IN THE FIRST SESSION OF THE SIXTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

ON THE

PERFORMANCE AUDIT REPORT OF THE AUDITOR-GENERAL

ON THE

MANAGEMENT OF CLAIMS BY THE NATIONAL HEALTH INSURANCE SCHEME

1.0 INTRODUCTION

The Performance Audit Report of the Auditor-General on the Management of Claims by the National Health Insurance Authority was presented to Parliament on Thursday, 18th July 2013 in fulfillment of article 187 (2) and (5) of the 1992 Constitution of the Republic of Ghana.

In accordance with Order 165 (2) of the Standing Orders of the Parliament of Ghana, the Report was referred to the Public Accounts Committee for examination and report.

2.0 PROCEDURE

2.1 To consider the Report, the Committee invited representatives of the under-listed organisations to appear before it as witnesses to testify on behalf of their respective organisations:

i. Ministry of Health.
ii. Ghana Health Service.
ii. National Health Insurance Authority.
iii. Christian Health Association of Ghana.

2.2 Upon the invitation of the Committee therefore, the Hon. Deputy Minister for Health, Dr. Alfred Sugri Tia and officials of the Ministry of Health, the Ghana Health Service, the National Health Insurance Authority and the Christian Health Association of Ghana attended upon the Committee to assist in its deliberations.

2.3 On appearing before the Committee, the witnesses subscribed to the oath of a witness and answered questions relating to issues raised in the Auditor-General's Report, the object and functioning of their respective organisations and on issues of general public interest.

2.4 The Deputy Auditor-General, Mr. Yaw Sifah and a Technical Team from the Audit Service were also present at the Committee's sittings to offer clarifications on the queries/issues raised in the Auditor-General's Report.

3.0 ACKNOWLEDGMENT

The Committee is grateful to the Hon. Deputy Minister for Health, and all witnesses who appeared before the Committee to assist in its deliberations.

The Committee also expresses its profound appreciation to the Deputy Auditor-General and his technical team for availing themselves to assist the Committee in its deliberations.

The Committee further extends its appreciation to STAR-Ghana and the German International Cooperation (GIZ) for supporting the activities of the Committee. Finally, the Committee extends its appreciation to the media (print and electronic) for broadcasting its proceedings.

4.0 REFERENCE DOCUMENTS

The Committee made reference to the following documents during its deliberations:

i. The 1992 Constitution of the Republic of Ghana.
ii. The Standing Orders of the Parliament of Ghana.
iii. The Financial Administration Act, 2003 (Act 654).
iv. The Public Procurement Act, 2003 (Act 663).
v. The Audit Service Act, 2000 (Act 584).
vi. The National Health Insurance Act, 2003 (Act 650).
vii. The National Health Insurance Regulations, 2004 (L.I.1809).
viii. The Internal Audit Agency Act, 2003 (Act 658).
ix. The Financial Administration Regulations, 2004 (L.I. 1802).

5.0 BACKGROUND

The National Health Insurance Scheme (NHIS) was introduced by Government in 2003 to ensure that basic healthcare services are accessible by all Ghanaians. To this end, the National Health Insurance Authority (NHIA) was established to manage the Health Insurance Fund and to supervise and regulate the activities of the District Mutual Health Insurance Scheme (DMHIS) and accredited Health Service Providers (HSPs).

One of the core activities of the NHIA is the management of claims which entails mobilising funds, processing and paying claims. Media reports about unsatisfactory management of the Scheme regarding unsettled claims due HSPs by DMHIS, fraud by HSPs,

threats of HSPs to withdraw healthcare services to subscribers of the Scheme, among others made it necessary for the Auditor-General to commission a performance audit into the management of claims by the NHIA. This was in line with section 13(e) of the Audit Service Act, 2000 (Act 584).

6.0 PURPOSE AND SCOPE OF THE AUDIT

The purpose of the audit was to ascertain whether the structures put in place and activities undertaken by the NHIA is ensuring that funds allocated for claims settlement are used beneficially for the intended purpose.

The entities involved in the audit were the NHIA and the DMHIS. The audit also focused on the vetting and payment of claims from 2005 to 2009.

