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Australian Government

Department of Human Services

2 September 2019

Jeanette Radcliffe
Committee Secretary
Senate Community Affairs Legislation Committee
PO Box 6100,
Parliament House
Canberra ACT 2600

Dear Ms Radcliffe

Inquiry into the Human Services Amendment (Photographic Identification and Fraud Prevention) Bill 2019

We refer to your email of 5 August 2019 to the Secretary of the Department of Human Services (the Department), Ms Renee Leon, inviting the Department to make a submission to the inquiry being conducted by the Senate Community Affairs Legislation Committee into the Human Services Amendment (Photographic Identification and Fraud Prevention) Bill 2019. Ms Leon has asked us to respond. The Department appreciates the opportunity to provide some Medicare context and advice in relation to the proposed Bill.

It is important to note that proposals consistent with this have been considered by the Australian Government in the past. A Medicare smartcard, including photographic identification, was piloted in Tasmania in 2004, attracting significant public and media interest particularly in relation to privacy concerns, and citizen uptake was minimal. As a result the pilot did not continue.

Further, in 2017 the Government announced an Independent Review of Health Providers' Access to Medicare Card Numbers, undertaken by an independent panel led by Professor Peter Shergold (the Shergold Review). The review examined access by Health professionals to Medicare card numbers by using the Health Professional Online Services (HPOS) system or by calling the department. A copy of the Final Report is available at
https://www.humanservices.gov.au/sites/default/files/2017/10/final-report.pdf.

The Shergold Review Panel also considered the issue of the current and potential use of Medicare cards as evidence of identity, and the possibilities of adding a photograph to the card. The Review Panel noted that while adding a photograph or other security feature such as a hologram might have a short term beneficial impact on the illegal reproduction and inappropriate use of Medicare cards, such changes are not likely to have a lasting effect. Efforts to reduce the potential for fraud and identity theft have to be balanced against the need for access to treatment by all individuals, especially vulnerable populations including Indigenous communities, without unduly increasing administrative burden or unnecessary cost on health professionals. The Government agreed with the recommendations of the Review Panel.

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Medicare eligibility

The Medicare program provides eligible people access to medical, optometry and hospital care and other allied health services. While the *National Health Act 1953* provides a definition of Medicare cards and refers to their use, they are not a legislated requirement but rather the standard mechanism for confirming a person's eligibility to receive Medicare services and subsidised medications under the Pharmaceutical Benefits Scheme (PBS). There are currently 25.6 million people registered as eligible for Medicare, with 14.5 million Medicare cards in current circulation.

An "eligible person" is a person who resides permanently in Australia. This includes New Zealand citizens residing in Australia for more than six months, and holders of permanent residence visas who meet certain eligibility requirements. Applicants for permanent residence may also be eligible persons, depending on circumstances. Eligible persons must enrol with Medicare before they can receive Medicare benefits.

Australia also has Reciprocal Health Care Agreements with a number of countries, including New Zealand. Under these agreements, visitors from these countries are entitled to emergency treatment while they are in Australia that may include public hospital care (as public patients), Medicare benefits and drugs under the PBS. Some Agreements may include slightly different variations of these inclusions. Visitors must enrol with Medicare to receive benefits. People visiting Australia for the purpose of receiving treatment are not covered. Further detail about these Agreements is available at https://www.humanservices.gov.au/individuals/services/medicare/reciprocal-health-care-agreements .

Medicare cards

Medicare cards are issued as an individual or group card, listing multiple individuals which usually reflects a family group but can also reflect separated and non-family care arrangements. Individuals can be listed on multiple cards representing diversity of family and care structures.

As a current example, in a separated family situation, both parents or carers could have all children listed on each of their individual cards; that is the children will appear on two cards, under two separate Medicare card numbers. Dependent upon size of family this could see up to five individuals listed on a single card. Under the arrangements proposed in the Bill, this would likely see each child and adult issued with individual cards, and potentially a set of cards for each child issued to each parent or carer.

Medicare cards for Australian citizens expire every five years, noting an expired Medicare card does not cease eligibility. The Department issues approximately 4.5 million new cards annually for new enrolments, card reissues, replacement of lost or stolen cards, and changes to family structures.

Medicare fraud

The Department takes all matters of fraud seriously and has programs in place to assist in detecting and investigating fraudulent activity. In cases where deliberate deception and intent to defraud are established the Department refers these matters to the Commonwealth Director of Public Prosecutions. The Department referred 84 cases to the Commonwealth Director of Public Prosecutions in the 2018-19 financial year. This represents a very small proportion of the 25.6 million Medicare customers.

