



SUMMARY: SUPPORTING COLOMBIA'S TERRITORIAL ENTITIES IN THE COMPREHENSIVE AUDIT OF MEDICAL BILLS

USAID Local Health System Sustainability Project (LHSS)

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The USAID Local Health System Sustainability Project

The Local Health System Sustainability Project (LHSS) under the USAID Integrated Health Systems IDIQ helps low- and middle-income countries transition to sustainable, self-financed health systems as a means to support access to universal health coverage. The project works with partner countries and local stakeholders to reduce financial barriers to care and treatment, ensure equitable access to essential health services for all people, and improve the quality of health services. Led by Abt Associates, the five-year project will strengthen local capacity to sustain strong health system performance, supporting countries on their journey to self-reliance and prosperity.

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INTRODUCTION

This deliverable describes interventions implemented by the Local Health System Sustainability Project (LHSS) Colombia to strengthen the Ministry of Health and Social Protection (MSPS) and the territorial governments' capacity to audit medical bills. This intervention will contribute to efforts to quantify the financial costs of medical bills, improve the sustainability of health care services, and reduce administrative and financial barriers to health care access for migrants and uninsured Colombians. This is an English summary of the full report, which is available in Spanish.

Objectives

LHSS developed this report with the following objectives:

- Strengthen the process for auditing medical bills in Colombia's territorial entities by implementing a "financial sufficiency methodology" using information from the Ministry of Finance and Public Credit, MSPS, National Health Superintendence, and visits to departments and districts.
- Support the MSPS to design a digital tool for auditing bills submitted by health services providers for services and medical technologies provided to the uninsured population, including uninsured migrants, in the territorial entities.

Context

The Statutory Health Law (Law 1751 of 2015) is the legal framework that defines the scope of Colombia's fundamental right to health, the principles governing the structure for delivering health care services, and the mechanisms available for the government and citizens to realize this right. Based on this framework, migrants in Colombia are entitled to emergency health care services regardless of their national origin, ability to pay, or legal migratory status. The Colombian government is responsible for procuring the administrative and financial means to deliver these services, which involves coordinating among the territorial entities, national government, and public and private health care providers, known as *Instituciones Prestadoras de Servicios de Salud* (IPSS) in Colombia.

LHSS is supporting the MSPS and territorial entities in two areas. The first involves the development and application of a financial sufficiency methodology to strengthen territorial entities' auditing processes. This methodology focuses on evaluating the institutional capacities of local governments to collect data on health care services provided to uninsured migrants and Colombians. For the second area, LHSS worked with the MSPS to develop a digital tool to monitor the use and payment of emergency health care services for uninsured migrants and Colombians. Auditing medical bills is critical for enabling the relevant authorities to understand the cost of providing health care services in their respective territorial entities.

Methodology

In 2021, LHSS developed a financial sufficiency methodology for monitoring the institutional and financial capacity of departments and districts to respond to migration from Venezuela into Colombia. This methodology has three components: fiscal sustainability, financial management capacity, and debt analysis. The fiscal sustainability component scores each territorial entity's performance and level of risk using fiscal viability indicators, including financial solvency, debt, capacity for public spending, and risk to public hospitals. The second component assesses the financial management capacity of each territorial entity for reviewing bills submitted by the IPS, applying technical tools such as Circular 29, and using territorial resources to pay medical bills for uninsured residents. The third component assesses public

hospitals' debt incurred providing emergency care to Venezuelan migrants, allowing the MSPS to quantify the resources the territorial entities need to pay such debts, and the best way to get the resources to the hospitals.

The methodology for developing the digital tool for monitoring the use and payment of emergency services consisted of: i) developing standard procedures for auditing medical bills based on case studies in Cartagena, Cali, Antioquia, and Bogotá; ii) analyzing the MSPS's digital environment to determine how to integrate a tool into the MSPS's information systems; and iii) designing the tool based on a mapping of actors and required responsibilities.

RESULTS

Financial Sufficiency Methodology

LHSS supported the implementation of the financial sufficiency methodology in nine territorial entities that provided complete information. This process is described in detail in the full Spanish report. The departments of Bolívar, La Guajira, and Magdalena were found to have a high risk of failing to meet their commitments to providing health care services to the migrant population. Antioquia, Nariño, Norte de Santander, Valle, and the district of Bogotá, reported a medium risk, while Cartagena had a low risk (See Table I).

Table I. Territorial Entity Financial Sufficiency Score for Services to the Uninsured Migrant Population in 2021

Territorial Entity	1. Fiscal Sustainability		2. Management Capacity		3. Analysis of Debt to IPS		Total Score	Risk Level
	Score	% Score	Score	% Score	Score	% Score		
ANTIOQUIA	30.0	90%	20.0	60%	26.6	80%	77	Medium
BOGOTÁ D.C.	33.3	100%	16.0	48%	20.0	60,0%	69	Medium
BOLÍVAR	20.0	60%	20.0	60%	16.6	50,0%	57	High
CARTAGENA	28.8	87%	24.0	72%	30.0	90%	83	Low
LA GUAJIRA	20.0	60%	10.7	32%	26.6	80%	57	High
MAGDALENA	24.4	73%	8.0	24%	20.0	60%	52	High
NARIÑO	26.6	80%	17.3	52%	26.6	80%	71	Medium
NORTE DE SANTANDER	30.0	90%	14.7	44%	16.6	50%	61	Medium
VALLE DEL CAUCA	27.7	83%	21.3	64%	23.3	70%	72	Medium

Source: Prepared by the authors using the methodology LHSS developed with the MSPS.

