



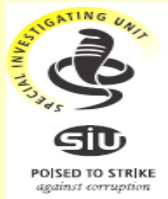
Presentation by the SIU:

Portfolio Committee on Correctional Services on Medical Aid Investigation

07 June 2005



Background on SIU



✿ 1995

- ✿ Heath Commission established by E Cape Government – headed by Judge Heath

✿ 1997

- ✿ Became national body ito SIU Act 74/1996
- ✿ First SIU set up by Proc R24 – headed by Judge Heath

✿ 2001 (1 August) :

- ✿ New SIU set up by Proc R118 – headed by Willie Hofmeyr



SIU mandate & legal scope



- ✿ Main purpose of SIU:
- ✿ **Investigate** corruption and serious maladministration regarding administration of State institutions, State assets & public money
 - ✿ special powers to **subpoena, search, seize and interrogate** under oath
- ✿ **Litigate** to recover or prevent losses to the State or set aside contracts
- ✿ President refer cases to SIU through proclamation
- ✿ SIU reports to Parliament and the President



Growth of SIU



- ✿ SIU tripled in size over last 3 years
- ✿ Aug 2001 - 67
- ✿ Jun 2004 - 195
- ✿ June 2005 - 263
- ✿ By early 2006, estimated size over 500
- ✿ Most of growth from funding from Depts, eg. DCS, DoJ, DoT, DSD, DoH
- ✿ 7 offices nationally
- ✿ Head office in Pretoria from January 2005



One stop service



- ✿ SIU provides one-stop service
- ✿ Can attend to all aspects of investigation
- ✿ Skilled and experienced financial forensic investigators, forensic accountants, analysts, and lawyers
- ✿ Investigations may lead to criminal prosecution, civil litigations, internal dept hearings



One stop service (cont.)

- ☀ Prepare disciplinary inquiries and testify
- ☀ Members can testify as expert witnesses in court
- ☀ Do civil recovery, can set aside contracts and claim pensions of officials found guilty irregularity cause loss dept
- ☀ Provide advice on systemic improvements



DCS partnership



- ✿ 2001 (Sept) Jali Commission established
- ✿ Request assistance of SIU investigate allegations widespread corruption **iro Medical Aid, procurement**
- ✿ Proclamation issued on 8 August 2002, later amended
- ✿ SIU identify certain **key focus areas**



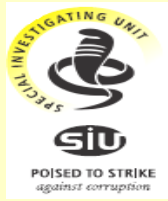
SIU capacity



- ✿ DCS fund 25 full time investigators
- ✿ Additional 10 from SIU
- ✿ Capacity grown to 40 members
- ✿ DCS make contribution of about R6m pa for 3 years
- ✿ Actual expenditure 2004/05 about R9m
- ✿ SIU agree to transfer skilled investigators to DIU



