

Health and Social Services Department

Chief Executive Office
Peter Crill House
Gloucester Street
St Helier, Jersey, JE1 3QS
Tel: +44 (0)1534 442285
Fax: +44 (0)1534 442887



10 March 2017

Deputy A D Lewis
Chairman
Public Accounts Committee
Morier House
Halkett Place
St. Helier
JE1 1DD

Dear Deputy Lewis,

Thank you for your letter of 17th February 2017 regarding the Comptroller and Auditor General's follow up report on private patient income.

As the C&AG reports, progress in implementing some of her recommendations has not been as rapid as, she and we, would have liked. Whilst I appreciate the Committee's concerns regarding the timing of the implementation of the C&AGs recommendations, I would like to take this opportunity to assure you and the Committee that my senior team and I place great importance on recommendations from internal and external audits and the timely implementation of recommendations. However, the resources available to implement and deliver change in the service are limited and we have to prioritise; balancing a wide range of matters, including patient safety issues, implementing recommendations from reviews (including internal and external audit, Scrutiny Reviews, as well as other commissioned reviews), service transformation, delivery of our savings programme and service improvements.

I was pleased to note that the C&AG recognised that we had adopted a good, effective and structured approach to implementing her recommendations and that we had rightly focussed on the high priority areas. I have set out further explanation of the points raised in your letter below; I hope this further information, together with the C&AGs report, provides you with a similar assurance and level of comfort that these matters are being prioritised and progressed as speedily as practicable.

I have also attached a detailed response and action plan in respect of the C&AGs latest recommendations; you will note that this has been incorporated into our existing action plan to ensure that we continue the good practice that the C&AG commented upon in her report.

1. Private Patient Policy Ratification (page 8)

HSSD has now agreed and approved its overarching Private Patient Policy. This replaces the existing individual policies and procedures that existed previously. This process to consolidate, revise and replace existing policies and procedures has taken longer than first envisaged due to an extensive consultation and engagement with all relevant stakeholders, whose level of engagement was very positive requiring appropriate consideration of the issues raised before the Policy was proposed for approval. Unfortunately, the Officer responsible for leading this piece of work was also off work for a period of time due to illness which further delayed the final approval. I am pleased to advise that a final version was approved by the hospital's Care Quality Group on 27th February 2017.

2. Policy on Charging Private Patients (pages 8-10)

The principles of charging for Private Patients have been reviewed and have been incorporated into HSSD's approved policy. The attached action plan also details various further activities that are underway to improve our identification and collection of income.

3. Procedural guidance to be incorporated in the Private Patients Policy (page 8-10)

HSSD's policy now provides clear, consistent and comprehensive guidance for staff to support the identification, capture and charging of all private patient episodes at the hospital. As set out in point 2, the attached action plan also details various further activities that are underway to improve our identification and collection of income.

4. Evidence of Robust Governance Arrangements necessary for the establishment of the proposed Trading Operation

No decision has yet been made regarding the establishment of a Trading Operation. The Department is still in discussion with the Treasury on how this proposal could be taken forward. The Comptroller and Auditor's recommendation 4 in her most recent report is clear on the need for robust governance if this proposal is taken forward. Following discussion between the Department and the Treasury any proposal will require a report and proposition to the Assembly; this report will include details setting out robust governance, oversight and management arrangements to support the management of a Trading Operation.

5. Robust arrangements for identifying private patient activity and charging (pages 18-20)

HSSD already has systems and processes in place to bill patients and insurers for the activity captured on TrackCare, HSSD's Patient Administration System (PAS). However as identified in the CAG's initial 2015 report it was noted that HSSD did not have sufficient assurances in place to ensure that all PAS records were complete. Since that report HSSD has carried out a review of its "Outpatient" private patient activity and has put in place measures to strengthen the administration of this area through the creation of a new role to support the identification, capture and charging for patients accessing hospital services privately on an outpatient basis. HSSD is currently in the process of advertising for this post and subject to appointment will be operational by end of Q2 2017. In addition to this HSSD has also made funding available to strengthen its clinical coding team (in line with its previous commitments) which will allow for the coding (identification) of all private patient episodes in theatre. HSSD is currently in the process of advertising and recruiting to this post. A training program of six months is required for all new starters which will delay implementation of this action up to the end of 2017.

