RIGSREVISIONEN

# Extract from the report to the Public Accounts Committee on activities and expenditure in the Danish primary health care sector

August 2012

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# I. Introduction and conclusion

1. This report is about management of activities and expenditure in primary health care. The primary health care sector includes general practitioners (GPs), practising specialists, dentists and dental hygienists, physiotherapists, chiropodists, chiropractors and psychologists. In the report these are referred to as providers, whereas treatments and consultations in the primary health care sector are referred to as services.

2. The primary health care sector is currently responsible for the majority of services provided to the citizens outside the hospital system. In 2011 public expenditure for primary health care amounted to approximately DKK 13.7 billion (salary and price level 2011). In the period from 2001 to 2011 expenditure increased by approximately DKK 2.5 billion or approximately 22 per cent. Thus this sector has grown over the past ten years and is now tying up considerable resources.

3. Rigsrevisionen initiated the study in November 2011. The objective of the report is to map the overall framework set for the management of the primary health care sector, including the regulations governing the area, and to examine the efforts made by the Ministry of Finance, the Ministry of Health and Prevention (the Ministry of Health) and the regions to ensure satisfactory management of the activities and expenditure in the primary health care sector.

The report answers the following questions:

- What frameworks, legislative requirements and requirements of the financial agreements with the regions provide the basis for management of activities and expenditure in the primary health care sector?
- Are the regions able to manage, including plan and exert influence on, activities and expenditure in the primary health care sector to a satisfactory level?
- Are the regions able to control and follow up activities and expenditure in the primary health care sector to a satisfactory level?

4. The study does not include an assessment of the quality of the services provided in the primary health care sector. The report therefore does not include an assessment of quality management in the primary health care sector or the quality of treatment for patients.

**The organisations representing the providers**

The eight organisations that are authorised to enter into agreements on behalf of the providers in the primary health care sector are:

1. Danish Physiotherapists.
2. The Danish Association of Chiropractors.
3. The Danish Association of Psychologists.
4. The Danish Association of Dental Hygienists.
5. The Danish Association of Medical Specialists.
6. The Danish Association of State-registered Chiropodists.
7. Organisation of General Practitioners in Denmark.
8. The Danish Dental Association.

**The Regions' Board for Wages and Tariffs**

The board enters collective agreements with the providers in the primary health care sector. The nine members of the board are appointed by the Minister for Finance and represent the Ministry of Finance, the Ministry of Health, the Regions and the municipalities.

## MAIN CONCLUSION

**The primary health care sector is an essential part of the Danish national health system not only in respect to consultations and treatments, but also in terms of expenditure. Legislation sets out only a few requirements for primary health care and the frameworks set for the sector are mainly determined in the agreements entered between the organisations representing the providers and the Regions' Board for Wages and Tariffs.**

**Rigsrevisionen has in this study focused on assessing whether the Ministry of Finance, the Ministry of Health and the regions are ensuring satisfactory management of the activities and expenditure in the primary health care sector. The agreements that are providing the basis for the management are complex and differ according to the nature of the health services provided. This is a reflection of the traditional practice of the sector and the fact that negotiations are conducted with the individual organisations representing the providers.**

**Rigsrevisionen finds that the regions have intensified their efforts to manage the activities and expenditure in the primary health service sector in recent years and are now working on forward-looking initiatives in several areas. However, the regions are not all on the same level and Rigsrevisionen considers it important that the regions continue to improve their efforts in this respect.**

**Yet Rigsrevisionen is also of the opinion that the current frameworks make it difficult for the regions to manage the activities and expenditure in the primary health care sector. The frameworks should be adjusted in order to give the regions better opportunities to control and follow up on services provided.**

**The financial agreement for 2013 reflects the shared ambition of central government and the regions to strengthen management of activities and expenditure in the primary health care sector and ensure that the productivity of the sector is continuously increasing.**

**Overall Rigsrevisionen finds that the Ministry of Finance and the Ministry of Health in collaboration with the regions should increase their efforts to establish a more appropriate structure and better tools for managing, controlling and follow-up on activities and expenditure in the primary health care sector.**

The main conclusion is based on the following sub-conclusions:

*What frameworks, legislative requirements and requirements of the financial agreements with the regions provide the basis for management of activities and expenditure in the primary health care sector?*

The legislation and the financial agreements set out only few overall frameworks and requirements in respect to the regions' management of activities and expenditure in the primary health care sector. The Danish Health Care Act determines the regions' obligation to provide health services and their financial accountability for the primary health care sector. The specific frameworks and management requirements are laid down in agreements negotiated and entered into by the Regions' Board for Wages and Tariffs and the providers' organisations. Rigsrevisionen finds it essential that the agreements provide the regions with an opportunity to manage activities and expenditure. The Regions' Board for Wages and Tariffs should also seek to set up more consistent agreements across the different health care services where the administrative tasks are the same. More consistent agreements will, in the opinion of Rigsrevisionen, contribute to facilitating the regions' administration of the primary health care sector.

