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29th March 2022

Deputy David Cullinane

Dáil Éireann

Leinster House

Dublin 2.

PQ 12836/22 - The total cost of purchasing care for public patients in private hospitals in each of the years 2016 to 2021 and to date in 2022, by private hospital

Dear Deputy Cullinane,

The Health Service Executive has been requested to reply directly to you in the context of the above Parliamentary question, which you submitted to the Minister for Health for response.

I am advised by the National Finance Division that only the costs of the Safety Net Arrangements with the Private Hospitals in response to the COVID-19 pandemic are centrally recorded.

In response to the global pandemic caused by COVID-19, the HSE, mandated by Government, put in place arrangements to enable the public hospital system to access private hospital capacity to meet the challenges of the pandemic. These arrangements comprised of two separate agreements with private hospitals, one in 2020 and a second in 2021.

2020 Agreement

In March 2020, the HSE entered an arrangement which made the facilities and capacity of 18 private hospitals available to the HSE. Under this agreement, it was provided that the HSE would reimburse the operational costs of private hospitals on an open book accounting basis. On 29th May, 2020, Government decided to conclude the partnership arrangement on 30th June 2020.

2021 Agreement

A 12 month Agreement (Safety Net 2/SN2) between the HSE and the Private Hospitals was put in place in January 2021 to provide for support from the private sector to deal with the COVID-19 impact when specified triggers were met. Up to 30% of private hospital capacity could be secured under SN2.

SN2 was utilised from January 2021 but was then stood down on 13th May 2021, in line with clinical triggers set out in the arrangement. It was replaced by Safety Net 3 (SN3) which is an amended version of the original SN2. This was put in place with private providers to deal specifically with the impact of the cyber-attack on HSE systems on 14th May 2021, when the HSE had just exited from the COVID-19 Surge Event under SN2 arrangements with the private sector.



Under SN2/SN3, the HSE pays the private hospitals a commercial rate for the services provided (commercial in this context means the same rate that would be paid by the VHI to a specific individual private hospital site, and to the private consultants on that site, assuming each patient was fully covered for the private site to which they have been referred).

The table below sets out the costs relating to the Safety Net Agreements with the Private Hospitals as part of the government's national action plan in response to COVID-19 in the period 2020 – February 2022:

Cost of Private Hospital Agreements	€m
2020	271.1
2021	125.0
February 2022 YTD	19.4

The HSE and the private hospitals signed Heads of Terms to record the principal terms and conditions of the arrangement. The Heads of Terms also provided that the HSE would, inter alia, respect the confidential commercial nature of the dealings with each private hospital. Therefore, it is not possible to disclose the payments to individual private hospitals.

In addition to the safety net agreements (i.e. COVID response in 2020 – 2022), many public hospitals have 'local arrangements' in place with private hospitals for treatment and diagnostics.

However in the absence of a single financial system, the information is not centrally recorded and we are unable to quantify the cost of 'local arrangements' in the private system in the period from 2016 – 2022. The shortcomings in the HSE legacy financial systems are well acknowledged and their replacement by a single standard financial system for the Health Sector is at the core of the Finance Reform programme initiated by the Department of Health.

I trust this is of assistance to you.

Yours sincerely,

Robert Kidd

Acute Operations