Chapter 6
Health—Detecting Inappropriate Physician Payments

1.0 Main Points

Each year, the Ministry of Health pays over $500 million to about 1,800 physicians under a fee-for-service arrangement.

Laws require physicians to submit accurate fee-for-service billings. The Ministry directly compensates them at specific agreed-upon rates for specific services provided to residents with valid health coverage. Under the fee-for-service arrangement, the Ministry cannot practically confirm the validity of all billings before paying physicians. As such, it must have effective processes to detect inappropriate physician billings.

This chapter reports, in 2016, while the Ministry had processes to detect some inappropriate fee-for-service payments to physicians, it needs to:

- Set a comprehensive risk-based strategy and conduct a cost-benefit analysis of IT systems to better detect inappropriate physician billings before paying physicians.

  The Ministry's current IT system is over 50 years old and rules-based instead of risk-based. It results in staff manually assessing the validity of 8,200 physician billings every two weeks. The audit found the Ministry is not always identifying potentially large inappropriate billing before making payments.

  A risk-based strategy and supporting system would better identify high-risk billings and decrease the risk of overpaying physicians.

- Develop criteria to determine which physicians should have their billing practices investigated and assess options to conduct more investigations of physicians suspected of being overpaid.

  The Joint Medical Professional Review Committee with authority to investigate questionable billing practices of physicians investigates only about nine physicians each year even though the Ministry identifies more. For example at March 2017, the Ministry had suspected 15 physicians of questionable billing practices. The low volume of cases being investigated by the Committee, combined with the Ministry's limited review of inappropriate payments, restrains the Ministry's ability to identify and recover overpayments.

  Having additional options to investigate could identify more inappropriate billings, and better reinforce the importance of physicians having appropriate fee-for-service billing practices.

Physicians may submit bills for the incorrect amounts because of misunderstandings, mistakes, or, on occasion, deliberate actions. In 2016-17, physicians were ordered to repay $1.2 million for inappropriate billings. Strong processes to detect inappropriate payments will help ensure taxpayers only pay for eligible services.

2.0 Introduction

This chapter reports the results of our audit of the effectiveness of the Ministry's processes to detect inappropriate fee-for-service payments to physicians.

2.1 Insured Health Services Defined

The Ministry of Health pays physicians to provide insured health services to Saskatchewan residents with valid Saskatchewan health coverage.

To receive health services within Saskatchewan without paying for them directly, a person must be a resident and registered with Health Registration Services at eHealth Saskatchewan. Individuals are responsible for registering themselves and their dependents for a Saskatchewan health card. The Saskatchewan health card identifies the resident as eligible to receive insured health services without paying for them directly.[1]

The Saskatchewan Medical Care Insurance Act (Insurance Act) defines insured health services. They include general medical, obstetrics, anaesthesia, diagnostic, and surgical services.

2.2 Most Physicians Paid Via Fee-for-Service

Physicians can promote, maintain, and restore our health, and can often save lives. Physicians play a major role in providing insured health services.

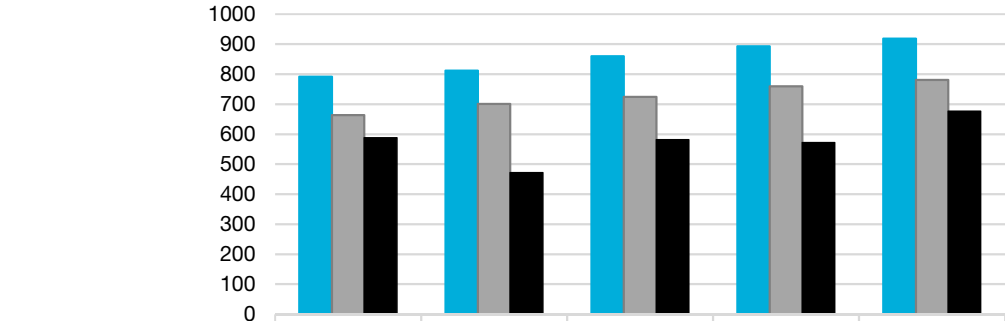
At December 2016, about three quarters[2] of physicians in Saskatchewan provide insured services using a fee-for-service arrangement. Under the fee-for-service arrangement, the Ministry directly compensates a physician at a pre-set rate for each specific insured service provided to a Saskatchewan resident.

At March 31, 2016, Saskatchewan had 2,375 licensed physicians, of which 1,699 were active general practitioners and specialist physicians.[3] At that date, the Ministry of Health paid 1,806 physicians under the fee-for-service arrangement. It paid about one-sixth of them under both the fee-for-service and the non-fee-for-service arrangements.[4]

As shown in **Figure 1**, the total number of licensed physicians increased by about 14% from 2011-12 to 2015-16 with the number of active licensed general practitioners and specialists increasing by almost 17% over the same period.

