

Hospital Authority

Management of Outstanding Medical Fees

Outline

1. 5-year overview of fees collection
2. Actions taken so far
3. Further measures being considered to enhance fee collection

1. 5-year Overview

– Defaulted payment of fees for the five years ended 31 August 2006

Number of cases in default	Number of patients (a)	Amount of fees in default			Average amount of fees in default per patient (e) = (d) / (a) (\$)
		Written off in the five years (b) (\$'000)	Outstanding as at 31 August 2006 (c) (\$'000)	Total (d) = (b) + (c) (\$'000)	
EPs	160,875	31,549	67,317	98,866	615
NEPs	36,624	122,962	100,028	222,990	6,089
EPs and NEPs	197,499	154,511	167,345	321,856	1,630

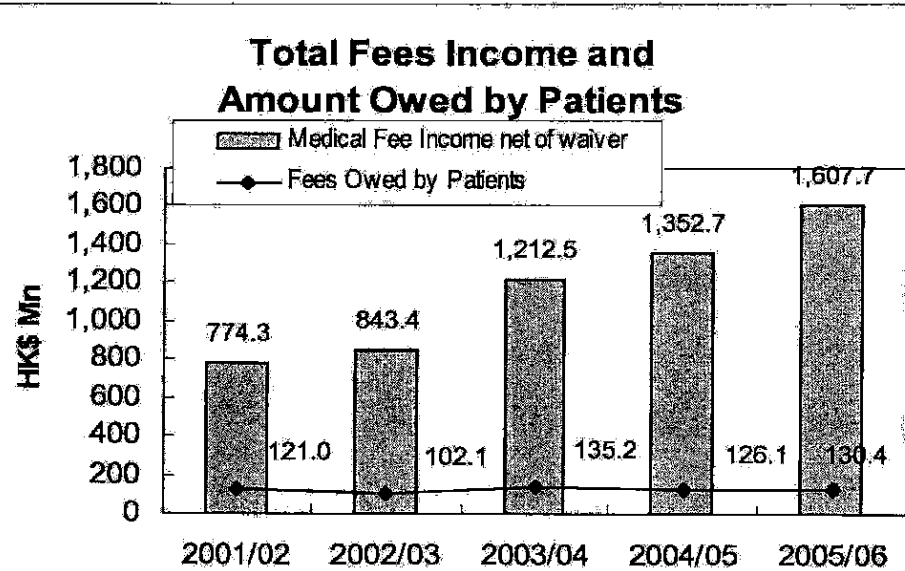
EPs: Eligible Persons

NEPs: Non-eligible Persons

Source: Table 19 of Report No. 47 Of the Director of Audit (Chapter 5)

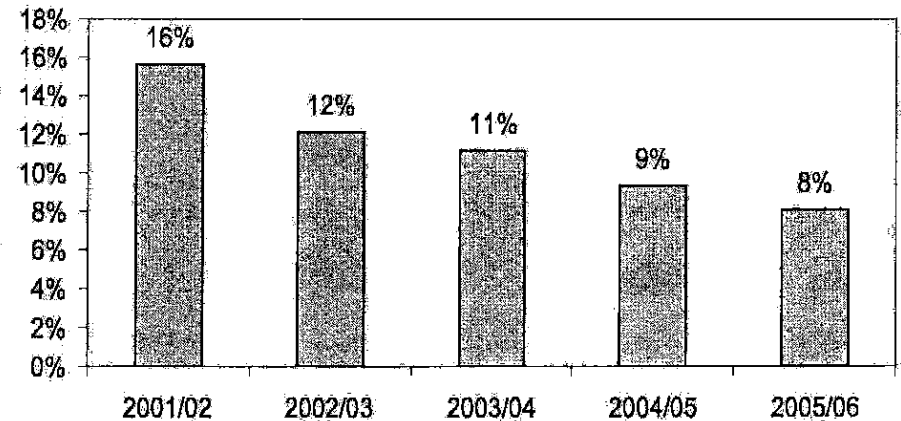
1. 5-year Overview (cont'd)

