



Australian Government
Department of Health

Senate Inquiry into the *Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014: additional information provided by the Australian Government Department of Health*

The Committee sought information from the Department about implementation timelines for related Budget Measures. Implementation timelines for the relevant measures are:

- 1 January 2015: Extended Medicare Safety Net general threshold is raised to \$2,000;
- 1 July 2015: Implementation of 2014-15 Budget Measure: *Patient Contributions for GP, Pathology and Diagnostic Imaging Services*. Current Medicare Safety Net arrangements will continue for the rest of the year¹; and
- 1 January 2016: Implementation of 2014-15 Budget Measure - *Simplifying Medicare Safety Net Arrangements*. This measure will replace the existing Medicare Safety Net arrangements, and reduce the general (upper) threshold to \$1,000.

Communication materials relating to the Extended Medicare Safety Net (EMSN) will be updated subject to the passage of this Bill, including brochures and other online information that refer to the EMSN. It is planned that DHS will contact singles and families who qualified for the EMSN general threshold in the previous year, informing them of the changes.

The committee also asked about the amendments to section 10AE of the *Health Insurance Act 1973* in relation to how DHS contacts patients to confirm family composition. The purpose of this confirmation process is to ensure people are correctly identified as being part of the same family for the purposes of accumulating out-of-pocket costs towards a single family threshold. This ensures benefits are paid correctly.

Currently, DHS must contact people 'in-writing' when they are approaching the threshold, which precludes them from contacting people in other ways, such as by telephone. For example, a person may have only recently made amendments to their family composition (for example, by adding a newborn to the family registration) as they are approaching their threshold. Under the current legislation, DHS is still required to contact them 'in-writing' even if DHS is talking to the person on the phone, or at a service centre and can advise them at that time.

Prior to 2012, DHS was required under the Act to contact the single or family 'in-writing' that they were approaching the threshold of the EMSN, and then the person was required to confirm their

¹ Current Medicare Safety Nets include the Extended Medicare Safety Net (EMSN), Original Medicare Safety Net (OMSN), and Maximum (greatest) Permissible Gap (GPG).

family composition 'in writing', which meant that a family could not simply call DHS to confirm their family composition. A change was made to the Act in 2012 to allow a person to confirm their family composition in a manner approved by the CEO, Medicare.

The change proposed in the Health Insurance Amendment (Extended Medicare Safety Net) Bill 2014 will similarly allow DHS to contact the person by telephone, or other communication method which may become available in future. However, the legislation still requires that DHS contact the person, and requires that this contact be in a manner approved by the CEO, Medicare. It is anticipated that with the current technology and systems that a letter will usually be sent to the nominated person's address as registered with DHS for Medicare purposes. However, in future, this contact may be by email or SMS message if the person advises that this is their preferred form of interaction with DHS for Medicare purposes. The purpose of this change is to allow for administrative flexibility and customer convenience, not to reduce the requirements for people to be properly notified.

DHS continues to expand the range of options for customers and clients to interact with it, such as phone and tablet applications for providing information to the organisation. Take-up of these online or electronic facilities continues to increase.

The Committee also asked the Department questions about the stability of the MBSonline website. The MBSonline website provides information to the public regarding the details of the Medicare Benefits Schedule (MBS), including the associated legislation. Consumers, health providers and software vendors generally use this website to ascertain the requirements of each MBS service for which there is an MBS rebate. Fact sheets are posted on MBSonline when there are changes to MBS items and related programmes. MBSonline does not provide information regarding the patient's use of MBS services, nor their accumulation of out-of-pockets towards the Medicare Safety Nets.

The Department has reviewed the data on access to the website and there is no evidence that the use of MBSonline has been reduced because of technical issues.

The Committee sought information on the implementation costs associated with the Bill before the Committee and the introduction of the new Medicare Safety Net on 1 January 2016. Implementation costs for this Bill are small, with total Departmental funding to Health and Human Services of less than \$1 million. The savings from the introduction of the new Medicare Safety Net specified in the 2014-15 Budget Papers is in addition to the savings from this Bill.

Finally, a question was raised regarding the Department of Health's written submission to the inquiry. On 1 May 2014 the Department advised the Senate Community Affairs Legislation Committee Secretariat that they would not be providing a written submission at that stage.