6. Guidance for staff on identifying and charging for private patient activity

HSSD's Private Patient Policy provides staff with guidance through clear operating procedures to support the identification, capture and charging of all private patient episodes at the hospital.

7. Implementation of Audit procedures for cost and activity of private patient business (pages 18-20)

Following the Comptroller and Auditor General's initial report, the Department commissioned an independent review of the 2015 tariff development methodology. This review concluded that the costs and prices produced by HSSD were reasonable and the sophistication of the excel model was proportionate to the value of business. The tariff was subsequently uplifted for inflation in 2016 and 2017.

The current project to deliver Person Level Costing Information (PLICS) will be used to rebase the tariff for 2018. The Chief Internal Auditor has agreed to audit the PLICS output going forward.

8. KPIs to evaluate the outcome of the new policy and procedures (page 23)

HSSD has developed an integrated reporting framework incorporating financial and non-financial measures, regularly reporting activity and KPI data through its Private Patient Management Committee, copies of which can be seen in the minutes of those meetings.

The Department has recently extended its Integrated Reporting framework to include an integrated report focussed just on hospital operations; this includes KPIs specifically related to private patient activity, including:

- Private Patient Volumes split by Inpatient, Day-case and Outpatient activity
- Private Patient Activity by Specialty
- Private Patient Activity by Consultant
- Average Length of Stay (LOS)
- Private Patient Activity by Discharge Time

All KPI's monitor variances between current and prior year where possible. In addition, the Private Patients Committee also monitors the following KPIs:

- Private Patient Income by Insurance Provider
- Top 20 Procedures by Volume
- Top 20 Procedures by Value
- Year to Date Income by Service
- Year End Forecast
- Year to Date Variance
- Cumulative Income: Actual vs Budget

HSSD will monitor these KPIs and consider the updating of these KPIs as part of developing the Integrated Reporting framework and the planned review of the recently approved Policy. By its nature, this framework and the KPIs reported and kept under continual review and development.

9. Documented process to confirm that consultants are being monitored in how they undertake their private work alongside public contractual obligations

The Consultant job plan is contractually required to document public activity. Jersey Consultants are paid a flat 40 hour week, most job plans represent more than 40 hours per week in recognition of private work on site. It can be demonstrated in the timetable that Consultants surgeons work their 40 hours of public work before even calculating their time in theatre (which is when private activity is undertaken). When job timetables are reviewed the inclusion of private sessions, that are fixed, may be included for completeness but this is not a contractual requirement and will not be calculated in their public working hours.

The monitoring of Consultant staff public work is undertaken in a variety of ways – dependent on specialty and includes:

- Review of public clinics attended
- Review of theatre lists attended
- Monitoring of private cases v public cases on theatre lists
- Review of on-call commitments undertaken
- Review of the job timetable
- Feedback from colleagues
- Annual appraisal
- Other sources of information e.g. datix, complaints, attendance when not on call etc.

I hope that my letter together with the attached action plan, incorporating recommendations from both C&AG reviews, is helpful to the Committee and provides the assurance you are seeking.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie Garbutt'. The signature is fluid and cursive, with the first name 'Julie' written in a larger, more prominent script than the surname 'Garbutt'.

Mrs Julie Garbutt

Chief Executive

Direct dial: +44(0)1534 442285

Email: J.Garbutt@health.gov.ie

Enc.