- Fees collection more than doubled in 5 years
- Fees owed at year end stays the same
- % of outstanding fees declines over the years



Year ended Mar 31	2001/02	2002/03	2003/04	2004/05	2005/06
Accounts Receivable Turnover	57 days	44 days	41 days	34days	30 days

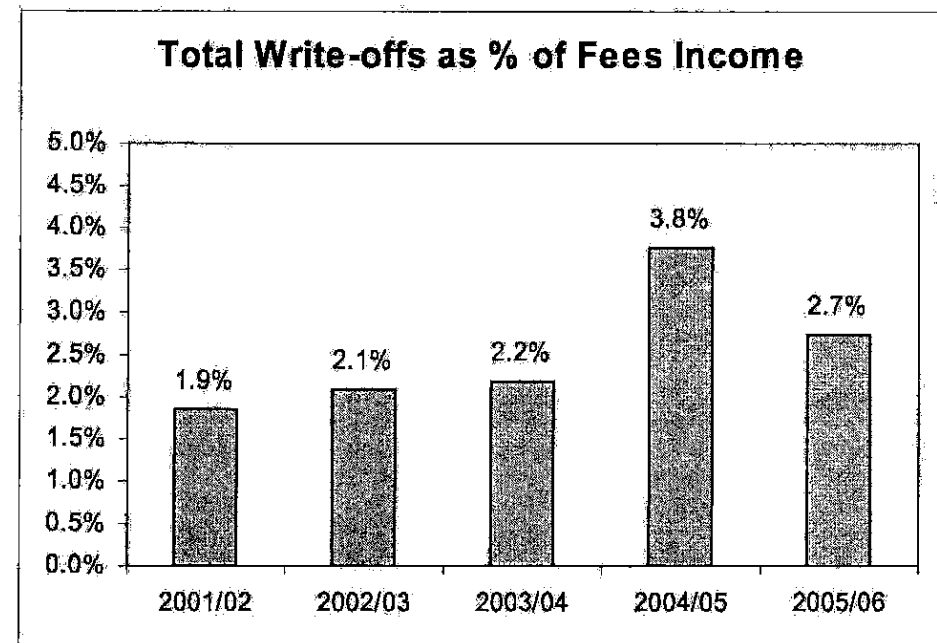
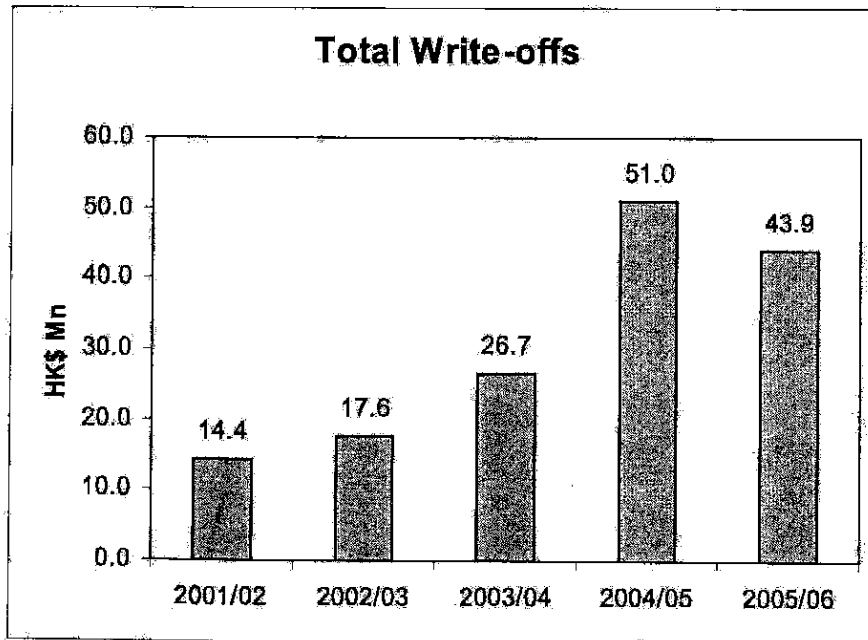
% Fees Outstanding at Year End



