

## **Senate Community Affairs Legislation Committee**

### **ADDITIONAL ESTIMATES – 11 FEBRUARY 2016 ANSWER TO QUESTION ON NOTICE**

#### **Department of Human Services**

**Topic:** Medicare Payments outsourcing

**Question reference number:** HS 151

**Senator:** Cameron

**Type of question:** Written

**Date set by the committee for the return of answer:** 4 April 2016

**Number of pages:** 2

#### **Question:**

- a) Answer to QN 8 from October Estimates indicates that it takes 1400 staff and \$140m to run the Medicare payments system- what are the equivalent figures for running the Aged Care, DVA and PBS payments system? As per QN 8, please provide the state and location, and gender profile of these jobs.
- b) What is the potential impact on FTE employment in DHS if Medicare, DVA and PBS payments systems are outsourced? Please include estimates of ICT, corporate and SES staff.
- c) Mr Sterrenberg reported to February Estimates that there is a four year window in which to update the MPS. Has DHS done any analysis to assess the cost, timing and technical requirements of upgrading the MPS system? Has the Minister requested any advice on the MPS system? Has DHS offered any advice on the MPS system? Please provide any reports, details or analysis of the Medicare payments system and the projected need for an upgrade to it, including the timeframe for when it will no longer be fit for purpose in its current state.
- d) Has DHS done any analysis of the employment and budget implications if the Medicare, DVA and Aged Care payments are outsourced?
- e) Please provide details of DHS involvement in the taskforce headed by Mr John Cahill into MPS outsourcing.
- f) What Medicare, PBS and Aged Care work would remain in DHS if entitlement calculation, claims processing and payment dispersal were done by a commercial provider?
- g) Will DHS be providing commercial in confidence information to the taskforce or any potential bidders for the MPS system?
- h) Has DHS been asked to provide any advice to Government on the outsourcing of MPS in relation to external companies? Has DHS provided advice to Government on this issue?
- i) Have any other companies written to DHS with proposals on how they could provide DHS services?

- j) Has work begun drafting legislation to outsource these systems? Has work begun drafting tender documents? Please provide any documents relating to drafting legislation or tenders.
- k) What stakeholder consultation has DHS undertaken regarding the privatisation of payment services? Has DHS documented that consultation? If so please provide a copy of any documents in relation to that consultation.
- l) Has DHS undertaken a Privacy Impact Assessment (PIA) of the privatisation of the payments system? If so, please provide a copy of this document.
- m) Has DHS consulted the Privacy Commissioner (OAIC) about this proposal to outsource the MPS? If so, please provide a copy of the Privacy Commissioner's response.

**Answer:**

- a) The reference to 1,400 staff in the response to question reference number HS 8 is an estimate of those staff involved either directly or indirectly in supporting the services to run all of the relevant payments systems. It would be an unreasonable diversion of resources to isolate and cost the individual running of these systems.
- b) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- c) As previously stated, the department considers that work to address the Medicare payments systems needs to be undertaken during the next four years. Ongoing remediation and maintenance to ensure the stability of the payments system and maintain a well-performing system over the next couple of years is in train. The department is working with the Department of Health on the long term options for a Government owned and operated payments system. The department has provided advice from time to time to the Minister on the progress of this consideration.
- d) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- e) There is no proposal to outsource or privatise MPS payments
- f) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- g) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- h) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- i) The department is often approached by companies with suggestions on how their products or services can support the department's operations.
- j) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- k) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- l) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.
- m) There is no proposal to outsource or privatise Medicare, PBS or DVA payments.