

Thursday 8 November, 2018

Check Against Delivery

Chairperson, Committee Members,

I would like to thank the Committee for affording me the opportunity to appear before it today to update it on the current position with regard to processing Illness Benefit payments. I am joined by my colleague Anne Vaughan, Deputy Secretary and Alan Flynn, Principal in our IT Department.

As I said in my note to the clerk of the committee last week the Department experienced significant difficulties in processing Illness Benefit payments in recent times and regrettably these difficulties impacted our customers in a manner that has correctly been described as unacceptable.

This is a matter of great concern to the Department and we are extremely disappointed and deeply embarrassed by our failure to maintain our usual standard of service. We are a Department that prioritises making payments above all else. In this case however we failed to live up to our own standards, we let the people who depend on us down and, although this may be cold comfort to the people affected, we sincerely apologise to all of the people who were affected.

I would like, if I may, to outline the background to the payment issues and the steps we have taken to restore service levels and to ensure, as best we can, that the payment issues encountered will not be repeated.

I will start however with a brief overview of the Illness Benefit scheme.

The Illness Benefit Scheme

The Illness Benefit Scheme is a scheme under which people who are unable to work due to illness or injury are entitled to receive a weekly payment from the Social Insurance fund.

The basic rate of payment for a single person is €198 per week. Entitlement to the payment, which may be made for a period of up to two years, is contingent on a person's social insurance record. A person must have a minimum of 104 social insurance contributions paid in order to qualify for up to 12 months of payments. 260 contributions are required for the full two year entitlement. People who exhaust their entitlement to a payment may continue to claim social insurance credits, which are reckonable for pension and other purposes, throughout the full two year period. Means tested increases are paid in respect of adult dependant and children.

The number of people claiming Illness Benefit is typically in the order of 50 – 55,000. Many recipients are not paid directly but mandate payments to be made to their employer. Expenditure on the scheme is in the order of €600m p.a.

System Change

The root of the payment difficulties lies in a process and system change whereby the Department transferred administration of the Illness Benefit scheme to its core Business Objects IT platform on 4 August 2018. – This transfer had a number of objectives including

- Moving the Illness Benefit payments off an old IT platform which is approaching end of life to a newer IT platform which is already managing most of the Department's other payments including, for example, Maternity Benefit, Paternity Benefit and Treatment Benefit. Approximately 1.3m of the Department's 1.6m weekly scheme payments are made on this newer platform.

- Realising cost savings by eliminating the need for labour intensive data entry and enabling the re-use of existing customer data already on the Business Objects platform, thus freeing up staff for assignment to other growing schemes and services.
- Facilitating, in due course, the move from a paper system whereby people receive medical certificates from their GPs and then post these into the Department to one whereby an e-certificate is transmitted directly from the GP practice computer system to the Department's payment system (paper certificates would still be accepted in cases where a GP does not use a computerised system in their practice).
- Facilitating, also in due course, the move away from weekly certification whereby a GP certifies most illness claims each week to a system whereby they provide a single certificate covering the entire period of an illness.

Although the system change has worked effectively for about 80% of Illness Benefit customers a number of significant difficulties arose following implementation for a number of customers; these included people receiving split/broken payments rather than a single weekly payment for the week and/or missing/not receiving payments on schedule. Customers also faced significant delays in contacting the Department's helpline.

There were a number of inter-related factors that gave rise to these difficulties.

The Split-Payment Issue

First, one of the key changes in the new system was the redesign of the medical certificates used by GPs. This redesign enabled the forms to be scanned directly into the system rather than relying on manual data entry. However, notwithstanding that this change had been agreed with the Irish Medical Organisation, approximately 50% of GP practices initially continued to submit 'old' form medical certificates. This led to long delays in claim processing on the new system in early August.

These delays were overcome by the Department implementing an 'automatic certification' process to ensure that people, including those whose GPs were not submitting the correct certificates got paid. While this process did ensure that all customers received their payments it did result in approximately 15% of Illness Benefit customers receiving a split payment in the period from September to November. It is important to note that people who received split payments were not underpaid as a consequence of this approach; the total amount paid was in accordance with their entitlement.

During this time, and in addition to implementing a temporary process of 'auto-certification', the Department deployed additional staff to process old form certificates received from GP practices and worked with the main representative body for GPs to encourage greater use of the new system. This meant that in mid-October we were in a position to cease the auto-certification process and the issue of split payments has since been largely resolved. At this point in time approximately 75% of medical certificates being received are in the correct format. The balance of forms are being processed manually on the day they are received.

Payment Gaps/Missed Payments

While resolving the split-payments issue the removal of the auto-certification process has belatedly exposed some underlying deficiencies in the design and operation of the new Illness Benefit system.

It is not unusual that issues with the operation of a new system will be identified in the weeks immediately following a 'go live' implementation. These would then normally be resolved before too many people are affected. However in this case these issues were, in effect, camouflaged by the auto-certification process. By the time the process was ceased in mid-October over a month of transactions were already impacted and as a consequence in each subsequent week, up to last week, payments to approximately 10% of Illness Benefit recipients were delayed by a week or more.