Aging Analysis of Fees Outstanding as at 31 March 2006:							
Overdue (months)	<=3	>3-6	>6-9	>9-12	>12-24	>24	Total
As % of total income	4.2%	1.8%	0.9%	0.5%	0.5%	0.2%	8.1%

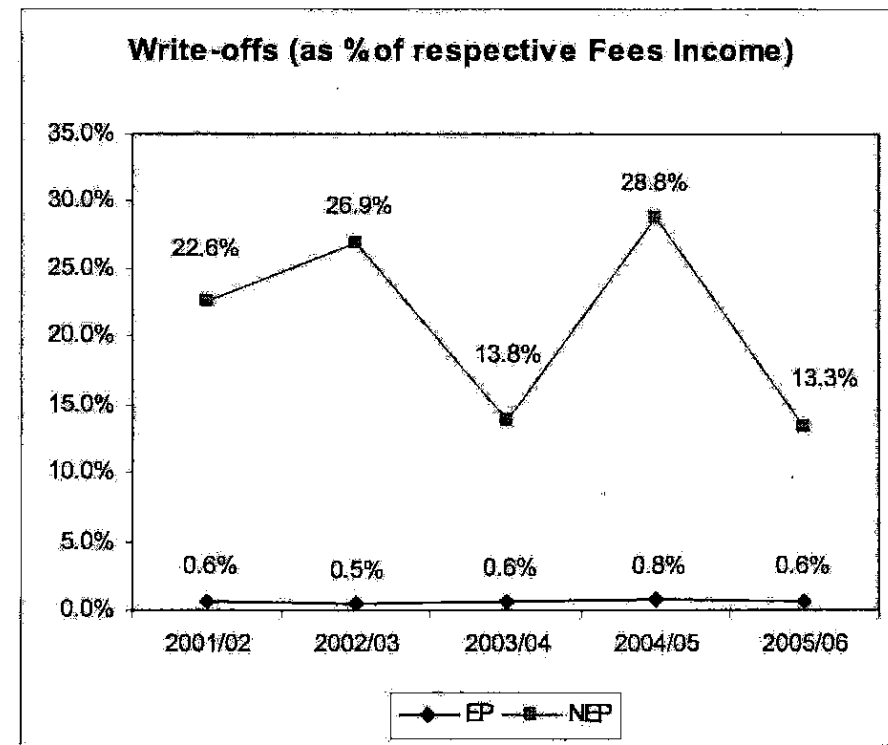
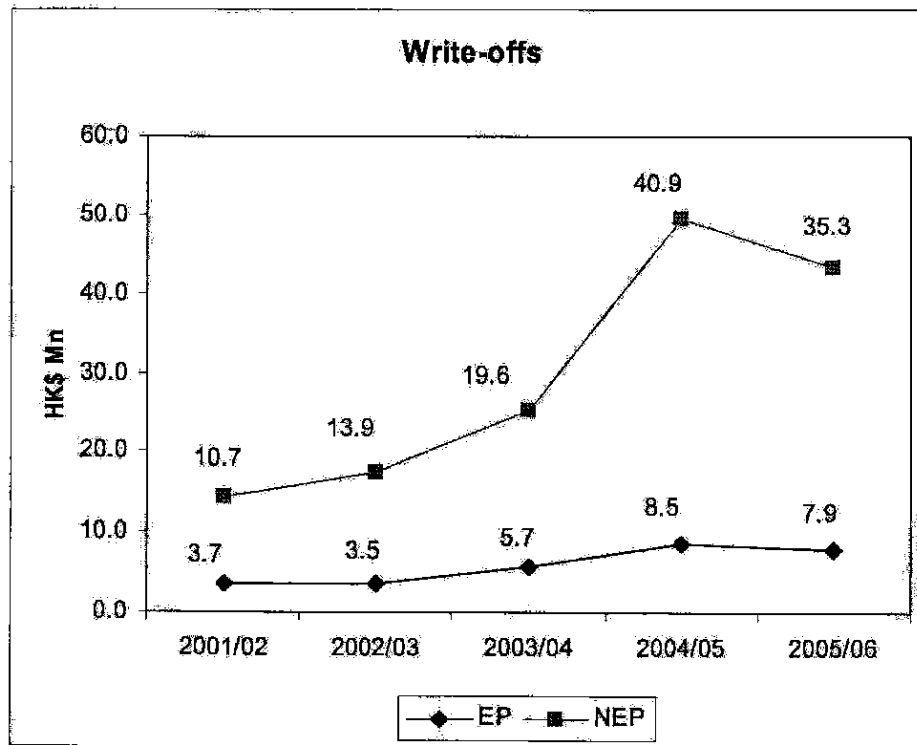
1. 5-year Overview (cont'd)

