THE INCREASED MBS COMPLIANCE AUDIT INITIATIVE

CONSUMER QUESTIONS ANSWERED

Why does Medicare Australia need to audit Medicare providers?

Under the Medicare scheme, people can receive free or subsidised treatment for specified health services provided by around 65,000 providers (general practitioners, specialists and allied health professionals). Last year the Australian Government spent more than $13 billion on Medicare services and there were around 280 million Medicare transactions. Since Medicare began in 1984, Medicare Australia has conducted audits to ensure that taxpayers' money is spent appropriately.

What does Medicare Australia look for during an audit?

The Medicare Benefits Schedule (MBS) contains over 5,700 items which describe the clinical services available under Medicare and the benefit amount payable for those services. Higher benefits are generally paid for more complex MBS items.

A compliance audit is a check to confirm that a service meets the MBS item requirements. For example, if an item requires:

- a particular test to be done - Medicare Australia will ask for confirmation that the test was done;
- a referral to another health professional - Medicare Australia will ask for a copy of the referral;
- an amount of time to be spent with the patient – Medicare Australia will ask for evidence that the time requirements were met.

What is the current audit process?

When Medicare Australia identifies claims which may be incorrect, they will contact the provider and ask for documents to verify the claim. At present, some providers volunteer information, including information from the patient's medical record, in response to this request. However, under current legislation providers can lawfully refuse to cooperate with a Medicare Australia request. This means that there is no requirement on a provider to supply information which can verify that the specific MBS service was, in fact, provided to the patient. This limits Medicare Australia's ability to ensure that taxpayer's money has been correctly spent.

How does Medicare Australia select providers for audit?

Medicare Australia uses a range of sophisticated data analysis techniques, as well as information provided by members of the public, to identify Medicare services that may not have been claimed correctly. However, being identified for audit does not mean that a provider has done anything wrong. Further information on how a provider may be selected for a compliance audit is attached to this information sheet.

What is changing?

Prior to January 2009, Medicare Australia was only resourced to audit around 500 of the 65,000 Medicare providers. In the 2008–09 Budget the Australian Government announced the Increased MBS Compliance Audit initiative which:

1. increases the number of Medicare providers audited by Medicare Australia each year from 500 to 2,500;
2. requires providers to produce documents to verify their Medicare claiming when audited; and
3. introduces a financial penalty for Medicare providers whose incorrect claims are above a certain dollar amount.

How will these changes affect consumers?

Consumers will not normally be contacted by Medicare Australia during a compliance audit and will not have to repay money if a claim is found to be incorrect due to an action taken by the provider or practice. If an MBS claim is found to have been incorrect, the provider is required to repay the Medicare rebate.

In most cases, providers should be able to use documents such as referrals, appointment books and receipts to verify that a claim has been made correctly. However, in some cases the information may be contained in a patient's medical record. In these cases, the provider will be required to provide an extract of that record to confirm that the Medicare item was claimed correctly. Under the *Privacy Act 1988*, personal information can be disclosed to Medicare Australia where that disclosure is reasonably necessary to protect the public revenue.

It is proposed that Medicare Australia will only be able to request documents relevant to the specific item in question. The legislation will not authorise Medicare Australia to request whole patient files.

Will patients be identified during the audit?

When Medicare Australia writes to a provider about a compliance audit, the letter will not identify any patient by name. Instead it will specify the reason for the request, and list the item number of each service, the Medicare number of the patient, and the date of the service included in the request.

Who will have access to information during the audit?

It is proposed that any documents forwarded to Medicare Australia during an audit will be viewed by a limited number of specifically trained and authorised staff. These authorised staff will be located in central and state or territory offices rather than in local Medicare Australia offices. Staff will also be prohibited from being involved in a compliance audit if they know a person connected to that audit (either the provider or patient) and reflects Medicare Australia's current 'conflict of interest' policy.

It is likely that a document that confirms a claim was correct will only be seen by one authorised staff member (the compliance officer). All documents supplied by a provider during an audit will be destroyed once the audit is complete.

How will Medicare Australia protect information provided during the audit?

Medicare Australia already receives sensitive information from patients and providers and the confidentiality of this information is protected under legislation. Medicare Australia won the Australian Privacy Commissioner's Grand Award for Privacy in 2008 with the Commissioner noting that Medicare Australia's "dedication to protecting the privacy of its customers is a model for other government agencies and for the Australian marketplace as a whole."