*Are the regions able to manage, including plan and exert influence on, activities and expenditure in the primary health care sector to a satisfactory level?*

The level of activity in the primary health care sector is largely dictated by the citizens' need for health care services. At the same time there are only few restrictions on the services that the individual providers can provide to the citizens. The regions therefore have only limited opportunities to influence the development in activities and expenditure in the primary health care sector.

The regions are not authorised to determine the number of GPs required to cover the citizens' requirements. The regions are authorized to do so for other medical professions in primary health care, with the exception of dentists and dental hygienists who are free to establish a practice.

It is difficult for the regions to estimate expenditure in the primary health care sector accurately. The reason is that the providers are mainly reimbursed for services they have provided, and the regions have difficulties forecasting the development, and limited opportunities to impact the demand.

According to the reimbursement system, the providers receive payment for the number of services they provide to the citizens. With a few exceptions, there are no restrictions on the number and nature of services that can be provided to the citizens. The reimbursement system may thus prompt the providers to a higher level of activity in the primary health care sector.

New technology, streamlining of work processes and use of supporting personnel may reduce the providers' expenditure. However, as the reimbursement tariffs are not reduced proportionately, the regions will generally not profit from productivity gains achieved in the primary health care sector.

The objective of the partial agreements on the financial development that are attached to the national agreements entered with the providers' organisations is to dampen spending growth in the individual primary health care professions. However, the partial agreements are not the same for all professions and do not include all expenditure of the primary health care sector. The partial agreements have only been in force for a short time, but due to their lack of homogeneity they are expected to have varying impact on the growth in expenditure in the individual primary health care professions in the individual regions.

*Are the regions able to control and follow up activities and expenditure in the primary health care sector to a satisfactory level?*

The current structure is not providing the regions with adequate opportunities to control and follow up activities and expenditure in the primary health care sector. The system is trust-based and the providers are required to report the services they have provided. The regions are not able to check whether the reimbursement of the providers reflects the actual services that have been provided to the citizens.

The regions receive more than 60 million invoices yearly from the providers. The regions undertake compliance tests to check whether reimbursements are in compliance with the terms of the national agreements. However, due to the reservations and exceptions contained in the national agreements, the regions must also undertake manual checks of some of the invoices. Interpreting the agreements is difficult and determining whether invoices are in compliance with the agreements is therefore often left to the discretion of the regions. As a result of this practice, the providers may be reimbursed for ineligible expenditure.

The five regions have joined forces to develop requirements specifications for a reimbursement system. In this context, Rigsrevisionen recommends that the regions should consider further automatisation of the control.

One of the reasons for the regions' inability to control reimbursements effectively is that a substantial amount of the control of the providers' consumption is exercised by the cooperation committees which include representatives of the providers' organisations and are also authorized to implement sanctions on the providers.

In the national agreements, the threshold values determining that a provider should be selected for checking are so high that the level of services provided may exceed the average level of services considerably without being further scrutinized. To this should be added that the nature of the sanctions imposed on the providers by the cooperation committees varies and a long time may pass before the cooperation committees implement financial sanctions.

The regions have to increasing extent performed checks of reimbursements made to the providers supplemental to the automatic checks that are incorporated in the reimbursement system and the annual control. However, the number of checks performed varies from one region to the next as does the extent to which the regions insist on repayment of ineligible expenditure. Rigsrevisionen finds that the regions should strengthen their efforts in this area to ensure repayment of ineligible expenditure and thereby achieve a preventive effect of the control.

**Cooperation committees**

The five regions have established cooperation committees for each of the eight medical professions in primary health care. The committee comprises representatives from the respective region and the professional organisation of the respective providers.

The cooperation committees' aim is to provide guidance on interpreting and applying the national agreements, and process the annual statistics on control of reimbursements, etc.