



Health Funds Association of New Zealand Integrity Registry

Frequently Asked Questions

1. What is the Integrity Registry?

The Integrity Registry is a database, collated by the PricewaterhouseCoopers (PwC) forensic personnel for members of HFANZ, to document relevant suspicious conduct by insured members and medical professionals with whom the members of HFANZ have contracted and made payments to for the provision of medical services.

2. Why has the Integrity Registry been established?

We have no doubts that the vast majority of healthcare providers and those with health insurance are scrupulously honest in terms of the services they provide and the claims they submit. The establishment of this Registry in no way reflects on them. It is targeted at a small dishonest minority who abuse the system.

There is considerable international evidence of undesirable billing practices, false and or fraudulent claims in the general health sector, including health insurance.

Investigators in the UK for example, have previously identified that up to 5 percent of health insurance claims include an element of inappropriate billing or false claiming.

The University of Portsmouth's Centre for Counter Fraud Studies, which has been researching health fraud since 2009, estimates the cost of fraud and error losses in the UK to be at least 3 percent, and probably more than 5 percent.

In June 2015 the United States Justice Department charged 243 individuals with some \$US712 million worth of false billings for government sponsored medical schemes and since 2007 over 2300 individuals have been charged with falsely billing more than \$US7 billion.

While not suggesting false or inappropriate claims of such quantum and magnitude exist in New Zealand, it is not unreasonable to anticipate there are some false or fraudulent claims submitted to health insurers in this country.

Data released last year by the Serious Fraud Office suggested as much as between 8 and 11 percent of total entitlements paid by ACC included some level of misappropriation, although the veracity of this figure was questioned. This same report identified the Audit and Compliance section of the National Health Board estimated total fraud of some 2 percent of the national health care costs they monitor.

With New Zealand health insurance funding over one billion dollars of health care in the last year, it would be remiss of the HFANZ not to put in place systems to identify and mitigate fraud.

3. What is the impact of fraudulent claims?

Fraudulent claims are ultimately a cost borne by other policyholders, meaning premiums are higher than they should be.

Translating our National Health Board's conservative estimate of fraud and error of 2 percent represents \$20 million of fraudulent health insurance claims each year in New Zealand, an average of \$15 a year for every person with private health insurance.

4. What kinds of false claims or other probity matters are HFANZ members concerned with at present?

Examples of billing practices which concern members include:

- Claiming for visits over and above those which actually occurred
- Claiming for procedures which are not performed or are more costly than the procedure actually performed
- Medical materials obtained at a lower or zero cost, possibly as a result of related party arrangements
- Products used and charged for and which have been provided to a medical practitioner for research purposes
- The payment of commission or incentives for using specific services or equipment.

5. How will the Registry operate?

HFANZ members will submit details of any suspicious conduct encountered by sending an encrypted email to the PwC forensic personnel.

Any reports received will be cross-referenced with other information previously submitted by members of HFANZ to determine any pattern or the extent of any suspicious conduct.

PwC will notify relevant members of HFANZ they consider should be advised of the notified suspicious conduct or information. This will typically be only where another HFANZ member has made a notification about the same person or entity to the Registry, or where there is evidence that the other member may have information or be impacted by the event(s) reported.

PwC will also provide HFANZ and members with an anonymised monthly summary of reports received. The information may also be used to provide HFANZ members with details of fraud trends or techniques.

6. Who will receive reports?

As indicated in the previous question PwC will notify relevant members of HFANZ.

PwC will also provide a monthly high level anonymised summary of reports received to HFANZ and members.

Where there is clear evidence of fraud the member, or on the instruction of the member PwC, may notify the police.

7. What confidence is there that information will be kept secure and confidential?

All correspondence between an HFANZ member and PwC will be by way of encrypted email.

The monthly report provided by PwC to HFANZ and members will be anonymised.

8. What notification has there been to insured persons and medical providers about the Registry?

HFANZ has notified numerous medical organisations of the establishment of the Registry. This includes:

- District Health Boards
- Primary Health Organisations
- Health-related regulatory authorities
- Health-related trade unions
- Other medical associations.

HFANZ members will also be progressively amending policy documents, claim forms and prior approval forms to reflect the establishment of the Registry and authorising the insurer to collect, use and disclose relevant personal information and health information for the purposes of the Integrity Registry.

9. Does the establishment of the Registry or the provision of information about individuals breach their privacy or the Health Information Privacy Code 1994?

HFANZ is confident and satisfied that privacy aspects have been appropriately considered and catered for in the development of the Registry. We also believe the establishment of the Registry and the reporting of suspicious behaviour to the Registry complies with the Health Information Privacy Code 1994.

HFANZ members already hold personal information and health information about insured persons, and are aware of privacy issues of both insured persons and those who provide medical services.

Policy documents and claim and prior approval forms are being amended by members to reflect the establishment of the Registry, and authorising the member of HFANZ to disclose relevant information to the Registry.

Where the insured or medical service provider has not consented to their information being collected for the Registry the insurer member is not permitted to submit the information to the Registry.

10. Who will have access to personal health information?

Insurers and medical providers already hold personal and health information about insured persons. This is standard procedure and is outside the scope of the Registry, and for which they already have confidentiality and access protocols.

All information held in encrypted emails and secured electronic files by PwC will only be accessible by authorised PwC forensics personnel.

11. Will insured persons and medical services providers be advised if they are reported to the Registry?

Initial notification to the Registry is unlikely to be notified to the insured person or medical services provider.

However where the notification identifies potential fraud or other serious probity concerns the member may choose to address this with the insured or provider. This will include giving the opportunity to clarify and correct what they believe to be incorrect or inaccurate information held on the Registry.

Where it is believed there is clear evidence of fraud the police may be informed. In these circumstances it is unlikely the insured or medical services provider will be notified prior to the police being informed.

12. How long will information reported to the Registry be retained for?

Information will be destroyed five years after being received by the Registry.