Debt Collection Strategies in Public Hospitals in Capricorn District Municipality

Submitted in fulfillment for the requirement of the degree

Masters in Business Administration (MBA)

By

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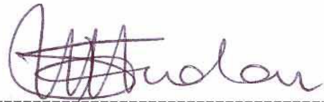
October 2010

DECLARATION

I **Tshililo Mudau**, hereby declare that the Research Report submitted to the University of Limpopo, for the degree of Masters in Business Administration is my own work and has never been submitted to this or any other institution for examination purposes before. The materials consulted have been duly acknowledged.



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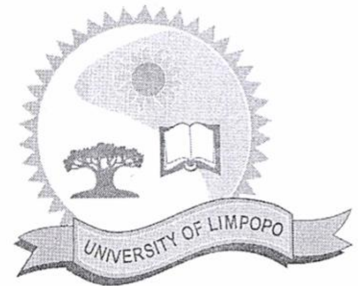

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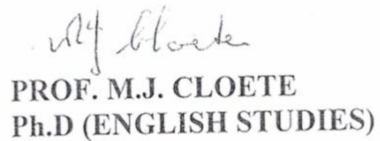
This serves to certify that I edited Mr T. Mudau's mini-dissertation entitled *Debt Collection Strategies in Public Hospitals in Capricorn District Municipality*.

Yours faithfully



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28 June, 2010

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University of Limpopo

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Dear Mudau T

"Debt collection strategies in public hospitals in Capricorn District Municipality"

Permission is hereby granted to Mudau T to conduct a study as mentioned above

- The Department of Health and Social Development will expect a copy of the completed research for its own resource centre after completion of the study.
- The researcher is expected to avoid disrupting services in the course of his study
- The Researcher/s should be prepared to assist in interpretation and implementation of the recommendations where possible
- The Institution management where the study is being conducted should be made aware of this,
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Chapter 1

INTRODUCTION AND CONTEXTUALIZATION

1.1 Background of the study

Debt collection in public hospitals in South Africa and even in the world is a challenge. It is a challenge that affects the survival of the very hospitals that need to look after the citizens when they are sick. When public hospitals fail to collect debts, patient care may somehow be compromised. Reports of poor food standard, lack of linen, shortage of drugs and equipments, shortage of staff, amongst others are daily occurrences.

The Auditor General financial year 2003/2004 report indicated that there was an increase on the previous year in unpaid patient bills in Limpopo Province. According to The Star dated Friday July 31 2009, Business Report Section reported that there are 334 hospitals in South Africa and hospital debts continue to rise in all these hospitals.

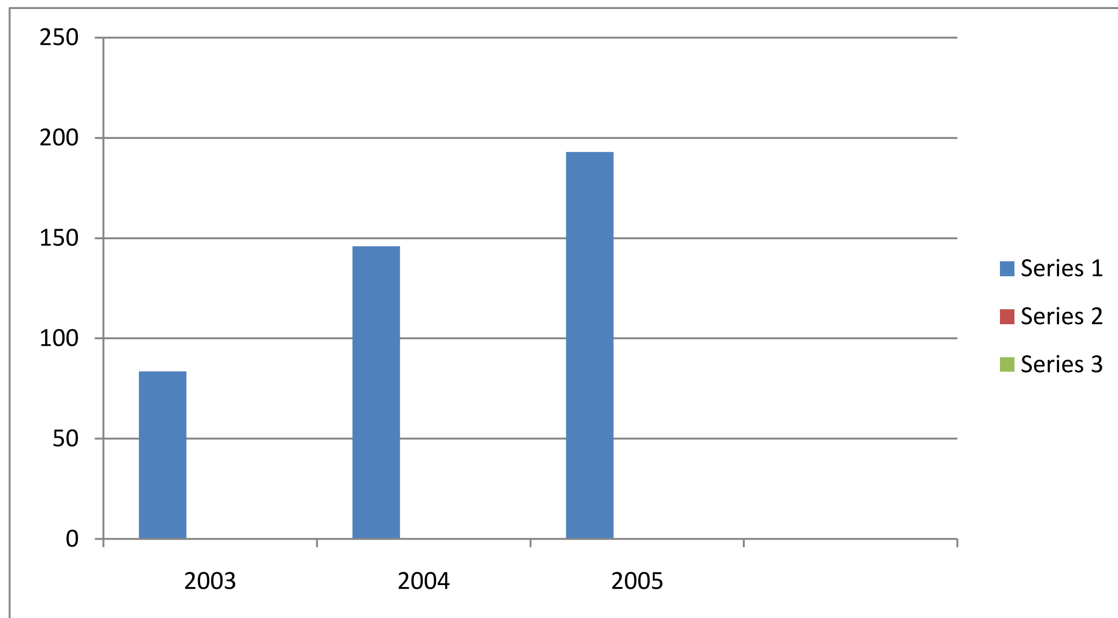
Mmathulare Coleman (Member of the Executive Council of Finance in Mpumalanga Province 2006) as reported on Bua News but compiled by the Government Communication and Information System(GCIS) dated 30 March 2006 reported that the Provincial Government revenue would be significantly boosted if hospitals implement effective revenue collection systems. Similarly, the National Government revenue would be significantly boosted if all 334 hospitals implement effective revenue collection systems.

The MEC further indicated that Mpumalanga Province is “on the drive to chase hospital patients who failed to settle their hospital bills”. This is indicative of a dire situation and desperation on her part with regard to ever rising patient debts.

According to Mail and Guardian, Gauteng Province has no high hopes for improved debt collection.

The same report (GCIS), 30 March 2006, indicated that patients in Limpopo Province owe the public hospitals about R146 million. This figure had grown from R83.6 million in 2003 to R146 million in 2004, according to the Limpopo Legislature's Select Committee on Public Accounts (Scopa). The Limpopo Health Department indicated that medical aid companies had not settled their bills and some patients lied about being poor to avoid paying normal rates. This study about debt collection strategies wants to address the challenges faced by public hospitals in collecting outstanding debts.

Graph 1.1 Indicate how patients' debt had accumulated in years 2003, 2004 and 2005, measured in millions.



Graph 1.1. Patients' debt in Limpopo Province

At present all public hospitals are receiving full funding from the National and the Provincial Governments. Even with the full funding, hospitals are not operating at

optimal level. There are, on daily basis, reports of reduced or compromised patient care at hospitals. Should state funding to the public hospitals be reduced as was the case in Kenya in the late 1980s, the situation at the public hospital will be catastrophic?

It is becoming more important to the public hospitals to collect what is due to them. Medical costs are rising and more people are dependent on public hospitals for treatment. With the high unemployment rate in the country the importance of collecting patient debt cannot be emphasized enough because each debt paid would make the treatment of the next patient possible.

1.2 Significance of the study

The topic "Debt Collection Strategies in Public Hospitals in Capricorn District Municipality" is significant and relevant because it would help to improve cash flow problems in public hospitals. Treece and Treece (1986:66) reported that a research topic and problem formulation should not be too extensive and should be limited to one aspect. Although there are several elements related to the financial management in hospitals, only one segment which is debt collection strategies in the hospitals can be reasonably researched. The topic should promote interest and offer solutions to the debt collection challenges in public hospitals in Capricorn District Municipality.

According to Wimmer and Dommick (1987:24, 260) a study which does not offer a solution to the problem and provides no answer to the problem has little value beyond the experience the researcher acquired from conducting such a study. This study will identify the causes of the debt collection problems and then offer solutions to such problems.

According to Polit and Hungler (1995:43), problems that are in need of solutions or that excite curiosity are relevant and interesting. The study is relevant because through it, the factors behind failure by public hospitals to collect debt in time will

be exposed. Thereafter, a corrective measure will be put in place to avoid their recurrence. The reasons why hospital failed to collect outstanding patients' debt will be explored..

1.3 Statement of the problem (motivation for the study)

The researcher was motivated to undertake this project because of the continued deteriorating state of public hospitals. The South African Government had in the past years embarked on hospital revitalization program to facelift hospital buildings and equipment. Debt collection, however still remains a challenge which affects the quality of patients' care in public hospitals.

During election campaigns political parties promised free health services to the people. This creates a dilemma to hospital management when they try to enforce payment in public hospitals. There are people who are exempted from paying at public hospitals. The study will determine if this is well communicated to public hospital employees and the communities at large.

1.4 Aim of the study

The aim of the study is to develop debt collection strategies for public hospitals that can offer solutions to the debt crisis in public hospitals.

1.5 Objective of the study

The objective of the study is to investigate the debt collection challenges in public hospitals with specific reference to public hospitals in the Capricorn District Municipality. The public hospitals selected, and their localities, are listed in table 1.

Table 1. Municipalities and Hospitals in Capricorn District Municipality

Locality	**Public Hospitals**
1. Aganang Local Municipality	1. W.F. Knobel Hospital
2. Blouberg Local Municipality	1. Blouberg Hospital 2. Helen Franz Hospital
3. Polokwane Local Municipality	1. Mankweng Hospital 2. Polokwane Hospital 3. Seshego Hospital 4. St Joseph Hospital
4.Lepelle-Nkumpi Local Municipality	1. Dr Machupe Mphahlele Memorial Hospital 2. Lebowakgomo Hospital 3. Thabamoopo Hospital
5. Molemole Local Municipality	1. Botlokwa Hospital

1.6 Research Question

How would debt collection strategies solve the ever-rising debt problems in public hospitals?

1.7 Literature Review

A literature review is defined as the documentation of a comprehensive review of published and unpublished works from secondary sources of data in areas of particular importance to the research. Viewpoints that could have an impact on the research were considered. The literature review ensures the inclusion of important viewpoints which could likely influence the study.

Serakan (1984: 37-38) noted that a literature review ensures that, the testability and replicability of the findings of the current research are enhanced and that the

problem that is investigated is perceived by the scientific community as relevant and significant.

Falkingham (2003) notes that out-of-pocket payments can be incorporated into the formal healthcare financing stream. The out-of-pocket payment must be structured in such a way that it does not prevent access to health to the poor. She further notes that some poor people in Tajikistan had to sell their assets to pay for the healthcare of relatives. The LA Times, July 12 2009 reported that hospitals in Kenya are jailing patients who do not pay for their hospitalization.

Younis (2004) mentions that hospital debt collection impacts on profitability and access to health care. For-profit hospitals were found to be more effective in collecting their debts than non-profit hospitals. The efficiency in collecting debt adds to for-profit hospitals' profit margin and financial performance in general.

Leone and Van Horn (2005) state that, non-profit hospitals have incentives to manage their earnings to a range above zero. They report that there are two ways to achieve that. Hospital management can adjust the discretionary spending or can adjust accounting accruals using the flexibility inherent in the General Accepted Accounting Principle (GAAP).

