LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

REVIEW OF AUDITOR-GENERAL'S REPORT NO 8, 1997

Salaried Specialists' Use of Private Practice Privileges

STANDING COMMITTEE FOR THE CHIEF MINISTER'S PORTFOLIO (INCORPORATING THE PUBLIC ACCOUNTS COMMITTEE)

Public Accounts Committee Report Number 5

August 1998

RESOLUTION OF APPOINTMENT

The Standing Committee for the Chief Minister's Portfolio was appointed by the Legislative Assembly on 28 April 1998 to examine any matter under the responsibility of the Chief Minister's portfolio. The Assembly also resolved that the committee perform the duties of a public accounts committee, specifically:

(a) to examine:

  (i) the accounts of the receipts and expenditure of the Australian Capital Territory;

  (ii) the financial affairs of authorities of the Australian Capital Territory; and

  (iii) all reports of the Auditor-General which have been laid before the Assembly;

(b) to report to the Assembly, with such comments as it thinks fit, on any items or matters in those accounts, statements and reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed; and

(c) to inquire into any question in connection with the public accounts which is referred to it by the Assembly and to report to the Assembly on that question.

MEMBERSHIP OF THE COMMITTEE

Mr Ted Quinlan MLA Committee Chair

Mr Trevor Kaine MLA Deputy Committee Chair

Mr Greg Cornwell MLA

Secretary: Bill Symington

1. INTRODUCTION

Background

1.1. Auditor-General's report No 8, 1997 was presented to the Assembly on 3 September 1997.

1.2. Review of this audit report by the Public Accounts Committee in the previous Assembly had not been completed before the Assembly was dissolved prior to the February 1998 election. In accordance with the resolution of the Assembly this committee has exercised its power to consider and make use of the evidence and records of the Public Accounts Committee in the previous Assembly.

1.3. The audit arose from an earlier audit report on The Canberra Hospital management of salaried specialists (Auditor-General's Report No 6, 1997 which is reported on separately by the committee in its Public Accounts Committee Report No 4 of August 1998).

1.4. The audit noted that it represents a detailed review of the more material issues which became apparent in Auditor-General's Report No 6, 1997 and also provides a deeper coverage of some issues which did not fit into the scope of that audit.

2. AUDIT FINDINGS

2.1. The audit findings were:[1]

(i) up to a third of specialists do outside practice which impacts on their time available to perform public sector duties at the hospital, and some do not have approval to conduct outside practice

(ii) management does not know whether specialists make up time taken for outside private practice

(iii) many old scheme specialist's outside practice activities constrain the hospital from using them efficiently

(iv) most new scheme specialists' outside practice activities do not impact on efficiency

(v) specialists and others but not the hospital are the major beneficiaries from the Private Practice Fund

(vi) control over Private Practice Fund conference travel and research expenditure is not fully adequate

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(vii) hospital management has not taken action to ensure inefficiencies in radiology services are addressed

(viii) the hospital did not negotiate productivity gains in return for substantial benefits to specialists in the last enterprise bargaining agreement.

COMMITTEE APPROACH

2.2. Comment on the audit findings was sought by the Public Accounts Committee (PAC) in the previous Assembly from the Minister for Health and Community Care and the Minister provided a Government submission to the PAC in a letter dated 31 December 1997.

3. GOVERNMENT COMMENT ON THE ISSUES

3.1. The Minister's covering letter to the PAC with the Government submission made a general comment that the Government is:

- pleased with progress at The Canberra Hospital in monitoring and evaluation of private practice arrangements

- supportive of the current private practice arrangements in that they ensure that the ACT Public Hospital system has the use of valuable professional skills that would be invariably lost to the Territory without such a scheme

- committed to the Private Practice Trust Fund which directly and indirectly provides benefits to the community and in order to protect the public interest, the Government is introducing new procedures to ensure that that the Fund operates within acceptable accounting standards

3.2. The Minister also commented that possible breaches of private practice agreements will be eliminated through better management of salaried specialists' time.

SPECIFIC COMMENTS BY THE MINISTER IN RELATION TO MATTERS RAISED BY THE AUDIT

Outside private practice - time available for public sector duties

3.3. The Minister advised that the data upon which the audit opinion is based refers to the Royal Canberra Hospital and not The Canberra Hospital. The data provided to-the Auditor General's Office by the Health Insurance Commission was based on the request from the Auditor-General for information relating to the provision of services from Royal Canberra.

3.4. The Minister further commented that a follow up review of the data was sought from the Health Insurance Commission which had advised that in the time available two providers only were checked and the extent of the problem could not be clearly estimated. However, considering the number and value of the services reported for these two providers alone far exceed any other providers this suggested that the information contained in the audit report is of little value.

