Audit surveys*

3.27 In PART 2, Audit has identified a number of weaknesses in the operation of the Waiver System. **To help improve internal control and to provide additional assurance, Audit considers that the SWD and the HA need to conduct more frequently internal audits on the Waiver System.**

Audit recommendations

3.28 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) **consider conducting more frequently internal audits on the waiving of fees at MSSUs; and**
- (b) **remind the internal audit teams to pay attention to the weaknesses in internal control identified in this audit review.**

Response from the Administration

3.29 The **Director of Social Welfare** agrees with the audit recommendations. He has said that the SWD aims to conduct regular internal audit reviews on the waiver cases handled by MSSUs in 2007-08.

Response from the Hospital Authority

3.30 The **Chief Executive, HA** has said that the HA agrees with the audit recommendations. He has also said that:

- (a) the HA's internal auditors have conducted a number of audits of the Waiver System during the period quoted by Audit. The primary focus of these internal audits has been on CSSA cases and the work processes of Shroff and Finance Offices of hospitals but, as noted by Audit, to a lesser extent on the waiver assessment work of MSSUs. These internal audits have identified a number of significant weaknesses, some of which are also observed by Audit and reported in this audit report; and
- (b) future internal audits by the HA would place increased focus on the waiving of fees by MSWs, and would address weaknesses identified in Audit's review. Primarily, these weaknesses and the need for enhanced on-going review will be addressed by incorporating review measures into the quality assurance and management review activities (see paras. 5.10 to 5.21).

PART 4: PROVISION OF WAIVER SERVICE

4.1 This PART examines the provision of waiver service by the SWD and the HA to patients, with a view to identifying room for further improvement.

Clerical work in processing waiver applications

4.2 As members of the hospital clinical team, MSWs play an important role in linking up the medical and social services to facilitate patients' recovery and rehabilitation in the community. MSWs provide the following major types of medical social services:

- (a) assisting patients and their family members to resolve emotional, family, caring and relationship problems arising from illness, trauma or disabilities;
- (b) collaborating with other medical and allied health professionals for psychosocial assessment and formulation of welfare plans, discharge and rehabilitation planning, referrals for community resources and reintegration into society;
- (c) making recommendations or referrals for public housing, charitable trust funds or social security benefits; and
- (d) assessing and granting of waivers to needy patients.

4.3 In 2005-06, MSWs granted a total of 102,725 waivers. To help relieve the workload of MSWs, 19 OICs stated in their responses to the audit surveys that their MSSUs had been enlisting the help of clerical staff in handling waiver applications. The clerical staff were mainly responsible for preparatory work (i.e. facilitating an applicant to fill in the Assessment Form, and collecting and checking financial documents), leaving MSWs to deal with the assessments and the provision of other professional services. The SWD and the HA had incorporated into the March 2006 Operational Guidelines the arrangements regarding the use of clerical staff to help process waiver applications.

Audit observations

Use of clerical staff in handling waiver applications

4.4 In the audit surveys, all the 41 OICs of MSSUs were asked whether the preparatory work could be carried out by clerical staff. Of the 40 OICs who responded to this question, 27 (68%) OICs stated that clerical staff could perform such work while 13 (32%) OICs stated otherwise. Their views are summarised below:

- (a) given proper training on interviewing and financial assessment skills, clerical staff could assist MSWs in processing waiver applications;
- (b) the use of clerical staff is dependent upon the manpower provision in the MSSUs;
- (c) MSWs have to perform a final check on the work of clerical staff to ensure that it is done properly; and
- (d) difficult cases should still be handled by MSWs (e.g. when dealing with uncooperative applicants or patients with psychiatric problems). These cases require different interviewing techniques.

4.5 According to the audit surveys, the time spent by MSWs on preparatory work constitutes a significant proportion of their time spent on processing a waiver application (e.g. about 63% for a waiver granted on financial grounds). **Audit considers that enlisting the help of clerical staff would enable MSWs to have more time for providing professional services (e.g. counselling those patients and their families with emotional or relationship problems). Furthermore, it would bring about financial savings due to reduced staff cost.** According to an estimate provided by the SWD and the HA, if all the MSSUs make use of clerical staff to assist MSWs in handling waiver applications, a notional annual saving of \$3.4 million could be achieved.