CAG Recommendations: Private Patients Income (Reports: April 2015 and February 2017)

COMPTROLLER & AUDITOR GENERAL (CAG)					
CAG Report	Open Recommendation/Task	Comments	Action/Update	Target Deadline	
Private Patients: Policy & Procedural Documents	2015/R1 Develop an overarching private patient policy	CAG follow-up report dated 09/02/2017: "Content agreed but not yet ratified or implemented".	A final version of HSSD's Overarching Private Patient Policy has now been agreed by the hospital's Care Quality Group and was formally ratified and implemented on 27 th February 2017.	Completed - 27 th February 2017	
	2015/R2 Reconsider the appropriateness of current policies for charging for private patient activity.	CAG follow-up report dated 09/02/2017: "Partially Implemented"	The principles of charging have been reviewed and incorporated into the overarching policy which was adopted by the organisation on 27 th February 2017.	Completed - 27 th February 2017	
	2015/R3 - Review, update and close current gaps in the coverage of procedural documents	CAG follow-up report dated 09/02/2017: "Agreed but not implemented".	HSSD's overarching policy provides consistent and comprehensive guidance for staff to support the identification, capture and charging of all private patient episodes at the hospital.	Completed - 27 th February 2017	

CAG Report	Open Recommendation/Task	Comments	Action/Update	Target Deadline
	2017/R2 - Ensure implementation of Policy addresses relevant risks and opportunities	Date of report: 9 February 2017. Implementation of this recommendation aligns with (R1) April 2015 report	Approved Policy addresses risks including those identified in initial report. HSSD will conduct a review of its Private Patient Policy 1 year post implementation to consider its impact and effectiveness and whether any additional measures need to be incorporated to mitigate risks identified subsequent to its implementation.	Undertake Review Q2 2018
	2017/R3 - Establish a schedule of KPIs to evaluate key aspects of the Policy, and associated guidance	Date of report: 9 February 2017	The Department has extended its Integrated Reporting framework to include an integrated report focussed just on hospital operations; this includes KPIs specifically related to private patient activity, including: • Private Patient Volumes split by Inpatient, Daycase and Outpatient activity • Private Patient Activity by Specialty • Private Patient Activity by Consultant • Average Length of Stay (LOS) • Private Patient Activity by Discharge Time All KPI's monitor variances between current and prior year where possible. In addition, the PPC also monitors the following KPIs:	Initial KPIs in place now Review Q2 2018

			• Private Patient Income by Insurance Provider • Top 20 Procedures by Volume • Top 20 Procedures by Value • Year to Date Income by Service • Year End Forecast • Year to Date Variance • Cumulative Income: Actual vs Budget HSSD will monitor these KPIs and consider the updating of these KPIs as part of developing the Integrated Reporting framework and the planned review of the recently approved Policy.			
		2017/R4 - Trading Operation: If proposals are taken forward, establish robust governance, oversight and management	Date of report: 9 February 2017.	The Department is in discussion with the Treasury over proposals for a Trading Operation. If the proposal is taken forward, it will require a report and proposition to the Assembly; this report will include details setting out robust governance, oversight and management arrangements to support the management of a Trading Operation.	To be completed before R&P is lodged	
CAG Report	Open Recommendation/Task	Comments	Action/Update	Target Deadline		
Private Patients: Establishing Charges for Private Patient Business	2015/R8 - Quality control procedures for patient level information used in tariff development	(R8) CAG follow-up report dated 9 February 2017 recognises this as 'partially implemented'	The Head of Informatics is continuing to work through the data quality improvement. This plan includes a systematic 'deep dive' review programme by service and work on culture and	Data quality improvement is an on-going process, with no specific end date		

			engagement to improve the completeness and accuracy of data capture for all purposes including the data which is currently used in tariff development and will also be used in PLICS which will change the way the PP tariff is calculated in future years. Data quality monitoring is in place for the main hospital system. This has enabled increased confidence in the data used in analysis and reporting. Data Quality processes have been reviewed and streamlined, with the development and review of standard operating procedures. These will continue to evolve to ensure that time is spent on the most important and beneficial issues. Informatics have developed initial data quality dashboards that demonstrate improvement in data quality over a number of areas in the hospital, including waiting lists and theatre utilisation. Patient information datasets are currently being assembled, assessed and cleansed under expert direction in preparation for the PLICS implementation which is scheduled to take place in the latter part of 2017. The output from PLICS will form the basis of future PP Tariff development.	
--	--	--	---	--