- But the amount and % of write-offs has increased, in response to:
 - Fee increase in 2003/04 (12 month lag to write-off)
 - Classification of non-resident spouses of Hong Kong residents as NEPs in April 2003
- There has been some progress in the last year in reducing write-offs (from \$51M to \$43.9M)

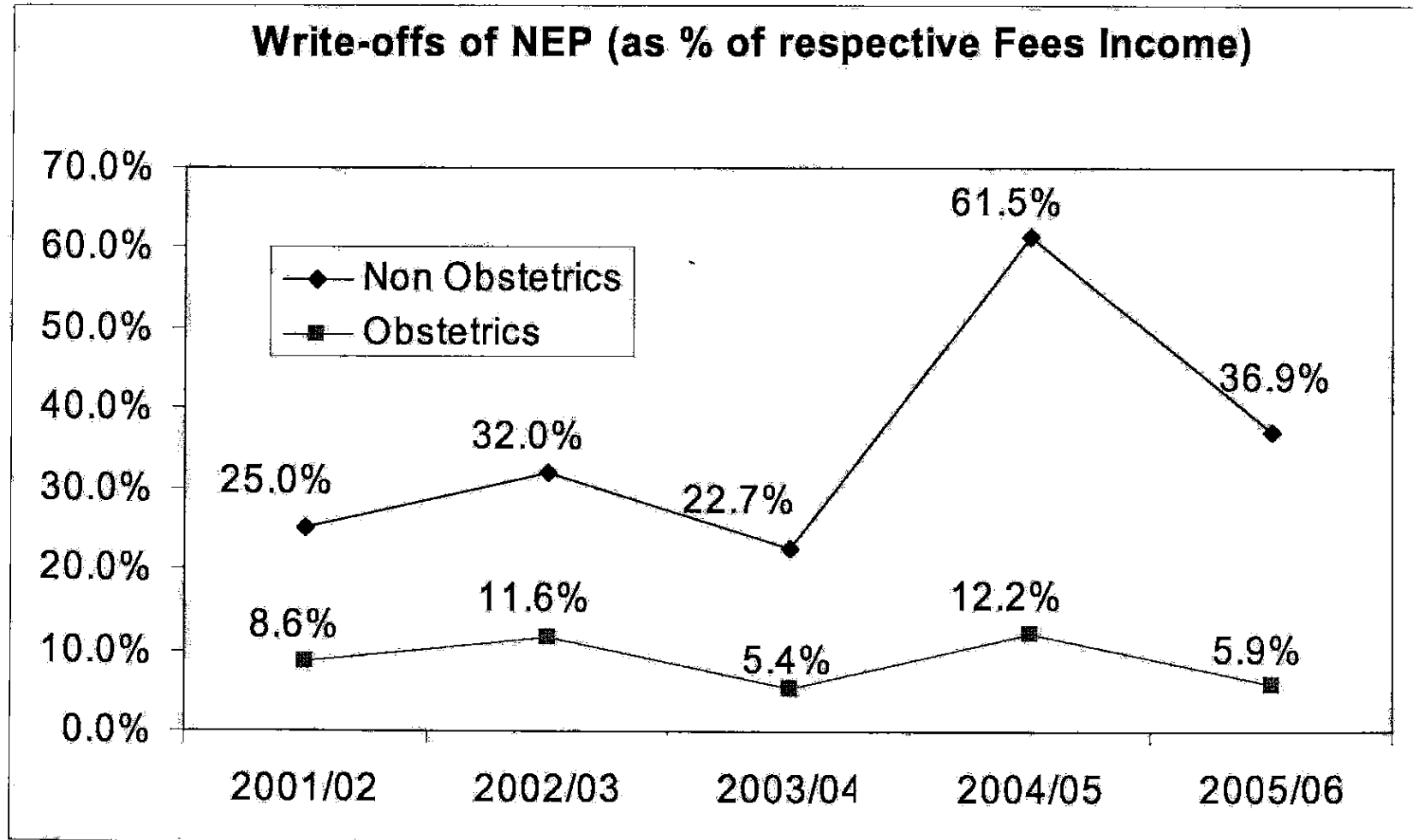


1. 5-year Overview (cont'd)