Use of a specialised team in handling waiver applications

4.6 Some MSWs had expressed their views to Audit that they were professionally trained to resolve patients' illness-related problems and to facilitate their rehabilitation and reintegration into society. They should not be tasked to perform financial assessment of patients' waiver applications because this would reduce their time available for carrying out their professional role. They suggested that they should be responsible for granting waivers on non-financial grounds only. The task of financial assessment should be carried out by a specialised team. **To better utilise MSWs' professional resources, Audit considers that the SWD and the HA need to consider the feasibility of implementing this suggestion in the long run.**

Audit recommendations

4.7 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) evaluate the need for and the cost-effectiveness of extending the use of clerical staff in processing waiver applications, taking into account the manpower provision in the MSSUs;
- (b) ensure that adequate guidelines and training are provided to clerical staff involved in handling waiver applications;
- (c) ensure that the work of clerical staff is properly supervised by MSWs; and
- (d) review whether, in the long run, the provision of waiver service, in particular the assessment of a patient's financial condition, could be separated from the major duties of MSWs and be carried out by a specialised team.

Response from the Administration

4.8 The **Director of Social Welfare** agrees in principle with the audit recommendations. He has said that:

- (a) currently some MSSUs of the SWD are provided with clerical staff by the HA to assist in the preparatory work for waiver processing. The SWD welcomes the audit recommendation of extending the clerical support to other MSSUs of the SWD subject to the provision of necessary resources. If more clerical support becomes available, the notional savings of the manpower of MSWs will be utilised in the implementation of enhanced measures in waiver applications and other professional work;
- (b) the training need of the clerical staff in handling waiver applications will be addressed accordingly; and
- (c) the SWD welcomes the audit recommendation of reviewing in the long run whether waiver cases involving financial grounds only should be handled by a specialised team, subject to availability of resources.

Response from the Hospital Authority

4.9 The **Chief Executive, HA** has said that the HA agrees in principle with the audit recommendations. He has also said that:

- (a) the HA will continue to explore improvement measures with a view to improving the cost-effectiveness of the Waiver System. The estimated notional annual savings as stated in paragraph 4.5 might not be realisable in practice. By necessity, waiver applications are processed at many MSSUs, most of them are

small units and the number of waiver applications handled by each of them is relatively small, therefore it is not feasible to pool together all the preparatory work to be taken over by a few clerical staff. In addition, many waiver applications on financial grounds are intermingled with social problems that warrant social work intervention. MSWs, in the assessment process, could discharge their professional role by early picking up of problematic cases and providing timely intervention;

- (b) clerical staff of both the SWD and the HA currently helps in collecting and preparing the documents submitted by applicants. The work of verification, assessment and approval of the waiver applications still rests with MSWs. Training for clerical staff in handling waiver applications will continue to be provided as and when necessary; and
- (c) furthermore, many of the vulnerable patients who apply for waivers require direct professional input of MSWs. The HA will continue to review the workflow and work on improvement measures of the system, taking into consideration the availability of resources.

Granting of waivers to recipients of Comprehensive Social Security Assistance

4.10 A CSSA recipient is entitled to full waiver of fees upon presentation of his original CSSA Certificate issued by the SWD to the Shroff Office of a hospital. There is no need for him to apply for a waiver. However, if the CSSA recipient is unable to present the Certificate at the time of medical appointment (e.g. he forgets to bring the Certificate), the Shroff Office will ask him to approach an MSW to apply for a waiver as in the case of non-CSSA recipients. Upon receiving such application, the MSW verifies the CSSA status of the patient by checking with the Social Security Field Unit of the SWD by fax or telephone. When his CSSA status is confirmed, he is granted a one-off waiver.

Audit observations

4.11 Audit noted that a significant proportion of waiver cases handled by MSWs were related to CSSA recipients who were unable to present their CSSA Certificates at the time of medical appointment. Of 102,725 waivers granted by MSWs in 2005-06, 20,203 (20%) waivers were granted to these CSSA recipients. The main reason for these waiver cases was that the patients had forgotten to bring their CSSA Certificates. Other reasons included that the patients had lost the Certificates or they had not yet received the newly issued or revised CSSA Certificates from the SWD.