[1] www.ehealthsask.ca/residents/health-cards/ (6 April 2017).
[2] From Ministry of Health's Physician Claim IT system.
[3] Active physicians are physicians whose billings were more than $60,000 in the fiscal year. Non-Active physicians are those with billings less than $60,000.
[4] Non-fee-for-service arrangements are alternative payments. These are payments to physicians receiving a salary from their local regional health authority.

Figure 1—Number of Licensed Physicians at March 31 from 2012 to 2016



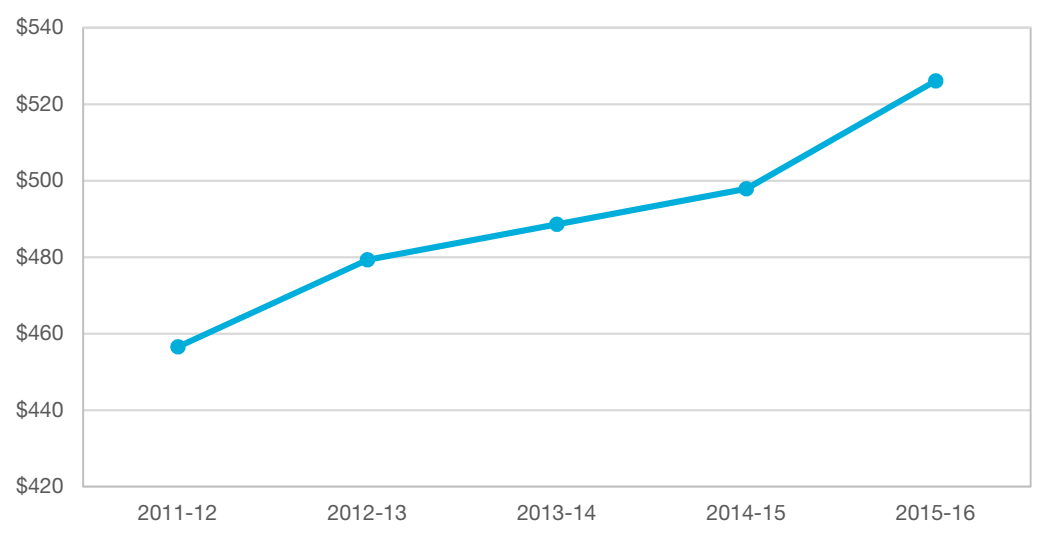
	2011-12	2012-13	2013-14	2014-15	2015-16
General Practitioners	792	812	860	893	918
Specialists	664	701	724	759	781
Non-Active	588	472	581	572	676

Note: 2016 was the most recent available data at March 2017.
Source: Ministry of Health Medical Services Branch Annual Statistical Reports for 2011-2016.

The Insurance Act establishes payment schedules that further define insured services. Payment schedules set out fee rates for each type of insured service and form the basis of the fee-for-service arrangement.[5]

The costs of fee-for-service payments to physicians account for about one-tenth of the total annual costs of Saskatchewan health services. As shown in **Figure 2**, over five years, the fee-for-service payments to physicians have grown about 15% from just over $450 million in 2011-12 to just over $525 million in 2015-16. In 2015-16, these physicians provided almost 12 million insured services (2014-15: 11.5 million).[6]

Figure 2—Physicians Fee-for-Services Payments (in millions) from 2012 to 2016



Source: Ministry of Health Medical Services Branch Annual Statistical Reports for 2011-2016.

The Insurance Act places the onus on the physician to submit accurate fee-for-service billings. It recognizes that the Ministry cannot practically confirm that all patients received services reflected in the billings prior to paying the physician. As such, Saskatchewan's

[5] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 9.
[6] Ibid.

fee-for-service arrangement, to some extent, uses the honour system. In addition, the use of a fee-for-service arrangement may encourage physicians to provide a higher volume of insured services to make more money in some instances.

Literature estimates that fraud and error losses as related to physician payments to be at least 3%, but likely more than 5% and possibly more than 10%.[7]

In order to increase their services, physicians may knowingly or unknowingly submit inappropriate billings to the Ministry and the Ministry may pay for:

- Services not provided or medically required
- Incorrect service codes (such as codes that result in higher payments than actual services provided)
- Duplicate billings for a single service

Honour-based systems, such as the physicians' fee-for-service arrangement need strong processes to detect inappropriate billing practices.

3.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess the effectiveness of the Ministry of Health's processes to detect inappropriate fee-for-service payments to physicians for the 12-month period ending December 31, 2016.