		2017/R5 - Plan and implement audit programme (cost and activity information)	Date of report: 9 February 2017. Implementation of this recommendation aligns with (R9) April 2015 report	The Department commissioned an independent review of the 2015 tariff development methodology. This review concluded that the costs and prices produced by HSSD were reasonable and the sophistication of the excel model was proportionate to the value of business The tariff was uplifted for inflation in 2016 and 2017. In addition, the States year-end audit covers the overhead apportionment to service lines in the service analysis which is used to attribute overheads to PP costs in the tariff development process. The current project to deliver Person Level Costing Information (PLICS) will be used to rebase the tariff for 2018. The Chief Internal Auditor has agreed to audit the PLICS output going forward.	Q4 2017
		2015/R9 - Adopt and implement proportionate audit procedures (cost and activity information) to inform tariff	CAG follow-up report dated 09/02/2017: "Not implemented".		

Private Patients: Identifying Private Patient Activity and Billing	2015/R10 - Provide clear guidance to frontline staff	CAG follow-up report dated 09/02/2017: "Partially implemented".	The new policy and procedures were approved in February 2017 and provide staff with guidance through clear operating procedures to support the identification, capture and charging of all private patient episodes at the hospital.	Completed - 27 th February 2017
	2015/R11 - Improve accuracy and completeness of the coding of private patient procedures in operating theatres and information on consumables	CAG follow-up report dated 09/02/2017: "Partially implemented".	HSSD has made funding available to strengthen its clinical coding team (in line with previous commitments) which will allow for the coding of all private patient episodes in theatre. HSSD is currently in the process of advertising and recruiting to this post.	End of Q4 2017
	2015/R12 Review process arrangements for outpatient private patient procedures using 'lean' principles	CAG follow-up report dated 09/02/2017: "Partially implemented".	HSSD undertook a review of its "Outpatient" private patient activity in following CAG's initial report. Out of that review came the conclusion that ownership of Private Patient activity on an "Outpatient" basis needed to be strengthened which resulted in the creation of a new role to support the identification, capture and charging for patients accessing hospital services privately on an outpatient basis. HSSD is in the process of advertising for this post and subject to appointment will be operational by end of Q2. Enclosed JD for info:	Q2 2017

			 JPOutpatient&Self PayCoOrdinatorJD24		
Private Patients: Budgeting & Budget Monitoring	2015/R15 - Enhance KPIs on managing private patient finances, including cost recovery rates, as evidence of compliance with framework	CAG follow-up report dated 09/02/2017: "Partially implemented".	See 2017/R3 response HSSD prepares and reports KPIs as described above, which are subject to review. With the further development of Integrated Reporting and the movement towards a Trading Operation further consideration will be given to how these KPIs are best presented and developed.	Q2 2018	
	2017/R7 - Establish and regularly report financial KPIs (current performance and objectives)	Aligns with (R15) Apr-2015 report	HSSD has developed an integrated reporting framework incorporating financial and non financial measures , regularly reporting activity and KPI data through its Private Patient Management Committee, copies of which can be seen in the minutes of those meetings. The Integrated reporting framework has been further developed during the later part of 2016 and into 2017. By its nature this framework and the KPIs reported and kept under continual review and development.	Completed	

	2017/R6 - Agree an overhead apportionment framework for all costing exercises	Date of report: 9 February 2017	There is an agreed method for apportioning overheads in force based on the method used in the production of the Service Analysis in the MTFP and Final Accounts. The Finance team will review and document more clearly how this applies to costing exercises until it is superseded by costing via the PLICS system. The apportionment of overheads within the PLICS costing will incorporate one overhead apportionment process across the costing of all HSS services.	Q3 2017		
	2015/R18 - Document & implement robust overall governance arrangements	CAG follow-up report dated 09/02/2017: "Not yet ratified or implemented".	A final version of HSSD's Overarching Private Patient Policy has been agreed by the hospital's Care Quality Group and was adopted by the organisation on 27 th February 2017.	Completed - 27 th February 2017		
Private Patients: Monitoring Compliance	2015/ R20 - Document the approach to monitoring how consultants undertake their private and public work	(R20) re-opened on 14/02/2017 in response to CAG follow-up report dated 09/02/2017: "Partially implemented".	The monitoring of Consultant staff public work is undertaken in a variety of ways – dependent on specialty and includes: • Review of public clinics attended • Review of theatre lists attended	Continuous/annual monitoring		