4.12 Under the present practice, all CSSA recipients have been informed that they should produce the CSSA Certificates when they apply for waivers upon registration for medical treatment or admission into hospitals. Such a reminder is printed at the back of the CSSA Certificate. Audit however notes that the Certificate, which is an A-4 sized document, is inconvenient to carry and can be easily torn or worn off. **Given the significant number of waivers granted to CSSA recipients, there is a need to explore other more convenient means to show the CSSA status of patients.**

4.13 Audit has recommended in paragraph 3.22(b) that the SWD and the HA should consider the feasibility of providing Shroff Offices of hospitals with an on-line enquiry facility which can readily establish the CSSA status of patients. **When available, this facility will also help handle waiver cases relating to CSSA recipients who are unable to present their CSSA Certificates at the time of medical appointment.**

Audit recommendation

4.14 **Audit has recommended that the Director of Social Welfare should consider exploring other more convenient means to establish the CSSA status of patients.**

Response from the Administration

4.15 The **Director of Social Welfare** agrees with the audit recommendation. He has said that the on-line enquiry facility (see para. 3.24) will readily establish the patients' status as CSSA recipients.

PART 5: STAFF TRAINING AND PERFORMANCE MANAGEMENT

5.1 This PART examines the training provided to MSWs and the performance management of the waiver service.

Training on provision of waiver service

5.2 MSWs need to possess the necessary skills and knowledge to deliver proper waiver service. Apart from the issue of the Operational Guidelines, the SWD and the HA need to provide adequate training to MSWs to equip them with the necessary skills and knowledge to provide the waiver service.

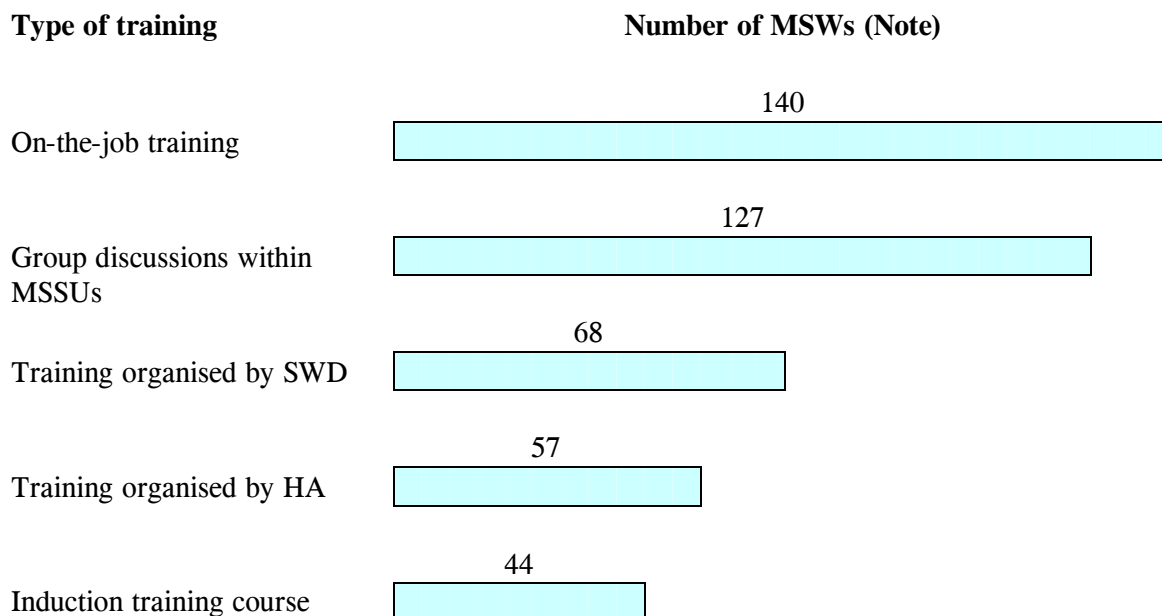
Audit observations

Adequacy of staff training

5.3 In the audit surveys, Audit asked all MSWs the types of training they had received on the processing of waiver applications. Of the 242 MSWs who responded to this question, 219 (90%) stated that they had received one or more types of training (see Figure 2). However, 23 (10%) MSWs stated that they had not received any kind of training.

Figure 2

Training received by 219 MSWs



Source: Audit surveys

Note: An MSW might have received more than one type of training.