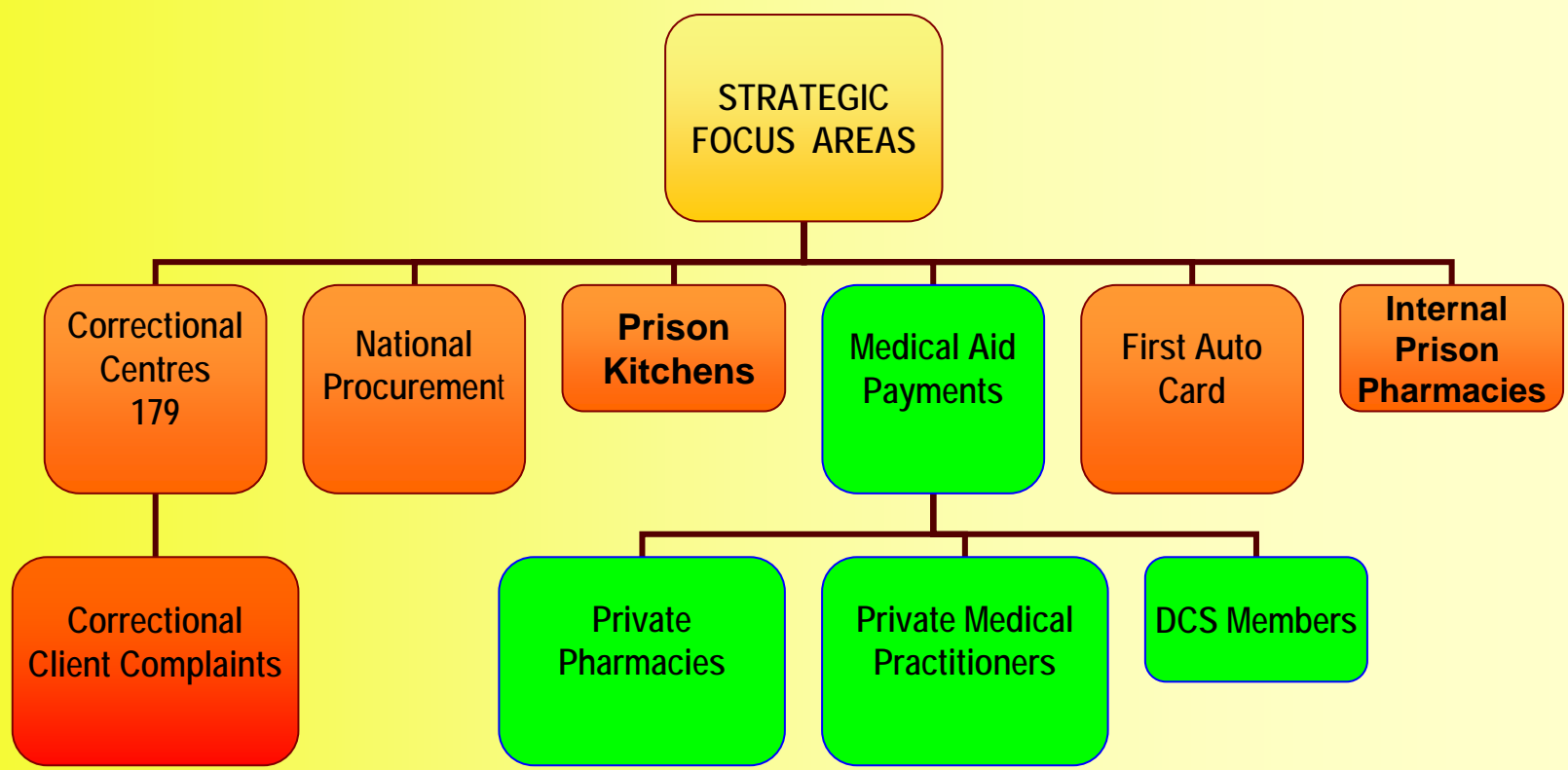
Advantages of investigation for DCS



- ☀ Objectivity of investigation – especially when no wrongdoing can be proved
- ☀ Can often recover or secure savings to cover cost of investigation
- ☀ Lead to disciplinary hearings of officials
- ☀ Identify problem areas and assist/improve system
- ☀ Build anti corruption capacity in Department
- ☀ Joint operations with DSO, AFU, SAPS and DIU (DCS Departmental Investigation Unit)



Current Focus Areas



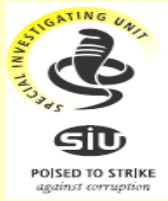


Medical Aid: Background

- ✿ Jali Commission reported allegations widespread corruption and fraud into DCS Medical Aid Scheme
- ✿ Until 2003 Medical Aid fully subsidized by DCS
- ✿ All savings until then passed onto DCS
- ✿ Steering Committee coordinate joint investigation by DCS, DSO, SAPS and Med Aid Fund