The audit did not include payments for services provided by optometrists, dentists, or out-of-province physicians. In addition, it did not include alternative payments. These are payments to physicians (e.g., hospitalists)[8] receiving a salary from their local regional health authority. It also did not question decisions of the Joint Medical Professional Review Committee.[9]

We examined the Ministry's policies, procedures, reports, IT systems, and data related to physician billings and payments. We assessed the Ministry's processes to investigate and recover physician inappropriate payments. We preserved the confidentiality of physician and patient information.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature including reports of other auditors and consultations with management. The Ministry's management agreed with the criteria (see **Figure 3**).

[7] Jim Gee and Mark Button, *The financial cost of healthcare fraud 2015,* p. 6.
[8] A hospitalist is a physician (employed by a local regional health authority) who specializes in caring for patients while they are in the hospital.
[9] The Joint Medical Professional Review Committee is a professional review committee established under *The Saskatchewan Medical Care Insurance Act*.

Figure 3—Audit Criteria

Processes to:

1. **Set out roles and responsibilities**
   - 1.1. Communicate service expectations and rates to be paid
   - 1.2. Agree upon roles and responsibilities of parties involved (e.g., Ministry, physicians, Joint Medical Professional Review Committee)
2. **Use a risk-based strategy to prevent and detect inappropriate payments**
   - 2.1. Identify key risks of inappropriate billings
   - 2.2. Develop a risk-based strategy to prevent and detect inappropriate payments (e.g., physician education, system controls, analytics, audits)
   - 2.3. Carry out the strategy as planned
   - 2.4. Maintain sufficient tools and adequately trained staff
   - 2.5. Measure and report the effectiveness of its strategy to prevent and detect inappropriate payments (e.g., amount of recoveries, number of audits)
3. **Recover overpayments in a timely manner**
   - 3.1 Communicate overpayment decisions timely
   - 3.2 Collect overpayments
   - 3.3 Use enforcement measures where appropriate

We concluded that for the 12-month period ended December 31, 2016, the Ministry of Health had, except for the following areas, effective processes to detect inappropriate fee-for-service payments to physicians. The Ministry of Health needs to:

- **Use a comprehensive risk-based strategy to detect inappropriate physician billings before paying physicians**
- **Conduct a cost-benefit analysis of IT systems that may help to prevent inappropriate payments to physicians**
- **Assess options to allow the Ministry to conduct more investigations of physicians that it suspects have billed inappropriately**
- **Develop standard criteria to determine which physicians billing practices should be investigated**

The Ministry has similar processes for payments to optometrists and dentists. The recommendations made in this chapter may also be applicable to those processes.

4.0 Key Findings and Recommendations

4.1 Clear Roles and Responsibilities

4.1.1 Services and Rates Agreed to by Ministry and SMA

The Ministry publishes the *Payment Schedule for Insured Services Provided by a Physician* (Payment Schedule) and, in conjunction with the Saskatchewan Medical Association (SMA),[10] keeps physicians informed of changes to insured services and rates.

[10] The SMA is a provincial division of the Canadian Medical Association that represents the collective view of physicians in Saskatchewan.

The Ministry and SMA negotiate the rates and service codes in the full Payment Schedule about every three years. In addition, they negotiate and revise individual rates for specific services (i.e., service codes) twice a year (every April and October). Service codes in the Payment Schedule reflect specific insured services such as consultations, biopsies, injections, and surgeries.

The Ministry makes the updated Payment Schedule publicly available on the Saskatchewan government website.[11] With each update to the Payment Schedule, the Ministry publishes a newsletter and operations bulletin outlining and explaining the changes. These documents are published on the Ministry's website. Also, the operations bulletin and newsletter are printed and mailed out directly to physicians.

For changes to the Payment Schedule, the Ministry updates service codes and rates in its physician claims IT system (IT system). We found the Ministry had appropriately limited the number of users with the ability to adjust service rates in the IT system. In addition, we found the service codes and rates in the IT system agreed to the approved Payment Schedule.

The Payment Schedule in effect at March 2017 was for physician services provided on or after October 1, 2016.

4.1.2 Ministry Registers Physicians Prior to Accepting Billings

The Ministry registers physicians who are licensed in Saskatchewan before they can begin billing for insured services they have provided.

The Saskatchewan College of Physicians and Surgeons[12] is responsible for licensing properly qualified physicians in the province. Once licensed to practice, the College notifies the Ministry to register the physician.

To register, the physician must complete and sign:

- Practitioner questionnaire, which includes personal and clinic information
- Automated claim submission and direct payment agreement
- Direct bank deposit form

Once registered, the Ministry assigns a unique billing number to each physician. Physicians submit bills electronically through the Ministry's IT system.