3.5. The Minister advised that The Canberra Hospital would seek a meeting with the Auditor General to determine future action.

Outside private practice - making up time

3.6. The Minister advised that following Auditor-General's Report No 6/97 The Canberra Hospital undertook a review of all salaried specialists conducting outside private practice. The Canberra Hospital, through a contracted consultant, contacted each salaried specialist with approval to conduct outside private practice to determine the level of private practice and to confirm schedules of "make up" time where required.

3.7. The Canberra Hospital is continuing to monitor and assess these arrangements and the Minister advised that it is satisfied that sufficient information is available for this task, that negotiations have commenced with specialists who are not conforming with The Canberra Hospital requirements and that while the Auditor-General is aware of this the results of the review were not adequately reflected in the audit report.

3.8. The Minister advised that The Canberra Hospital will continue to monitor and assess compliance with the agreements entered into with salaried specialists in relation to the level of outside practice and the performance of "make up" time where required.

On-site private practice - constraints in using specialists involved in such activities

3.9. The Minister advised that an independent consultant's review had found that the amount of time that salaried specialists spent in direct patient care was adequate and consistent with other similar large teaching hospitals in NSW and Victoria, and noted that "Old Scheme" specialists and specialists employed as Scheme B and C salaried specialists have rights of on-site private practice.

3.10. The Minister advised that these specialists practice that right in relation to patients who are referred to The Canberra Hospital and the Hospital accepts that these specialists must use a large percentage of their time at the Hospital to provide for the needs of the patients that have been referred there.

3.11. The Minister suggested that the audit report implied that Scheme C specialists are involved in seeing too many patients in a private capacity, given that The Canberra Hospital is responsible for paying 75% of their salary but failed to note that

Scheme C specialists provide a medical service that is not readily available anywhere else in the Canberra region. Further, the Minister stated there is no evidence to suggest that any patients, public or private are not treated as required by salaried specialists at The Canberra Hospital.

3.12. Nevertheless, the Minister advised that The Canberra Hospital will continue to review the referral and practising arrangements of salaried specialists.

On-site private practice - new scheme specialists impact

3.13. The Minister accepted that the majority of new scheme specialists' private practice is not sufficient to have any significant impact on hospital efficiency, and advised that The Canberra Hospital will continue to review the referral and practising arrangements of salaried specialists.

Private Practice Fund - expenditure

3.14. The Minister advised that the system of Private Practice Funds used by The Canberra Hospital is consistent with procedures in other States. The Fund is organised to provide benefits for its major contributors. Salaried specialists only receive amounts up to their contractual agreement. The system of agreements in lieu of private practice was devised to entice specialists to work in public hospitals. As such, profits from the Fund contribute part of the remuneration for specialists and without this arrangement The Canberra Hospital would have difficulty in attracting and keeping salaried specialists.

3.15. The Minister further advised that the majority of funds are collected on behalf of "old scheme" specialists who are long term employees. The continued exposure of these practitioners to current medical practices, as provided for by the Fund, directly benefits The Canberra Hospital and the community. A recent examination of costs associated with conferences has shown that, in the majority of cases, the conferences attended were related to the speciality of the attendee.

3.16. In relation to equipment purchased by the Fund, the Minister advised that The Canberra Hospital has instituted a policy that requires all purchases of computer equipment be entered into the Hospital's asset register. The equipment is to be returned to the Hospital on resignation or retirement. Specialists are subject to the same consequences as all other employees where equipment is not returned when they leave the Hospital's employ.

3.17. The Minister advised that The Canberra Hospital will continue to monitor the management of the Private Practice Fund to ensure that all purchases are allowed within the guidelines for the Fund.

Private Practice Fund - purchase of capital equipment

3.18. The Minister advised that the audit report incorrectly states that there has been no major purchase of medical equipment from the Hospital account since July 1994 and stated that in November 1995, the Private Practice Fund had provided $250,000 for ultrasound equipment and had agreed, in principle, to supplement the purchase of a CT Scanner up to $250,000.

Private Practice Fund - travel and research

3.19. The Minister advised that from January 1997 access to funds from the Private Practice Trust Fund for further travel or research is dependent on the receipt of an acquittal of funds and/or a post travel report before any new application is processed.

3.20. The Minister stated that the audit report finding of inadequate acquittal of travel and research funds provided by the Private Practice Trust Fund is inaccurate as the audit did not consider the due date of acquittal reports. Although some reports were outstanding at the time of the audit, investigations by a consultant at the time of the audit found there was an 80%-85% compliance with the requirements and that this was expected to increase to 100% by July 1998.