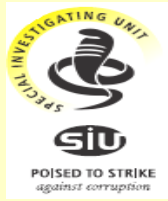
Typical Fraud Schemes



- ✿ Medical practitioners, correctional officials and private pharmacies collude to submit fraudulent claims against Medical Aid Fund
- ✿ **Three Fraud variations:**
- ✿ **Charging innocent DCS officials' account**
 - ✿ Collusion med practitioners + corrupt DCS officials
 - ✿ Obtain persal + med aid info
 - ✿ Med pracs doc submit claims
- ✿ **Excessive claims** in specific timeframes
 - ✿ Collusion med practitioners + corrupt DCS officials
 - ✿ Eg Med prac submit 200 claims for consultations per day
- ✿ **Supply non-med goods**
 - ✿ False med aid claim for groceries and goods



Methodology



- ☀ SIU analyse Medical Scheme database
- ☀ Develop claims profile of medical practitioners
- ☀ SIU conducts preliminary investigation into excessive claims
- ☀ If clear criminal matter or organised crime type referred to DSO/SAPS for prosecution + criminal asset forfeiture
- ☀ In other instances SIU pursue civil recovery – SIU do not have to prove result criminal proceeds



Examples of cases in court



✿ Dr M (Gauteng)

- ✿ Claim R5000 – 30 000 for one Rocephin injection (normally R124)
- ✿ Very seldom saw patients

✿ Dr K (NW)

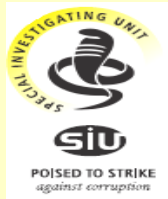
- ✿ Claim R200 000 on innocent member account
- ✿ No services rendered
- ✿ Admit excessive claim value R500 000
- ✿ Replicated at least 10 times on other officials

✿ Dr B (Gauteng)

- ✿ Submitted false or excessive claims for consultations – R7.6m
- ✿ Obtained summary judgment for claim



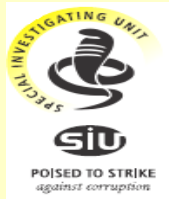
Significant achievements



- ✿ Massive savings through reduction in claims
- ✿ Prosecution of medical practitioners and officials
- ✿ Internal disciplinary hearings of DCS officials
- ✿ Result in better control systems
 - ✿ Members now verify accounts
 - ✿ Members required to make a contribution
 - ✿ Review of claims medical practitioners
 - ✿ Members' annual claims capped
 - ✿ Medical aid first authorise dispensing of chronic medication
 - ✿ Reporting of corrupt officials and medical practitioners
- ✿ Recover losses to Medical Aid through SIU and AFU



Highlights



Disciplinary Referrals 2002- DCS Officials	Criminal Referrals 2002- DCS Officials	Criminal Referrals 2002- Med Practitioners	Current Court Cases: Med Practitioners (No pending court cases against Officials)
27 members	33 members (300+ pending)	25 med pracs	On trial 8 Investigations pending 15 Convictions 1 Suicide 1



Highlights (cont)

Actual Recoveries 2002 -	Assets under restraint By AFU	Number of Medical Practitioners (Cash recoveries)	Potential recoveries (Bulk 2002/4 period)	Savings: 2002/3 2003/4 2004/5	Cumulative Savings 2002 -
R22,795,297	R3,604,000	74 (GP, Dentists, Optometrists, Pharmacists)	R32m (may be more once database fully analysed)	R122,103,945 R370,292,263 R463,607,353 (‘04/05 unaudited)	R956,990,862



Challenges



- ☀ Targeting medical practitioners result massive reduction claims
- ☀ Need to increase prosecutions of Officials
- ☀ SIU investigation also cover other key areas
- ☀ Need to build DCS internal capacity deal with less complex matters
- ☀ Require DSO/SAPS to take on more criminal cases



Conclusion



- ✿ SIU received excellent support from DCS
- ✿ Over past few years SIU make great progress
- ✿ More still needs to be done to ensure fraud free claims



Contact details



- ☀ Head: Willie Hofmeyr 082 499 7850
- ☀ Dep Head: Faiek Davids 082 467 4016
- ☀ Head of Operations:
 - ☀ Gerhard Visagie 082 282 9261
- ☀ Unit Secretary – Head of Communications
 - ☀ Simon Meyer: 083 500 8888
 - ☀ smeyer@siu.org.za