Committee of Public Accounts

Meeting 9th March 2017

Opening Statement

Mr. Tony O’Brien
Director General
Chairperson and Members, thank you for the invitation to attend today’s meeting to discuss:

- The HSE Patients’ Private Property Account 2015,
- HSE Financial Statements 2015 – Note 13 Fair Deal Scheme,
- Health Repayments Scheme Donations Fund 2015.

I would like to introduce the HSE Personnel with me today.

- Mr. Stephen Mulvany, Chief Financial Officer and Interim Deputy Director General
- Mr. Pat Healy, National Director, Social Care Division
- Ms. Mairead Dolan, Assistant Chief Financial Officer
- Mr. Michael Fitzgerald, Head of Operations & Service Improvement, Services for Older People, Social Care Division
- Mr. James Gorman, Finance Manager, Finance Division
- Mr. Pat Marron, Manager, NHSS National Central Unit

We have submitted detailed information to the committee in advance of the meeting on each of the matters for examination and therefore in my opening statement I would like to make the following remarks:

**The HSE Patients’ Private Property (PPP)**

The HSE operates client PPP accounts on the basis of the Health (Repayment Scheme) Act 2006. The Act allows the HSE to receive and hold client PPP funds, to use funds for the benefit of clients and to invest funds on clients’ behalf. The 2006 Act requires the HSE to maintain PPP accounts and to produce an annual set of financial statements for audit by the Comptroller & Auditor General. The Act also places restrictions on the HSE as to how it can invest PPP funds. Such funds must be invested with a financial institution regulated by the Central Bank of Ireland or with the National Treasury Management Agency.
As part of the suite of National Financial Regulations (NFRs) maintained by the HSE to document the system of internal financial control, the HSE has implemented NFR 22 – Patients’ Private Property which along with a set of Patients’ Private Property Guidelines provide detailed instructions to HSE staff on the management of client funds.

The HSE established a national coordinating unit for PPP, the PPP Account Central Unit (the central unit) in late 2006. The central unit received all payments from the Health Repayment Scheme in respect of payments made to clients’ PPP accounts. Department of Social Protection (DSP) Allowances and Pensions (approx 2,500) are also received by the PPPA central unit weekly and lodged to each client’s central PPP account. The weekly statutory contribution pertaining to each client is deducted and monies are provided for each client to their local Care Centre as requested depending on client usage. Excess PPP Funds from individual Care Centres are also transferred to the central unit where those funds can attract interest. In effect the local care centre PPP account is a ‘current’ account and the Central Unit account is a ‘deposit’ account.

The operation of the PPP process at local level in the 156 units and at central level is subject to external audit by a firm of accountants and there is also an overall audit by the C&AG. The HSE has in place a clear programme of work to address the issues arising from these audits.

The PPP system currently supports over 6,000 adults across Older Persons, Disability and Mental Health Services, with various levels of vulnerability and dependency, to safeguard their monies and assist with the spending of those monies for their direct benefit only. It is an important service for the client but also for family members.
**Health Repayment Scheme, including Donations Account**

The Health (Repayment Scheme) Act 2006 was enacted in June 2006 to provide a legal basis for the repayment of long stay charges for in-patient services which were wrongfully imposed on eligible persons since 1976 under the Health (Charges for In-Patient Services) Regulations 1976 as amended in 1987 or the Institutional Assistance Regulations 1954 as amended in 1965. The Repayment Scheme applies to eligible residents of public long stay facilities and public contracted beds who were wrongfully charged at the time.

In accordance with the Health (Repayments Scheme) Act 2006, a Repayments Scheme (Donations) Fund was set up by the HSE for the purposes of providing improvements in public health services for dependent older persons and persons with disabilities. Projects undertaken must be once-off improvements and must not incur expenses which would, in the ordinary course of the provision of such public health services, have otherwise been expenses met by an allocation from the Minister for Finance or another Minister of the Government. Donations received are allocated to the institution or service specified by the donor subject to the above conditions.

Governance arrangements are in place to ensure that the funds from this donations account are allocated and spent in accordance with the terms of the Health (Repayments Scheme) Act 2006. The Health Service Executive submits detailed annual accounts of the fund and these accounts are audited by the Comptroller and Auditor General. Interim and regular reports on Income and Expenditure on the account are available as required.

