

## Senate Community Affairs Legislation Committee

### SUPPLEMENTARY BUDGET ESTIMATES – 23-24 OCTOBER 2014 ANSWER TO QUESTION ON NOTICE

#### Department of Human Services

**Topic:** Market Testing of Health Services Claims and Payments

**Question reference number:** HS 47

**Senator:** Cameron

**Type of question:** Written

**Date set by the committee for the return of answer:** 12 December 2014

**Number of pages:** 2

#### **Question:**

With reference to the market testing for the commercial provision of DHS Medicare, PBS & Veteran's Affairs payments by the Department of Health:

- a) Provide details of DHS involvement in the market testing exercise.
- b) Provide copies of information or other documentation provided by DHS to the Department of Health to assist the Department of Health with the EoI process?
- c) The Department of Health advertisement which appeared on 8 August 2014 for this process stated that "likely respondents will have considerable commercial experience in calculating entitlements, processing payments, reporting on activities and disbursements and delivery of client services focused on meeting customer expectations."
  - 1) Does the inclusion 'client services' imply a much wider scope than just the provision of transaction services?
  - 2) Was DHS consulted on the scope of the EOI including the delivery of client services? By whom and when?
  - 3) How many DHS staff are engaged in the roles in scope of the EOI process?
  - 4) Is the department required to obtain the approval of the Minister before contracting out service delivery work, such as the proposed Telstra arrangement?
- d) Has any consideration been given by DHS to the protection of the medical and other records of Australian citizens in this process? Provide details.
- e) Has DHS been involved in any decision making process to determine why the DHS Medicare, PBS and Veteran's Affairs payment systems should be outsourced? Provide details of the extent of involvement.
- f) Has DHS investigated the cost of upgrading the current DHS Medicare, PBS and Veteran's Affairs payment IT system(s)? What would this cost be?
- g) Has any consideration been given to outsourcing other DHS functions? If so, by whom and which functions?

**Answer:**

- a) The Department of Human Services' (the department) role in the measure has been to provide advice to the Department of Health regarding the current delivery of health services functions. Additionally, the department is assisting by providing senior executive membership of the committee established by the Department of Health to oversee the measure.
- b) Information and other documentation relating to the EOI process documentation is part of advice to government. Information on briefing provided to Ministers is not normally made publicly available in order to maintain agencies' ability to properly and effectively brief Ministers.
- c)
  - 1) Matters of scope of the EOI are best answered by the Department of Health.
  - 2) The department was first consulted on the EOI by the Department of Health in late May 2014.
  - 3) The EOI is a market testing process and did not identify a specific scope. No decisions have been made yet as a result of the EOI process.
  - 4) There is no legal requirement for the Department of Human Services to seek or obtain the approval of the Minister for Human Services before it contracts out the delivery of services. The Minister is regularly apprised of significant actions being taken by the department.
- d) Any changes would need to meet the Australian Government's privacy, security and applicable legislative requirements.
- e) No decisions have been made whether or not there are viable commercial alternatives to the current delivery of health services claims and payments functions.
- f) The department has undertaken some general investigation of the costs involved in upgrading the Medicare, PBS and DVA processing and payment systems. This information forms part of advice to government. Information on briefing provided to Ministers is not normally made publicly available in order to maintain agencies' ability to properly and effectively brief Ministers.
- g) No consideration has been given to outsourcing of the department's other service delivery functions.