5.4 In the audit surveys, MSWs had been asked whether they considered that the training provided to them was adequate. The responses of 229 MSWs are summarised as follows:

- (a) 104 (45%) MSWs said that adequate training had been provided to them;
- (b) 54 (24%) MSWs said that adequate training had been provided to them, but it would be desirable to receive more training; and
- (c) 71 (31%) MSWs said that the training provided to them was inadequate.

5.5 Through the audit surveys, 98 MSWs had also made suggestions on the areas where more training was needed. Their suggestions are summarised at Appendix D.

5.6 The March 2006 Operational Guidelines have included a requirement on staff training, as follows:

- (a) supervisors of MSSUs should organise induction training for the newly-recruited MSWs in order to enable the latter to familiarise with the waiving guidelines and operational details; and
- (b) the SWD and the HA will conduct joint briefing/training sessions for MSWs working in MSSUs to support the promulgation of revised waiving guidelines and system enhancement.

In addition, the SWD and the HA held two training sessions, one in March 2006 and another in April 2006, to familiarise MSWs with the revised Operational Guidelines. **While noting the training efforts made, Audit considers that the SWD and the HA need to continue assessing the training needs of MSWs, taking into account the result of the audit surveys (see paras. 5.3 to 5.5).**

Audit recommendation

5.7 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should continue assessing the training needs of MSWs and provide them with appropriate training.**

Response from the Administration

5.8 The **Director of Social Welfare** agrees with the audit recommendation. He has said that:

- (a) a Work-based Orientation Checklist has been developed for MSWs newly posted to MSSUs. The Checklist provides necessary training support, including training on the Waiver System, to MSWs in a flexible and individualised manner;
- (b) on-going assessment on the training needs of MSWs will be made so as to arrange appropriate training for them; and
- (c) to help benchmark the standard of granting waivers on non-financial grounds, the SWD will consider, in consultation with frontline MSWs, the cost-effectiveness of conducting case sharing workshops to discuss the handling of various case scenarios, which can then be incorporated into the FAQs.

Response from the Hospital Authority

5.9 The **Chief Executive, HA** has said that the HA agrees with the audit recommendation. He has also said that on-going training has been held for all MSWs since

the promulgation of the Waiver System. The HA will continue to assess the training needs of MSWs and will provide training sessions on a regular basis to address the training needs identified.

Quality assurance of work performance

5.10 As the waiving of fees involves the provision of public subsidy to needy people, a proper check and balance should be in place to ensure that waivers are appropriately granted to meet the different needs of people, and that public funds are properly disbursed. In June 2005, the Coordinating Committee (COC) for MSWs (Note 12) recommended, among other things, the implementation of the following quality assurance procedures at MSSUs with immediate effect:

- (a) supervisors (i.e. OICs or other SWOs) of MSSUs have to ensure that their subordinate MSWs comply with the Operational Guidelines. Apart from regular reviews of patients' cases (Note 13), they should also conduct checking on all NEP waivers, and EP waivers recommended on non-financial grounds or of a 12-month duration; and
- (b) supervisors of MSSUs should keep records of checking and endorsement.

5.11 In October 2005, the SWD issued an internal paper to ensure compliance with the quality assurance procedures recommended by the COC for implementation at the MSSUs. According to the paper, for waiver cases handled by SWOs, their supervisors (i.e. Assistant District Social Welfare Officers) should conduct periodic checking to ensure compliance with the laid-down procedures.

Note 12: *The COC was formed in 1995. The COC, chaired by Executive Manager (Allied Health Services) of the HA, comprising SWD and HA representatives, holds meetings every three months. Its main objectives are to share information and experience, to standardise waiving procedures and documentation, and to promote the development and specialisation of medical social services.*

Note 13: *Apart from granting the fee waivers, MSWs also provide other medical social services to patients (see para. 4.2). Audit noted, in visits to MSSUs, the general practice that OICs/other SWOs conducted overall reviews of patients' cases, including waiver assessment, processed by ASWOs.*

