

Senate Finance and Public Administration Standing Committee

SUPPLEMENTARY BUDGET ESTIMATES – 20 October 2009 ANSWER TO QUESTION ON NOTICE

Human Services Portfolio

Topic: National Compliance Program

Question reference number: HS65 (a-d)

Senator: Bernardi

Type of question: *Written*

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Question:

- a) The paper on the National Compliance Program states that Medicare conducts compliance audits of providers. (p.10) How many compliance audits were conducted in 2008–09?
- b) How many have been conducted so far in this financial year, 2009–10?
- c) Of those audits made, how many identified incorrect payments being made?
- d) Does Medicare have an annual target for the number of compliance audits that it needs to complete?

Answer:

- a) In 2008–09 Medicare Australia conducted a total of 3,663 audits, as outlined in table 1.

Table 1

| | |
|---|--------------|
| Medical practitioner | 2,794 |
| Pharmacies/pharmacists | 114 |
| Members of the public | 193 |
| Practice Incentive Program payment recipients | 558 |
| Private Health Insurance Rebate funds | 4 |
| Total | 3,663 |

- b) For the 2009–10 financial year (to 30 September 2009), Medicare Australia has conducted a total of 761 audits which includes audits of:
- 18 medical practices;
 - 711 providers;
 - 23 pharmacists; and
 - nine members of the public.
- c) In 2008–09, Medicare Australia identified non-compliance in approximately 30 per cent of the 3,663 audits it conducted. For the 2009–10 financial year (to 30 September 2009), Medicare Australia has identified non-compliance in approximately 40 per cent of the 761 audits it has conducted.

The increased levels of non-compliance identified reflect improvement in Medicare Australia's detection capability and do not necessarily indicate increased levels of underlying non-compliance.

The level of non-compliance detected can not automatically be applied to the whole population as Medicare Australia's audit activity is focussed on its highest areas of risk. Consequently, the audits are a 'biased sample' of the population.

The focus on high areas of risk reduces the administrative burden on compliant practices and individuals.

- d) Medicare Australia does not have a target for the number of compliance audits to be completed. However, based on its current level of resources Medicare Australia seeks to audit approximately four per cent of doctors and pharmacists under the Medicare Benefits Schedule and Pharmaceutical Benefits Scheme programs.