Public hospitals in South Africa are non-profit organizations; as such, they have to manage their earnings to a range above zero. But this is not the case as almost all the public hospitals are being owed money by patients and there are daily reports of a lack of food, a lack of clean linen and a lack of cleaning materials which compromise the hygiene in the wards

1.8 Research design

The topic under investigation is a qualitative study. Qualitative research is a field of inquiry in its own right according to Denzin and Lincoln (2000:2). Qualitative research investigates the how and the why of decision making. Qualitative research gathers an in-depth understanding of human behaviour and the reasons that govern them.

In qualitative research the researcher views the phenomenon under investigation objectively. In this study the researcher believes that the situation in the hospitals can improve remarkably if an effort to collect debts is made. The researcher will employ methods such as observations, questionnaires, and interviews as tools to collect information. The researcher will gain an understanding of the underlying reasons and motivation for employees' attitudes, preferences and behaviour concerning debt collection in hospitals.

This research is qualitative in nature and qualitative research can be classified as applied, basic and action research. Basic research is primarily to improve our understanding of general issues without any emphasis on its application. Denzin et al (2000:851) assert that, for basic research the ultimate measure of significance is a research product's contribution to theory and disciplinary knowledge. However, this study cannot be classified as basic research.

Action research, according to Seale et al (2004:547), is an aspiration rather than a possibility. The theory of action research suggests that it occurs in an ideal world. The authors are of the view that even if the action research project proceeds smoothly there will be biasness in the report. Action research is unpredictable, risky and cannot exit. So, again, this research project cannot be classified as action research.

Applied research is problem oriented as the research is carried out to solve a specific problem that requires a solution. This research aims as addressing the

problem of debt collection in public hospitals. Applied research can also be classified as evaluative research. Evaluative research refers to the purpose for which the research is conducted. In applied research the researcher must look at the significance that affects the whole industry or institution. Debt collection problems affect all public hospitals. So, this study can be classified as applied research.

The rationale for the research design is that qualitative research is often used for policy and programme evaluation. It can answer certain important questions more efficiently and effectively than the quantitative approach. This is the case for understanding how and why certain outcomes were achieved and for answering the important question about relevance, unintended effects and the impact of debt collection on the country's revenue.

1.9 Research Methodology

1.9.1 Study area

The study areas are public hospitals located in the Capricorn District Municipality in the Limpopo Province. According to the Department of Health and Social Developments there are 49 public hospitals in Limpopo Province. The hospitals are spread across the province. In Capricorn District Municipality there are 11 public hospitals. These hospitals are located in different local municipalities that constitute Capricorn District Municipality. They are Aganang, Blouberg, Polokwane, Lepelle-Nkumpi, and lastly Molemole Local Municipalities.

1.9.2 Population

Steyn, Smith, du Toit and Strasheim, et al (1999:16) define population as the total group of persons or universal collection of items to which the study relates. There are eleven public hospitals in the Capricorn District Municipality. For the purpose of the study only six hospitals will be selected. The hospitals that were studied were: W.F Knobel Hospital in Aganang Municipality; Helene Franz Hospital in Blouberg Municipality; two in Polokwane Municipality, namely Mankweng and Polokwane Hospitals both are referral and academic hospitals; Lebowakgomo Hospital in Lepelle-Nkumpi Municipality; and Botlokwa Hospital in Molemole Municipality.

1.9.3 Sample size and selection method

For the purpose of this research project six hospitals were selected. The six hospitals are located in different local municipalities that constitute Capricorn District Municipality. The hospitals differ in size, geographical locations and categories. Two are big academic and referral hospitals and are located in the urban municipality of Polokwane. Two hospitals are located in the deep rural municipalities of Aganang and Molemole. The other two are located in the semi urban area in Blouberg and Lepelle-Nkumpi Municipalities.

Wimmer and Dommick (1987:70) state that there are two kinds of sampling methods, namely probability and non-probability. A probability method is selected according to mathematical guidelines in which each unit has an equal chance. A non-probability sampling is not focused and has sampling errors. The non-probability sampling method was selected for this study. The convenience sampling as part of non-probability sampling is useful, less complicated and economical.

According to Steyn et al (1999:20) sampling bias is a phenomenon that occurs if sample elements are obtained in such a way that, for identifiable reasons, certain

sections of the population are either not represented at all or represented only to a lesser degree. The reason for sample bias is that hospitals are located in different geographical locations. Secondly, all hospitals are expected to behave the same way towards debt collection. Lastly, the sample size is small and must be representative of different hospital categories.

1.9.4 Data collection methods

In qualitative research there are several methods of data collection including observation, field notes, interviews, questionnaires, and analysis of documents. A questionnaire method was used as an instrument to collect the required data relevant to the purpose of the investigation.

A questionnaire is a convenient aid to test reliability and validity, according to Treece and Treece (1986:277). There are two different types of questions, namely open-ended and close-ended questions. Open-ended questions allow the respondent to answer in their own words, whereas close-ended questions limits the respondent to the alternative designed in advance. Both open and close-ended questions are relevant for this research.

An interview can either be telephonic, face-to-face, or by a mailed questions. Face-to-face interviews were selected as they are flexible and the interviewer can probe for specific answers and can repeat a question that a respondent misunderstood.

1.9.5. Analysis of data

Data were analysed using descriptive statistics. Descriptive statistics is defined by Steyn et al (1999:5) as ordering and summarizing the data by means of tabulation and graphic representatives and the calculation of descriptive measure. Hysamen (1994:195) argues that computers can perform time-consuming and complicated tasks. Data analysis can be difficult without a computer. It is easy to retrieve and

analyze information with a computer. However, since the population is only six public hospitals data analysis would be done by hand.

1.10 Ethical consideration

The academic freedom as stipulated in the constitution of the Republic of South Africa (Act 108 of 1996) Section 16(1)(d) has been observed with regard to ethical consideration. The research is exploratory in nature and involves three parties, namely, the university, the researcher and the hospitals. The three parties have different roles to play during the process of conducting research.

Barbour (2008:66) states that the recent developments surrounding research governance have led to an even greater focus on ethics in qualitative research particularly, in the field of health related research.

The right of the respondents would be protected, as the instrument (questionnaires) used to collect data was designed in such way that no personal particulars are needed. Polit and Hungler (1995:17) states that when human beings are used in the research, care must be exercised to protect their rights.

The respondents in the research are free to participate and may withdraw at any stage if they chose to do so according to Reaves (1992:52). The researcher must give sufficient information to the parties involved about the extent of their involvement. The researcher must get consent from the respondent to participate before commencing with the research process.

Achola and Bless (1988:88) state that throughout the process of collecting data, the challenge of persuading the respondent is ever present. A lack of cooperation can lead to an incomplete filled out questionnaire and unreliable results. Although a lack of cooperation can be disastrous in the research project, the respondents have the right to withdraw and the researcher must respect that. It was anticipated

that because this study was for academic purpose, the respondents would willingly participate.

1.11 Contextualization

The orientation of the study is outlined in **Chapter 1** to indicate the entire process the study followed. **Chapter 2** covers the literature review which includes examining the current debt collection strategies in hospitals. **Chapter 3** deals with research methodology which covers the study area, the population and sample size, the sample selection method and the data collection method and analysis of the data. **Chapter 4** covers the presentation, analysis and interpretation of the empirical data while Chapter **5** provides a summary, draws conclusions and offers recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

“The past year has been one of the most challenging periods for revenue collection since 1994. As a result of the deterioration in the domestic economy we now expect to raise R69 billion less in tax this year (2010) than we budgeted for”, Finance Minister Pravin Gordhan said when delivering his budget speech in parliament as reported in The Star Business Report , Thursday, 18 February 2010, page 4. Failure to collect the revenue will result in debt that needs to be collected at a later stage.

Debt collection challenges affect all spheres of the government departments, municipalities as well as private businesses. Due to lax debt collection practices in the Department of Health, most Provincial Departments had in the past reported a significant increase in the level of hospital debts. For hospitals to perform optimally, an improved debt management system needs to be implemented. This study wants to address the problem of debt collection challenges in hospitals.

2.2 Hospital debt level in the country

In all the nine provinces, the Provincial Departments of Health are having serious problems of collecting hospital debts. According to the Auditor General’s financial year report (2003/04), “the consequences of poor health care are due to poor financial management of our hospitals”. All the Provincial Departments of Health are owed money by patients. The situation at the Provincial Departments of Health is a source of concern according to the Auditor General’s report 2003/2004

Since then, the debt level has soared to over a billion rand owed to the Provincial Departments of Health. According to the Mail and Guardian, Gauteng Province has no hope for improved hospital debt collection. The Gauteng Department of Health believes that chances of recovering at least 40% of the R426 million in outstanding patient debts are doubtful. Bua-News on-line reported that patient debt in Limpopo Province have increased from R83.6m in 2003 to R146m in 2004. Although the figure differs to that of the Auditor General's Report, the two reports show that patient debt is increasing.

In Limpopo Province, the Auditor General's Report indicated that the outstanding patient debt was R194m from 2003/04 financial year. This was a 33% increase on the previous year in unpaid patients' bills. Outstanding debts were not followed up, resulting in a situation where debtors are no longer paying their debts. It seems that there was no credit control policy in place in the hospitals.

2.3. Debt Collectors Act

The Debt Collectors Act (Act No 114 of 1998) made provision for:

- the establishment of a council known as the Council for Debt Collectors;
- the exercise of control over the occupation of debt collectors;
- to amend the Magistrate Courts Act, 1944 to legalize the recovery of fees or remuneration by registered debt collectors; and
- to provide for matters connected therewith.

The Council for Debt Collectors established by section 2 must approve and regulate the scope of the debt collection practitioners. According to the Act, debt collectors refers to:

1. A person, other than an attorney or his or her employer or a party to a factoring arrangement who for reward collects debt owed to another on the latter's behalf.

2. A person who other than the party to a factoring arrangement, in the course of his or her regular business, for reward takes over debts referred to in paragraph (a) in order to collect them for his or her own benefit.
3. A person who, as an agent or employee of a person referred to in paragraph (1) or (2) or as an agent of an attorney collects debts on behalf of such a person or attorney excluding an employee whose duties are purely administrative, clerical or otherwise subservient to the ethical occupation of the debt collector.

Factoring arrangement means an arrangement between a creditor and a financier in terms of which the creditor, in exchange for funding, either sells or offers as security, claims against his or her debtors provided that such claims are not bad or doubtful at the time, they are sold or offered as security; provided further that no overdue debt or a claim for which a demand has been made is part of such a factoring arrangement. Although the factoring arrangement may not apply in a hospital environment, it emphasizes the need to have an arrangement for debt settlement.

