21st Oct. 2019

Ms. Éilis Fallon,
Committee Secretariat,
Committee of Public Accounts,
Leinster House,
Dublin 2.

Re: PAC meeting 19.09.2019 and request for further information (PAC32-I-1559)

Dear Ms. Fallon,

I refer to recent correspondence from the Committee to Mr. Paul Reid, Chief Executive Officer in respect of a request for further information on a number of issues following the PAC meeting held on the 19th September.

Please find below responses to the matters raised.

1. An information note providing details in relation to risk analysis in respect of decision making for Public Private Partnerships for health centres;

Response:
The development of Primary Care Centres by way of a Public Private Partnership (PPP) contract was sanctioned by Government in July 2012.

In order to qualify to be classified as a PPP contract significant risk must be transferred to the PPP Contractor.

In a PPP Contract the PPP Contractor is responsible for the Design, Construction, Financing and Operating the facility for the concession period (25 years) and handing back the facility at the end of the concession period in an “as new” condition.

The risks associated with the PPP contract are classified across seven categories as follows:

1. Planning
2. Design
3. Construction
4. Operating
5. Life Cycle
6. Financial/Insurance
7. Legislation
1. **Planning**
In relation to the Primary Care Centre PPP Contract the planning risk transfer was reduced as the HSE received planning permission for the development prior to the contract. However the compliance risk associated with the conditions of planning was transferred to the PPP Contractor. Also the PPP contractor was responsible for any revised planning application as a result of design changes / modifications and the fire safety certificate application.

2. **Design**
Although the HSE’s technical advisor prepared an exemplar design for the planning application full design responsibility was transferred to the PPP Contractor. The PPP Contractor was responsible to ensure that the final design complied with the output specification of the facilities.

3. **Construction**
All construction risk was transferred to the PPP Contractor. The main construction risk included construction inflation, unforeseen ground conditions, delay and sub-contractor performance.

4. **Operating Risk**
The unitary payment to the PPP Contractor is dependent on the facility being available for use. If the facility or part of the facility is not available there will be deduction to the unitary payment. Events that could lead to the facility being unavailable include failure to have the rooms in the facility heated to the correct temperature, leaks, vandalism and failure to have the facility adequately cleaned.

5. **Lifecycle Risk**
As the facility has to be handed back in good condition at the end of the concession period the cost of replacing elements/components of the facilities is the responsibility of the PPP Contractor.

6. **Financial/Insurance**
The PPP Contractor is responsible for funding the facilities and the risk associated with fluctuations in interest rates and insurance is their responsibility.

7. **Legislation**
The PPP Contractor is responsible for compliance with any change in general legislation and regulation during the concession period and undertaking any modifications to the facilities resulting from changes in general legislation and regulations.

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2. **Information on the cash advances provided to Section 38 organisations and details of the agencies funded over the past 3 years, to include the amount of money each organisation received in cash acceleration payments, and the number of outstanding cash acceleration payments at the end of each year, as well as confirmation of the requirement for Section 38 and Section 39 bodies to be cash-neutral at year end;**

**Response:**

**Background**
The HSE is required by statute to manage and deliver, or arrange to be delivered on its behalf, health and personal social services. The Health Acts empower the HSE, on such terms and conditions as it considers appropriate to enter into an arrangement with Section 38 Providers for the provision of a health or personal social service on behalf of the Executive. The conditions to the provision of the Funding from the HSE to the Provider for the Services are set out in the form of Service Level Agreements.

**Total Grants paid by HSE to S38 and S39 Agencies 2016 to 2018**
Table 1 provides an analysis of the HSEs expenditure on Grants to these agencies for the years 2016 to 2018 as reported in the HSEs Annual Financial Statements.
### Total Cash Acceleration Payments to HSE Funded Agencies 2016 to 2018

The HSE provide cash funding to Section 38 organisations based on the agreed funding levels for that year. Monthly cash profiles are issued to each voluntary provider based on the agreed funding level specified in the Service Level Agreement. Cash is disbursed to these organisations periodically based on these monthly profiles. In some circumstances disbursements are accelerated beyond agreed monthly profiles to ensure continuity of service.

Table 2 provides the overall value of cash accelerations in each of the years 2016 to 2018. During the year if any agency receives a cash acceleration in a period, its next cash payment is reduced.

