

**Senate Standing Committee on Finance and Public Administration**

**ANSWERS TO QUESTIONS ON NOTICE**

**Human Services Portfolio**

Additional Estimates 2006-2007, 13<sup>th</sup> and 16<sup>th</sup> February, 2007

**Question: HS81**

**Agency: Medicare Australia**

**Outcome 1, Output 1.1**

**Topic: Medicare Easyclaim**

**Hansard Page/Written Question on Notice: Written Question on Notice**

**SENATOR MOORE** asked on 16/02/2007:

- (1) What is the budget estimate for Medicare rebates and transaction costs in 2006-07, 2007-08, 2008-09, 2009-10 and 2010-2011?
- (2) How much of this has been allocated, or promised in contracts? Please provide which companies have been granted the contracts and how much they will be paid.
- (3) Has there been any consideration of allowing doctors to bill Medicare for the rebate directly, and only charge patients the gap fee so that banks do not charge a transaction fee?
- (4) Will GPs have to buy new technology to allow patients to use the new electronic Medicare rebate system? How much will this cost? How much will the Commonwealth subsidise per system?
- (5) Why can't they use the EFTPOS system, which most GPs already have?
- (6) What relationship will this system have with the Access Card? Will it still be useful?

**ANSWER:**

- (1) The in-scope rebates for electronic Medicare claiming are all patient and bulk bill claims which include approximately 174 million transactions annually which could potentially be processed through the electronic Medicare claiming channel. Claims which are not in scope include in-hospital claims, pathology patient claims, and out of surgery visits (such as visits to nursing homes). Rebate funding is appropriated to the Department of Health and Ageing.

The Medicare Australia transaction costs forecast for electronic Medicare claiming in 2006-07 to 2010-11 are reflected in the table below.

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
Transaction Fees (no. of claims x 23 cents)	0	15.2	37.1	40.3	41.2

The increase in the level of transaction fees reflects the fact that take-up will increase gradually until it reaches the anticipated maximum of 66% of patient claims and 70% of bulk bill claims in 2009. The maximum transaction fees expected are \$41.2m which occurs in 2010-11 which is the first full financial year at the maximum take up level.

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- (2) Financial institutions will be paid according to the number of electronic Medicare transactions they successfully complete. There are no pre-determined allocations of transaction volumes. On 21 December 2006 Medicare Australia signed contracts with the Commonwealth Bank and a new internet based EFTPOS provider, MoneySwitch. National Australia Bank signed a contract with Medicare Australia on 5 April 2007.
- (3) Banks can earn a transaction fee for a claim successfully lodged regardless of whether the claim is a bulk billed claim, an unpaid or partially paid account claim or a patient paid claim. The electronic Medicare claiming solution is being implemented within current Government health policy, which does not allow gap payments. The Government's policy in relation to gap payments is a matter for the Department of Health and Ageing.
- (4) No. GPs with EFTPOS machines, and whose EFTPOS provider is contracted to provide electronic claiming services, will be able to access the service using existing EFTPOS infrastructure at no additional cost.
- (5) Electronic Medicare claiming is designed to use the existing EFTPOS system.
- (6) Electronic Medicare claiming will stay in place when access card is implemented. The access card will be docked rather than the Medicare card.

To prepare this answer it has taken approximately 5 hours at an estimated cost of \$369.