

Dear Member,

The Victorian Auditor-General's Office (VAGO) has tabled its *Payments to Visiting Medical Officers in Rural and Regional Hospitals* report. The report was conducted to examine the appropriateness and transparency of payments to visiting medical officers (VMO) by rural and regional health services. This included the adequacy of the contractual arrangements for VMOs and the robustness of the systems and processes to manage VMO arrangements.

In 2010-11, rural and regional public hospitals spent over \$108 million on VMOs. For the purpose of this audit, VMOs are defined as contracted private practitioners on a fee-for-service basis. VMOs may also receive payment for participation in teaching, administration or on-call roster activities.

Contracting and payment of the medical staff is the responsibility of individual health service boards. The Department of Health's (DH) role is to provide direction and reviews of publically funded health services.

The report found that:

- Payments to VMOs are appropriate and transparent
- VMO contracts are consistent, although sometimes out-of-date
- Rural and regional services have improved their systems and processes for paying VMOs
- No evidence was found of inappropriate billing by VMOs
- VMOs should improve their documentation to provide health services with clarity of the services provided
- Health services do not regularly review VMO performance against their contracts to assure the quality of services purchased with public funds
- Health services need clear legal advice about the employment status of their VMOs (either as an employee receiving employee benefits, or an independent contractor) to avoid financial risk
- Health services should analyse their medical staffing needs better to determine the best use of VMOs verses formalised salaried arrangements

VAGO Recommendations

1. That health services assure contracts are signed and current
2. That health services proactively review and plan their need for VMO service
3. That health services include performance expectations in VMO contracts and conduct annual reviews
4. That health services obtain advice on VMO contractor arrangements
5. That the DH facilitate the development of guidance on contracted VMO arrangements by co-ordinating relevant stakeholders



Victorian Healthcare
Association

Member Bulletin

VAGO REPORT – PAYMENTS TO VISITING MEDICAL OFFICERS IN RURAL AND REGIONAL HOSPITALS

Issue: 201220

23 May 2012

6. That the DH revise the *Partnering for Performance* policy to clarify performance assessment processes for contracting VMOs and monitor health service compliance
7. That health services complete routine audits of VMO payments

More detail about these recommendations can be found in the full report at:

http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2011-12/20120523-vmos.aspx

Kind regards,

Trevor Carr
Chief Executive