<table>
<thead>
<tr>
<th>Agency</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>S38</td>
<td>2,905</td>
<td>3,055</td>
<td>3,258</td>
</tr>
<tr>
<td>S39</td>
<td>878</td>
<td>953</td>
<td>1,025</td>
</tr>
<tr>
<td>Total</td>
<td>3,782</td>
<td>4,007</td>
<td>4,283</td>
</tr>
</tbody>
</table>

*(Numbers are shown in €m’s)*

Cash accelerations to voluntary agencies may be indicative of a number of factors some of which are multiannual in nature such as budget profiling issues, cash timings at month end or an excess of costs over funds. Cash accelerations are only provided in exceptional circumstances where specific issues relating to cash flow are identified and need to be addressed.

All agencies are required to be cash neutral by year-end. If, any agencies have exceeded their annual cash profile entitlement through the above acceleration process they will have their subsequent year’s profile reduced by the same amount. This is in line with the HSEs National Financial Regulation 13 Cash and Bank.

Table 3 below details the level of cash advances outstanding and reported as a Debtor in the HSEs Annual Financial Statements.

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>No Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>73.6</td>
<td>27.0</td>
</tr>
<tr>
<td>2017</td>
<td>31.3</td>
<td>25.0</td>
</tr>
<tr>
<td>2016</td>
<td>16.9</td>
<td>9.0</td>
</tr>
</tbody>
</table>

These figures reflect the amount of cash accelerations made at the end of each financial year and owed to the HSE at the end of the financial year end date and which are recouped in the following year.

Cash acceleration requests are required to be authorised in line with overall governance arrangements. Further all cash acceleration requests must adhere to the guidelines set out by the HSE National Financial Regulation #13 (NFR -13)

Appendix 1 (attached) provides an analysis by Agency of funding for 2016 to 2018 which has been reported in the HSEs Annual Financial Statements for each of these years.
3. An information note on the payment arrangements in respect of services obtained under the Cross-Border Initiative to include information regarding recoupment levels and in particular delays in making payments to those who avail of these services;

Response:
It is acknowledged and regrettable that patients are experiencing delays in applying for reimbursement under the Cross Border Directive (CBD) Scheme and some delays for patients seeking prior authorisation for treatment. The table below demonstrates the significant growth in demand for the scheme and the cost of reimbursements to the public, that avail of treatment under the scheme.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Forms Issued by the NCP</td>
<td>37</td>
<td>1,594</td>
<td>2,515</td>
<td>4,081</td>
<td>5,166</td>
<td>3,033</td>
</tr>
<tr>
<td>Queries to the NCP</td>
<td>94</td>
<td>4,591</td>
<td>5,571</td>
<td>4,828</td>
<td>3,250</td>
<td>2,617</td>
</tr>
<tr>
<td>Reimbursements processed</td>
<td>7</td>
<td>150</td>
<td>1,025</td>
<td>2,011</td>
<td>3,886</td>
<td>3,041</td>
</tr>
<tr>
<td>Prior Authorisation Applications processed</td>
<td>30</td>
<td>219</td>
<td>324</td>
<td>1,219</td>
<td>1,493</td>
<td>1,289</td>
</tr>
<tr>
<td>Cost of reimbursements*</td>
<td>€29,265</td>
<td>€585,863</td>
<td>€2,499,967</td>
<td>€4,433,642</td>
<td>€12,288,398</td>
<td>€7,978,266</td>
</tr>
</tbody>
</table>

Reimbursement
Applications for reimbursements are received and are dealt with in chronological order. All applications for reimbursements received up to the 26th June have been processed. All reimbursements in the A-C group received before the 29th May 2019 have been processed.

Staff within the service have been reassigned to address the backlog in reimbursements and to reduce the processing timeframe on these applications. It is planned that the processing timeframes will improve over the coming weeks with the continuation of this reassigned resource. This may have some impact on other delivery timelines within the service.

Reimbursement Rates
Reimbursement under the provisions of the Cross Border Directive (CBD) is at the cost of the treatment abroad or the cost of the treatment in Ireland whichever is the lesser. The HSE publishes on the CBD webpages a full list of the available reimbursement rates (i.e. all acute hospital reimbursement rates).

Levels of reimbursement are specific to individual cases and subject to many variables.

For example the reimbursement rate for a hip replacement is circa €11,000. The cost of a hip replacement abroad can vary between €5,000 and €12,000. Depending on the cost the patient pays abroad, he/she could receive full reimbursement for example in the case where he/she has paid less than the €11,000.