- Main problem is NEPs

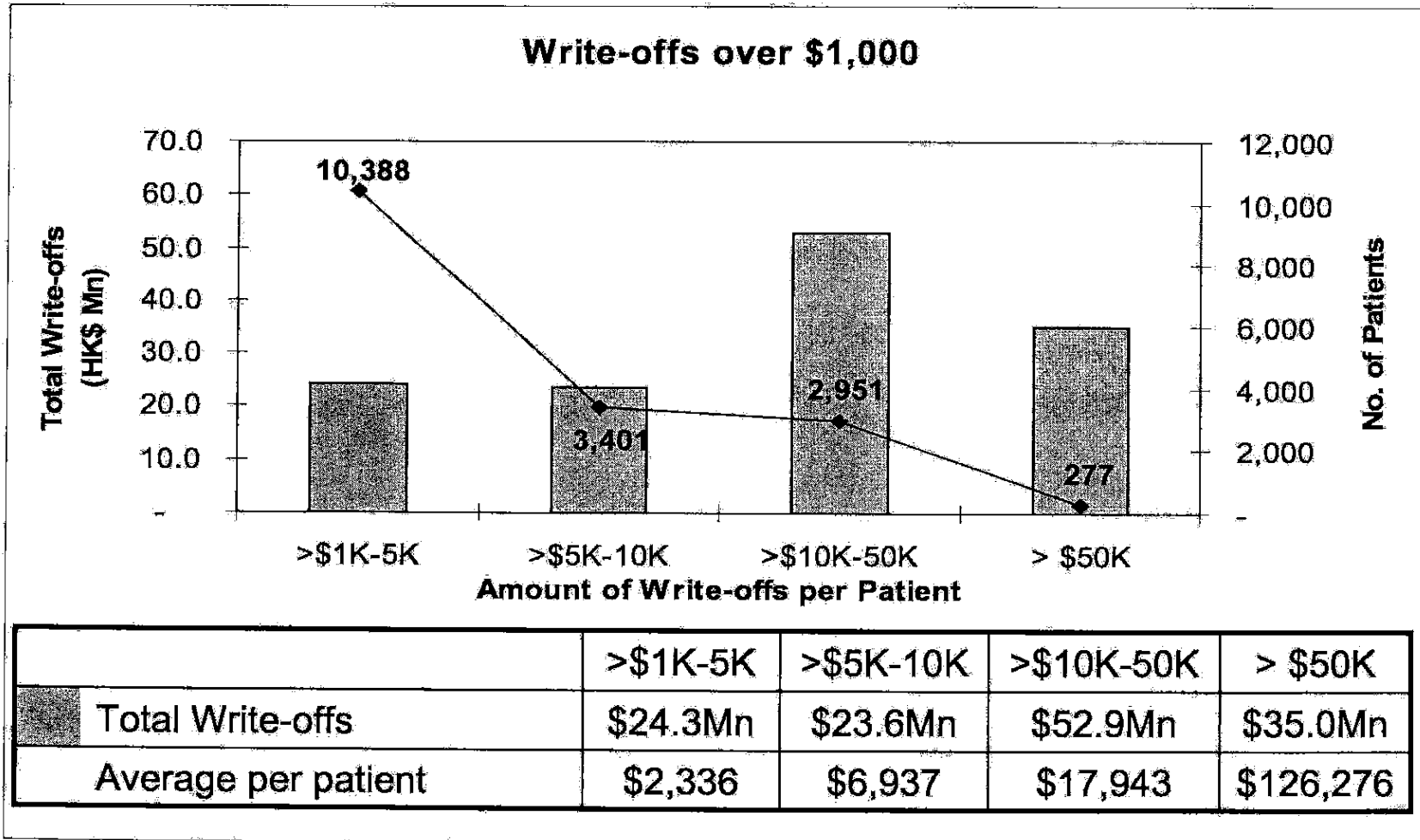


1. 5-year Overview (cont'd)



1. 5-year Overview (cont'd)

- More Beneficial to Target High-Value Debt



2. Action Taken So Far

- **To improve settlement of bills before discharge (pay before you leave)**
 - Request for address proof from inpatients upon admission
 - Collect deposit from NEPs and private patients upon admission except for emergency cases
 - Follow up for outstanding deposit before discharge
 - Increased deposit from \$19,800 to \$33,000 for NEPs
 - More frequent billing of NEPs than EPs
 - Distribute bills to patients in ward (in all major hospitals)
 - Remind inpatients verbally to pay before leaving the hospital. Reminder is also shown on the discharge note given to the patient upon discharge

- **More efficient payment methods**
 - Implemented various payment means such as EPS, PPS, Octopus, credit card (including Rmb pay card)
 - Accident & Emergency Department (24 hours services) collect NEP fees and deposits when shroff offices are closed

2. Action Taken So Far (cont'd)

– To chase up persistent non-payers

- Issue final notices and final warning letters to patients with bills outstanding
- System prompts frontline staff to check patients with wrong address on their next visit to HA hospitals / clinics
- System prompts registration staff of outstanding fees and remind patients to pay upon their return for services
- Show outstanding bill amounts and reminder on outpatient receipts
- Take legal actions at the appropriate court level and execute judgement if necessary, taking into account of chance of success and cost effectiveness