3.21. The Minister stated that the hospital has systems in place to ensure that acquittals of funds provided for travel and research from the Private Practice Fund are completed within reasonable accounting expectations.

Allegations in regard to certain salaried specialists

3.22. The Minister advised awareness of the reduction in salaried specialists clinical activities over the period covered by the audit but noted factors, not related to the amount of outside private practice undertaken, which affected the decline in the number of occasions of service provided by salaried specialists in the radiology area. These included:

- the strike by Visiting Medical Officers in 1993-94, the first year used by the Auditor-General for comparative statistics. Salaried specialists were required to work additional rosters to cover the patient load

- one of the four salaried specialists resigned in 1995

- a magnetic resonance imaging service was added to the Radiology Department in July 1994 and the additional function was absorbed by the Department rather than increasing staffing to cover the added workload

- specialists have approval from previous management of The Canberra Hospital to use their annual leave entitlements for private practice opportunities although this decision is currently under review

- one staff specialist is involved in complicated interventional and time consuming procedures which leave little time available for general reporting.

3.23. The Minister contested a remark in the audit about "strongly persuasive evidence" relating to various activities within the Hospital Imaging Department and referred specifically to unauthorised attendances and reduced activity levels. The Minister advised that the Hospital is engaged in ongoing consultations with the Radiology Department with the aim of determining the most efficient and effective delivery of radiology services at the Hospital.

Enterprise bargaining agreement

3.24. The Minister advised that the Salaried Medical Officers' Enterprise Bargaining Agreement (EBA) 1996/97 provided for a total pay increase of 5.6% in three staged payments. One of these (2% from 1 December 1996) was related to productivity improvement, while the others were supplemented and the Minister advised the audit report incorrectly stated that the full 5.6% was related to productivity measures.

3.25. The Minister advised that the majority of EBAs negotiated which relate to The Canberra Hospital have included a productivity component of 3% and a supplemented component of 7. 1 % for a longer period of time. The Salaried Medical Officers' EBA was negotiated in a limited time frame and the productivity component of the pay increase fell due within five months of the agreement being signed. Also, the period of the agreement was for a period approximately half the time span of other EBAs. The agreement provided for the commencement of discussions relating to performance management and, with the formal expiry of the agreement in June 1997, this issue is being progressed in current negotiations.

3.26. The Minister further advised that the Hospital's position in the negotiations is to obtain accountability for medical officers' attendance and individual performance through the use of performance agreements which will be monitored to ensure the required standard is maintained. In addition, all EBA consultations will include discussions on clearly defined and identifiable productivity gains.

4. COMMITTEE COMMENT

4.1. The committee recognises the complexities involved in the management of salaried specialists and, in particular, the administration of arrangements which provide for salaried staff to conduct private practice both within and outside the Hospital.

4.2. Issues arising from these complex arrangements have clearly given rise to unresolved dispute in a number of areas between Hospital management and the Audit Office and this is a matter of concern to the committee. The committee considers it of vital importance that there be confidence in the integrity of management and monitoring systems within the Hospital which is a major consumer of public funds and human and capital resources.

4.3. The committee will seek from the Government assurances that every effort is being made to resolve differences between its concept of accountability within the public health system, and specifically in relation to differences with the Audit Office in relation to management of salaried specialists.

4.4. There also appears to be some misunderstanding within the Health portfolio about certain audit findings as exemplified by the Minister's comment about persuasive evidence which the audit claimed to have gathered in respect to the Hospital's Imaging Department. The committee would hope that the Hospital management would be discussing such matters with the Audit Office as a matter of priority.

5. RECOMMENDATIONS

5.1. The committee recommends that the Government:

(1) Inform the Assembly on:

(i) the outcome of the enterprise bargaining agreement with salaried medical officers;

(ii) the outcome of consultations aimed at determining the most efficient and effective delivery of radiology services;

(iii) measures to ensure full compliance with the acquittal of travel and research funds provided by the Private Practice Fund;

(iv) arrangements to ensure that equipment, books etc, purchased by the Private Practice Fund are accounted for;

(v) the effectiveness of the review of referral and practising arrangements of salaried specialists;

(vi) compliance with agreements with salaried specialists in relation to the level of outside practice and the performance of "make up" time where required; and

(vii) the outcome of the meeting with the Auditor-General to determine future action on the amount of time spent by salaried specialists on outside private practice; and

(viii) what has been done to improve productivity in the Imaging Department and provide a comparative report on the productivity of the Department; and

(2) Resolve any differences between concepts of accountability within the public health system, and especially in relation to matters concerning the

salaried specialists, to the satisfaction of the Auditor-General, and advise the Assembly accordingly.

Ted Quinlan MLA
Chair