Audit observations

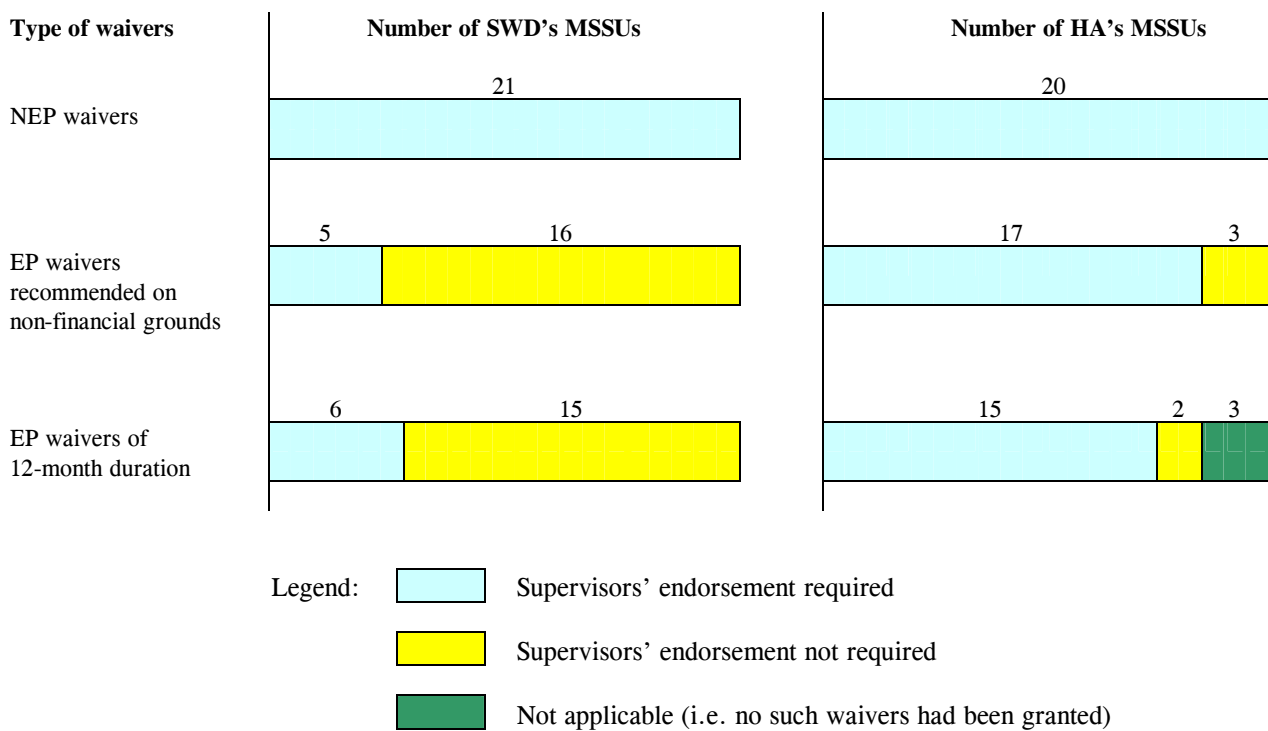
Supervisory check of MSWs' work

5.12 The audit surveys indicated that:

- (a) all ASWOs had to seek the endorsement of their supervisors (OICs or other SWOs) before granting NEP waivers. For EP waivers recommended on non-financial grounds or of a 12-month duration (see para. 5.10(a)), supervisors' endorsement was needed in most MSSUs of the HA, but only in some MSSUs of the SWD. Figure 3 shows the practices, as at March 2006, of the 41 major MSSUs overseen by the OICs;

Figure 3

Supervisors' endorsement required before waivers were granted



Source: Audit surveys

- (b) in general, EP waivers recommended on non-financial grounds or of a 12-month duration were checked by the supervisors, if prior endorsement had not been sought. However, in one MSSU of the HA, the supervisors did not subsequently check the EP waivers granted on non-financial grounds;

- (c) of the 41 MSSUs surveyed, 23 (56%) kept records of checking and endorsement, whereas the other 18 MSSUs (10 of the SWD and 8 of the HA) did not; and
- (d) the supervisors of 36 MSSUs carried out overall review of the patients' cases, including waiver assessment, completed by ASWOs. Five MSSUs (of the HA) did not carry out any overall review. Of the 36 MSSUs with supervisors' overall review conducted, the review arrangements varied. Examples are given in Table 10.