The main issue identified with the operation of the new system relates to the transition from a payment-in-arrears approach to a current-week payment approach. In other words,

from a system whereby people are paid their entitlement the week after a period of certification, to one where they are paid during the week of certification. Although this change speeds up initial payment it leaves very little tolerance for late receipt of certificates once a claim is in payment.

This is because if a certificate is not received early in the week to which it refers then payment will not reach the customer until the following week. Under the old payment in arrears method there was in effect a seven-day buffer to receive certificates and still get them into payment on a 'one-payment a week' schedule. Although under both systems of operation a customer will receive the same total payment amount over the course of an illness, the propensity of the 'current week' system to create payment gaps is causing significant uncertainty for, and distress to, customers.

The new system also has very tightly defined rules which must be satisfied before a certificate can be accepted and processed for payment. Although these rules are valid in principle, they are leading to payments being delayed for reasons that would not have been applied under the legacy system. – For example if there is a gap of a week or more on the dates between two certificates the new system will not consider the second certificate as part of a continuing claim and will require a new claim to be submitted. This then leads to payments being stopped and referred for examination by an officer.

Measures Taken to Address The Payment Issues

The Department is taking three main steps to resolve the issues just described

First we have, and are continuing to, deploy additional staff to process the tasks and respond to the customer enquiries arising from the tight application of scheme rules by the new system. As new staff being deployed to support Illness Benefit processing need to be trained on the scheme and the IT system, these measures will take some time to deliver full benefit.

Second, we have developed some new IT routines or 'workarounds' that in effect build in a seven day buffer to address the payment gap issue and automate the processing of tasks to ensure a faster flow-through to payments.

Third we are reviewing the design rules in the system, including the payment in the current week rule, and will modify the system to afford greater flexibility in processing of claims and certificates.

In addition, the Department continues to engage with the medical profession regarding the implementation of e-certification and single/closed certification. These measures will, in time, lead to better customer service.

The Department has also allocated additional managers to take responsibility for the programme of work just set out. This management team includes a full time assistant secretary and additional staff at Principal, Assistant Principal and Higher Executive Officer level.

As a consequence of the measures just described customers who are due a payment and whose certificates and claims are in order should now receive their payment entitlement. Payment volumes were restored to normal levels last week and will be monitored on a daily basis to ensure that they remain at this level. Any further issues that may arise will be quickly identified and any further remedial action that may be required will be taken.

In stating this it is important to note there are always cases, and were always such cases under the old system, where customer payments are legitimately stopped or paused – for example if medical certificates are incorrectly completed, or if the certifying GP is not registered on our system, or if there is an inconsistency between an illness benefit claim and another social welfare claim, or if routine errors were made in the processing of the certificates. These types of issues will always remain and would normally be dealt with via our helpline number. Unfortunately due to the large volumes of calls being received over recent weeks customers are facing difficulties in contacting the Department. We expect that the measures set out above will both reduce the volume of calls and increase our call handling capacity in the coming weeks.

Other Issues/Measures

In addition to these system issues, the Department acknowledges that it did not communicate effectively with customers in advance of the new system coming into effect,

nor did we act quickly enough to advise and reassure them as to the nature of the split payment issue or to respond in an timely and effective manner to the incidence of missed/delayed payments. While I did write to all of our Illness Benefit customers some weeks ago to apologise for the difficulties they were encountering and advise them of other supports available this communication was, I accept, too little, too late and was of limited comfort to those people who were affected.

Although the Department has previously successfully transferred most of its other schemes and payments onto the Business Objects platform, and although the development and testing process for this system change followed previous practice, our experience with the Illness Benefit transfer has been a salutary reminder that the longer term impact of short-term remedial actions, taken with the best intentions when unanticipated issues arise or failures occur, must be carefully thought through before implementation.

In order to ensure that this and any other lessons that should be learned from this experience are identified and learned I have commissioned an independent review of this project. The review is being undertaken by a retired Revenue Commissioner and will be delivered directly to me and to the Minister. It is expected that it will be delivered by the end of the year and its findings will inform our approach to future system and process changes.

Conclusion

As I have already said the Department sincerely regrets and is deeply embarrassed by the difficulties recently encountered by Illness Benefit customers. We have let some of our customers down and for this we are very sorry.

In mitigation, if there can be any, I would point to the fact that the Department has a strong record of ensuring customers get paid. This is the first incident of its kind in a long programme of transferring over 1.6m weekly payments from old legacy systems to our newer business object system and throughout this experience we continued to successfully deliver over 99% of these payments on time. We also deployed the Community Welfare

Service to help assist customers who faced difficulties arising from the payment issues and many customers were supported with interim payments through this service.

This is not to in any way diminish or understate the extent of the Illness Benefit issues. So again I would like to apologise not just to the customers, but also to our staff and to Oireachtas members for the difficulties experienced.

We have done better in the past, we can do better again and we are determined to do so.

My colleagues and I will be pleased to answer any questions that members may have.

ENDS