For each of the 30 new physicians we tested, the College had licensed them, and each had properly completed the required paperwork with the Ministry. The Ministry's IT system had assigned each physician a unique billing number.

When a physician's licence to practice in Saskatchewan expires, the College notifies the Ministry. Upon notification, the Ministry deactivates the physician's billing number with a

[11] www.saskatchewan.ca/government/health-care-administration-and-provider-resources/resources-for-health-care-businesses-and-career-development/physician-career-resources#physician-payment-schedules-newsletters-and-bulletins. (6 April 2017)

[12] The College is a self-regulating body established by *The Medical Profession Act, 1991*.

stop date in its IT system. Physicians have up to 6 months to submit billings for services provided before the stop date of service.

We verified that programmed controls (edit checks) in its IT system appropriately prevent payments to unlicensed physicians.

For billing purposes, *The Saskatchewan Medical Care Insurance Act* (Insurance Act) makes the physicians responsible for maintaining adequate medical records that appropriately support the services provided and billed. The Payment Schedule outlines the physician's medical record keeping obligations, which must support the services billed.

4.2 More Efficient Strategy Needed to Identify Inappropriate Billings Before Paying

4.2.1 Pre-verification Process Identifying Some Inappropriate Billing But Edit Checks Simplistic

The Ministry subjects all fee-for-service billings to a pre-verification process to check their validity prior to payment. The simplicity of the pre-verification process results in a need for manual verification processes.

On a bi-weekly basis, physicians directly enter their billings into the Ministry's IT system. As shown in **Figure 4**, the Ministry uses this pre-verification process to help identify inappropriate billings and to help prevent inappropriate payments to physicians.

The pre-verification consists of various edit checks that the Ministry has programmed into its IT system. At January 2017, the Ministry had programmed simple edit checks into its system. For example, simple edit checks include checking:

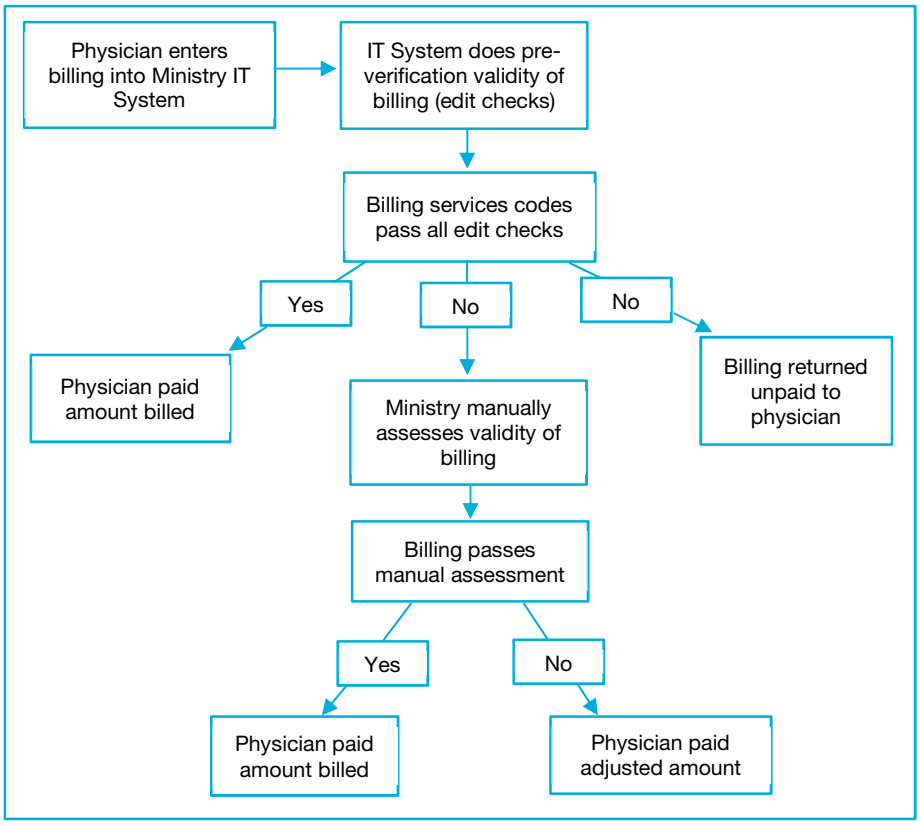
- The validity of patients' health service numbers on physician bills
- The validity of physician billing numbers
- Whether the billings submitted align with the eligible services and rates in the Payment Schedule
- If billings include a second patient visit on the same date of service by the same physician or at the same clinic (e.g., duplicate billings for a single service)

The usefulness of these edit checks can change depending on changes in the Payment Schedule and changes in medical practice. Periodically, the Ministry removes edit checks not used in the past three years from the IT system. Some of the edit checks are designed to identify a questionable billing and trigger a manual assessment (see **Section 4.2.2**).