Table 10

**Supervisors' overall review
of patients' cases in four MSSUs**

	SWD		HA	
	MSSU 1	MSSU 2	MSSU 3	MSSU 4
Extent of check	100%	About 80%	10%	70% and all high-risk cases (e.g. suicide and family violence)
Basis of selection	100%	In accordance with a reminder system (Note) or cases brought up by ASWOs	Random	All high-risk cases and others at random
Timing of checking	When cases were closed or in accordance with a reminder system (Note)	Within one to six months	Once a year or two years	Frequent

Source: *Audit surveys*

Note: *The reminder system brings up cases for OICs' review. Cases of different nature are brought up for OICs' review at different times.*

5.13 The March 2006 Operational Guidelines have contained a new “quality management” section, as follows:

- (a) for granting of NEP waivers, MSWs should seek prior approval (at least verbally) from their supervisors;
- (b) the supervisors of MSSUs should conduct checking on all approved EP waivers recommended on purely non-financial grounds or of a 12-month duration at least every three months after the waivers are issued; and
- (c) apart from regular reviews of patients’ cases, the supervisors should, at least every six months, retrieve a minimum of 1% of the waiver records for checking. The supervisors should also document the checking of waiver records in a form for submission to the SWD and the HAHO.

5.14 **While noting the improvements in the March 2006 Operational Guidelines, Audit considers that, in the light of the audit observations in paragraph 5.12, there is scope for further enhancing and standardising the supervisory controls.**

Management review of patients’ cases

5.15 In the SWD, OICs of the MSSUs report to the Assistant District Social Welfare Officers. In the HA, OICs of the MSSUs report to the HCEs or Executive Managers (Allied Health and Community Support). OICs (or other SWOs) in MSSUs sometimes need to process some of the waiver applications (e.g. those more complicated ones) themselves.

5.16 In the audit surveys, Audit ascertained from the 41 OICs whether their supervisors carried out regular management review of patients’ cases, including waiver assessment, completed by MSWs (SWOs and ASWOs). The survey results showed that, in the case of the SWD’s MSSUs, OICs’ supervisors had conducted such regular review. In the case of the HA’s MSSUs, with the exception of one MSSU, the OICs’ supervisors had not conducted such regular review. Details are shown in Table 11.

Table 11

Management review of patients' cases by OICs' supervisors

Regular review	SWD's MSSUs		HA's MSSUs		Total	
	(Number)	(Percentage)	(Number)	(Percentage)	(Number)	(Percentage)
Conducted	31	79%	1	3%	32	42%
Not conducted	8	21%	36	97%	44	58%
Total	39	100%	37	100%	76	100%

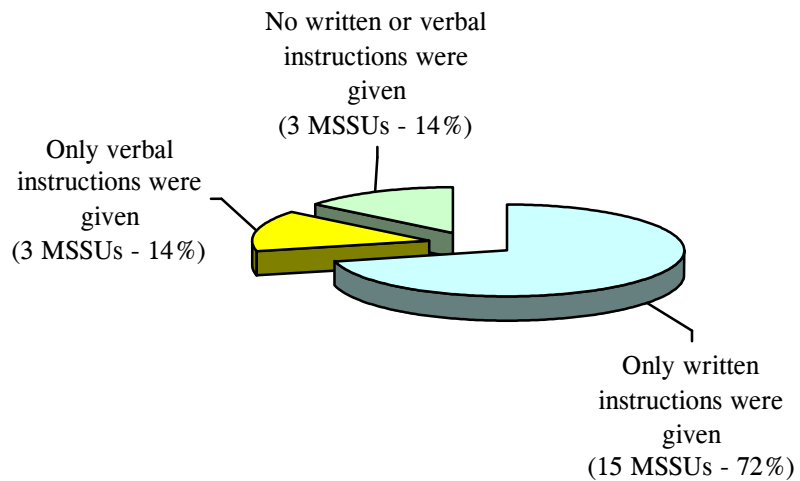
Source: Audit surveys

5.17 In the surveys, Audit also ascertained from OICs if they had received any instructions from their supervisors on the extent that they should review patients' cases. The results of the surveys showed that, in 85% of the HA's MSSUs, the OICs' supervisors had not given any written or verbal instructions, while in most of the SWD's MSSUs, written or verbal instructions were given. Figure 4 shows the details.

