

Chapter 14

Health—Detecting Inappropriate Physician Payments

1.0 MAIN POINTS

Each year, the Ministry of Health pays about \$650 million to just over 2,000 physicians under a fee-for-service arrangement.¹ Physicians may submit bills for incorrect amounts because of misunderstandings, mistakes, or, on occasion, deliberate actions.²

By March 2026, the Ministry strengthened its processes to detect inappropriate fee-for-service payments to physicians by implementing the remaining recommendation we first made in 2017.

The Ministry implemented a new physician claims IT system in February 2024, which helped to prevent inappropriate billing claims as well as increased the number of claims paid upon initial submission. The Ministry also enhanced its capacity for investigating and auditing inappropriate physician billings. During 2025–26, the Ministry completed 39 physician claim audits, along with another 46 audits in progress—a significant increase from its audit of four claims in 2023–24.

Having enhanced investigation capacity supported by an adaptable IT system allows the Ministry to detect inappropriate physician billings, reducing the amount of effort needed to assess and collect overpayments from physicians.

2.0 INTRODUCTION

The Ministry of Health directly compensates fee-for-service physicians at established rates for medical services provided to eligible residents. The Ministry cannot practically confirm the validity of all billings before paying physicians. As such, the Ministry must have effective processes to detect inappropriate payments to physicians.

2.1 Focus of Follow-Up Audit

This chapter describes our fourth follow-up audit of the Ministry's actions on the recommendations we first made in 2017.

We concluded, for the 12-month period ended December 31, 2016, the Ministry of Health had effective processes to detect inappropriate fee-for-service payments to physicians other than the areas in our four recommendations.³ By March 2024, the Ministry implemented three recommendations.⁴

¹ Ministry of Health, Medical Services Branch, *Annual Statistical Report 2024–25*, p. 7.

² The Ministry of Health refers inappropriate billings to the Joint Medical Professional Review Committee (JMPRC). In 2025–26, JMPRC ordered six physicians to repay about \$2.4 million (2024–25: nine physicians ordered to repay about \$1.9 million).

³ *2017 Report – Volume 1, Chapter 6*, pp. 65–80.

⁴ *2020 Report – Volume 1, Chapter 17*, pp. 215–219; *2022 Report – Volume 1, Chapter 13*, pp. 165–168; and *2024 Report – Volume 1, Chapter 12*, pp. 165–168.



To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate the Ministry’s progress toward meeting our recommendations, we used the relevant criteria from the original audit. Ministry management agreed with the criteria in the original audit.

To carry out our follow-up audit, we discussed with Ministry management actions taken and examined key documents (e.g., statistics about rejected and paid physician claims, audit results).

3.0 STATUS OF RECOMMENDATION

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 13, 2026, and the Ministry of Health’s actions up to that date.

3.1 Preventing and Auditing Inappropriate Physician Billings

We recommended the Ministry of Health assess options to conduct more investigations into physician billing practices that it suspects of having inappropriately billed the Government. (2017 Report – Volume 1, p. 79, Recommendation 4; Public Accounts Committee agreement June 12, 2018)

Status—Implemented

The Ministry of Health implemented a new claims IT system that helps prevent inappropriate physician billing claims. The Ministry also enhanced its capacity for investigating and auditing potentially inappropriate physician billings.

In February 2024, the Ministry of Health implemented a new physician claims IT system, which includes business rules and edit checks that prevent inappropriate billing claims. For example, the IT system will not allow a doctor to submit a claim for the same service to the same patient on the same day. The Ministry continues to enhance edit checks since the IT system was implemented.

The IT system generates bi-weekly reports on rejected and paid physician claims. As shown in **Figure 1**, since the Ministry implemented this IT system in 2024, the number of rejected claims and amounts decreased while the number of paid claims increased. This indicates fewer physicians attempt to submit inappropriate claims.

Figure 1—Number and Amount of Rejected and Paid Claims

Bi-Weekly Reports Tested	Rejected Claims	Rejected Amount	Paid Claims	Paid Amount
February 21, 2024	37,198	\$2,890,318	334,013	\$21,171,502
September 30, 2024	25,813	\$1,619,795	495,156	\$32,511,555
June 24, 2025	18,189	\$1,106,422	566,435	\$37,518,256
January 19, 2026	23,430	\$1,265,768	547,683	\$36,452,957

Source: Adapted from Ministry of Health records.

We also found the Ministry of Health enhanced its capacity to investigate and audit physician claims. For example, at March 2026, the Ministry had two Senior Insured Services Consultants and two Medical Billings Audit Officers responsible for investigating and auditing physician claims. We found the Ministry completed 39 audits in 2025–26, along with another 46 audits in progress—a significant increase from our 2024 follow-up audit, where we found the Ministry conducted four audits in 2023–24. Over 60% of the audits completed during 2025–26 resulted in the Ministry recovering a portion of the physician’s claim.

In addition, the Ministry planned to hire two Senior Medical Claim Assessors in 2026–27 to lead complex claim investigations and assessments focused on identifying (e.g., through data analysis) inappropriate physician claims payments.

Beginning in May 2025, we found various staff within the Medical Services Branch responsible for investigating and auditing physician claims began meeting monthly to discuss IT system issues, as well as the need for new assessment rules or modifications to existing rules in the system. This work and IT system enhancements can help prevent future inappropriate physician billing claims.

Verifying the validity of physician billings reduces the risk of issuing payments for inappropriate claims and failing to recover public funds.