The Ministry's IT system automatically screens each billing through these edit checks. As shown in **Figure 4**, these edit checks result in a physician being paid the amount billed, the billing being rejected and returned unpaid to a physician for correction, or the billing

being put on hold until the Ministry has manually assessed it. In 2015-16, in-province physicians submitted nearly 12 million billings.[13]

Figure 4—Ministry Fee-for-Service Billing Payment Process



Source: Adapted from information provided by the Ministry of Health.

The Ministry built its original IT system over 50 years ago. The Ministry has made various improvements to it since then. However, the current IT system has limitations and is inflexible.

The Ministry's current IT system is rules-based through its use of edit checks. It is not risk-based in that it cannot assess significant amounts of data to identify suspicious activity. In addition, unlike more sophisticated IT systems, it cannot be programmed to detect anomalies such as physicians billing higher volume of services than other physicians that may indicate potential inappropriate billings.

4.2.2 Labour-Intensive Manual Assessment May Not Effectively Detect Inappropriate Billings

The Ministry relies on manual assessment of a large number of claims to identify inappropriate billings and prevent inappropriate payments. This manual verification process is labour-intensive and may miss inappropriate billings.

Inappropriate billing can result from physician misunderstandings, mistakes, or deliberate actions.

[13] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 22.

The Ministry aims to pay all physician bills every two weeks including those subject to manual assessment.

The Ministry has about 10 staff in the claims adjudication unit who manually assess physician billings that do not pass the pre-verification stage (i.e., are an error, omission, or identified as questionable billings). In 2016, the Ministry's claim adjudication unit manually assessed and processed, on average about 8,200 billings every two weeks.

The Ministry maintains an Assessment Manual. It updates the Manual each time the Payment Schedule is updated or as needed. The Manual provides staff with key information about the assessment process and provides guidance on making decisions about questionable billings.

For five billings we tested subject to manual assessment, all were assessed consistent with processes described in the Assessment Manual.

The Ministry annually publishes information on the results of its pre-payment verification process (i.e., routine adjustments as a result of edit checks and manual assessments) in its *Medical Service Branch Annual Statistical Report*.[14]

Also, as shown in **Figure 5**, over the period of the last four years, the number of fee-for-service billings requiring manual assessments has grown by almost 20%. For the last three years, manual assessments for in-province billings have primarily identified errors or inappropriate amounts, and resulted in reducing the amount billed prior to the Ministry making payment.

As shown in **Figure 5**, between 2013 to 2016, the amount of billing adjustments (i.e., reductions) for this period ranged from $8.8 million to $10.9 million. For the 12-month period of January 1, 2016 to December 31, 2016, the Ministry identified inappropriate fee-for-service physician billings of $9 million and made adjustments before paying physicians.

Figure 5—Total Number of Manual Assessments Per Year and Bi-weekly Pay Period and Adjustments to Fee-for-Service Physician Billings for 2013 to 2016

Fiscal Year Unless Otherwise Stated	Total Number of Manual Assessments in Year	Average Number of Manual Assessments in each Bi-weekly Pay Period	Total $ of Reductions to Amounts Billed After Manual Assessment (Adjustments in millions)[A]
2013-14	178,508	6,866	$ 10.7
2014-15	203,249	7,528	$ 8.8
2015-16	198,062	7,618	$ 10.9
2016 (January-December)	212,827	8,186	$ 9.0

[A] These figures include about 3% for optometric and dental insured services.
Source: Adapted from information provided by the Ministry of Health.

Each assessor manually checks and processes about 800 billings every two weeks. This high volume of assessments leaves them little time to assess the validity of each billing.

[14] www.saskatchewan.ca/government/government-structure/ministries/health/other-reports/annual-report-archive#step-3 (6 April 2017).

Assessors focus on certain characteristics on the individual billing in conjunction with the related patient's history to determine the validity of the billing. They do not review the statistical billing profile of the physician. Looking at the statistical billing profile and comparing that billing profile to average physician billing behavior would help better detect unusual and inappropriate billings prior to payment. (See further discussion in **Section 4.2.3**).

4.2.3 Better Analysis of Physician Billings Data Needed Before Making Payment

The Ministry does not use data analytic techniques to help identify inappropriate billing prior to making payments.