Since the scheme commenced, a total of 212 donations have been made to date, and the value of donations received from the Health Repayments Scheme is €0.348m. All of these funds have now been allocated and expended for their intended purposes and there are no funds in the account at the end of 2016.
As there is a possibility of further payments to be made under the scheme, it is the HSEs view that the Donations Account must remain in operation until there is a final close down of the scheme.

With regards to the Health Repayment Scheme itself, up to the end of December 2016 a total of 35,463 applications have been received. While the scheme closed to new claimants on the 31st December 2007, there are instances that allow for a follow-on claim to be made. All 35,463 applications received have been concluded by the end of December 2016 with 21,877 applicants receiving an offer and a further 13,586 applications not accepted. Based on the 2016 preliminary out-turn, a total of 20,283 payments amounting to €453.046m have been made under the Scheme.

The final cost of the scheme will be in the region of €486m. A timeframe for close down of the scheme has yet to be agreed. The Department of Health in conjunction with the HSE's National Co-Ordinating Unit for the Health Repayment Scheme is currently reviewing the level of potential claims remaining and considering measures necessary to bring the scheme to a closure, including any legislative revisions that may be required.

**Nursing Homes Support Scheme (NHSS)**

The Nursing Homes Support Scheme (NHSS) is administered by the HSE in accordance with the Nursing Homes Support Scheme Act 2009.

The Scheme is administered centrally, with a 2017 net budget of €940m, and payments in respect of the costs associated with the scheme are made on a named resident basis across public, voluntary and private providers. The contributions determined under the scheme for individuals are paid directly to the public, private and voluntary providers and the income contributions for those in public centres is included in the revenue income and expenditure accounts of the HSE.
The scheme supported 23,073 people at year end 2015, rising to 23,142 at year end 2016. Of the 23,142 in 2016, 79% are supported in private/ voluntary centres and the remaining 21% are supported through public provision.

The briefing paper submitted to the Committee outlines in some detail the reasons why there are different costs associated with public and private residential care provision under the scheme. The HSE published its cost of care for public residential care centres in October 2016, with a range of costs generally from €884 to €2,089 per bed per week, when compared to private residential care costs which range from €695 to €1,325/ bed/week. While this is a significant cost differential for long stay residential care beds, there are also quite specific different drivers of these costs in evidence.

These include pay rates and conditions of employment of public versus private, the environmental implications of staffing levels in older public centres, the reduction in public beds since 2009 to comply with residential care standards, fixed costs that cannot be easily reduced in line with reductions in bed numbers, higher dependency of residents in public centres and the necessity to provide public residential care in areas not attractive to private providers.

It is also important to note that public residential care centres are well respected and a vital component of their local community in terms of the delivery of a wide range of services, not just long stay care. Many centres are campuses for the delivery of local services, including Primary Care, Day services and Rehabilitation. Public residential care services have a long history of service provision going back generations and the capital plan as announced in 2016 outlined a series of developments across the country both in terms of replacement and refurbishment of existing accommodation to bring the remaining centres in line with the residential care standards. This will see a significant reduction in multi occupancy bedrooms, and allowing for the provision of services in line with privacy and dignity requirements for residents.
In April 2015, additional funding was provided within an overall package of €74m to reduce the waiting list for funding approval under the NHSS to no more than a 4 week period. This has been maintained consistently since then, and it has provided an essential stability in the overall context of the provision of service to people who require long term care.

While the NHSS is a significant scheme in supporting older people who need long term residential care services, it also needs to be viewed in the context of the services that are required to maintain people in their own homes and communities for as long as appropriate. These services include home care, day care, respite, rehabilitation, voluntary and community supports. The input of paid and unpaid carers, family and neighbours are important elements of the necessary supports.

The HSE is implementing the recommendations that it is responsible for, following the Review of the Nursing Homes Support Scheme, undertaken in 2015 and will work with the Department of Health in relation to the Value For Money review to be undertaken this year in relation to the costs of public long-stay care services.

This concludes my opening statement.

Thank You.