Note: Red = very high risk; Orange = high risk; Yellow = medium risk; Green = low risk.

Analyzing the results by component, the fiscal sustainability indicators show that the territorial entities analyzed generally had adequate fiscal performance, and that their performance improved substantially from 2020 to 2022. The departments of La Guajira and Bolívar demonstrated the worst performance in fiscal sustainability, with the highest risk level.

For the management capacity component (see Table 2) each of the five indicators assessed corresponds to a level of risk of the territory failing to meet its commitment to providing health care services for migrants, as described in the full report. LHSS found that while the territorial entities verify the authenticity of each bill and invoice as part of the payment process, most do not perform further checks or audits to identify errors or evidence of fraud or corruption. Most entities had a high level of risk, with the departments of La Guajira and Magdalena having a very high risk due to a lack of an information system for conducting audits and the lack of internal controls for reviewing medical bills. The district of Bogotá faced a similar situation, however it allocates its own resources to provide services for the migrant population and reported an acceptable percentage of invoices for submitted bills audited, although they are audited manually.

Table 2 Results of the Management Capacity Component Analysis 2021

Territorial Entity	a. % Total amount audited and reconciled versus amount submitted	b. Is there an internal control or audit process to recognize and pay bills, and determine the debts to the IPS?	c. Does the entity enforce Circular Letter 29 of 2017 as a guideline for delivering health care services?	d. Are there proper tools in place to automate the audit process?	e. Use of territorial funds to pay for services
ANTIOQUIA	93%	NO	NO	PARTIAL	47%
BOGOTÁ D.C.	68%	NO	NO	NO	YES, 100%
BOLÍVAR	62%	NO	NO	YES	9%
CARTAGENA	88%	YES	NO	PARTIAL	YES, 100%
LA GUAJIRA	62%	NO	NO	NO	0%
MAGDALENA	7%	NO	NO	NO	3%
NARIÑO	82%	NO	PARTIAL	PARTIAL	0%
N. DE SANTANDER	5%	NO	PARTIAL	YES	0%
VALLE DEL CAUCA	69%	NO	PARTIAL	YES	7%

Source: Prepared by the authors, Prepared by the authors using the methodology LHSS developed with the MSPS

Finally, regarding the debt component, there is insufficient information available on the amounts billed for services provided to the uninsured migrant population to apply the methodology in all territorial entities. As of 2021, nearly 30 percent of bills submitted to the health secretariats was still pending audit by the territorial entities. The entities had reconciled only 60 percent of the bills submitted after

the audit proceeding, of which they paid 77 percent, corresponding to US\$ 160.5 million (COP \$691.3 billion).

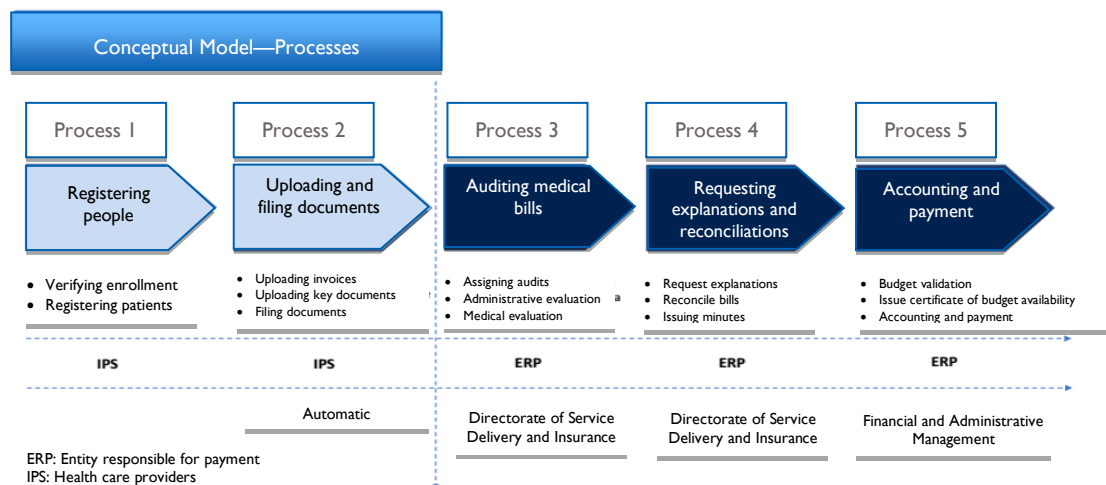
Digital Tool for Auditing Medical Bills

LHSS supported the MSPS to design a digital tool that territorial entities can use to manage and monitor the process of auditing medical bills. The tool for conducting a comprehensive audit of medical bills includes five main processes, starting with the identification and registration of uninsured migrants or the uninsured general population and ending with the payment and accounting of the services provided:

1. **Registering People:** involves verifying if the person is insured with the SGSSS. If they are not insured but are eligible, the health care provider initiates the enrollment process in the SGSSS. If they are not eligible, the provider registers the patient within their billing system.
2. **Uploading and Filing Documents:** involves health care providers uploading bills and supporting documents into the system. The health care providers then perform a basic review of the bill and file the invoice with all supporting documents.
3. **Auditing Medical Bills:** the territorial entity auditors conduct a comprehensive analysis of the bill (administrative and medical evaluation) and determine whether all or part of the bill will be paid by the territorial entity.
4. **Explanations and Reconciliation:** the auditor contacts the IPS if there are any unsubstantiated bills, and the IPS reviews and rectifies the bills if applicable. This involves the IPS analyzing the context of the bills and providing new data for territorial entities to conduct a new bill analysis to decide if it can be paid or not.
5. **Accounting and Payment:** For bills that are approved, the territorial entity pays the bill, documents it using the digital audit tool, and receives evidence of the executed payment through the digital tool, facilitating the monitoring of the complete auditing process.

Figure I provides a general description of the processes involved in the audit of medical bills.

Figure I. Model of How the Territorial Entities Audit Medical Bills



Source: Prepared by the authors

RECOMMENDATIONS

Financial Sufficiency Methodology for the Territorial Entities

Based on the findings of the application of the financial sufficiency methodology, LHSS recommends the following to strengthen the process for auditing medical bills and managing resources for uninsured patients in Colombia's territorial entities:

- To ensure sufficient information is available to accurately quantify the debt that territorial entities owe to IPS, the MSPS should issue an administrative act that requires territorial entities to collect and report billing information, including the amount billed by IPS, the amount audited and reconciled, and the total amount paid.
- The MSPS should continue developing the digital tool designed by LHSS that will enable territorial entities to collect information and track the process for auditing bills for services provided to the uninsured migrant population. This information system will enable territorial entities to better understand the data on services delivered to the migrant population, such as the amount billed for services, the average cost of services, and the population that repeatedly accesses emergency services from the IPS.
- LHSS recommends that the MSPS issue clear guidance on which entity is responsible for paying for services provided to migrants who do not reside in the same department where they accessed the services. Currently, IPS that provide complex care may reject referrals for uninsured migrants who do not reside in the same territorial entity, since they do not have clarity on which territorial entity will reimburse them for those services. Clear guidance should overcome these bureaucratic barriers to accessing care and facilitate referrals across territorial entities.
- LHSS also recommends the MSPS issue a circular letter urging territorial entities to reach rate agreements with IPS that submit bills for 80 percent of medications, supplies, devices, and transportation of patients at the beginning of each year. Establishing transparent rates for services would reduce the time needed to audit medical bills.
- Furthermore, LHSS recommends that the MSPS train the territorial entities' audit teams in accessing information on temporary protection permits for the Venezuelan migrant population and on the Transactional Affiliation System to facilitate enrollment of eligible migrants in health insurance. MSPS should also support virtual platforms for territorial entities to exchange experiences on the audit process and learn from successful experiences.

A Digital Tool to Audit Medical Bills

LHSS recommends that the MSPS select one of the two following options for developing the digital tool for auditing medical bills:

- Use an existing tool on the market and develop additional functionalities to meet the requirements proposed in this document. This option would require initial development costs to adapt the tool, and future expenses for maintenance or use of a cloud-based SaaS¹ platform.
- Develop a custom tool based on the functional and technical design provided in this document. This option would also require development costs, but the tool would be the property of the MSPS, which would assume the maintenance and operational costs of the platform.

¹ An enterprise resource planning Cloud-based software.

When considering these options, LHSS recommends that the MSPS considers the following factors related to the sustainability of the digital tool:

- If the tool is incorporated into the existing MSPS platform, it will not generate additional operational costs.
- The existing MSPS budget includes resources for the basic software development tools needed to maintain the digital auditing tool. MSPS also has the expertise and experience needed to maintain the digital auditing tool.
- Developing and hosting the tool on the MSPS platform may limit the number of additional staff required to maintain the tool.
- Financing from sources other than the MSPS budget may be necessary to avoid an adverse financial impact of developing and implementing the tool.
- Using the latest software and technology for developing the tool would ensure its sustainability for several years without the need for updating it.

CONCLUSIONS

LHSS provided technical assistance to the national government in assessing the institutional capacities of the territorial entities to respond to the needs of the Venezuelan migrant population. This involved designing and implementing a financial sufficiency methodology and developing a digital tool to facilitate the process for auditing medical bills. These initiatives addressed two main difficulties in drafting public policies for migrant health care: 1.) the lack of information on the provision of health services and financial resources needed by territorial entities to meet the demand of the uninsured migrant population, and 2.) the need for a digital tool to audit and monitor the provision of health care services to uninsured migrants. The MSPS and territorial officials will use this document to improve the process for auditing medical bills for uninsured migrants and Colombians and strengthen institutional and financial capacity to respond to migration from Venezuela.