Medicare Australia takes its obligations to maintain personal privacy seriously and staff already receive training in how to handle personal information. Additional training will be provided to compliance officers to ensure the strictest adherence to privacy principles. Medicare Australia staff are prevented from giving out personal information to any other person, except where the individual has authorised the release of that information, or where strict exemptions apply. Penalties, including fines and imprisonment, apply to Medicare Australia staff who breach these privacy rules.

Will patients know that a service they have received is being audited?

At present if Medicare Australia obtains patient records during criminal investigations of providers, they are required to individually notify every patient. However, Medicare Australia is also required to protect the privacy of the provider, so they are not able to identify the provider, the nature of the investigation or details about the outcome. This causes considerable concern to patients who worry that a service they have received may have been compromised.

Under the current proposal the legislation will not require either Medicare Australia or providers to advise individual patients that a service they have received is being audited. There are concerns that advising patients that a service they have received is being audited by Medicare Australia may cause unnecessary anxiety to some people.

When do these changes take effect?

The increase in the number of Medicare audits began on 1 January 2009. The other proposed changes are expected to be introduced into Parliament in March 2009. The Department of Health and Ageing and Medicare Australia is continuing to consult consumer health groups, privacy organisations and the Privacy Commissioner about the proposed changes. Medicare Australia's website will be updated as more details become available.

How can I check my Medicare history?

You can manage your Medicare information electronically through Medicare Australia's Online Services. Online services enables you to access your Medicare claims history which details lists each service you have received including the name of the provider; item number, description; total cost of service; Medicare benefit paid and total cost to the patient. If your statement is incomplete or incorrect, you can contact Medicare Australia to discuss the matter.

For further information visit www.medicareaustralia.gov.au then go to Home > For individuals and families > Online services

How are providers selected for MBS Compliance audits?

There are four broad processes through which a Medicare service may be identified for audit. In each of these processes, Medicare Australia recognises there are often many acceptable reasons for shifts or changes in claiming behaviour and always gives a provider the chance to explain their situation. Our risk identification process takes into account past audit outcomes. This ensures that previously addressed concerns are not re-examined.

The four processes that may identify a provider for audit are:

1. A provider has used an item/s with a medium to high risk of non-compliance

To ensure compliance activities focus on the items and types of services which are most likely to be incorrectly claimed, Medicare Australia undertakes significant analysis to identify items where there is a higher risk of incorrect claims. A significant part of this process includes receiving submissions and ideas from the health industry on the emerging risks and issues affecting MBS compliance. Based on this analysis Medicare Australia selects a number of providers who have used this item for audit. In this situation a provider may be chosen because they belong to an industry or specialist group involved in areas of high risk billing or may have used an item identified as being at risk of incorrect claiming.

2. A provider's claiming statistics appear to be unusual or irregular

Medicare Australia runs regular reports on the use of MBS items to monitor possible non-compliance. Some of the indicators which may lead to a provider being identified for audit include:

- claims for an individual item are extremely high;
- claims for specific items increase dramatically or significantly without any clear or identifiable reason;
- claims over a specified period are higher than what would be expected;
- claiming of items appears to be outside a provider's specialty or area of practice;
- items appear to be claimed without required prerequisites (e.g. no pathology test appears to have been performed for the patient despite the MBS item requiring one);
- claiming appears to be abnormal or inconsistent (e.g. provider has claimed for a patient that has seen another doctor on the same day or the items claimed do not appear to meet the demographics of a provider's area).

3. A provider's claiming statistics are different to their peers

From the claiming data it receives Medicare Australia can build a profile of usual claiming behaviour for each provider group and compare a provider's profile to this. This can identify providers whose use of an item significantly exceeds that of their peers, or whose proportional use of graduated items (e.g. time, size or complexity based items) appears different. Medicare Australia uses sophisticated technology to compare factors including total benefits, services, patient demographics and prescribing of pharmaceuticals. The profiling system is adaptive and takes into account factors such as number of days worked and area of practice.

4. Items or individuals identified through tip-offs

Medicare Australia regularly receives reports about claiming behaviour from members of the public, practice staff and other providers. Sometimes this information relates to poor claiming practice, and possible incorrect claiming. If a provider is identified for audit through this process, Medicare Australia will generally seek information that confirms or disproves the information we have received from the tip-off.

Where can I find out more?

Visit www.medicareaustralia.gov.au then go to For health professionals > Doing business with Medicare Australia Audits and Compliance > National Compliance Program