The Ministry's IT system does not use existing data to analyze billings or make predictions about claims through pattern recognition to avoid making inappropriate payments. This could aid staff in identifying the use of riskier service codes and questionable billing patterns, such as an unreasonable number of services provided in a day.

As later described in **Section 4.3**, the Ministry focuses on volumes of physician services to identify fee-for-service physician payments that may suggest inappropriate billings and warrant further investigation by the Joint Medical Professional Review Committee (see **Figure 6** for its role).

Figure 6—Joint Medical Professional Review Committee Role

The Committee's role is to investigate cases referred to it by the Ministry. To investigate, the Committee:

- Evaluates if the service delivered by the physician is justified in terms of the billings submitted.
- Reviews the statistical profile of the physician to determine if the billing pattern raises questions that need to be further explained. Physician statistical profiles summarize services which the Ministry paid a physician, and compares the physician's billings to the related group average for physicians in the same type of practice.
- Reviews whether billings are consistent with the Payment Schedule.
- In selected cases, reconciles the type and number of services billed with services documented in the physician's records for that patient (patient file). If the Committee considers a physician billing to warrant this level of investigation, it serves the physician with written notice of its intention to investigate patient files to substantiate billings.
- Interviews selected physicians to discuss and evaluate identified concerns.
- Based on its investigation, determines the fair and accurate amount of inappropriate billings to recover from the physician. The Committee may order the physician to repay to the Ministry all or part of the inappropriate billings. The Ministry refers to these amounts as recoveries.

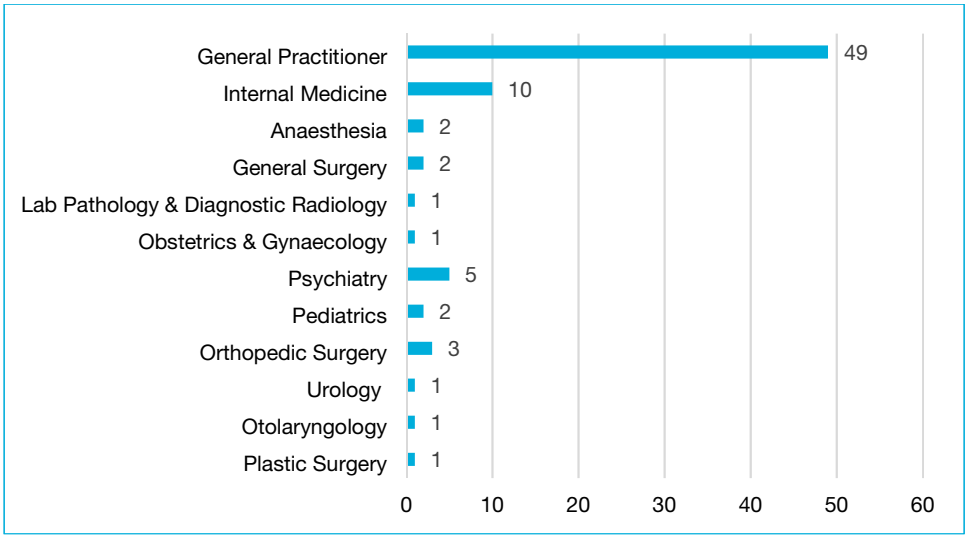
Source: Adapted from information provided by the Ministry of Health.

Using the same volume-based logic, we did some data analytics on the Ministry's 2015-16 fee-for-service billing and payment data. Through these analytics, we identified 78 physicians whose billings were more than two times the mean (i.e., the average value of the physician peer group) in all of the following categories:

- Total costs of services
- Total number of services
- Total number of patients served

Figure 7 shows those 78 physicians by area of practice. The total amount paid to these 78 physicians in 2015-16 amounted to $64.1 million. The Ministry had referred some of these physicians to the Joint Medical Professional Review Committee in the past. For example, in 2016-17, three of these physicians were referred to the Committee for further investigation. The Ministry indicated it considers other factors when making a referral to the Committee, such as the frequency of billings of individual codes and the number of patients serviced in a day.

Figure 7—Saskatchewan Physicians Twice the Average Value by Physician Peer Group for 2015-16



Source: Adapted from information provided by the Ministry of Health.

As later described in **Section 4.4**, the current capacity of the Ministry to investigate and recover inappropriate payments is limited. This limitation places greater importance on having a strong process to identify inappropriate billings prior to making payments.

The volume of physician billings is significant with almost 12 million billings for insured services in 2015-16 (2014-15: 11.5 million).[15] This volume is growing.

It is important physicians are paid on a timely basis for their services. To protect the Government, it is equally important that physicians are only paid for the insured services they provide.