The purpose of the Act was to provide for the establishment of a Council for Debt Collectors. The Council for Debt Collectors will, according to the Debt Collectors Act (Act No 114 of 1998) exercise control over the occupation of debt collectors. The Council for Debt Collectors must have ten members appointed by the Minister. Of these ten members, the minister shall appoint a chairperson and vice chairperson. In the absence of the chairperson, the vice chairperson shall conduct the meetings. The Council meets three times in every financial year. The quorum for a meeting shall be a majority of its members. The Council must register debt collectors and receives prescribed application fee. The Council can disqualify a natural person, or company or close corporation. The following are reasons for disqualification as prescribed in the Act:

1. In the case of an individual:

(i) convicted on an offence of violence, dishonesty, extortion or intimidation in the preceding 10 years;
(ii) found guilty of improper conduct;
(iii) is of unsound mind and has been so declared or certified by a competent authority;

2. In case of a company or close corporation, if the director of a company or a member of the close corporation is in terms of the requirement of the Act not competent to be registered as a debt collector.

Review of disqualification can be addressed to the Minister for consideration. The Minister in consultation with the Council may direct to restore the registration of such disqualified debt collector. The Council must prescribe subscription fees which are payable by a registered debt collector. Failure to pay such fees may result in suspension of registration. The Council must, subjected to the approval by the Minister, adopt a code of conduct for debt collection and shall publish such code. A debt collector may be found guilty by the Council of improper conduct such as:

1. the use of force or threats to use force against a debtor or any other person with whom the debtor has family ties or a familial or personal relationship;
2. acts towards a debtor or any other person with whom the debtor has family ties or a familial or personal relationship, in excessive or intimidating manner;
3. make use of fraudulent or misleading representation including:
    (i) the simulation of legal procedure;
    (ii) the use of simulated official or legal documents;
    (iii) representation as a police officer, sheriff, officer of court or any similar persons; or
    (iv) the making of unjustified threat to enforce rights
4. is convicted of an offence of which violence, dishonesty, extortion or intimidation is an element;
5. spreads or threatens to spread false information concerning the credit worthiness of a debtor;

6. contravenes or fails to comply with a provision of the code of conduct;
7. contravenes or fails to comply with any provision of this Act; or
8. behaves or acts in any manner amounting to conduct, other than that mentioned in the above paragraphs which is improper in terms of the regulation.

The Council for Debt Collectors may investigate an allegation of improper conduct by a debt collector. The debt collector shall be given an opportunity to refute any claim made against him or her. If a debt collector is found guilty, the Council may:

1. withdraw his or her registration as debt collector;
2. suspend his or her registration for a specific period or pending the fulfillment of a condition/s;
3. reprimand the debt collector;
4. impose on debt collector a fine not exceeding the prescribed amount payable to the council;
5. recover from the debt collector the cost incurred by the Council in connection with the investigation; or
6. a combination of any of the above penalties.

2.4 Debt Counselors

The National Credit Act was introduced in South Africa to cover credit transactions, credit institutions, credit information and debt counselors. Of particular importance to the study is the role by the credit information and the debt counselors. The question is whether the adverse medical debts can be listed on the credit information of the patients? This is a topic for future research.

Debt counselors are registered at the Debt Counsellors Association of South Africa. The primary aim of the industry is to interview and assist over-indebted consumers and ensures that the consumer is not a victim of unscrupulous and reckless lending. The difference between the debt collectors and the debt

counselors is that the debt collectors would collect what is owed to the hospitals whereas the debt counselor restructures payment arrangement of the over-indebted consumers.

2.5 Management of debtors

Section 76 of the Public Finance Management Act (Act 1 of 1999) as set out in the schedule published in government Gazette No: 23463 dated 25 May 2002, treasury regulations for departments, trading entities, constitutional institutions, and public entities on how debtors must be managed. The regulation applies to all debts accruing to an institution and any amount owing to or receivable by the institution such as invoices for charges for goods or services, fees or fines outstanding. This is also applicable to public hospitals that charges the patient for the services rendered.

It is important to note that there are services which are rendered for free and there are services which are charged for at the hospitals e.g. Anti Retroviral Treatment is free service whereas spectacles are charged for.

According to treasury regulations, it is the responsibility of the Accounting Officer or Chief Executive Officer of an institution to take effective and appropriate steps to timeously collect all money due to the institution including:

1. the maintenance of proper accounts and records from all debtors including amounts received in part payment;
2. referral of a matter to the State Attorney, where economical, to consider a legal demand and possible legal proceeding in a court of law. The Accounting Officer may, at his or her discretion allows debt owing to the state recovered in installment.

The Accounting Officer may write off the debts owed to the state if satisfied that:

1. all reasonable steps have been taken to recover the debt and the debt is irrecoverable
2. the Accounting Officer is convinced that :
   (i) recovery of the debt will be uneconomical;
   (ii) recovery will cause undue hardship to the debtor or his or her dependents;
   (iii) it would be to the advantage of the state to effect a settlement of its claim or to waive the claim.

According to the treasury regulation, the Accounting Officer must develop a debt write off policy through which all debts write off are done. Any debt written off must be disclosed in the annual financial statement indicating the policy in terms of which the debt was written off. Section 80 of the Public Finance Management Act of 1999 allows for interest to be charged on debts to the state at the interest rate determined by the Minister of Finance. So every hospital is allowed to charge interest on overdue accounts.

2.6 Current debt collection practices

2.6.1 Debt collection practices in the world

The challenge of collecting hospital/patients' debts is a world-wide problem. The Access Project in the USA reported harsh billing and collection practices directed at the patients such as failing to inform people about charity care, fore-closing on homes, garnishing wages, and even putting people in jail when visiting the hospital. People must be informed of the cost involved on their treatment regiments.

The American Hospital Association called for hospitals to voluntarily adopt guidelines on hospital billing and collection practices for the uninsured and underinsured patients including provision of charity care.
Setting legally defined standards for the provision and reporting of uncompensated care would be a significant step towards protecting lower income uninsured and underinsured people in need of health care from experiencing catastrophic financial consequences. Hospitals must have a standard for debt collection practices.

The following is a summary of the key recommendations for hospitals:

1. **Charity care policy** - Copies must be made available to all members of the public upon request. Patients below the federal poverty level must be provided with free of charge hospital services. Non-profit hospitals must offer discounts to low income uninsured or medically indigent underinsured individuals. Medical care must be provided through free clinics or institutions to vulnerable populations.

2. **Quantity of charity care -** Non-profit hospitals should dedicate 5% of annual patients' expenses or revenue to charity care. The 5% value will not be based on full charges but on the lowest rate. Bad debt will not be recognized as charity work.

3. **Billing collection practices -** The Federal Debt Collection Practices Act protects those with debts from unfair and abusive debt collection practices from both external and internal debt collection departments/agencies. Certain aggressive collection practices must be banned or restricted.

4. **Reporting of information -** Government hospitals must annually report the following to the Internal Revenue Service and the public: total number of patients, operating costs, expenses, total number of charity care given, number of people who apply for charity care, number of people who receive such care, amount paid

by private and government insurers and amount paid from special indigent funds. Disclosure of executive salaries is made public.

5. Sanction for non-compliance - All hospitals who failed to provide the required aggregate amount of charity care will be taxed heavily. The IRS may revoke the tax exempted states.

The above recommendations serve as guidelines to non-profit and government hospitals. Community members must be informed of the free clinics, free services at the hospitals and the discount structure available to the uninsured and the underinsured. There should not be any compromise on the quality of charity care. Funding must be made available for the provision of the charity care. Billing and collection practices must be uniform and poor people must not be forced or threatened by debt collectors. Punitive action will be taken against non-compliant institutions.

Rukavina, the Executive Director of The Access Project, testified at the congressional hearing on medical bankruptcy and medical debt. In his testimony, Rukavina indicated how the financial burden of health care costs results in medical costs. He presented information on the prevalence of medical debts, how it serves as a barrier to health care and explains how it tarnished the credit records of people. Rukavina asked the regulators to prohibit medical providers and their agencies from reporting debts to the credit agencies. The Access Project reported that many hospitals are overcharging uninsured patients and fail to inform the patients of the financial aid/ relief programme.

The testimony by Rukavina helped the American Hospital Association to release two documents, i.e. set of principles and guidelines and white paper on hospital billing and collection practices. The two documents were used to create a standard hospital debt collection practice. These debt collection practice documents seek to improve the patient- hospital relationship.

2.6.2. Debt collection practices and challenge in Africa

The Los Angels Times of 12 July 2009 reported that hospitals in Kenya had resorted to jailing patients who did not pay for hospital services. There was a case of a certain Beatrice Acheing (HIV positive widow) who had no money to have her baby delivered in a hospital to prevent transmitting the virus to her child. But she got herself admitted to the hospital. After giving birth to an HIV negative baby boy, her ordeal had just started. Hours after the birth, the mother and the baby boy were locked in a guarded room with other poor patients. Only one or two meals a day and no other service were provided to the patients. The hospital officials were demanding an equivalent of R2 044.00 in fees.

The cash-starved public hospitals and mortuaries are detaining patients and refusing to release corpses because of unpaid bills is common in Africa. Due to the inaction by the Government of Kenya, such policies of detaining patients result in patients who are poor and seriously ill to avoid going to hospitals. For Felista Atieno whose son died in hospital, it was a struggle to finally raise the money needed to bury her son. The mortuary director said that he had no authority to waive fees based on claims of poverty.

He further said that “we cannot make a decision whether someone has money or not, if we do that no one will pay”. The mortuaries need to charge someone so that they can generate income for continuous business operation. With the reduction of government and foreign aid support, the hospitals are faced with huge debt collection problems. Although the Kenyan Lawmakers and Lawyers want a more humane policy, the hospitals are in desperate situations. The hospitals have to enforce debt collection when patients fail to make payments.

If the hospitals fail to collect fees or debts, it would not be able to treat the next patient. This will lead to the crumbling of the health facilities. Somehow, the hospitals must generate income so that they can fund the available services.

2.6.3 Debt collection practices and challenges in South Africa

The National Department of Health in South Africa has acknowledged the increasing rise in debts and failures by the officials working in the Department to collect such debts. The hospitals are too reliant on the government for funding.

The Auditor General's Report, 2003/04 financial year indicates that only KwaZulu Natal province received a completely clear audit and no significant problems were identified. In two provinces, Northern Cape and Eastern Cape, the Auditor General was not able to express an opinion due to significant problems with inadequate record keeping and inadequate hospital security.