In 2018 the average cost of a claim was €3,162. A total of 3,886 reimbursements were processed and at a total cost of €12,288,398.
Prior Authorisation

Prior Authorisation was introduced by the HSE to protect patients accessing inpatient healthcare abroad and is entirely optional. Prior Authorisation allows for the patient to give due consideration and make an informed decision with regard to accessing Inpatient care.

It is envisaged that applications for prior authorisation are processed within 15-20 working days. 70% of applications are meeting the deadline with the remaining 30% being met within 5 additional working days. Additional capacity in the service is required to meet 100% within the target timeline.

There is a requirement for additional resources to the support the current demands for the CBD scheme, including future requirements, and HSE and DOH are engaging on this.

4. A further breakdown of consultancy costs incurred by the HSE including figures for each of the previous years and the current spending to date;

Response:
Information for this query is being collated and will be issued as soon as possible.

5. A note on the arrangements in place to provide holiday cover in respect of home care services provided by healthcare support staff for each of the nine regions;

Response:
Home support staff who are directly employed by the HSE, have traditionally been, and remain, mainly part-time workers due to the nature and flexibility of the work involved and the care needs of clients that must be attended to within specific time frames during any day. The home support service which people receive is based on an individual client’s care needs which are assessed by clinical staff and the home support provided will vary dependent on the level of dependency and other support structures in place such as attendance at day care.

The HSE, at all times, endeavours to provide cover for staff on annual leave with staff providing cross-cover when required and clients with the highest care needs or living alone prioritised for cover during periods of leave. Clients and their families are kept informed in relation to planned staff leave. In exceptional circumstances where cross-cover is not available to a home support client during a period of annual leave, respite services are offered to the client.

The overall home care resource and the range of providers, including HSE directly employed staff, is carefully managed to ensure that this key service is available at the required times, in a flexible way and at the appropriate standard to support clients’ changing assessed needs.

6. A breakdown of the cost in each of the CHO regions of the home care service provided by healthcare support staff and the cost where this is provided by agency staff; and

Response:
The Home Support Service is funded by Government to deliver a volume of service each year as approved in the HSE National Service Plan. It is a non-statutory service and access to the current service is based on assessment of the person’s needs by the HSE and having regard to the available resources and the competing demands for the services from those people with assessed needs.
The National Service Plan for 2019 provides for the following:

- 17.9m home support hours to be delivered to 53,000 people inclusive of 410,000 hours/550 home support packages funded under the Winter Initiative 2018/2019
- Intensive Home Care Packages delivered to approximately 235 people with approximately 360,000 hours delivered in the full year

Home Support services for older people are provided either by directly employed staff or by voluntary and private providers who have formal tender arrangements with the HSE to deliver the services. The type of support provided includes personal care and, where appropriate, essential household duties relating to the client’s assessed needs.

The HSE has a long history of very close working relationships with voluntary providers of home support services particularly in the Greater Dublin area, Wicklow and Clare (historically there is no tradition of directly employed home support staff) and to a lesser extent outside of these areas.

As the service has expanded over the years, and as “Private Providers” entered the market, providing much needed capacity to enable more people to remain at home for longer, there was a need to put in place formal arrangements with external providers to ensure fairness and transparency in selection of service providers and, in the absence of regulation, to ensure an appropriate standard of services being delivered.

Voluntary and Private Providers have been engaged with HSE since 2011 in the national tendering process and since 2014 with working towards the streamlining of home support services. This culminated in home help services and the home care packages scheme being brought together into a single funded service in 2018 in agreement with the Department of Health, in preparation for the planned introduction of a Home Support Scheme and regulation of the home support sector. Streamlining the two services into the single Home Support Service provides for a single application and assessment process and with clearer financial and activity reporting arrangements provides for greater accountability and transparency.

Following a tender process in 2018, each of the nine Community Health Organisations across the country have a number of Approved Providers available to provide a Home Support service to clients locally where the HSE is not in a position to provide the service directly. The new tender arrangements apply to new clients whose Home Support is approved from the 1st of September 2018. Clients in receipt of services prior to 1st September 2018 are not impacted and remain with their existing provider until their need for the service is concluded or they transfer to an alternative provider.

The HSE continues to engage at national level with representative groups in order to prepare for the implementation of the single funded service and streamlining of arrangements with external providers through the tendering process. The current list of Approved Providers following Tender 2018 is available for viewing online at; https://www.hse.ie/eng/home-support-services/choosing-an-approved-provider/choosing-an-approved-provider.html

Approved Providers are to be used where clients have been approved for Home Support services funded through the single funded Home Support scheme and where the CHO is unable to provide services within their direct HSE provision.

