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Australian Government
Department of Health and Ageing

DEPUTY SECRETARY

Senator Jan McLucas
Chair
Senate Select Committee on Medicare
Parliament House
CANBERRA ACT 2600

Dear Senator McLucas

I refer to your letter of 9 October seeking clarification of evidence I provided at the Committee's public hearing in Canberra on 28 August 2003.

I understand your questions to be:-

1. Could I clarify my intent with regard to my statement that doctors will provide the HIC with information about how much extra they charge over and above Medicare "as they do at the moment".
2. Could I advise under what section of the legislation extra charges are currently notified to the HIC and how data on extra charges is proposed to be collected under the new *Fairer Medicare* arrangements.
3. Can the Department provide the Committee with average GP incomes (ie MBS income and private billed income, excluding PIP, veterans payments etc) by :
 - Year (1990 to the present)
 - RRMA
 - Electorate.

In relation to **Question 1**, all Medicare Benefits Schedule (MBS) payments by the HIC, except for bulk billed payments, are made based on provision of either receipts from the doctor for an account paid, or provision of the accounts which were unpaid. In both these cases the HIC records the total value of the account as well as the benefit paid. This would continue to be the case into the future.

Under the proposed new arrangements, if a doctor participating in the General Practice Access Scheme charges a gap payment and directly claims the rebate from the HIC, the claim format would require information on the fee charged which would provide the same

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information as previously provided on the account or receipt. This information will be essential to administer the proposed new concessional safety net and PHI safety net. As you are doubtless aware, those new safety nets would offer better protection than the current MBS safety net in that they would recognise all out-of-pocket costs incurred by patients rather than just the gap between the MBS rebate and schedule fee as is currently the case.

In relation to **Question 2**, under what section of the Act the information is currently collected:

- Section 14(1) of the *Health Insurance Act 1973* requires that "...a medicare benefit payable in respect of a professional service shall not exceed the medical expenses incurred in respect of the professional service...". In order to ensure this requirement is met the level of the fee charged must be known by the HIC.
- Sections 10AC and 10AD which outline the current safety net arrangements require the collection of information on fees charged in order to calculate the patient contributions which are covered under the existing safety net.
- As the information is 'naturally' provided with accounts and receipts under current arrangements there is no explicit determination or regulation at present requiring that details of the total fee charged be provided, but there are powers under Section 19(6) (which addresses the content of the doctor's accounts and receipts) and Section 20B (which addresses the content of the Medicare claim form) which would allow this to be prescribed if necessary.

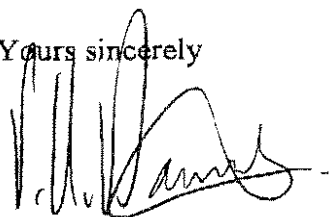
In relation to the proposed new arrangements, as outlined above electronic claims would be required to contain the same information as the current account or receipt, which would, if necessary, be formally addressed under sections 19(6) and 20B.

In relation to **Question 3**, I attach the information that you requested on average GP incomes analysed by year and by RRMA (Attachment A). These data show the average incomes (combining Medicare income and income from private billing) per Full Time Equivalent GP. This in our view is the most meaningful average as other averages are significantly affected by the large number of very part time GPs. The data are based on the location of the major practice for doctors who work in multiple practices.

The task of extracting equivalent data analysed by electorate would require considerably more time and effort. I do not believe it is practical to provide this within the reporting time frame of your Committee and so I do not propose to ask that this work be undertaken.

I trust that this information meets your needs.

Yours sincerely



Mr Philip Davies
Deputy Secretary

16 October 2003

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Attachment A

COMMONWEALTH DEPARTMENT OF HEALTH AND AGEING
 MEDICARE - GENERAL PRACTITIONERS
 AVERAGE FEES CHARGED PER FTE PRACTITIONER
 BY RRMA (B)

1990-91 TO 2002-03 (YEAR OF PROCESSING)

Year	Capital		Other Metro		Large Rural		Other Rural		Other		Remote		Other Remote		Total
	City	Centre	Centre	Area	Centre	Rural	Centre	Rural	Rural	Centre	Centre	Area	Area		
1990-91	\$168,594	\$171,604	\$175,512	\$171,892	\$168,618	\$192,050	\$159,556	\$169,526							
1991-92	\$178,667	\$183,136	\$184,177	\$181,483	\$177,424	\$197,797	\$165,835	\$179,403							
1992-93	\$186,257	\$190,318	\$191,396	\$188,571	\$185,835	\$207,637	\$174,399	\$187,015							
1993-94	\$188,010	\$190,138	\$191,795	\$191,211	\$187,564	\$210,909	\$179,729	\$188,642							
1994-95	\$188,895	\$193,892	\$196,299	\$193,350	\$187,689	\$208,616	\$177,480	\$189,904							
1995-96	\$194,109	\$198,363	\$201,739	\$199,044	\$193,103	\$217,135	\$182,114	\$195,144							
1996-97	\$193,730	\$198,602	\$201,431	\$199,276	\$193,136	\$223,886	\$177,005	\$194,891							
1997-98	\$195,576	\$200,218	\$203,084	\$200,704	\$195,126	\$217,249	\$178,013	\$196,646							
1998-99	\$199,021	\$203,422	\$206,047	\$201,912	\$197,680	\$210,210	\$173,669	\$199,659							
1999-00	\$204,173	\$209,002	\$209,405	\$203,439	\$199,539	\$214,526	\$175,592	\$204,160							
2000-01	\$213,233	\$218,808	\$216,768	\$210,070	\$204,723	\$216,992	\$177,121	\$212,491							
2001-02	\$227,865	\$236,131	\$230,374	\$220,386	\$216,286	\$222,482	\$187,621	\$226,522							
2002-03	\$236,328	\$245,764	\$239,690	\$226,963	\$221,431	\$225,550	\$194,969	\$234,472							

(a) In general terms, practitioners with at least 50% of Schedule fee income from non-referred attendances in the June quarter of the respective years.

(b) Based on major practice postcode in the June quarter of the respective years.