

# **Report No. 47 of the Director of Audit — Chapter 6**

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

### **Summary**

1. To uphold the government 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 public hospitals managed by the Hospital Authority (HA). 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 Waiver System to ease their financial burden.

2. 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 (waivers). As at 30 June 2006, there were a total of 48 MSSUs and 468 MSWs. In 2005-06, the amounts of fees waived for CSSA recipients and non-CSSA recipients were \$432.2 million and \$84.9 million respectively.

### **Audit review**

3. The Audit Commission (Audit) reviewed the economy, efficiency and effectiveness of the SWD and the HA in managing the Waiver System. Audit paid visits to eight selected MSSUs in six hospitals and conducted two surveys among all Officers-in-charge (OICs) of MSSUs and all MSWs. Audit has found that both the SWD and the HA have taken continuous action to improve the Waiver System, but there are still areas where further improvements can be made.

### **Processing of waiver applications**

4. Audit randomly selected 30 waiver cases handled by MSWs in each of the eight MSSUs visited for examination (i.e. an audit sample of 240 cases).

5. **Granting of waivers on financial grounds.** From an examination of waivers granted on financial grounds, Audit found that the practices of MSSUs in documentation of financial proof were not standardised. In some cases, the bank passbook balances recorded in the waiver assessment forms were not updated. There were also cases where the MSWs had not sought clarification from the patients about unusual transactions in their bank passbooks. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should issue additional guidelines to address these inadequacies.*

6. **Granting of waivers on non-financial grounds.** Audit examination of waivers granted on non-financial grounds revealed that in some cases, the MSWs had not provided specific justifications to support the need for granting waivers to the patients who had financial resources significantly exceeded the financial limits for granting waivers. Furthermore, 115 MSWs stated in the audit surveys that they had encountered problems or difficulties in granting waivers on non-financial grounds. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should require MSWs to properly document their justifications for granting waivers, and provide more specific guidance to help MSWs assess the non-financial factors for granting waivers.*

7. **Granting of waivers to non-eligible persons.** In some waiver cases related to non-eligible persons (NEPs – these are people who are not entitled to use public medical services at rates heavily subsidised by the government), the MSWs had not ascertained the financial resources of the NEPs. In some other cases, the MSWs had not complied with the requirements of the waiving guidelines issued in September 2005 in granting waivers to the NEPs. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should take measures to ensure that MSWs request NEPs to report their financial resources, and follow the guidelines for the granting of waivers to NEPs.*

8. **Documentation of waiver assessment.** In some cases, the MSWs did not record their assessment results and recommendations in the waiver assessment forms. Furthermore, the information recorded in the forms did not tally with that recorded in the Electronic Waiving System (EWS). *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should remind MSWs to record accurate and complete information in the waiver assessment forms and the EWS.*

9. **Granting of waivers exceeding \$7,000.** Audit noted that, in the audit sample cases with waivers exceeding \$7,000, the MSWs had granted waivers before obtaining approvals from the proper authority. Audit also noted that long-stay patients in the audit sample were granted waivers repeatedly, with each waiver covering a period of three months, so that the waived amounts did not exceed \$7,000 and the granting did not require the approval of a higher authority. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should take measures to improve control over the granting of waivers exceeding \$7,000, and to specify in the Operational Guidelines the arrangements for the granting of waivers to long-stay patients.*

## **Management control on fee waivers**

10. ***Prevention of fraud and abuse.*** In the audit surveys, 161 MSWs had stated that the Waiver System had been subject to different degrees of potential abuse by patients, and 173 MSWs had considered that additional measures were needed to minimise the risk of fraud and abuse. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should consider developing a strategic approach for tackling fraud and abuse of the Waiver System, 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.*

11. ***Verification of patients' eligibility status.*** Despite that the amount of fees waived for CSSA recipients was significant, only a small percentage of the CSSA waiver cases were selected by the HA for the SWD's manual checking of the eligibility status of patients. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should consider the feasibility of establishing an on-line enquiry facility at hospitals, which can readily confirm the CSSA status of patients.*

## **Provision of waiver service**

12. ***Clerical work in processing waiver applications.*** In the audit surveys, 19 OICs had stated that their MSSUs had been enlisting the help of clerical staff in the preparatory work of processing waiver applications. Audit notes that the time spent by MSWs on preparatory work constitutes a significant proportion of their time spent on processing a waiver application. Enlisting the help of clerical staff would enable MSWs to have more time for carrying out their professional role. Some MSWs had suggested that the task of financial assessment of waiver applications should be conducted by a specialised team. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should evaluate the need for and the cost-effectiveness of extending the use of clerical staff in processing waiver applications, and review whether the waiver service could be carried out by a specialised team in the long run.*

13. ***Granting of waivers to CSSA recipients.*** CSSA recipients are entitled to full waiver of fees upon presentation of their CSSA Medical Waiver Certificates to hospitals' Shroff Offices. Audit however 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. In many of these waiver cases, the patients had forgotten to bring the Certificates. Audit notes that the Certificate, which is an A-4 sized document, is inconvenient to carry and can be easily torn or worn off. *Audit has recommended that the Director of Social Welfare should consider exploring other more convenient means to establish the CSSA status of patients. The provision of an on-line enquiry facility at hospitals, as recommended in paragraph 11, should help.*

## **Staff training and performance management**

14. ***Training on provision of waiver service.*** In the audit surveys, 71 MSWs stated that the training provided to them was inadequate, and 54 MSWs considered that adequate training had been provided to them but it would be more desirable to receive more training. *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.*

15. ***Quality assurance of work performance.*** Audit surveys indicated that the MSSUs had different practices in the supervisory check of waivers granted by MSWs. The surveys also showed that in the HA's MSSUs, with the exception of one MSSU, regular management review of patients' cases had not been conducted. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should further enhance and standardise the supervisory controls over the granting of waivers at MSSUs, and promulgate appropriate management review arrangements.*

16. ***Performance reporting.*** Although the SWD has undertaken to monitor the effectiveness of its performance pledge on the granting of waivers and report the progress annually, this has not been done. Audit also notes that the HA has not set any performance standards and targets for the provision of the waiver service. *Audit has recommended that the Director of Social Welfare and the Chief Executive, HA should develop performance standards and targets for the provision of the waiver service and regularly report the performance against the targets set.*

## **Response from the Administration and the Hospital Authority**

17. The SWD and the HA have agreed with the audit recommendations.

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