

Abstract

The new hospital funding system

The Court of Audit examined the application of the new hospital funding system in place since 2002. The issue was to check once the hospital budget allocation was determined whether hospitals were properly funded and whether their individual budgets were fixed and paid out according to the regulatory provisions.

The audit showed that the funding system still failed to work efficiently because of problems with regard to budget draft and payments.

Individual hospital budgets were not notified in due time because of yearly delays in fixing and publishing the funding rules. As a result, the Public Health department had repeatedly to notify hospitals provisional budgets.

Thanks to the new funding system budget adjustments are not so often needed and, thus, budget revisions occur on a less frequent basis. But in spite of this improvement the department concerned should remain attentive to the fact that when individual budgets are calculated and subsequently adjusted, the overall expenditure budget should not be exceeded. The Court, however, ascertained that this department did not sufficiently put the final individual budgets allocated into perspective with the overall budget within which they have to be set.

Besides, it noted a delay in fixing individual budgets and, thus, a delay in payments to competent agencies in charge of paying out the hospital benefits. This is partly due to the fact that the data used to calculate the budget are not up to standard and are processed and controlled too slowly, with the consequence that they are not so up-to-date. This also results from an inadequate communication and exchange of data between the Public Health department and the National Institute for Illness and Invalidity Insurance (INAMI). It holds the additional risk that budgets do not sufficiently match the real hospital activities and expenditure.

Moreover, final amounts are still unnotified and the new system still holds debts from the years 1999-2001. These delays can only be remedied in so far as sufficient funds are made available.

The Court recommended working out specific measures to optimize the funding system. It stressed once again the need to notify final budgets to hospitals in due time and to subsequently minimize the number of budget revisions. In his response the Minister of Social Affairs and Public Health said that he could agree to most of the Court's recommendations and announced a series of measures to do away with the shortcomings ascertained.