

**A Report of the Committee of Enquiry on
Complaint about Inappropriate Billing for Private Patient Service
July 2007**

EXECUTIVE SUMMARY

1. In the light of a report received by the Vice-Chancellor referring to a complaint lodged by a private patient (the “Complaint”), the Committee of Enquiry (the “Committee”), appointed pursuant to the University’s statutes and regulations, investigated apparent irregularities concerning cases of private patients involving the Medical Faculty of the University (the “Faculty”). The Committee’s investigation focused on a number of areas:

- (a) in cases where professorial fee was waived, whether the required payments were indeed waived or whether payments were made to accounts not belonging to the University of Hong Kong (the “University” or “HKU”) or the Hospital Authority (“HA”);
- (b) whether there was improper recording of the diagnosis/clinical procedures on the billing forms *vis-à-vis* the actual procedures performed; and
- (c) the possible non-creation of attendance records and/or billing records of some private patients

(*paragraphs 7-11 of the Report refers*).

2. The investigations into these areas resulted in the discovery of *prima facie* evidence suggesting that the matter should be referred to the appropriate external authorities for investigation. The Committee made a report to a law enforcing body on March 14, 2007. Both the law enforcing authority and the University solicitors have drawn the attention of the Committee to the fact that it would be against the law for the Committee to disclose details of the report (*paragraph 13*).

3. Arising from the Complaint, the Committee reviewed the entire billing arrangements for private patients. In this connection and in order to have a better understanding of the billing arrangements and to see whether there are any possible areas of concern in such arrangements, the Committee also examined the relationship between the University and the Hospital Authority hospitals (the “HA hospitals”); the contributions made by the Faculty in providing private patient services to the community; the outside practice regulations and arrangements of the University; the normal arrangements for private patients to consult clinical teachers of the University and to make payments for the services; and the procedures for dealing with income generated from private patient services (*paragraphs 2-6*).
4. In reviewing the entire billing arrangements for private patients, the Committee has found that certain aspects in the existing practices and procedures are deficient. The following main areas of concern are identified:
 - (a) given the existing billing arrangements, it is possible that no proper attendance or clinical records are established in the cases of some patients, and thus no proper billing arrangements can be made; and it is also possible that such patients could be asked by individual staff of the University to pay fees to an account not belonging to HA or HKU (*paragraph 15.1*);
 - (b) as there is no procedure for carrying out regular checks to see if there are any discrepancies between the billing records and the medical records, it is possible that HA charges a patient on the basis of the “procedures” reported by the clinical teacher in the billing form which are different from the clinical procedures actually performed and entered in the medical record (*paragraph 15.2*);

- (c) while clinical teachers could waive up to 75% of the fee payable by private patients (the remaining 25% goes to HA and cannot be waived), across-the-board policy and guidelines for waiving of professorial fees have not been drawn up. The lack of such policy and guidelines and the lack of transparency in granting waivers may lead to possible abuse by individual staff, such as recording a waiver in the billing form and subsequently bypassing HA and HKU to ask the patient to pay to a third party (*paragraph 15.3*);
- (d) although the Committee does not find any problem with the arrangement of asking patients always to make payments to either HA or HKU, it is possible that some patients could be misled by individual staff into making payments to companies or organizations with names that appear to relate to HA or HKU, without the knowledge of HA or HKU (*paragraph 15.4*); and
- (e) there are no publicized guidelines for determining the percentage of outside income to be apportioned to individual clinical teachers' ledger accounts (which is for the professional development of individual teachers); and clinical teachers in some departments have complained that they are not provided with information on the use of outside practice income which is credited to the departmental supplementary account and normally managed by the Head of Department (although actual expenditures from departmental supplementary accounts are monitored by the Finance and Enterprises Office (the "FEO") in accordance with University procedures and guidelines, and all money transactions are handled through the FEO) (*paragraph 15.5*).

5. The Committee also felt improvements could be made in the following areas:

- declaration of possible conflict of interest by University staff (*paragraph 15.4*);

- consistent practice across departments in matters relating to billings of outside practice (*paragraph 16.2*);
 - information provided to the University, Faculty and Department by HA relating to private patient services (*paragraph 16.4*);
 - billing arrangements for private patient services in non-HA hospitals (*paragraph 16.5*);
 - billing arrangements for laboratory tests for private patients (*paragraphs 16.6 & 16.7*); and
 - sharing of income by HA and HKU (*paragraph 16.8*).
6. The Committee is responsible mainly for fact-finding in relation to the subject matter of the Complaint. Given this role and time constraints, the Committee has not drawn up detailed recommendations on changes and improvements to be made to the existing arrangements. Such task can only be undertaken by a special working party consisting of relevant and interested parties which are concerned in the working of these arrangements. The Committee therefore recommended the Council of the University to set up working groups, together with HA and non-HA hospitals where appropriate, to work out necessary measures to improve the existing arrangements (*paragraph 18*).
7. The Committee would also wish to recommend that, as a matter of priority, the University's Audit Committee should review the systems and procedures in the Faculty with a view to enhancing these systems and procedures and ensuring their compliance. It would indeed be a good practice for the University to have a mechanism that would allow its Internal Audit Team to respond quickly to events as necessary (*paragraph 19*).