The Auditor General's report on Gauteng, Free State, North West, Western Cape, and Mpumalanga were qualified. The report identified the following problems: inadequate patient billing, irrecoverable patient debts, failure to charge interest on overdue accounts, missing patient files and accounts, no admission date on patients' files, a lack of human resource personnel, and poor management of leave days.

The Limpopo Province received an unqualified audit. There were reservations made due to a 33% increase on the previous year in unpaid hospital bills. There were no follow-up on patient debts. This resulted in patients not repaying their debts. A credit control policy was found to be lacking.

The Auditor General expressed concern on the lack of record keeping and control of hospital equipment. The report compiled by the Government Communication and Information System, published in Bua News by Sizwe Sama Yende reported that the Limpopo Legislature's Select Committee on Public Account (SCOPA) had

noted that the patient debts had risen from R83.6m in 2003 to R146m in 2004. From R146m the patients' debt had grown by 33% to R194m in 2005.

These reports had triggered an interest to study the underlying cause of patients' debts. Once the causes of patients' debts have been highlighted, a concrete effort to reduce patient debts is welcomed. Therefore, the study undertook to help to reduce patients' debts in hospitals, thus improving the quality of health services in public hospitals. This is beneficial to both government departments and the public at large.

2.7 Record keeping practices in public hospitals

Record keeping remains an important part in the hospital set-up. Hundreds if not thousands, of people visit the hospitals on a daily basis. It is against this background that the task of proper record keeping cannot be emphasized enough. Record keeping has professional, legal and ethical requirements. The legal aspect is to guard against any malpractice whereas ethical aspect is to satisfy the governing body.

The professional aspect of record keeping involves the detailing patient's activities done at the hospital. The professional aspect includes but is not limited to patients' personal information, case history form, charts, X-rays, patients' treatment plan, consent form for surgery and payment history. It is the payment history that will in future confirm the existence of debt or not. Hospitals must not only focus on providing quality care to the patient but also maintain a secured, readily available and up to date patient record.

Due to accessibility and manageability, patients' records are now generated on the computers i.e. electronically. The Chartered Society of Physiotherapy 2000 describes electronic health records as the concept of a longitudinal record of a patient's lifelong health and health care. It combines the information about patient

contact with primary health care as well as subsets of information with the episodic elements of care held in the patient's electronic record.

An electronic patient record is a record containing a patient's personal details (name, date of birth, identity number), patient diagnosis, and details about treatments/ assessments by health professionals.

An electronic record does have limitations. This includes a lack of standard electronic patient record, privacy and security. It is not for this study to address and offer solutions to those limitations but for future studies.

2.8. Communication and information about hospital debts

2.8.1 Communication of hospital debts

Communication involves the sender of the message and the receiver. Swanepoel, Erasmus, van Wyk and Schenk (2000:89) describe communication as the process by which people transmit and exchange a message or information. Communicating hospital debts must be done as early as possible. The patient or relatives of the patient must be informed about the applicable fees. The patient must be encouraged to make full payment on discharge. If or when full payment is not possible, a payment arrangement suitable to both parties can be agreed on. That is how communication can be done.

But communication cannot be simple and straight forward. There are many factors that can impact negatively on the communication process. This can lead to a distorted or poor message, where the receiver's interpretation differs with that of the sender. Communicating patient debt must be managed in a proper way.

2.8.2 Factors that harm the quality of communication

1. **Physical distractions -** They occur when there is a lack of concentration due to noise. When communicating patient debt it must be done privately with the patient or concerned relatives only. The patient's consent must be sought to discuss financial matters with anyone other than the patient.

2. **Language barrier -** Dadoo (1998:32) draws specific attention to the increasing importance of language and communication in the context of multicultural work places. South Africa has eleven official languages and with free movement of people from one area to the other, it becomes equally important to correctly communicate with the patients. Understanding the meaning of the term, phrase or symbol must be emphasized when communicating with patients. There should be no assumptions. The patient must indicate that he or she understands what is being said.

3. **Selective perception-** Paying attention to that which one believes is necessary. Debt settlement must be negotiated between the official and debtors. It must be done in a more humane and respectful way. Debt collection officers must show sympathy to those who are poor and unable to pay. Debt collection officers must be able to listen attentively to the reasons offered by the patient but must remain firm on the need to pay off the debt.

4. **Contextual problems -** They involve a timing problem where the communication must take place and the emotional state of the patient. Communicating debt collection must be timed. One cannot communicate payment of previous debts to terminally ill patients. Communicating patient debts must be well coordinated and managed. Consider the emotional state of the patient and relatives before communicating about debts. There should be one unit that

controls and manage the debt collection process in the hospital. This is to avoid different views being put to the community.

5. Deliberate creation of obstacles - Swanepoel et al (2000:698), mention that some patients refuse to listen or pay attention during a discussion, deliberately providing misleading information, and switching off or refusing to provide contactable numbers. Some people in the community still believe that they are entitled to free health services in public hospitals. As a result they do not want to make an effort to make any payment when visiting the hospital. Patients will provide wrong information so that they cannot be traceable once discharged.

6. Incompetent communication - Swanepoel et al (2000: 698) describe them as people who often lack the necessary communicating skills. They do not understand the dynamics of communication. Incompetent communicators are not aware of possible obstacles and do not know how to overcome the obstacles.

2.8.3 Methods of communicating patient debts

1. **Face-to-face deliberation -** This involves the debt collection officer talking directly to either the patient or the person responsible for the payment of debt. Debt collecting officers must take the opportunity to assess the willingness of the other parties to pay their debts. Debt collection officers must verify personal details provided and also seek the alternative contactable numbers or addresses.

2 **Notice boards -** They are useful media of communication at the hospital. Although they only cater for those who can read, the illiterate can be told what the message means. They are simple, easy to use and very accessible to the community. They do not involve a lot of money to manage. They do not need a lengthy and complicated message but brief message. They can be used to inform the public of price increases or decreases on hospital fees.

3 **Liaison with different community structures -** There are many different community structures operating in the communities. These include faith based organizations, community based organizations, different political structures,

administrative organizations such as municipal sites, chiefs and headmen. A communication process must involve all community based institutions.

4 **Newspapers and special publications -** Messages/information can be made through newspapers which are distributed in a specific area. Special publications including booklets which may be distributed with the news- papers or placed at a strategic position in the community are also useful.

5 **Mass media communication -** This is the most effective but also most expensive form of communicating the message to communities. It involves using different television and radio stations to inform the communities. The Department of Health may have a slot on the radio/ television station and allow a community member to phone in with questions, opinions, complaints or compliments.

6 **Electronic mail -** With the current era of information technology, this presents a number of opportunities to transmit information to the communities. Those with access to the internet can also download the message or send short message system (sms's) on cellphones.

2.8.4 Information system on hospital debts

Although discussed earlier, record keeping in the hospital is done manually and should that piece of paper get lost, valuable information will not be accounted for. It is for this reason that the information system plays an important part in the management of patient records. An information system can be described as systematical collecting, organizing, storing, maintaining, retrieving, and validating all patient records. A computer programme forms part of the information system.

1. Collecting of information - This activity is done throughout the hospital. When patients visit a section in the hospital, there should be a collection of information at the various sections. Information such as the treatment of the patient and the applicable cost is important. The collection of information has roles as reported by Buckland (1991:56):

i. Preservation role - Any data, documents or objects that are not collected and preserved are likely to be lost, unavailable now and in the future. Patient data need to be preserved for a specific period of time.

ii. Dispensing role - It would be easy to provide convenient physical access to preserved information. Treatments that were given to the patients for specific conditions would save consultation time.

iii. Identifying role - Scanned materials can be arranged on shelves as bibliographical materials. It will be used for cross reference at the hospital.

2. Organizing of information - The information system must be able to organize the information provided. This is a technical aspect which is not relevant to the study.

3. Storing and maintaining of information - The information system should be able to store and maintain the information systems. The main frame should have a high memory capacity. Burch and Grudnitski (1989:305) defined mainframe as the largest, fastest and the most expensive computers. It is able to service many users at the same time. It is suitable for hospital operations.

4. Retrieving and validating of information - An information retrieving system can simply be denoted as a system that stores and retrieves information. According to Chowdhury and Chowdhury (2001:1), an information retrieval system does not inform the user on the subject of his or her enquiry but merely informs of existence and the request. The information system needs to validate all the messages/ information provided in the system.

5. Privacy, Security and encryption of the information – Cate (1997:13) reports that information technologies include the privacy of individuals, the security of data in the computer or on the network and the availability of encryption software to protect data in the event of being intercepted.

Cate (1997:13) further describes privacy as controlling the dissemination and use of data including information that is knowingly disclosed as well as data that are

unintentionally revealed as a product of the use of information technologies themselves.

Security refers to the integrity of the data storage, processing and transmitting systems and includes concerns about the reliability of the hardware and software, the protection against intrusion into or theft of computer equipment and the resistance of computer systems to infiltration by unwanted users such as hackers.

Encryption is the practice of encoding data so that even if a computer or network is compromised, the data's content remains secret. Security and encryption are important as they build public confidence. It will be vital that the information system used in the hospital must offer privacy, security and encryption.

2.9 Credit control policy and sliding scale

2.9.1 Credit control policy

The importance of having the credit control policy is to have an efficient and professional credit management of debtors/account receivables and this will improve the profit of the hospital. An effective credit control must have the following: a clear credit policy, a debt collection process and a monitoring system.

a. Clear credit policy - The credit policy will give a clear indication on who is to pay for hospital services. The policy also will indicate when and how the payment of debt is made, explain the reason for making such payments and emphasize the importance of the settlement of debt on time. A credit policy also serves as an internal control to ensure that payment and collections are done efficiently. A credit control policy, once formulated must be reviewed regularly to fit the departmental vision and mission statements.

b. Debt collection process - It can be defined as a legitimate and necessary business activity where the creditors and the collectors are able to take reasonable steps to secure payment from the consumers who are legally bound to pay or repay money they owe. Debt collection starts when the patient failed to make the full payment at the hospital on their discharge. The moment patients acknowledged the debt to the hospital, the debt collection process should starts.