In 2018, a total of 17,130,453 home support hours were delivered nationally and of that, 9,623,495 home support hours were delivered by approved external providers.

As at 31st July 2019, 10,102,285 home support hours have delivered nationally of which 5,614,408 hours have been delivered external providers. It should be noted that indirect provision includes home support services delivered by both voluntary agencies and private providers.
Projected outturn for 2019 is in the region of 17.4m hours.

Table 1 below demonstrates the current cost per hour per CHO area for direct and indirect service provision.

Table 1 - Home Support Services – July YTD

<table>
<thead>
<tr>
<th>CHO</th>
<th>CHO 1</th>
<th>CHO 2</th>
<th>CHO 3</th>
<th>CHO 4</th>
<th>CHO 5</th>
<th>CHO 6</th>
<th>CHO 7</th>
<th>CHO 8</th>
<th>CHO 9</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>July YTD Expenditure</td>
<td>25,720,194</td>
<td>28,013,212</td>
<td>21,177,007</td>
<td>38,421,157</td>
<td>26,558,957</td>
<td>17,693,494</td>
<td>28,052,290</td>
<td>27,526,998</td>
<td>37,092,369</td>
<td>250,255,677</td>
</tr>
<tr>
<td>Direct Hours YTD</td>
<td>708,720</td>
<td>504,373</td>
<td>351,603</td>
<td>1,285,668</td>
<td>869,591</td>
<td>-</td>
<td>280,845</td>
<td>487,078</td>
<td>1,540,262</td>
<td>4,487,878</td>
</tr>
<tr>
<td>Indirect Hours YTD</td>
<td>271,585</td>
<td>557,458</td>
<td>538,279</td>
<td>274,107</td>
<td>304,254</td>
<td>783,526</td>
<td>845,599</td>
<td>499,337</td>
<td>1,540,262</td>
<td>5,614,408</td>
</tr>
<tr>
<td>Total Direct &amp; Indirect Hours</td>
<td>980,305</td>
<td>1,061,832</td>
<td>889,882</td>
<td>1,559,775</td>
<td>1,173,845</td>
<td>783,526</td>
<td>1,126,444</td>
<td>986,414</td>
<td>1,540,262</td>
<td>10,102,285</td>
</tr>
<tr>
<td>Direct Costs YTD</td>
<td>18,747,146</td>
<td>13,560,088</td>
<td>7,951,007</td>
<td>31,161,190</td>
<td>18,576,507</td>
<td>-</td>
<td>5,300,000</td>
<td>12,321,929</td>
<td>-</td>
<td>107,617,863</td>
</tr>
<tr>
<td>Indirect Costs YTD</td>
<td>6,973,053</td>
<td>14,453,111</td>
<td>13,226,002</td>
<td>7,259,977</td>
<td>7,982,454</td>
<td>-</td>
<td>22,752,288</td>
<td>15,205,070</td>
<td>-</td>
<td>142,637,814</td>
</tr>
<tr>
<td>Total Direct &amp; Indirect Costs</td>
<td>25,720,199</td>
<td>28,013,198</td>
<td>21,177,010</td>
<td>38,421,167</td>
<td>26,558,958</td>
<td>17,693,490</td>
<td>28,052,288</td>
<td>27,526,998</td>
<td>37,092,369</td>
<td>250,255,677</td>
</tr>
</tbody>
</table>

7. A note on the delay in opening the new wing in University Hospital Waterford and the availability of revenue funding for it.

Response:

The Dunmore Wing is a major and welcome capital development for University Hospital Waterford. The five storey block includes two floors for Palliative Care and three floors of single occupancy rooms.

The development will provide fit for purpose, high standard facilities for patients and staff. It will enable the release of much needed physical space within the main hospital block as services transfer.

Construction of the unit has completed and the equipping phase of the development is underway. A phased approach to planning for occupancy of the building is progressing. UHW is developing a proposal to open the 72 beds (3 floors) in the Dunmore Wing on a replacement bed basis.

Plans for internal reconfiguration are also being progressed with a view to commencing occupation of the building later in Q4 2019.

Revenue funding of €0.6m is available for this project for 2019 and €1.8m Pay and Non-Pay funding available on a full year basis for 2020.

If any further information is required please do not hesitate to contact me.

Yours sincerely,

Ray Mitchell
Assistant National Director
Parliamentary Affairs Division