In addition, customers can lodge a tip-off by telephoning the Australian Government Services Fraud Tip-off Line on 131 524. This line provides members of the public and health professionals with a single point to report fraud against Centrelink, Medicare, the PBS and Child Support. Details can also be provided using a form available at www.humanservices.gov.au. This information may be provided anonymously. Tip offs relating to the use of a Medicare card by an individual other than the card holder are infrequent and very small in number.

Protecting the integrity of Medicare

As outlined above, the Government's commissioning of the Independent Review of Health Providers' Access to Medicare Card Numbers, the Shergold Review, brought significant focus to the issue of protecting the privacy of individuals information as well as the integrity of Medicare. The Department has led the way in responding to the recommendations from the Shergold Review, working closely with the Department of Health, Attorney-General's Department and peak sector bodies. Key elements of the Government's response include:

- the Department of Health has engaged with peak health provider bodies seeking assurance that providers have reviewed their identity guidelines to ensure reasonable steps are taken to confirm the identity of a patient when first treated;
- a significant public awareness campaign around the protection of Medicare card details launched in March 2018 and ongoing. It uses social media platforms, front of house videos in service centres, information on the Department's website and direct communication with peak sector bodies seeking support in disseminating the information to their members;
- the Department has added additional security questions to the phone enquiry line for providers seeking to confirm Medicare card details (improving fraud controls around Medicare cards and the personal information held on them) and has removed access to this service except in exceptional circumstances such as when delivering services remotely. This has necessitated providers using a more authenticated channel to access Medicare card information; and
- the Department is transitioning all providers to a more secure digital authentication process for access to an online Medicare card verification service.

Further, since 2011 Medicare cards have been verifiable through the Document Verification Service (DVS), providing greater assurance around the use of the Medicare card in the community. While the Medicare card is not intended to be used as a primary source of evidence of identity, as a commonly held credential, it is widely accepted by government and business as a secondary document.

The DVS is a national online system that allows organisations to take information from a person's identity document, such as a Medicare Card, with their consent, and compare this against the corresponding record of the document issuing agency. These checks are conducted in real time to inform decisions that rely upon the confirmation of a person's identity. The DVS is a key tool to assist organisations to prevent individuals from using fraudulent identities.

National approaches to management of identity

The Department recognises the importance of staying on the front foot to ensure and strengthen the integrity of Medicare. The Department is working to modernise government

service delivery and working closely with our partner agencies across government to progress opportunities for broader approaches to management of identity.

In 2018, the Department of Home Affairs announced a review of Australia's national identity system (the Review) to determine ways to strengthen arrangements that support and govern the protection and management of identity information. This Review presents an opportunity to enhance the national identity system to better protect Australians from the theft or misuse of their identity information, assist people to recover from the impacts of identity crime and improve processes that support the detection and prevention of identity crime.

In summary

The benefits and risks associated with operationalisation of the proposed arrangements as set out in the Bill needs to be carefully considered in light of costs, ability to implement (particularly for vulnerable groups) and the potential disruption to health service access. Likely implications include:

- Impacts on access to health services for vulnerable groups and populations who may be required to produce a Medicare card before being able to access treatment;
- Volume of Medicare cards will increase significantly from 14.5 million to 25.6 million to accommodate individual cards with photos. A similar approach has been scoped a number of years ago, with costs for initial implementation estimated at that time to be in the vicinity of $500 million. This does not take into account the increased ongoing cost or the costs on customers to meet registration requirements, such as travel to service centres;
- The registration and renewal process would need to be tailored for particular customer groups, such as infants and children, diverse family and care arrangements, rural and remote communities, and vulnerable people, including older Australians, homeless, mentally ill, disabled and chronically ill persons; and
- The registration would also require active co-operation of all individuals who would need to be registered, which includes obtaining their informed consent. There has been limited community interest in such an approach in the past.

Consistent with this previous experience, the outcomes of the Shergold Review, and the Government's digital strategy the Department believes there are more effective and efficient ways to ensure the integrity of Medicare into the future. We continue to explore approaches to strengthen the management of identity in regard to the delivery of payments and services, with a focus on maintaining appropriate access, improved customer experience and ensuring the integrity of the health system.

I trust that the information provided is useful to the Committee and the Department will endeavour to provide additional information if required.

Yours sincerely

Paul Creech
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Health & Aged Care Group

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