The first step in the debt collection process is to establish contact with the debtors to establish the following:

i. The reason for late payment - It is important to establish the reason for not paying the hospital fee. Some people don't seem to have the money to pay as some can afford to pay hospital fees but are not willing to do so. Once the reason for not paying is established then the account receivable can be managed.

ii Promise to pay - It is important that a commitment to make a payment is obtained from the patients. Patients, who have acknowledged the hospital debts, will have to make a commitment to pay such dates.

iii. Always verify the address and contact details of the debtor. In all discussions the patient's address and contact numbers must be verified. People tend to change their telephone contact number when there are many debt payment enquiries being made on that number. As a result, different contact numbers of relatives must be listed. Both postal and physical addresses must be obtained. If it becomes impossible to contact the debtor, the patient may have absconded and a tracing agent may be employed.

c. Monitoring system - A debt monitoring system can help in assessing the rate at which the payments are made. It is also helpful in determining the age of the account receivables. A monitoring system will manage the patient's debt, keep debt records and keep regular credit reports.

2.9.2 Sliding scale

It is defined as determining one's ability to make payments at the hospitals. This is an arrangement where-by hospital fees are reduced for those who have a lower income. As informed by the Government or Departmental guidelines, the hospital must develop a sliding scale relevant to their environment. Patients who do not have any income must be offered free or subsidized hospital treatment. Those who are getting some form of income can be expected to pay according to their ability as determined by the sliding scale.

2.9.2.1. Factors to be considered in the sliding scale

Lisa Rohleder in Acupunture Today reports that the sliding scale can improve the cash flow to the practice. The same can apply to the hospitals.

a. Define your boundaries and know your needs - It must be clear and understood by the patient. The sliding scale is different to the payment arrangement made with the patient. Patients will pay according to the way the sliding scale suggests. There would be patients expected from making some payments at the hospital whereas others either pay a fraction of the cost or do not pay at all.

b. Accept the need for a high volume - In private practice a high volume would result in increased profit margins. In the hospital, there is always a high volume of patients seeking treatment. The high volume would improve the financial position of the institution if a sliding scale is applied and debt is collected.

c. Offer a sliding scale respectfully and consistently to everyone - Once the sliding scale has been adopted, it must be made available to everyone visiting the hospital. A sliding scale can also be communicated to the community at large.

d. Use the initial discussion to build trust and commitment - When presenting the sliding scales to new patients indicate to the patient that this is how things work.

Depending on the patient financial position their payment is structured according to their affordability.

2.10. National health insurance

Although national health insurance is still in its infancy stage, the Government has acknowledged that there is a need for public private partnership. The purpose of the national health insurance is to reduce and eliminate financial barriers to medical care.

Marmor, Huffman and Heagy (2004) reported during the current American debate over national health insurance, that the Canadian policy makers never anticipated the side effects, such as cost, quantity, organizational and manpower distributions of the particular national health insurance programme adopted. There was also a problem of the inflationary effect of the national health insurance. Unless the systems have a strong anti-inflationary mechanism and initiatives built into them, the national health insurance will feed the fire of medical inflation.

The other side effect is that of medical debts. Dunn (2009) reported that for the health plan that President Obama is proposing, it had to deal with medical debts efficiently and effectively. She further reported that currently 5% of the hospitals' gross revenue is written off to bad debt and charity. The report also indicates that there will be a large sum of debt to collect. So even with the universal health care plan, debt collection will still be done.

In South Africa, the national health insurance is still in the planning stage. Monava as reported in the City Press Business Section 2 August 2009, that the aim of the national health insurance is to offer the public universal access to health care. The details released by government on the national health insurance are as follows:

a. National health insurance will offer a comprehensive package of services based on what is available in the public sector.

b. The services will be provided by both the public and private health providers.
c. Accreditation of providers is a key principle (both private sector practitioners and health care services providers will be accredited as national health insurance providers) based on their ability to provide services that meet quality standards and their willingness to accept national health insurance payments levels.

d. The quality of health services to be provided under the national health insurance is non-negotiable.

e. The system will be based on the following principles: the right to health, which will mean health services, will be free at point of service and social solidarity with the rich contributing a percentage of their income to fund health services for the poor?

f. The size of the individual contribution being considered within the ANC's national working committee is between 3% and 5% of person's income.

g. The main source of funding for the national health insurance will be tax revenue.

h. The public health sector will have to be substantially strengthened. The health budget will need to go beyond the current R62, 7 billion. Health expenditure would be risen from 11% to 15% of the total expenditure.

i. The National health insurance will involve a more equitable and socially efficient distribution of health resources in the public and private sectors.
j. Patients will be able to choose between accredited providers in their area and patients will have the opportunity to change doctors within a window period.

From the above information on the National Health Insurance scheme, there is little or nothing said about medical collections and medical debts. Does that mean

that there should be no need to collect money from the national health insurance fund?

2.11 Batho Pele principles - People centered approach.

a. Batho Pele principles will serve as an acceptable policy and legislative framework about service delivery in public services. This principle is in line with the ideals of the constitution of the country. The ideals are to promote and maintain high standards of professional ethics.

b. Provide service impartially, fairly, equitably and without bias.

c Utilize resources efficiently and effectively

d. Responding to the needs of people, encourage citizens to participate in policy making.

e. Rendering an accountable, transparent and development oriented public administration.

The Department of Health in Limpopo has adopted the Batho Pele principles and the principles are operational in all public hospitals. The Batho Pele principles are as follows:

a. Consultation - It involves conducting consumer surveys, interviews and holding meetings with the public. Consultation means that the hospital must seek advice or information from patients and the community at large.

Hospitals must consult patients and also the community with regard to solving patient debts. During consultation the patient can be informed of the importance of paying the hospital debts.

b. Service standards - To benchmark debt collection practices with the best in the world. With credit control policy in place, the hospital can set achievable goals in collecting debts. Patients and the community must be involved in setting the goals.

c. Access - Making health facilities accessible to all citizens of the country. Access to information and services will empower the citizens. Information about the fees payable at the hospital must be made available. Patient debts can only be disclosed to themselves or close relatives. The availability of such information may be restricted.

d. Courtesy - The hospital should encourage the culture of showing empathy, consideration and respect to all patients. Even when a patient has outstanding debts at the hospital, he or she may never be denied treatment. When discussing payment arrangements with the debtor, the hospital employee must not threaten the debtors at all.

e. Information - Accurate information about the availability of services should be given. Information about patient payment history cost of treatment that the patient underwent and information about available alternative treatment should be given.

f. Openness and transparency - The public should know more about the way the hospitals operate. When patient wants to discuss debt problem, they should know who to deal with at the hospitals. The public should be invited to participate and make suggestions for the improvement of service delivery, hospital employees should be made accountable and responsible.

g. Redress - When the service is below the promised standard, a remedy to rectify and improve the services should be made. Community members must be encouraged to critically criticize the service being offered at the public hospitals. The hospital must deal with the complaint effectively. If a debt dispute occurs when dealing with the debtors, it will be important to address it quickly.

h. Value for money - This involves providing services as efficiently and economically as possible. Even when a patient promised to settle the debt at a later stage, the service offered should always the best possible.

2.12 Summary

This chapter elaborated on literature addressing the issue of debt collection in public hospitals. It was indicated that the consequences of poor health care is mainly the result of poor financial management in public hospitals and that despite the enactment of the Debt Collectors Act in 1998, hospital debt is still rising at an alarming rate. With the impending national health insurance wherein the hospital must claim from the established fund, public hospitals would suffer serious financial consequences. This because the hospitals are currently failing to claim from the established medical aids scheme.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Study area.

3.1.1 Limpopo Province

There are nine provinces in the Republic of South Africa. Limpopo Province is found in the northern part of the country bordering countries such as Botswana, Mozambique and Zimbabwe. In South Africa, Limpopo Province has borders with Mpumalanga, North West and Gauteng Provinces. The new dispensation had incorporated Lebowa, Gazankulu and Venda homelands into the old Transvaal administration to form Limpopo Province. The administrative centre is today known as Polokwane. The overall population in Limpopo Province was recorded at 5 238 286 people (Community Survey 2007). There was a 4.9% increase from previous Community Survey 2001.

3.1.2 Capricorn District Municipality

Limpopo Province has five district municipalities which are Vhembe, Capricorn, Mopani, Sekhukhune and Waterberg. The research project is based on the Capricorn District Municipalities. Capricorn District Municipality is further divided into five local municipalities namely Aganang, Blouberg, Polokwane, Lepelle Nkumpi, and Molemole. The study investigates debt collection in hospitals in the following municipalities:

a. Aganang Local Municipality

The Community Survey 2007 conducted by Statistics South Africa showed a decline in population in the municipality from 147 682 to 145 454 people. The decline is in contrast with the increase in household. Aganang is found on the North Western side of Polokwane Municipality boundary. There are more than 106 villages in Aganang Local Municipality which covers 1.852 km in area. There is only one hospital in Aganang Municipality which is W.F. Knobel hospital.

b. Blouberg Local Municipality

It is situated 95Km west of Polokwane. It borders Botswana. It has a population of 194 119 people and 35 598 households according to the Community Survey 2007. According to its own website, the area is regarded as one of the least developed and there is high number of poor households. There are two hospitals in the area namely Blouberg and Helene Franz Hospitals. Helene Franz Hospital was selected for the study.

c. Polokwane Local Municipality.

Most of the provincial departments are found within the area of Polokwane Municipality. According to its website, Polokwane Municipality has the highest settlement density in the province. According to Statistic South Africa, Community Survey 2007, Polokwane Municipality has a population of 561 772 people. The number of household has increased to 130 361. It is the economic hub of the Province. There are a high number of job seekers and migrant labourers in Polokwane Municipality.