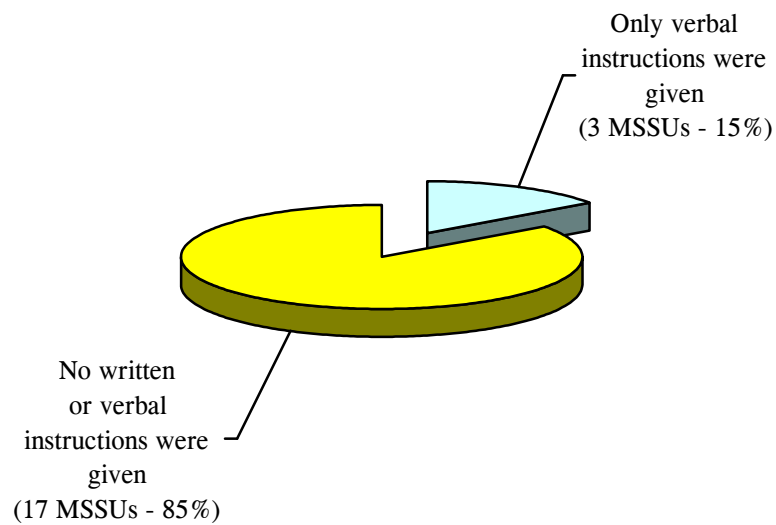
Figure 4

Instructions given by OICs' supervisors
on the extent of OICs' review of patients' cases

(A) SWD's MSSUs



(B) HA's MSSUs



Source: Audit surveys

5.18 Management review of patients' cases, including waiver assessment, completed by MSWs helps ensure the overall quality of work performed at the MSSUs. Audit survey results indicate that there is room for improvement.

Audit recommendations

5.19 Audit has *recommended* that the Director of Social Welfare and the Chief Executive, HA should:

Supervisory check of MSWs' work

- (a) further enhance and standardise the supervisory controls over the granting of waivers at MSSUs;
- (b) ensure that the supervisory controls are properly implemented at MSSUs;
- (c) regularly review the supervisory controls to ascertain the need for modifying and updating them;

Management review of patients' cases

- (d) promulgate appropriate management review arrangements (e.g. determining the extent of management review to be performed by OICs' supervisors at MSSUs); and
- (e) ensure that the management review arrangements are properly implemented at MSSUs.

Response from the Administration

5.20 The Director of Social Welfare agrees with the audit recommendations. He has said that:

- (a) MSWs and their supervisors are regularly reminded of the importance of complying with the requirements of supervisory control through various means such as briefing sessions, regular and ad hoc meetings and e-mails;
- (b) the guidelines on the Waiver System will be revisited periodically in which supervisory control is one of the items to be kept under review;
- (c) concerns over supervisory control will also be addressed in the FAQs;

- (d) the supervisory check of MSWs' work is also applicable to OICs' and other SWOs' work, which are conducted by supervisors at the rank of Senior Social Work Officer; and
- (e) the requirement for management review of the work of OICs and other SWOs will be incorporated into the SWD's Manual of Procedures for Medical Social Services, which is currently under review.

Response from the Hospital Authority

5.21 The **Chief Executive, HA** has said that the HA agrees with the audit recommendations. He has also said that:

- (a) the HA will continue to improve the supervisory check and control of MSWs' work by issuing updated case checking standards;
- (b) under the management structure of the HA, OICs are already the highest rank of the profession at hospitals. In addition to the quality measures (see para. 5.13), the HA will strengthen the management review of cases handled by OICs by introducing a peer review mechanism; and
- (c) the effectiveness of these arrangements will be reviewed after 12 months.

Performance reporting

5.22 In its website, the SWD has pledged to provide waiver service with the following performance standard and target for its MSSUs:

Standard response time	MSWs will arrange within 30 minutes the waiver not exceeding \$7,000 per application for eligible cases, upon receipt of application and all the necessary supporting documents
Performance target	To achieve the standard response time in 95% of waiver applications

5.23 The SWD has undertaken to monitor the effectiveness of the above performance pledge and report the progress annually. However, the standard response time and performance target have not been published in the Controlling Officer's Report of the SWD.

Audit observations

5.24 Setting performance targets and reporting performance results play an important role in enhancing the accountability and transparency of an organisation. Audit notes that although the SWD has undertaken to monitor the effectiveness of the performance pledge and report the progress annually, this has not been done. Furthermore, Audit considers that the SWD should identify and develop more performance pledges (e.g. standard response time for processing a waiver exceeding \$7,000) to show that it is committed to providing a quality waiver service to the community. Audit also notes that unlike the SWD, the HA has not set any performance standards and targets for the provision of the waiver service.

