

**Senate Finance and Public Administration Standing Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**BUDGET ESTIMATES – 29 MAY 2008**

**Human Services Portfolio**



**Department/Agency:** Department of Human Services  
**Outcome/Output Group:** Outcome 1, Output Group 1  
**Topic:** KPMG Business Case and fraud savings

**Senator:** Brown

**Question reference number:** HS33a-f

**Type of question:** Written

**Date set by the committee for the return of answer:** 11 July 2008

**Question:**

**HS33a:** Page 12 of the Public Extract of the Business Case of the Access Card says that some of the “biggest gains” are likely to come from ‘reductions of the claims for the PBS concessions based on inaccurate information’.

Was this tackling the same problem as the earlier measure?

**HS33b:** How much of the savings the Access Card was supposed to deliver did this problem cover? Can you give us a ball park figure?

**HS33c:** Is it fair to say that these savings have been made without the access card?

**HS33d:** Does that suggest a problem with the costing of the access card?

**HS33e:** What did the Department of Finance have to say about those costing?

**HS33f:** Were there any discussions with the department of finance about these costing?

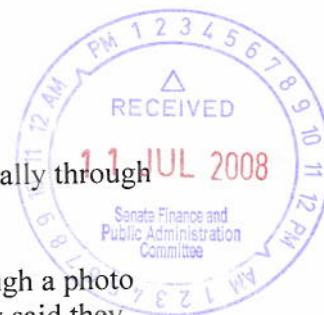
**Answers:**

**HS33a:** The potential fraud and non-compliance savings identified in the KPMG Business Case included savings from reducing fraud against the Pharmaceutical Benefits Scheme (PBS), as well as fraud against the Medicare Benefits Schedule and Centrelink payments fraud.

The PBS Online initiative checks that a concession entitlement exists for a specific Medicare number.

The access card was expected to deliver savings at pharmacies where PBS Online was not in operation. However, voluntary take-up of PBS Online has substantially

exceeded expectations, meaning that some of the savings expected originally through the access card have been realised through that higher uptake.



There was an additional level of savings to PBS outlays anticipated through a photo on the card confirming that a person claiming a concession was who they said they were.

**HS33b:** As part of its business case on the access card, KPMG estimated upfront savings of between \$39 million and \$78 million and annual ongoing savings of the same amount over nine years from preventing PBS concessions being claimed by the concession card holder after their entitlement had been cancelled but before the printed expiry date on their card.

KPMG also estimated upfront identity fraud related savings, from preventing someone from using a borrowed or stolen concession card (that was otherwise valid) to claim PBS concessions, of between \$22 million and \$43 million per year (with annual savings of the same amount ongoing over nine years).

**HS33c:** As outlined in HS33a, it is likely that a proportion of the savings to PBS outlays that KPMG anticipated over 10 years from the introduction of the access card are being achieved from the take-up of the PBS Online initiative, although the extent to which this is occurring has not been quantified.

**HS33d:** The access card costing was examined by the then Department of Finance and Administration (Finance) in accordance with the requirements of the budget process.

The Department of Human Services reported to KPMG that a proportion of the savings to PBS outlays anticipated for the access card by KPMG would be achieved from the take-up of the PBS Online initiative.

The KPMG estimates of fraud savings from the access card were not agreed by Finance.

There had been agreement with Finance to undertake reviews of the potential to realise further efficiencies once the system design was finalised and again once it was in full operation.

**HS33e:** Finance did not agree the access card savings estimates.

There had been agreement with Finance to undertake reviews of the potential to realise further efficiencies once the system design was finalised and again once it was in full operation.

**HS33f:** As per HS33e, Finance did not agree the access card savings estimates. There had been agreement with Finance to undertake reviews of the potential to realise further efficiencies once the system design was finalised and again once it was in full operation.

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