Within the Polokwane Municipality there are both public and private hospitals. These are Mankweng, Polokwane, Seshego and St Joseph which are public hospitals. Medi-Cross Private and Redi-Medi are private hospitals. Mankweng and

Polokwane are regarded as complex and are both provincial and tertiary hospital. Polokwane and Mankweng Hospitals were selected in this study.

d. Lepelle Nkumpi Municipality

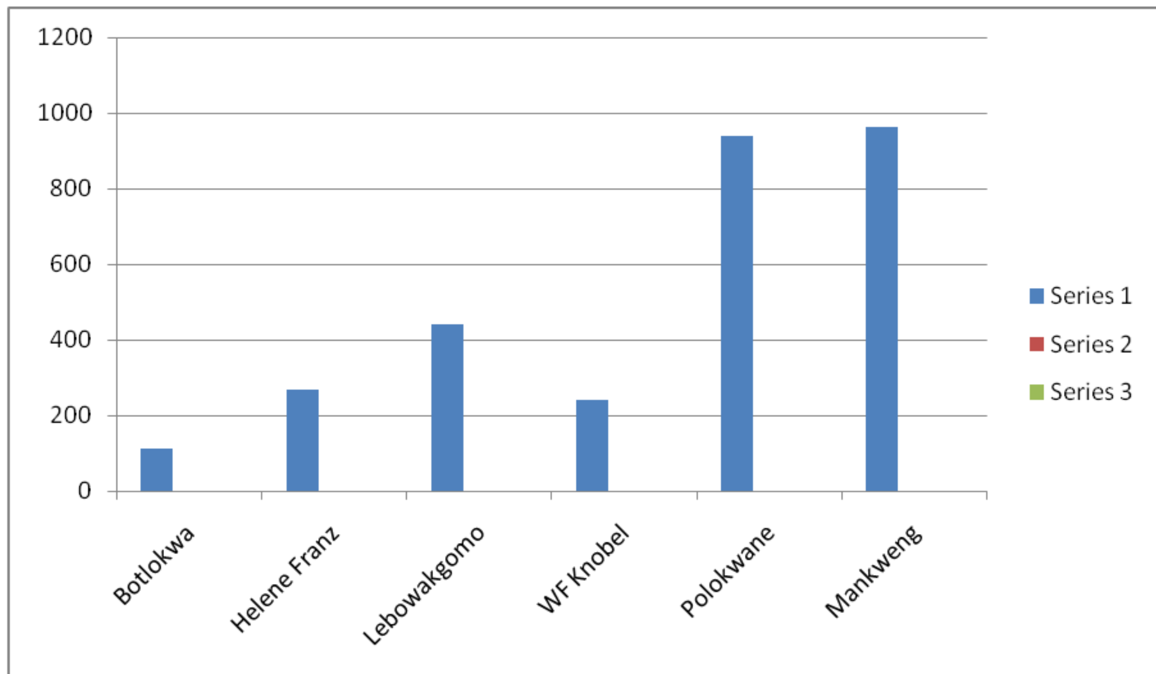
It is located 55 km south of Polokwane City. It is a semi urban municipality with a population of 241 414 according to Community Survey 2007. The sitting of provincial legislature is found in this municipality. According to its website, there are nineteen primary health care and three hospitals which are Dr Machupe Mphahlele memorial, Lebowakgomo and Thabamoopo Hospitals. Lebowakgomo Hospital was selected for the study.

e. Molemole Local Municipality

It is located in the north eastern side of Polokwane City. According to the Community Survey 2007, the population had decreased from 109 441 to 100 408 persons. The survey also indicated that 54.6% of the total population was unemployed and that 46% of the household received less than R1 100 income per month. Almost half of the households receive municipal indigent's service discounts. Most men are migrant workers in major cities so there is a large population of women. Molemole Municipality has one hospital which is Botlokwa Hospital.

3.1.3. Total usable beds

The total number of the usable beds in the hospitals that are part of the study are 2 964. The distributions of usable beds are as follows:



Graph 3.1. Number of usable beds in the hospitals

3.2 Population

3.2.1 What is a population?

Steyn et al (1999:16) defined a population as the total group of persons or universal collection of items to which a study relates. Population is also defined as the set of all items of interest in a statistical problem, according to Keller and Warrack (2000:6). In this research project, population would refer to all public hospitals in the Limpopo Province. There are 49 public hospitals throughout Limpopo Province.

3.2.2. Sample

Keller and Warrack (2000:6) define a sample as a set of data drawn from the population. Steyn et al (1999:16) defined sample as a subset of the population. Not all the public hospitals in the Limpopo Province will be studied. One or two public hospitals in each of the five local municipalities making up Capricorn

District Municipality will be studied. Information gathered from the sample can be used to draw conclusions on the entire population.

This depends on the accuracy with which the sample tallies with others. Six hospitals selected from Capricorn District Municipality must be reflective of all the public hospitals not only in Limpopo Province but also in the country in general. In the sample there are hospitals from rural municipality (Molemole, Aganang), urban (Polokwane), semi urban (Lepelle-Nkumpi) and a small town (Blouberg). Polokwane may not be a metropolitan city but it has a potential to reach the status.

3.2.3 Sample selection method

The researcher employed a non-probability sampling procedure. There are three sampling methods that are used in the non-probability procedures e.g. convenience sampling, judgmental sampling and quota sampling according to Steyn et al (1999:38). Judgmental and quota sampling will not be employed.

Steyn et al (1999:39) describe convenience sampling as consisting of the population elements that the researcher can study with the greatest convenience. According to the Department of Health and Social Development in the Limpopo Province there are eleven public hospitals within the Capricorn District Municipality. Some local municipalities only have one hospital (e.g. Molemole and Aganang Local Municipalities) whereas others have more than one hospital.

The Polokwane and Mankweng complex hospitals were selected because they are tertiary and referral hospitals. In Lepelle Nkumpi Local Municipality, Lebowakgomo Hospital was chosen because it was recently built and opened to the public. This is to investigate if the management at the Lebowakgomo Hospital is collecting debt differently from others.

In Blouberg Local Municipality there are two hospitals, a simple random sample as defined by Steyn et al (1999:22) is obtained if each element of the population that has not yet been included in the sample stands an equal chance of being selected in the next draw. Since there are two hospitals, each has an equal chance of being selected.

3.2.4 Sampling bias

Steyn et al (1999:20) state that sample bias is a phenomenon that occurs if the sample elements are obtained in such a way that, for identifiable reasons, certain selection of the population are either not represented at all or represented only to a lesser degree. The reasons for sample bias are that the hospitals are located in different geographical locations such as in urban, semi-urban and rural municipalities.

The second reason is that hospitals are expected to behave in the same way toward debt collection practices. Lastly, the sample size is small and must be representative of different hospital categories.

3.2.5. Statistical Inference

Keller and Warrack (2000:6) defined statistical inference as the process of making an estimate prediction or decision about a population based on sample data. Steyn et al (1999:2) defines statistical inference as to draw conclusions about the population from which the sample was drawn by using the descriptive that has been calculated. To investigate all hospitals in Limpopo Province or South Africa would be time consuming, expensive and inaccuracy. A sample that reflect all hospitals need to be made.

3.3. Data collection methods

The results of the statistical analysis are clearly dependent on the reliability and accuracy of the used data. The sources of statistical data are published, data collected from the observational studies and data collected from experimental studies according to Keller and Warrack (2000:148).

3.3.1. Published data

It is convenient, has low costs and is readily available. The reliability of the published data depends on the reputation of the organization that published them. Published data can either be primary or secondary. Both primary and secondary data are used in this research project.

a. Primary data: Steyn et al (1999:38) refers to primary data as the information that is collected from scratch. This would be collected in the form of interviews and questionnaires as the instruments of data collection. Face-to-face interviews with the personnel dealing with debt at the selected hospitals would be conducted. A list of questions would be sent to the departmental official responsible for debt collection in the hospitals.

b. Secondary data: Keller and Warrack (2000:149) refer to data that are published by organizations different from the one that originally collected and published the data. A good example is Statistics South Africa which was quoted previously.

3.3.2 Observational and experimental data

These are data that cannot be readily available from published sources. This includes observing how employees carry out their duties at work. Employees who are being observed should not be aware about being observed. This will give a true and honest reflection of how an employee behaves towards his or her work.

Experimental data are data that have been collected during conducting the experiments.

3.3.3 Survey

A survey is the most commonly used method to collect primary data. Information is gathered from institutions about how do institutions deals with debt collections. A survey can be in the form of personal interviews or questionnaires.

A personal interview involves getting information from participants by asking prepared questions. The response rate is high because it is conducted face-to-face. When the participant does not understand the question he or she has an opportunity to seek clarity. The other advantage is that the researchers can notice facial expression to the questions. An appointment with the hospital employee responsible for patient debts would be secured. Care would be made not to disturb the work in the hospitals. An appropriate time such as lunch time, after work and even weekends will be suggested.

Questionnaires – This involves sending questions either through the mail or inside newspapers. This is less expensive but have high rate of non- response. Incorrect responses can be high due to misunderstanding the questions.

3.4 Analysis of data

Data could be analyzed using descriptive statistics. Steyn at el (1999:5) describe descriptive statistics as entailing ordering and summarizing the data by means of tabulations and graphic representation and the calculation of descriptive measures. In this way the inherent trends and properties of the observed data will emerge clearly. The trends and properties about each hospital's management of patient debts will be analyzed.

Treece and Treece (1986:41) suggested that data can be analyzed and tabulated by hand but this can be ineffective and time consuming. Computers can be used to analyses data collected from the hospitals. A computer can execute a sophisticated and time consuming task within seconds and at a low cost.

Wimmer and Dominick (1987:409) state that a data analysis can be difficult without the use of computers since computer helps researcher to retrieve and analyze information. Due to the small population of about six hospitals the data analysis will be done manually and by hands. Questionnaires and interviews were conducted personally without the help of anyone.

3.5 Coding of data

According to Babbie (2010:338), coding is the process of transforming raw data into a standardized form. Any information, be it oral or written must be classified according to a framework. Seale, Gobo, Gubrium and Silverman (2004:84) reported that coding can either be open or axial. They describe open coding as the process of breaking down, examining, comparing, conceptualizing, and categorizing data. Codes are devices which capture and convey meanings. Axial coding was defined by Seale et al (2004:85) as a method of integrating analysis although correcting categories. Data from different hospitals will be coded into a standardized form.

3.6 Summary

This chapter provided information on the availability of beds in hospitals in five local municipal areas. On any given time, most of the hospital beds are occupied by the patients and must be paid for by patients or medical aid schemes. But this is not the case as payments may not necessarily made on the day of discharge.

CHAPTER 4

EMPIRICAL STUDY

4.1Introduction

The findings of the study “Debt Collection Strategies in Public Hospitals in Capricorn District Municipality” will show that they are consistent with other hospitals. Patient debt is a challenge that affects all public hospitals, not only in Limpopo Province, but in the country in general.

Questions that were asked cover the following: debt level in the institution, current debt collection strategies in hospitals, record keeping, communication, information, credit control policy, and sliding scale.

4.2 Background information

Six hospitals were selected to be part of the research study. These hospitals differ in sizes, geographical locations and hospital categories.

Table 4.1 Public hospital categorization

Hospitals	District	Academic and Referral
Botlokwa	Yes	
Polokwane		Yes
Mankweng		Yes
Lebowakgomo	Yes	
WF Knobel	Yes	
Helene Franz	Yes	
Total	**4**	**2**

4.3 Debt level in the hospitals

There were six questions under the debt level in your institution. The first question in annexure A aimed to establish the existence of outstanding patient account receivables. All the hospitals in the study had reported that there were outstanding account receivables. The next step would be to determine the level of debt in the hospitals. About 66.7% (4 of 6) of the hospitals in the study had reported that the level of debt in a year is above R100 000, and about 33.3% (2 of 6) hospitals had reported the debt of between R30 000 and R100 000. The hospitals with the lowest debt in a year were district, and the academic and referral hospitals.