The limitations of the Ministry's current IT system result in labour-intensive assessment processes to check the validity of billings. However, the high and growing volume of billing is placing increased pressure on assessors. We found assessors have to work quickly to minimize delays in paying physicians. They recognize that they have limited time to complete their work.

The assessors identify problems with billings and adjust them before processing payments. A more robust IT system could supplement this process by identifying other potentially large inappropriate billings, which our analytics suggest may have been missed prior to making payment. Not identifying inappropriate physician billings prior to making payment can result in overpayments.

[15] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 22.

Having a comprehensive risk-based strategy to detect inappropriate physician billings before payment would reduce the amount of effort needed to assess and collect inappropriate payments back from physicians.

With a more sophisticated IT system, the Ministry may be able to better identify inappropriate billings, and adjust amounts before paying physicians. Newer IT systems are capable of data mining and other large-scale data analysis techniques.

1. **We recommend that the Ministry of Health use a comprehensive risk-based strategy to detect inappropriate physician billings for insured services before making payments.**

2. **We recommend that the Ministry of Health conduct a cost-benefit analysis of IT systems that would better identify inappropriate physician billings for insured services before making payments.**

4.3 Criteria to Determine Which Physicians to Refer for Investigation Needed

The Ministry does not have defined criteria to guide which physicians to refer to the Joint Medical Professional Review Committee (Committee) for investigation, or document why it does not refer physicians it has identified as billing above the mean.

Since 1988, the Insurance Act gives the Committee, and not the Ministry, the authority to investigate physicians' billing practices and determine recovery amounts paid for inappropriate billings under the fee-for-service arrangement, and order physicians to repay amounts paid for inappropriate billings.

The Committee is comprised of six members: the SMA, the College, and the Ministry each appoint two members.[16] Typically, the Committee meets nine times per year.

At January 2017, the Ministry had one staff member assigned to identify fee-for-service physicians that it may have inappropriately paid and may warrant further investigation by the Committee. This staff member manually reviews physician statistical profiles (generated from the Ministry's IT system). The profiles rank the physicians against their peers' average mean in various categories (e.g., total costs of services, total number of services, total number of patients served). The Ministry refers to these as cases.

Staff look for physicians who are above their peers' average mean and further analyze them. Staff determine whether the services appear reasonable in the context of the physician's practice and speciality. Staff focus on analyzing the volumes of services provided by physicians.

Staff do not consistently consider other risks when identifying physicians for the committee, such as certain riskier service codes that are more likely to be misused. Also,

[16] *The Medical Care Insurance Peer Review Regulations* (section 4).

staff have not consistently considered whether the amount of services being billed is reasonable given the amount of services a physician could provide in a day. See **Recommendation 2** about conducting a cost-benefit analysis of IT systems that would better identify inappropriate physician billings for insured services.

Because the Committee only reviews one case at each of its nine meetings in a year and investigations take time and resources, it limits the number of cases that the Ministry refers to the Committee. As such, the Ministry does not refer to the Committee all instances where it thinks it has likely inappropriately paid a physician.

In 2016-17, the Ministry identified about 15 physicians whose billing behaviour exceeded their peers, but referred only 9 of these physicians to the Committee as it only meets 9 times per year.

Having defined criteria promotes consistent assessment of physician billings. Without criteria, the Ministry may be not be investigating and referring physicians with the highest risk of inappropriate billing. Inappropriate payments to physicians increase the cost of delivery of health services to the Ministry.

3. **We recommend that the Ministry of Health develop criteria to determine which physicians to refer to the Joint Medical Professional Review Committee for investigation of appropriateness of billing for insured services.**

4.4 Ministry Ability to Investigate and Recover Overpayments to Physicians Limited

The low volume of reviews of physician cases by the Joint Medical Professional Review Committee and number of staff currently assigned to review physician billings post-payment is limiting the Ministry's ability to recover overpayments to physicians and reinforce the importance of physicians having appropriate fee-for-services billing practices.

Committee Reviews a Limited Number of Physicians

As noted in **Section 4.3**, the Ministry often identifies more physicians that may have inappropriately billed than the Committee can review in a given year. For example, the Ministry identified 15 physicians as having potential inappropriate billings at March 31, 2017 that may have warranted investigation by the Committee. The Ministry paid these physicians $11.1 million in 2015-16.

For the 10-month period of April 1, 2016 to January 31, 2017, the Ministry referred seven cases (2015-16: nine cases) to the Committee. From 1998 to January 2017, the Ministry referred 202 physicians to the Committee.[17] Over the same period, the Ministry referred 34 different physicians to the Committee multiple times.

[17] Per information provided by the Ministry.