7.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee made the following observations and recommendations during its deliberations:

a. Misappropriation of Funds and Overpayments

The Committee observed that an audit conducted by the Clinical Audit Unit of the NHIA in February 2010 on 164 HSPs operating under the NHIS revealed a total misappropriation of GH¢6.4 million and overpayments to the tune of GH¢22 million.

Officials of the NHIA informed the Committee that the misappropriation occurred mostly through malpractices such as

the insertion (in the claims form) of drugs not prescribed, creation of claims in respect of persons who did not attend hospital, overstatement of claims, prescriptions not serialised, among others. To recover the funds misappropriated, the NHIA has for instance, through the Attorney-General, instituted ten (10) criminal prosecutions against culprits; out of which eight (8) are on-going and two (2) have been discontinued.

With regard to overpayments, officials of the NHIA informed the Committee that measures have been put in place for the recovery of overpayments made through retrospective vetting of all claims paid. To this end, the NHIA has recovered GH¢8.4million out of the GH¢22million. The moneys that were recovered were mostly from payments that arose out of pure errors and not fraudulent acts. An officer of the NHIA who was found to be involved in the overpayment of claims has been convicted by the courts. Furthermore, about 100 HSPs who were found wanting in the clinical audit have had their accreditation withdrawn by the NHIA.

To mitigate the situation, the NHIA is currently receiving support from USAID to double its clinical audit efforts to help detect and deter wrongful billing, wrongful claims and overpayments. Some categories of staff of the NHIA are also being trained in the vetting of claims. The NHIA has introduced an E-claims system which is currently being piloted in forty-seven (47) hospitals to facilitate electronic vetting.

Inasmuch as the NHIA has put measures in place to recover the monies, the Committee found the situation to be unacceptable. The Committee noted that officers in charge of vetting and paying claims at DMHIS do not have the requisite training and skills. As indicated in the Auditor-General's Report, 26 out of 28 Claim Managers at the DMHIS interviewed had difficulties in the vetting processes; especially in the area of matching prescription with diagnosis. This situation, in the opinion of the Committee, brings their competences into disrepute.

The Committee therefore urges management of the NHIA to pursue the pending court cases with the seriousness it deserves. The Committee also recommends that the NHIA should ensure that the capacity of officers in charge of vetting and paying claims are significantly enhanced through training especially in the area of matching prescriptions to diagnosis. Furthermore, the NHIA should ensure that the DMHIS carry out monthly monitoring of accredited HSPs as is required to prevent large sums of monies being wasted.

b. Delays in Payment of Claims to HSPs by the DMHIS

Regulation 37(7) of the NHIS Legislative Instrument (L.I. 1809) requires that claims for payment should be filed by HSPs within 60 days from the date of discharge of patients or the rendering of service. The NHIA is also required by Regulation 38(1) of L.I. 1809 to pay the claims within 4 weeks after the receipt of same.

Contrary to the above Regulations, the Committee noted that claims submitted by providers are not settled by the NHIA within the stipulated 4 weeks. In 2009 for instance, payment of claims were delayed for periods ranging from 3 to 6 months. The Committee noted that as at its sitting on the 20th of August 2013, claims by the Christian Health Association of Ghana had been settled up to March 2013.

Officials of NHIA informed the Committee that the delay in payment of claims is mainly due to delays in claims submission by HSPs to the DMHIS and delays in claims vetting by the District Offices. Significantly also, the NHIA is confronted with cash flow challenges because statutory releases from Government (National Health Insurance Levies and SSNIT Contributions) are not as prompt as expected.

To address the situation, the NHIA has established four (4) Claims Processing Centres in Accra, Kumasi, Tamale and Cape Coast to ensure effective management of claims vetting and payment processes from the Regional, District and selected Private HSPs. Again, the deployment of E-claims System at the Provider sites will also facilitate electronic submission of claims.