As was reported in Chapter 2 under the management of debtors, it is a responsibility of the Chief Executive Officer of an institution to develop a write off policy and that any debt written off must be disclosed in the annual financial statement. Contrary to section 76 of the Public Finance Management Act, patients' debt is written off at the Provincial Head Office. The participating hospitals do not have any write off policy.

Though the write off is done at the Provincial Head Office, hospitals reported that the write off is done, when the account receivable is older than (10) ten years. Only one hospital believes that debt write off is done after 5 years. Five hospitals (83%) agreed that the written off debt must be disclosed in the annual financial statements as prescribed by the Act. One hospital (16.7%) did not know if the written off debt appeared on the accounting or financial statement.

When comparing the improvement on the current and the previous write off, 50% of the participating hospitals believed that there was improvements of debt write off. This means that half of the respondent believed that they were collecting more debt than before. The other half believed that there was no improvement in debt collections.

4.4 Current debt collection strategies

According to the six hospitals that were surveyed, they all had a collection of debts strategy or plan in place. Robbins (1991:38) described effectiveness as an achievement of goals and efficiency as the ratio of effective output to the input required to achieve such goals. The goal of collection of debts division should be to improve the collection of debts efforts so that patients pay their hospital debts.

The collection of debt strategy or plan was rated effective by three hospitals. The other three hospitals rated their collection of debt strategy or plan as ineffective. When comparing the level of debt to the rate of debt repayment, all six hospitals recorded that it is 50%. It means that for every R10,00 that was being owed only R5,00 was paid back.

On how to improve the collection of debts one hospital did not answer the question. This may be an indication of having reached the dead-end in the collection of debts. There was nothing that could improve the collection of debts rate in that hospital. Four hospitals noted that there should be engagement with the communities on hospital debts.

The collection of debts plan or strategy that was common in all hospitals was by sending mail to remind the patients of the existing debts at the hospital. All the hospitals reported that they are able to trace debtors. All hospitals reported that there is only one staff member working in the revenue division, which include also collection of debts division.

4.5 Record keeping

All six hospitals reported that the institution was keeping record of debtors/account receivables. All six hospitals captured their debtors records on a computers. In addition two hospitals were keeping the patient records on a pile of

boxes and patient files. Account receivables, according to the hospitals were easily accessible.

There was no staff member who was working entirely with the hospital account receivables. The revenue division was also working on the debtors' accounts. Managing account receivable was a challenge as there was no employee delegated to work on the account receivable. About four (66.7%) hospitals reported that the revenue staff was also working overtime during weekends to reduce the collection of debt backlog.

4.6 Communication and information

All the hospitals agreed that their patients are well informed about what they have to pay. According to all six hospitals the importance of paying hospital debts was also properly communicated to the patients. All six hospitals agreed that communicating the hospital fees was firstly done at the registration office.

On discharge patients who failed to make the full payment were made aware of what they still owe to the hospital. On such occasion patients verbally acknowledged their debt to the hospitals. The agreement to repay the debt was also done verbally without getting a written commitment for debt repayment.

According to all respondents, community members were made aware of the free services and those services that require payments. The patients were given a choice between general and private wards mostly reserved for member of medical aid schemes and which require extra payment. All hospitals claimed that the surrounding communities were made aware of the fees payable.

The method of communicating hospital fees depended on the level of education within the surrounding community. All the hospitals reported that communicating the hospital fees were done through different community structures and the chief's

or induna's kraal. This was done in a community that had more elderly patients who still valued the meetings at the chiefs' kraals.

Communication and information formed the most important aspect of collection of debts in the hospitals. As shown in Chapter Two, information is vital for the success of collection of debts in any organization. Patient information is collected the moment the patient opens a file at the patients' registry department in the hospitals. Of particular importance to this study is the patient information with regard to payment history.

All hospitals reported that they were using computers to store patient's file and keep payment history. None of the hospitals had reported to have a data bank where all the patients' payment history in Limpopo Provincial Hospitals were stored and could be retrieved. Although all the hospitals reported to have patient record as easily accessible but proper management of account receivable was absent.

4.7 Credit control policy and sliding scale

All six hospitals reported to have a credit control policy in place and that the credit control policy was being implemented. Although all the hospitals claimed to have a credit control policy, no hospital could produce the credit control policy document as such; its implementation may be compromised.

The credit control policy would produce a list of patients who were exempted from paying any hospital fees. The following are the patients who are exempted from payments at hospitals: pregnant mothers, children under the age of six years if not on medical aid, mentally ill patients, pensioners, those receiving HIV treatments, Tuberculosis sufferers, donors, and termination of pregnancy patients.

Two hospitals only managed to list three different categories of patients exempted from making hospital payments. Three hospitals had a list of six categories of

patients exempted from paying at the hospitals. Only one hospital had a list of eight categories of patients exempted from paying hospital fees. The difference in the list of patients exempted could be attributed to the lack of a written credit control policy in place.

One hospital reported to use a sliding scale in its operations. Five other hospitals did not have a sliding scale. The hospitals differed on the amount the lowest patients had to pay. Two hospitals did not know the lowest amount payable by the poor patients. Three hospitals did not know the lowest amount of debt that could be recovered. The other three hospitals differed on the amount with one hospital reported R20,00 and the other two hospitals reported R10,00. The handing over of debts to the third party for collection was done at the provincial head office.

According to all the hospitals in the study, important information or issues that could help with the collection of debts strategies were patients' information bank, a proper communication and information system, and employment debt collectors at the hospitals.

4.8 Challenges in collecting hospital debts

4.8.1 Level of hospital debts

The fact that not a single hospital in the study could give a true reflection of its debt level is a problem. Without knowing how much is owed to hospitals, management may not know how much to collect. Some debts were being noticed but it was never being followed up. The repayment ratio in relation to the patients is not a reflective of the situation on the ground. Although the ratio was reported to be improving at all hospitals there were still large patient debts.

4.8.2 Debt write off policy

The Public Finance Management Act (Act no 1 of 1999) provides for a mandate to the Accounting Officer, to develop a write off policy that would be used in hospitals. Contravening the Act, write off is currently done at the Provincial Head Office. In some hospitals debt that is being written off does not appear on the accounting or financial statements

4.8.3 Debt collection strategy

If any collection of debts strategy was being implemented there would not have been such huge amount of patient debts. The strategy was never evaluated and as such its efficiency is not known.

4.8.4 Debt collection officer

There was not a single employee working with the collection of debts at any of the hospitals. The revenue section sometimes helped out with the management of accounts receivable at the hospitals. Without the employment of debt collection officers at the hospitals, the patients' debt crisis will only get worse.

4.8.5 External debt collection agency

The use of external debt collection agencies prevents the Department of Health to develop its own capacity to handle debt management. Collection of debts will still be there in future. So it will make sense to have an internal debt collection division.

4.8.6 Information system used in the hospitals

The information system was not helpful at all in the hospitals. Patients lied to the hospital employees about being poor but there was no supporting documents

furnished. Ideally, the moment a patient file is activated at the registry department; it should show previous payment history at any public hospital in the province. This will empower hospital employees in doing their work.

4.8.7 Methods of communication

All the hospitals were still sending account letters to the patients' addresses. It is the cheapest method of communication but the least effective. People may move to another place and change their address or may have deliberately given false information. Telephoning the patients may be helpful for sending the message. With the use of mobile phones, it would be advantageous to make use of them as medium of communicating the message.

4.8.8 Direct deposit into the hospital account

This needs to be investigated because it will make it easy for the patients to settle their outstanding debts. Patient must currently travel to the hospital to pay their debts. Unfortunately debt payment is only possible when the debtor visits the hospitals. It may be difficult for patients to travel to the hospital far away from their home.

4.8.9 Verbal debt arrangement

A verbal agreement can stand as evidence in a court of law but it is very difficult to prove what the other party said or did. It is important to formalize the debt repayment arrangement by having a standard document that will be binding to the patients and hospitals.

4.8.10 Credit control policy

There were no documents that supported the existence of a credit control policy in the hospitals. Without a credit control policy in place the hospitals may be treating debtors differently. The credit control policy will list all patients who are exempted from paying hospital fees. The credit control policy will also determine the lowest amount recoverable and determine the time to hand over the debtor to a third party for collections.

4.8.11 Sliding scale

The use of a sliding scale in the hospital will help to screen how much patients should pay at the hospitals. Patients on medical aid should pay the full amount for the services rendered while those who are indigents will pay according to the sliding scale. Patients will be screened and allocated a certain position on the sliding scale which will determine their ability to pay hospital fees.

4.8.12 Summary

This chapter examined how the collection of debt in the public hospitals was done and how effective the current debt collection strategies were employed. Challenges in the record keeping, communication and information systems, and credit control policy and sliding scale that impacted negatively on debt collection in the hospitals were covered. Unless corrective measures to address the challenges in collection of debt are found, patients' debt will continue to rise.

Chapter 5

Summary, Conclusions and Recommendations

5.1 Summary

The study “Debt Collection Strategy in Public Hospitals in Capricorn District Municipality” is a significant topic. The study was conducted within the parameters of the specified problem. The debt collection problem is a challenge that affects all public hospitals. Unless a proper debt collection strategy is developed, the situation in public hospitals will deteriorate even further.

This research study is qualitative in design and applied in nature. The solutions offered in this study can be used as a tool to address the debt collection problem. The study area has been properly covered in the research. The manner in which the question of ethics has been considered was outlined, while primary data were collected through interviews and questionnaires.

Chapter 2 indicated that the level of patient debt in public hospitals is increasing. The Debt Collector’s Act has outlined the structure within which the profession of debt collectors and the practice of debt collection should be done. It is important to give recognition to the Debt Collector’s Act in formulating public hospital debt collection strategies, as collecting patient debt can be political and morally sensitive. The management of debtors as outlined by the Public Finance Management Act illustrates the responsibilities and accountabilities of the Chief Executive Officer.

The debt collection practices in public hospitals were benchmarked against the best practices in the world. The debt collection practices in Kenya cannot be condoned. There are numerous challenges in patient record keeping, communicating patient debts and information systems used in their hospitals.

Patient record keeping as well as communication and information systems were thoroughly examined. There was no credit control policy and no sliding scale used in the public hospitals studied.

The National health insurance plan, which is still to be introduced, will require collecting from the established fund. The Batho Pele principles direct hospital employees to maintain high standards in public hospitals.

The study area and the population selected were relevant to this study. The method of collecting data was outlined and is in line with the ethical considerations discussed in Chapter 1. There were a few don't know answers given in the questionnaire. The analysis of data was done by hand.

