

NEWS RELEASE

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Province not effectively identifying and recovering physician overpayments: Auditor General

WINNIPEG – The province is not taking necessary actions to identify and recover overpayments made to physicians, says Auditor General Tyson Shtykalo. The findings are contained in the report, Physicians' Billings, released today.

In Manitoba, physicians use a fee-for-service model by billing Manitoba Health, Seniors and Active Living (the Department) for services they provide to patients. "For the most part, physicians in Manitoba are on the honour system when they submit claims to the Department for payment," Shtykalo said. "Claims are paid assuming the information is correct, and there is an expectation that physicians retain the documentation that supports their claim."

Payments to physicians totaled over \$930 million in 2020. The audit found there are processes for physicians to claim eligible expenses, and for the province to recover overbilling—but these systems are not used effectively.

"The fee-for-service model is complicated, and it's understandable that physicians can sometimes make billing errors," Shtykalo said. "In situations where a physician has overbilled, it's important the Department promptly recovers the overpayment, and uses enforcement measures where necessary. Unfortunately, this seldom happens."

The Auditor General examined physicians' billings during a five-year period (January 1, 2015 to May 31, 2020). During this period, the Department's Audit and Investigations Unit (AIU) identified overbillings of over \$1 million, but only \$10,822 (or about 1%) of these overpayments were collected. The report notes that instead of collecting overpayments, the Department focusses on physician education to reduce future overbillings—though it's not clear whether this approach works. "We did not find any evidence that the Department returns to those physicians who have overbilled to determine whether its education efforts have been successful," Shtykalo said.

The report also notes that physicians audited by AIU are selected randomly instead of on a higher risk-basis. A risk-based selection process would provide for a more effective use of AIU staff resources. In the 5 years the Auditor General looked at, less than 4% of Manitoba's 3,000-plus fee-for-service physicians were audited. This works out to less than 2 audits per month, the report notes.

The Auditor General also found Department staff were not provided training on the fee-for-service process.

"I note that new legislation for physician billing has been proposed, and the province is moving the Audit and Investigations Unit under the Department of Finance," Shtykalo said. "These changes should not diminish the importance of recovering the full amount of overpayments made to physicians."

The report contains 6 recommendations. **To view the report, please visit** <http://www.oag.mb.ca/reports>.

ABOUT THE AUDITOR GENERAL OF MANITOBA

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