Audit recommendations

5.25 **Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should:**

- (a) **develop performance standards and targets for the provision of the waiver service; and**
- (b) **regularly report the performance against the targets set.**

Response from the Administration

5.26 The **Director of Social Welfare** agrees with the audit recommendations. He has said that:

- (a) the SWD would, in conjunction with the HA, consider the recommendations and explore if additional indicators could be identified; and
- (b) the SWD would explore the viability of collecting related data from the monthly statistical returns of MSSUs.

Response from the Hospital Authority

5.27 The **Chief Executive, HA** has said that the HA agrees with the audit recommendations and will adopt the same performance standards as the SWD in the provision of the waiver service.

**Median Monthly Domestic Household Income
(30 June 2006)**

Household size	MMDHI (\$)	75% of the MMDHI (\$)	50% of the MMDHI (\$)
1	6,000	4,500	3,000
2	12,700	9,525	6,350
3	16,500	12,375	8,250
4	20,200	15,150	10,100
5	26,200	19,650	13,100
6	26,500	19,875	13,250
7	31,500	23,625	15,750
8 or above	33,800	25,350	16,900

Source: HA records

**Asset limit for waiving of fees
(30 June 2006)**

Household size	Asset limit (with no elderly member)	Asset limit (with one elderly member)	Asset limit (with two elderly members)
1	\$30,000	\$150,000	—
2	\$60,000	\$180,000	\$300,000
3	\$90,000	\$210,000	\$330,000
4	\$120,000	\$240,000	\$360,000
5 or above	\$150,000	\$270,000	\$390,000

Source: HA records

- Remarks:*
1. *The asset limit is raised by \$120,000 for each additional elderly member (i.e. aged 65 or above) in the patient's family.*
 2. *The residential property owned and occupied by the patient's family is not taken into account when assessing the asset limit.*

Main elements of a strategic approach for tackling fraud and abuse

- (a) assessing the size of the threat from fraud or abuse;
- (b) identifying the areas most vulnerable to the risk of fraud or abuse;
- (c) focusing resources specific to the circumstances and on the most effective anti-fraud and anti-abuse measures. Such measures may include:
 - (i) performing home visits to ascertain whether the patients' financial and family conditions are consistent with the information provided in the applications;
 - (ii) conducting searches at government departments (e.g. the Land Registry, the Companies Registry and the Transport Department) to cross-check the information provided by patients; and
 - (iii) publicising communication channels (e.g. telephone hotline and e-mail address) through which the public can report cases of suspected fraud and abuse;
- (d) drawing on the experience of the special investigation team of the CSSA Scheme of the SWD, setting up a similar team for tackling fraud and abuse. The team will conduct investigation of suspected fraud cases and some other cases selected on a random basis;
- (e) imposing appropriate sanctions on fraud or abuse cases (e.g. reporting such cases to the Police); and
- (f) publicising the consequences of fraud and abuse to deter potential fraudsters.

Source: Audit research

Suggestions from MSWs on areas where more training was needed

- (a) skills (including questioning skills) in conducting waiver assessment;
- (b) knowledge in assessing the value of properties, insurance policies and investment products such as trust fund, provident fund, stock and gold;
- (c) skills in understanding the tax returns and transaction codes of bank passbooks/statements;
- (d) more sharing of case handling experience especially for difficult cases or cases involving non-financial factors;
- (e) skills in using the EWS;
- (f) briefings to familiarise MSWs with the waiving guidelines;
- (g) induction training courses for new recruits;
- (h) techniques to detect and follow up fraudulent or abuse cases; and
- (i) skills in dealing with difficult or uncooperative applicants.

Source: Audit surveys

Acronyms and abbreviations

ASWO	Assistant Social Work Officer
Audit	Audit Commission
COC	Coordinating Committee
CSSA	Comprehensive Social Security Assistance
EP	Eligible person
EWS	Electronic Waiving System
FAQs	Frequently Asked Questions
HA	Hospital Authority
HAHO	Hospital Authority Head Office
HCE	Hospital Chief Executive
HWFB	Health, Welfare and Food Bureau
MMDHI	Median Monthly Domestic Household Income
MSSU	Medical Social Services Unit
MSW	Medical Social Worker
NEP	Non-eligible person
OIC	Officer-in-charge
PBRC System	Patient Billing/Revenue Collection System
SWD	Social Welfare Department
SWO	Social Work Officer