

Audit Committee AC 03-03(p2)

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Countering Fraud in the NHS in Wales: Key Event

Thursday 24 October 2002, 3.15pm

Keynote Speech

Introduction

I am very pleased to be here today for the launch in Wales of a counter fraud Memorandum of Understanding between the NHS and the Association of Chief Police Officers. . It also gives me the opportunity to announce the results of our first measurement of patient prescription fraud.**HIGHLIGHT A SIGNIFICANT REDUCTION IN PHARMACEUTICAL PATIENT FRAUD.**

Before launching this ground breaking document, I would like to take this opportunity to consider how far the NHS has travelled since 2001, when the Welsh Assembly Government set out its strategy to give greater protection to NHS resources from fraud. **DUE TO THE LAUNCH OF THE NHS COUNTER-FRAUD STRATEGY UNDER JIM GEE, We have a clear plan on how to stop the minority who defraud the NHS in Wales.**

Fraud in the NHS is totally unacceptable. We owe it to patients and the public to mount a strategic, professional approach to countering fraud.

Our aims are threefold: Firstly, to reduce fraud to an absolute minimum. Secondly, we aim to hold it at that absolute minimum permanently. And thereby we will free up resources for better patient care.

Identifying the Problem

To tackle the problem, you need to know its scale. . Comprehensive fraud measurement processes are taking place in each area of THE NHS primary care BUDGET with the first pharmaceutical exercise in Wales completed and the optical exercise underway.

This work is accurate to better than plus or minus one per cent (1%) of losses. . The National Audit Office agrees that the methodology used represents a sound basis for accurately

estimating losses.

The Auditor General for Wales' report published in 2000 stated that nine per cent (9%) of instances where an individual had claimed exemption from prescription charges there was in fact no entitlement to this exemption. Working from this basis the Auditor General's report estimated that approximately £15 million of potential income was lost in 1999-2000 as a result of patients incorrectly or fraudulently claiming exemption from prescription charges.

As I have already said THE our measurement for pharmaceutical patient fraud has now been completed. . Today, I can announce that estimated losses for 2001-2002 are £8 million.

These savings generated from reductions in fraud are TO FIGURES OF £15 MILLION FOR 1999-2000. now being spent where the money was intended to be spent – on the delivery of patient care.

Creating an Effective Structure to Implement the Strategy

The Welsh Assembly Government has taken steps to create an effective structure to counter fraud in the NHS in Wales.

We have entered into a partnership agreement with NHS Counter Fraud Services in London, which is headed by Mr Jim Gee. Under this agreement they provide policy support, intelligence and training services.

Professionally trained counter fraud specialists cover every NHS trust and health authority in Wales. These are aided by a specialist counter fraud team for NHS Wales, headed by Mr Graham Dainty (who is here today), which was created last year. In addition we have access to specialist dental and pharmaceutical teams which cover both England and Wales. IN THE LAST THREE YEARS THE NHS COUNTER FRAUD SERVICE HAS BEEN PUT IN PLACE COVERING ALL PARTS OF THE NHS.

THIS INCLUDES:

- A CENTRAL UNIT ESTABLISHED IN MARCH 1999 WHICH CO-ORDINATES ALL POLICY REVISION WORK, DEVELOPS INTELLIGENCE AND DIRECTS OPERATIONS
- A TRAINING SERVICE LAUNCHED IN SEPTEMBER 1999 - CREATED FROM A STANDING START WITHIN SIX MONTHS OF THE MONEY BEING MADE AVAILABLE - DELIVERING PROFESSIONAL AND ETHICAL TRAINING FOR ALL REQUIRED SKILLS FOR COUNTER FRAUD SPECIALISTS

- A WELSH OPERATIONAL SERVICE ESTABLISHED IN MAY 2001. SPECIALIST TEAMS TO TACKLE COMPLEX, HIGH VALUE OR CROSS HEALTH BODY FRAUDS AND A MOBILE PROACTIVE TEAM TO TACKLE FRAUD IN PARTICULAR HIGH RISK AREAS.

19 PROFESSIONALLY TRAINED COUNTER FRAUD SPECIALISTS COVERING EVERY NHS TRUST AND HEALTH AUTHORITY IN WALES.

Work to Develop an Anti-Fraud Culture

In order to develop a real anti-fraud culture we have agreed counter fraud charters AGREEMENTS with all the major professional associations, with the Royal College of Nursing, and with patient groups. . These charters set out how we will work together to counter fraud in the NHS and were signed and launched here in Cardiff Bay on 23 July this year..