3. Further Measures Being Considered To Enhance Fee Collection

A. Pre-hospitalisation / registration

- Enforce request of address proof
- NEPs with outstanding bills will only be treated if a condition is life threatening and will be refused all other treatment (e.g. specialist outpatient attendances, elective inpatient admissions) until bills are settled. Application of this measure to EPs would be considered later

3. Further Measures Being Considered To Enhance Fee Collection (cont'd)

B. During hospitalisation

- Tighten enforcement of deposit payment
- Staff to follow up on high cost/risk patients with outstanding bills at ward
- More frequent interim billing
- “Abandoned cases”
 - Introduce case management system
 - Work with appropriate agencies to arrange return to home countries
- To consider deposit payment for EPs

3. Further Measures Being Considered To Enhance Fee Collection (cont'd)

C. Upon discharge

- Reinforce payment at discharge
- Provide bills in advance for after hours planned discharge
- Introduce surcharge / administration charge for late payments
- Introduce self-serviced payment kiosk

3. Further Measures Being Considered To Enhance Fee Collection (cont'd)

D. After discharge

- Tighten timeframe for follow up actions
- Submit birth data to Birth Registry upon settlement of outstanding fees
- Consider outsourcing of debt collection function
- ATM + convenience store payment (tendering in progress)
- More KPI + benchmarks in Clusters Performance Report
- Tender for reputable international debt collection agency to pursue high risk NEP bad debts

6 December 2006