The Committee appreciates the cash flow challenges confronting the NHIA and recommends that the Ministry of Finance should ensure that the release of National Health Insurance Levies and SSNIT Contributions to the NHIA are made with due regard to the National Health Insurance Act, 2003 (Act 650) in order not to affect

the operations of HSPs. It further recommends that the NHIA should update its use of Information Communications Technology (ICT) for on-line acceptance and vetting of claims so as to reduce significantly, delays in claims payment.

c. Establishment of Internal Audit Units

The Committee noted that contrary to section 16(1) of the Internal Audit Agency Act, 2003 (Act 658), the DMHIS paid claims without referring them to an Internal Audit Unit for the necessary auditing activities. The Auditor-General reported that all DMHIS were found to have no Internal Audit Units. As a result, claims vetted by Claim Officers were not counter-checked by any officer.

Officials of the NHIA conceded this fact and informed the Committee that the NHIA is in the process of setting up Internal Control Units in the Regional Offices. Currently, claims payments by the District Offices are pre-audited by the Regional Offices of the NHIS. The District Offices prepare and submit pre-payment plan to the Regional Offices for checks and validation before approval is granted for payment. After payment, the District Offices are required to submit post payment reports to the Regional Offices for verification.

To minimise the risk of waste and fraud, the Committee recommends that internal controls must be instituted in all District and Regional Offices to include pre-auditing of all claims before payments are made. To this end, the NHIA must ensure that Internal Audit Units are established in all DMHIS to enable pre-

auditing of all claims before payments are made. This would help the Schemes to ensure compliance with all relevant rules and regulations, and to deter and detect fraud, waste and irregularities.

d. Data Management of NHIA's ICT Network System

The Committee observed that the NHIA uses ICT to enhance its operations especially in the areas of registration of subscribers, vetting/payment of claims and accounting. However, the Committee noted that the systems in place do not provide the right and reliable data needed as a result of irregularities in the Authority's information systems.

The audit revealed that the computer systems of the DMHIS were not programmed to capture batch and serial numbers of value books obtained from the Controller and Accountant General's Department (CAGD). The system in place accepted any alpha numeric combination as "receipt numbers".

The Committee finds this situation as a possible means by which subscribers could register without paying or officers could register subscribers without issuing the authorised receipts from the CAGD. Ultimately, this could lead to a decrease in revenue mobilisation by the NHIA.

Officials of the NHIA informed the Committee that the Authority has adopted a Biometric Membership Registration System which was scheduled to be rolled out nationwide over a period of fifteen

months starting from September 2013 to address the anomaly of the current system.

The Committee appreciates the efforts being made by the NHIA to address the anomaly and recommends that the NHIA should ensure that batch and serial numbers of all value books obtained from the CAGD are entered unto the Authority's computer system before they are distributed to the various DMHIS. The DMHIS should also enter these numbers unto their computer systems before the registration of subscribers. All computer systems of the Scheme should also be programmed to reject any 'receipt numbers' that do not correspond with those issued by the CAGD.

The Committee further recommends a reconfiguration and interface of the ICT systems being used by the NHIA and all DMHIS so as to be able to detect or query double entry of the same information.

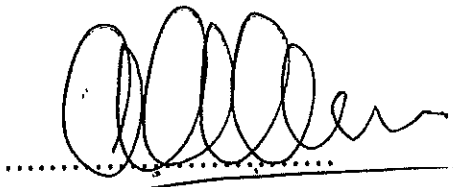
8.0 CONCLUSION

The Committee, after thorough examination of the referral, noted that Management of the NHIA has put measures in place to implement all the recommendations made by the Auditor- General. However, of grave concern to the Committee is the issue of misappropriation of funds. The Committee therefore urges the NHIA to ensure that funds misappropriated are fully recovered with interest. Furthermore, the NHIA should restructure its operations to ensure an efficient and effective claims management within the National Health Insurance Scheme.

In view of the above, the Committee recommends to the House to adopt its Report on the Performance Audit Report of the Auditor General on the Management of Claims by the National Health Insurance Authority.

Respectfully submitted.

HON. KWAKU AGYEMAN-MANU
(CHAIRMAN, PUBLIC ACCOUNTS COMMITTEE)



ABIGAIL ABA ANSO
(CLERK TO THE COMMITTEE)

NOVEMBER, 2013