These charters mean that more than 40078,000 NHS staff and professionals in Wales are represented by organisations which have committed themselves to stop fraud in the NHS. . Although we can be proud of how quickly this was done from a standing start in 2001,. we know that it is only the beginning.

Work to Deter Fraud

Much work has been done to publicise fraud. We want potential fraudsters to see that society will not tolerate it and that we are committed to stopping every type – no matter how big or how small. . We hope this will deter any potential fraudster from committing these crimes.

WWHERE A FRAUDSTER IS CONVICTED e will continue to work with all stakeholders to create the strongest possible peer group pressure against fraud, AND to make it clear that the vast majority of those who work in or use the NHS find the actions of the fraudulent minority completely and totally unacceptable.

Work to Prevent Fraud

Since April1999, pharmacists in Wales have had in place FAIR AND PROPORTIONATE checks on those claiming an exemption from NHS charges. . As we have seen, with the support of the pharmacists themselves, WHO HAVE IMPLEMENTED THE CHECKS, we have substantially reduced losses to fraud throughout Wales.

We have also worked with organisations such as the British Dental Association, the Association of Optometrists and Federation of Ophthalmic and Dispensing Opticians to prevent fraud by professionals through redesigning some processes.

Work to Detect Fraud

Where we cannot prevent fraud then we aim to detect it quickly so that losses are minimised. To this end, we have introduced:

- a new fraud and corruption reporting system;
- the NHS's first ever national fraud database;
- a central intelligence unit; and
- a Fraud and Corruption Reporting Line – 08702 400 100

Work to Investigate Fraud

Wherever we detect possible fraud we investigate it. This is not to seek to prove that fraud is present, but rather to fairly and objectively test the suspicion that has arisen.

An example of fraud being detected and appropriate action being taken is of:

- a NHS trust manager who defrauded the NHS in Wales of £10,000 by having NHS funds paid directly into his personal bank account. . He was sentenced to six months imprisonment and AS all the money was repaid to the Trust.

This case highlights the good working relationships that have already been fostered between the Counter Fraud Service within the NHS and the police. This can only be strengthened further by the launch of this important agreement today.

Tougher Sanctions

Applying the right sanctions is integral to countering fraud in the NHS. . Which is why I am very pleased to announce the introduction of Advanced Investigation and Sanction training for all NHS counter fraud specialists in Wales. . Many counter fraud staff in England have already received this training and I'm told that it has proved a useful and resourceful tool for all concerned. . The training is intended to ensure that counter fraud specialists consider the full range of available sanctions to them once an investigation commences.

In the past civil, disciplinary or criminal sanctions have been sought at separate intervals. . In some cases this has caused NHS funds to be lost because the suspect or suspects have become aware that they are being investigated and have disposed of the money in question. . This EAIS new training highlights how these cases can be progressed in parallel, THEREBY giving us a greater opportunity to regain the money lost and reinvest it into NHS frontline patient services.

For low level patient fraud, where the sums involved can be as little as £6 [the current

prescription charge], we can apply new penalty charges of up to five times the amount obtained. . Every penny that is made from these charges is reinvested straight back into the NHS in Wales. This is the best way to deal with this type of high volume, low value fraud. . THE NHS WOULD BE MUCH WORSE OFF IF WE HAD TO PAY TO PROSECUTE EACH SUCH CASE.

To tackle fraud by professionals we have introduced new powers for health bodies to check on propriety and to suspend or remove fraudsters from their lists. .

A number of cases are currently being investigated in Wales and where there are guilty verdicts, THERE WILL BE we will look for tough sentences to be imposed. . OUR The chanceS of fraudsters being detected has rOisen significantly now every NHS trust and health authority in Wales has a nominated counter fraud sEpecialist., and we are moving towards a healthy counter fraud culture.

Conclusion

Even though we are looking towards a brighter future for the NHS in Wales founded on a principle of public trust. , we cannot let that be undermined by cynical exploitation of those values. We shall continue to work TOGETHER with THE VAST MAJORITY OF those who work in or use the NHS to stop fraud and corruption betraying the NHS's founding and continuing principles.

To conclude, I would like to say how very pleased I am that we are able to launch, what I consider to be an historicAL agreement with the Association of Chief Police Officers, as well as congratulate and thank you all for your sterling work in protecting the NHS in Wales against fraud. WITHIN THE NHS.