			- Monitoring of private cases v public cases on theatre lists - Review of on-call commitments undertaken - Review of the job timetable - Feedback from colleagues - Annual appraisal - Other sources of information eg datix, complaints, attendance when not on call etc	
	2017/R11 - Document & implement monitoring of standards for managing private and public work, including Job Plans	Date of report: 9 February 2017. Implementation of this recommendation aligns with (R20) of the April 2015 report	As response to 2015/R9 and 2017/R10	Review as part of the annual review of the new policy – March 2018
	2015 / R21 - Clarify and monitor the requirements for quantifying and reflecting private patient work with Job Plans	(R21) re-opened on 14/02/2017 in response to CAG follow-up report dated 09/02/2017: "Not implemented".	The job plan is contractually required to document public activity. Jersey Consultants are paid a flat 40 hour week, most job plans represent more than 40 hours per week in recognition of private work on site. It can be demonstrated in the timetable that Consultants surgeons work their 40 hours of public work before even calculating their time in theatre (which is when private activity is undertaken). When job timetables are reviewed the inclusion of private sessions,	Completed

				that are fixed, may be included for completeness but this is not a contractual requirement and will not be calculated in their public working hours.	
	2017/R9 - Establish arrangements, analysis and reporting, to assess compliance with roles and responsibilities as per the Private Patients Policy	Date of report: 9 February 2017. Implementation of this recommendation appears to align with (R20) and (R21) of the April 2015 report	Some data is available weekly and other data annually. An appropriate 'package' of monitoring data, by specialty, will be established for appraisal and performance review by appraisers and line managers.	Review as part of the annual review of the new policy – Q2 2018	
	2017/R10 - Establish a framework to evaluate the effectiveness of the Private Patients Management Committee	Date of report: 9 February 2017	Managing Director & Director of Operations to review minutes and outputs of PPMC on an annual basis, taking corrective action if required.	Q1 2018 (then annually)	
Private Patients: Arrangements to Manage, Monitor & Evaluate Implications of Recommendations	2017/R1 - Improvements relating to previous audit findings, including open 2015 report recommendations and use of KPIs for effective oversight	Date of report: 9 February 2017	This recommendation relates to the governance aspect of gaining assurance that recommendations and actions from reviews are implemented and addressing the risk / issue effectively.		
			HSSD already records and monitors the implementation of review recommendations and is looking to further improve its overall assurance framework during 2017. Monitoring and reporting of KPIs linked to the Department's objectives are already in place; consideration will be given to how this can be extended to	Q3 2017	

				incorporate this recommendation in relation to review recommendations.	
Private Patients: Longer Term Planning for Private Patient Income	2017/R8 – Produce a longer term plan for private patient business integrated with “Future Hospital” strategy	Date of report: 9 February 2017.	As part of its plans to develop a trading operation, HSSD will produce a longer term plan for private patient business integrated with “Future Hospital” strategy	Q3 2017	
Private Patients: Area for Management Action	2017/A1 – Ensure that the PPMC considers and take action on relevant outputs from TIG	Date of report: 9 February 2017.	The PPMC will consider and take action on relevant outputs from TIG	Q2 2017	
Private Patients: Area for Management Action	2017/A2 – Ensure that the evaluation and documentation of the benefits of the clinical coding and theatre stock management work streams include a focus on private patient management income	Date of report: 9 February 2017. Aligned to Private Patient Coding 2015/R11	HSSD will ensure that the evaluation and documentation of the benefits of the clinical coding and theatre stock management work streams include a focus on private patient management income	Q4 2017	