

27 January 2014

Mr D Lohr
Fyi-request-1342-49521a86@requests.fyi.org.nz

Dear Mr Lohr

Official Information Act request

Thank you for your request of 2 December 2013, asking for the following information under the Official Information Act 1982 (the Act) (summarised):

1. What changes have been made to the way the Fraud Unit operates since the publishing of the report by McCallum Petersen and Martin Jenkins in July 2007?
2. The report refers to a fraud investigation by ACC, involving a provider which took 12 years to complete. Is this the length of time providers can expect an investigation of their practices will continue for now?
3. Has the average amount of time for provider investigations changed?
4. What is the percentage of providers ACC presently believes are fraudulent?
5. Regarding the outcomes of the Goddard report, were reparations made for investigations, and if so, what were these?
6. You have requested ACC provide you with an online link to the Goddard report.

General Commentary

The following details are supplied as contextual background, to be read alongside ACC's responses to your specific requests.

In late 2006/early 2007, ACC developed a new culture framework that resulted in a move to review the way in which some of its business units were organised, and services provided. ACC's Fraud Investigation Unit was one of the groups identified for review. Subsequently, the Corporation arranged for independent third party, McCallum Petterson Martin Jenkins, to conduct the review. The terms of reference for the review were completed in May 2007. The review commenced 21 May 2007, and the final report (referred to as the Martin Jenkins Report) was provided to ACC in July 2007.

The purpose of the Martin Jenkins review was to evaluate the structure of the Fraud Unit, its reporting arrangements, the culture within the unit, its operating approach, and the capability and capacity of the staff employed. The final report was considered by the ACC Board in September 2007 and its recommendations accepted.

ACC has a zero tolerance policy towards fraud and is committed to ensuring the levy payer funds it collects and uses to manage the Scheme are handled appropriately. Allegations of fraud by clients, providers, business levy payers or staff are all taken seriously. However, the depth and methods of investigation into each allegation will differ depending on the circumstances. Generally speaking, an investigation will only be commenced where

preliminary considerations identify serious cause for concern, and during the investigation the individual concerned is given an opportunity to speak on their own behalf.

Also in 2007 the Labour-led Government instigated a review of the Corporation's funding of physiotherapy services, as part of its confidence and supply agreement with New Zealand First. Mr David Goddard QC was appointed to lead the review, and the subsequent findings were outlined in the report "*Review of the Way in Which Physiotherapy Services are Funded and Accredited by ACC*", often referred to as the "Goddard Report". At the time the report was commissioned, the Corporation operated two physiotherapist payment systems:

- the Endorsed Provider Network whereby ACC paid a higher prescribed amount for treatment undertaken, on the understanding the provider would not apply a surcharge, and
- physiotherapy funded under the usual treatment regulations, which permits the charging of co-payments by providers.

As well as evaluating ACC's physiotherapy funding model, the Goddard Report considered issues around communications between ACC and physiotherapists during the fraud investigation process, and the physiotherapy profession in general. Submissions were called for, and received from a number of sources including the Corporation, clients, and providers. Hearings were held in May and August 2007 with the final report released on 16 November 2007.

The review made the following conclusions:

- the level of ACC funding of physiotherapy was too low, resulting in it being unsustainable for the providers,
- communications between ACC and physiotherapists needed to be improved, and
- the monitoring, auditing, and investigation of activities developed by the Corporation also needed to be improved.

ACC is pleased to provide you with the following information, in the order that you have listed them.

1. What changes have been made to the way the Fraud Unit operates since the publishing of the report by McCallum Petersen and Martin Jenkins in July 2007?

Since the publication of the Martin Jenkins report, ACC has implemented 10 of the 11 recommendations made on page 43 of the report.

The only recommendation that has not been implemented is the development of a Training and Development Advisor. These tasks are currently the responsibility of Area Investigation Managers.

2. The report refers to a fraud investigation by ACC, involving a provider which took 12 years to complete. Is this the length of time providers can expect an investigation of their practices will continue for now?

No, 12 years is not the expected timeframe for any current investigation.

Each allegation is now assessed for validity before a decision to dedicate resources to a full investigation is made. The timeframe of that investigation will depend on the number and complexity of inquiries required.

3. Has the average amount of time for provider investigations changed?

ACC does not measure the average time taken to complete provider investigations. Accordingly, this aspect of your information request is declined under section 18(e) of the Act because the document alleged to contain it does not exist, or cannot be found.

4. What is the percentage of providers ACC presently believes are fraudulent?

ACC has not undertaken any studies to accurately measure the suspected level of fraud within the provider groups involved in client services. Consequently, this aspect of your information request is declined under section 18(e) of the Act because the document alleged to contain it does not exist, or cannot be found.

5. Regarding the outcomes of the Goddard report, were reparations made for investigations, and if so, what were these?

ACC cannot locate any information to suggest reparations were paid to any providers who were investigated and then found to have done nothing wrong. As a result, this aspect of your information request is declined under section 18(e) of the Act because the document alleged to contain it does not exist, or cannot be found.

6. You have requested ACC provide you with an online link to the Goddard report.

ACC's website does not hold an electronic copy of the Goddard report. Accordingly, your request is declined under section 18(e) of the Act because the document alleged to contain it does not exist or cannot be found.

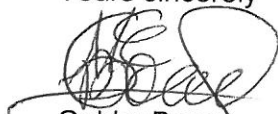
At the time the report was released, it was available on the Department of Labour's website <http://www.dol.govt.nz/news/media/2007/index.asp>. However, ACC advises this link no longer leads to the report. You may wish to contact the Ministry of Business, Innovation & Employment to make further enquiries.

You can reach me at gabby.boag@acc.co.nz if you have any queries about this letter.

If you're unhappy with ACC's response, you may make a complaint to the Office of the Ombudsman. You can call them on 0800 802 602 between 9am and 5pm on weekdays, or write to:

The Office of the Ombudsman
PO Box 10 152
WELLINGTON 6143

Yours sincerely



Gabby Boag
Senior Advisor