From 1998 to January 2017, the Committee has ordered the recovery of $8.6 million from physicians.[18] The Committee has ordered individual physicians to repay, on average, about $150,000.

Figure 8 shows total amounts that the Committee ordered physicians to repay has fluctuated significantly in the past three years. For the 10-month period between April 1, 2016 and January 31, 2017, the amount of annual recoveries ordered is less than 1%[19] of the total fee-for-service payments for this period.

Figure 8—Amount of Recoveries Ordered by the Joint Medical Professional Review Committee for 2013-14 to 2016-17

Year that Committee Ordered Recovery	Amount of Recovery Ordered (in thousands)
2013-14	$ 674
2014-15	$ 310
2015-16	$ 661
10-month period from April 1, 2016 to January 31, 2017	$ 1,230

Source: Adapted from information provided by the Ministry of Health.

The small volume of cases the Committee reviews each year as compared to the larger number of instances of potentially inappropriate billings suggests the current process does not sufficiently reinforce the importance of physicians fulfilling their obligations under the Insurance Act to maintain proper records and submit accurate fee-for-service billings.

In addition, by the Ministry having to limit the number of cases referred to the Committee due to the frequency that the Committee meets, may result in the Ministry not recovering inappropriate payments, and increasing the cost of delivery of health services to the Ministry.

Ministry's Capacity to Review Physician Billings Post-Payment Limited

The Ministry investigates individual billings it thinks it has inappropriately paid to physicians under the fee-for-services billing arrangement. To recover these over payments, the physician must agree that they billed inappropriately (either mistakenly or deliberately).

The Ministry had a full-time Audit Officer from August 2014 to May 2016. During this period, the Audit Officer reviewed billing patterns of physicians who were previously investigated by the Committee and were required to repay inappropriate billings. The Audit Officer also identified almost $700,000 in potentially inappropriate billings by examining 16 risker service codes and combinations of services codes. Physicians agreed to repay these amounts in some cases.

Since May 2016, another staff member has continued to perform some, but not all, procedures on these 16 riskier service codes and combination of services codes. Since, May 2016, the Ministry has not separately tracked the potential inappropriate billings it identified.

[18] Per information provided by the Ministry.
[19] $1.23 million recovered compared to $526.1 million paid under the fee-for-service arrangement.

To conduct more investigations into physician billing practices that it suspects have been inappropriately billed, the Ministry of Health has several options. For example, the Ministry could negotiate additional investigations with the Joint Medical Professional Review Committee. Alternatively, the Ministry could increase its post-payment reviews of individual billings to supplement the Committee's reviews. In addition, the Ministry could request updates to *The Saskatchewan Medical Care Insurance Act* to allow the Ministry to investigate billing patterns like the Committee and order physicians to repay inappropriate fee-for-service payments.

By having more ways to investigate physician billing practices, the Ministry may identify and recover more inappropriate billings. In addition, this would reinforce with physicians the importance of having appropriate fee-for-service billing practices.

4. We recommend that the Ministry of Health assess options to conduct more investigations into physician billing practices that it suspects of having inappropriately billed the Government.

4.5 Ordered Recoveries Collected

The Ministry collects inappropriate payments from physicians as ordered by the Committee.

When the Committee decides a physician's billing practices have been inappropriate, it determines the amount to be repaid by reviewing the physician's billings over a 15-month period. The Committee issues a repayment order to that physician for a specified amount, which becomes a debt owing to the Minister.

Upon issuance of this final order, the physician has 30 days to agree to a payment plan with the Ministry. Physicians have the option to make a one-time payment, or make bi-weekly payments to the Ministry. Typically under payment plans, the Ministry recovers the agreed upon amount through the physicians bi-weekly billings over the course of two to three years. Physicians pay interest on outstanding balances.

The physician can appeal the amount ordered, which delays repayment to the Minister until the results of the appeal are determined.

Figure 9 shows the amounts of fee-for-service recoveries that the Ministry collected over the past three years.

Figure 9—Collections for Joint Medical Professional Review Committee Ordered Amounts From 2013-14 to 2016-17

Year	Amount of Recovery Collected (in thousands)
2013-14	$ 396
2014-15	$ 509
2015-16	$ 485
Ten-month period from April 1, 2016 to January 31, 2017	$ 495

Source: Adapted from information provided by the Ministry of Health.

For all Joint Medical Professional Review Committee orders we tested, the Ministry appropriately collected from the physicians the amount ordered by the Committee including interest due.

In 2016-17, the Ministry had not collected outstanding payments totaling $73,200 from three physicians ordered to repay fee-for-service billings. The Ministry indicated that it plans to follow its standard Ministry collection process and send the outstanding balances to a collection agency.

5.0 Selected References

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