5.2 Conclusions

It can be concluded that there is a high level of patient debt in public hospitals outstanding. Patient debt is constantly rising. The hospital officials do not know how much debt is being owed by their patients. An effort to collect outstanding patient debts is hampered by inherent system failure in the Department of Health such as, lack of resources and information technology system which have failed.

5.2.1 Level of debt collection in public hospitals

Despite the fact that a write off policy provides for outstanding debt to be written off after ten years, the level of account receivable is still high at hospitals and is rising every yesr. Debts write off is done at the provincial office of the Department of Health. This is contrary to the Public Finance Management Act that prescribes that it is the responsibility of the Accounting Officer to write debt off.

5.2.2 Debt collection strategies in public hospitals

The collection of debts strategy that is being used in public hospitals is not effective. There no specific person designated to attend to debt collection in public hospitals, whereas private hospitals a team of workers aligned to this function. As a result of that, the management of accounts receivables has not significantly improve.

5.2.3 Record keeping

Although the account receivables were well kept in the hospitals, it is the management of account receivables that is of concern. There are no personnel in the hospital that is managing the debtor accounts. Without anyone responsible for account receivables, there is no updating of the debt status of the patients.

5.2.4 Communication and Information

Communication with and information about the patient seems to be a problem in the public hospitals. Although debt is only written off after ten years it seems that not enough is being done during this period to retrieve outstanding debt. This problem is further enhanced by the fact that patients' information cannot be divulgedto anyone without the patient's or relative's permission.

5.2.5 Credit control policy and sliding scale

No credit policy existed in public hospitals. No hospital could produce any document to that effect. Without a credit control policy, there are no guidelines to solve debt problems as they arise. A credit control policy informs hospital employees about patients who are exempted from paying, the lowest amount that should be recovered and the handing over of debt to a third party for collection.

There is no sliding scale being utilized in public hospitals. A sliding scale is used to determine the lowest amount payable by the poor. Poor people pays a fraction of those who are better off like those with medical aid patients. Even amongst the poor some may be better off than the others and may afford to pay.

5.3 Recommendations

The Department of Health and Social Development in Limpopo Province must develop collection of debt strategies that will improve debt collections in public hospitals. The strategies must answer questions related to the collection of debt in public hospitals and should contain the following:

5.3.1 Ward interview. This is done by the ward clerks. This offers the opportunity to access the ability of payment by the patient on discharge. It should be done to gain information to determine whether the patient would be able to pay for the services rendered. The interview can be held with the visiting relatives to determine the prospect of debt payment. The patient should also be interviewed first then two versions should be compared to check if they are in agreement with each other. The interview should also verify the personal details of the patients and those of their next of kin.

The debt collector in the hospital must liaise with the ward clerks. The ward clerks must establish whether the patient will be able to pay for his or her stay in the hospital. This must be done according to the Batho Pele principle, to avoid harassment of the patient.

5.3.2 Setting up patients on a payment plan. This entails getting the patient to agree to smaller monthly payments. This will improve debt collections in hospitals. The direct deposit into the hospital's bank accounts with the hospital number as a reference point can improve debt payments. This option must be investigated to obtain approval for the implementation of systems similar to traffic

fine payments in the Department of Transport or debt collection payments at the South African Revenue Services.

5.3.3 Have a clear, formal and written payment and a collection policy in place. Patients must know what is expected of them as well as the consequences of not paying their debt in time. A collection policy must include when the payment is due and when outstanding debts are handed over to a third party for collection.

Garrison and Noreen (2000:844) define account receivable turnover as a rough measure of how many times a company's account receivables have been turned into cash during the year. The average collection period means that on average it takes a certain number of days to collect outstanding credit. Medical debts with an average collection period of between 30 to 45 days would be acceptable. Any debt of more than 60 days must be followed up vigorously. Debt that is more than 100 days outstanding may be handed over to a third party for tracing and collection.

5.3.4 Liaison with community at large. The office of client liaison officers in hospitals must be able to engage with different stake holders in the community. Discussions should take place with faith based organizations and community based organizations about the importance of debt payments to hospitals. The involvement of the headman or the chief will greatly improve the collection of outstanding debts.

Communicating the importance of paying patient debts must start at the highest office possible in the Provincial Department of Health. It should be government's responsibility to give support in this endeavour. Debt collection strategies must be developed and communicated effectively with the patients and the communities at large.

5.3.5 Holistic approach. Patients who are poor must provide testimonials from local social workers, a local priest, ward committees, a commissioner of oath and

the headmen's report. These reports must give similar opinions and always be in the patient's file. The poverty status of the patient must be evaluated on a yearly basis as it can change any time. The importance of not lying to state officials must be emphasized. In this respect the recent child grant prosecutions is called to mind.

5.3.6. Information system. A computer programme is an important instrument in the hospital setting. If all the work stations in the hospitals are linked through the intranet, it makes communication between work stations so much easier. Billing would be done properly and debt collection will be easy to manage.

According to Ivancevich and Matteson (1996: 268-269), the problem in the organization information sharing is inadequate communication. Telling the employees only what they needed to know to do their jobs may result in employees lacking optimal information needed to perform the job. Armed with all information about debt collection, debt collectors may enjoy job satisfaction.

5.3.7 Internal debt collection. The collection of debts must be done at thehospital concerned. The problem of capacity at hospitals can be addressed by training debt collectors. This will create sustainable and decent jobs for debt collectors. The collection of debts will still be there even in times of National Health Insurance. Hospitals will continue to claim from, both, the private medical aid companies and the National Health Insurance Fund. This justifies the creation of a collection debt collection division within the finance section of hospitals.

5.3.8 An external debt collection. An external agency may be successfulbut does things differently compared to Government Departments. An external debt collection agency may not subscribe to the Batho Pele principle and may not deal with debtors in a caring way. However an external debt collection agency may be involved at a later stage. The tracing of debtors should be done by the Provincial Department of Health, supported by hospital employees. This should be done when the internal efforts do not yield positive results.

5.3.9 Develop a credit control policy and a sliding scale. A credit control policy will help employees to deal with debt problems in the execution of their duty. It must be developed by the Head Office together with other role players. It should cover issues such as the definition of patient debts, a list of those exempted from payment, the lowest amount recoverable, the handing over to a third party and the use of a sliding scale.

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ANNEXURE A

An investigation into Debt Collection Strategies in the Public Hospitals in Capricorn District Municipality

The information collected through the questionnaire is confidential and will be used for study purposes only.

Instructions

1. Please tick off the answer in the appropriate box.
2. If the space provided is not enough, use the blank paper at the back.

A. **Debt level in your institution.**

(1) Does your institution have any outstanding debtor accounts?

a. Yes..[ ]

b. No ....[ ]

c. Don't know ....[ ]

(2) If yes, what is the level of the debt (please tick one)

a. Less than R10 000..[ ]

b. R10 000 – R30 000...[ ]

c. R30 000 R100 000..[ ]

d. R100 000-Above..[ ]

e. Don't know ....[ ]

(3) Was it ever necessary to write off some of the debtor accounts?

a. Yes..[ ]

b. No ....[ ]

c. Don't know ....[ ]

(4) How old should outstanding debt be before it is written off?

a. 6 months .... [ ]

b. 12 months .... [ ]

c. 2 years .... [ ]

d. 5 years .... [ ]

e. 10 years and more .... [ ]

(5) Does the written off debt appear on the accounting/ financial statements?

a. Yes... [ ]

b. No .... [ ]

c. Don't know .... [ ]

(6) Comparing the current and previous write off debts, is there any improvement?

a. Yes... [ ]

b. No .... [ ]

c. Don't know .... [ ]

B. Current debt collection strategies in your institution

(1) Does your institution have a debt collection plan/strategy?

a. Yes... [ ]

b. No .... [ ]

c. Don't know .... [ ]

(2) How would you rate your institution's debt collection plan/strategy?

a. Effective .... [ ]

b. Just effective .... [ ]

c. Less effective .... [ ]

d. Don't know .... [ ]

(3) What is the level of debt collection/repayment at your institution?

a. 0% ....[ ]

b. 50%..[ ]

c. 100%..[ ]

(4) How can your debt collection rate be improved? (Please identify the weaknesses and offer corrective measures)

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(5) Does the institution trace debtors?

a. Yes...[ ]

b. No ....[ ]

c. Don't know ....[ ]

(6) If no, give reasons why and if yes how?

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C. Record keeping

(1) Does your institution keep records of debtors/account receivables?

a. Yes...[ ]
b. No ....[ ]
c. Don't know ....[ ]

(2) If yes, how are the debtors records stored?

a. Computer ....[ ]
b. Pile of boxes ....[ ]
c. In a particular file ....[ ]

(3) Are your account receivables easily accessible?

a. Yes..[ ]

b. No ....[ ]

c. Don't know ....[ ]

(4) Does your institution have personnel responsible for accounts receivables?

a. Yes..[ ]

b. No ....[ ]

c. Don't know ....[ ]

(5) If no, how is the account receivable/debt managed?

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D. Communication and information

(1) Does your institution communicate the amount payable by the patient?

a. Yes...[ ]
b. No...[ ]
c. Don't know..[ ]

2. Is importance of paying the debt properly communicated to the patients?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

3. Which workstation does communication take place?

a. At the registry [ ]
b. Various work stations [ ]
c. At the discharge point [ ]
d. Don't know [ ]

4. During discharge, are patients made aware of the debt to the hospital?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

5. Does the patient acknowledge the debt owed to the hospital?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

6. If the debt is acknowledged, is there any arrangement made?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

7. Are patients made aware of free services and those services that require payments?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

8. Are the surrounding communities aware of the fees payable to the institution?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

Explain a or b

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E. Credit control policy and sliding scale

1. Does your institution have a credit control policy in place?

   a. Yes [ ]
   b. No [ ]
   c. Don't know [ ]

2. Is the credit control policy being implemented in the institution?

   a. Yes [ ]
   b. No [ ]
   c. Don't know [ ]

3. According to the credit control policy, are there patients who are exempted from paying hospital fees?

   a. Yes [ ]
   b. No [ ]
   c. Don't know [ ]

   If yes, explain

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4.List them

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5. Does your institution use a sliding scale to determine the level of poverty amongst the patient?

a. Yes [ ]
b. No [ ]
c. Don't know [ ]

6. If no, how does the institution determine the lowest amount poor patients must pay?

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7. According to the credit control policy, what is the lowest recoverable debt?

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8. According to the credit control policy, when is the debt handed over to a third party for collection?

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9. Please elaborate on any issues that you may regard as important information to assess your hospital's debt collection strategies.

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May I, please take this opportunity to thank you for the time and openness in completing these questionnaires.