



This Digest replaces an earlier version dated 8 April 2008, including some additional contextual material on the Position of significant interest groups.

Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008

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Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008

Date introduced: 19 March 2008

House: House of Representatives

Portfolio: Health and Ageing

Commencement: Sections 1 to 3 on Royal Assent. Schedule 1 to commence on Proclamation, or 12 months after Royal Assent, whichever is the sooner. The Explanatory Memorandum states that delayed commencement is to allow Medicare Australia time to implement new internal administrative arrangements.

Links: The relevant links to the [Bill](#), [Explanatory Memorandum](#) and [second reading speech](#) can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The purpose of the Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008 is to amend the *Health Insurance Act 1973* (HIA) to allow medical specialists and consultants physicians access to the 90 Day Pay Doctor Cheque Scheme, where the original Medicare claim is submitted to Medicare Australia electronically.¹ The Bill does not propose any amendments to the existing scheme for general practitioners.

Background

The 90 Day Pay Doctor Cheque Scheme

The 90 Day Pay Doctor Cheque Scheme was introduced in 2001 to guarantee general practitioners (GPs) payment of the Medicare schedule fee even when accounts are not paid. If a doctor does not bulk bill (that is, does not accept the Medicare schedule fee or 'benefit' as full payment for the service) there are other methods by which Medicare benefits are paid to the doctor. Patients can pay the doctor's account then claim the benefit back from Medicare Australia and be reimbursed either in cash, cheque or electronic funds

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1. Hon. N. Roxon, Minister for Health and Ageing, 'Second Reading Speech: Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Bill 2008', House of Representatives. *Debates*, 19 March 2008, p. 3.

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transfer to their bank account. Around 43 million Medicare claims (or 17 per cent of all claims) are paid by one of these methods.²

Alternatively, when an account is not paid the patient may be issued with a doctor's account and can request from Medicare Australia a 'pay doctor via claimant cheque' for the benefit to be made out to the practitioner (GP or specialist or other medical practitioner) who rendered the service. This cheque is then sent to the patient who then forwards it to the medical practitioner along with any outstanding balance owed.³ Around 13 million claims (or 5 percent of Medicare services) are paid in this manner.⁴ In rare cases where the patient fails to forward the cheque within 90 days (or the cheque is not banked or goes missing⁵), the cheque is cancelled and Medicare Australia pays the GP direct (via cheque or electronic funds transfer) under the 90 Day Pay Doctor Cheque Scheme, thus guaranteeing the doctor receives the schedule fee for the service. Currently the 90 Day Pay Doctor Cheque Scheme is only available to GPs.

At the time this Scheme was first proposed in 2001 it was observed that the problem of non-payment of patient accounts (which can be costly for medical practices to chase up) is not limited to GPs. It was noted that other medical practitioners (such as dentists, optometrists or pathologists) also face this problem, so it was argued that making the scheme available more generally would be more beneficial.⁶ At the time however, this proposal was not taken up.

However, the current Bill now proposes to make the Scheme available to a wider range of medical practitioners, specifically specialists and consultant physicians (including pathologists), but only where the original Medicare claim is submitted electronically to Medicare Australia. Other health practitioners, such as allied health providers and dentists, will continue to be excluded from the Scheme. Current arrangements for GPs which allow GPs to access the 90 Day Pay Doctor Cheque Scheme where their original Medicare claim was lodged electronically or by mail will remain unaffected.

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2. The proportions are: services paid by cheque to claimant, 1.7%; services paid by cash, 13.3%; services via EFT, 1.6%. Bulk billing represents the majority of all claims at 72.9%. Medicare Australia, *Annual Report 2006-07*, 2007, p. 76.
 3. Subsection 20(1) of the *Health Insurance Act 1973* provides that Medicare benefits are payable only to the person who incurs the medical expenses ('the patient').
 4. Medicare Australia, *op. cit.*, p. 76.
 5. It is not known how often this occurs. One estimate is that 2% of these cheques go missing. See Andrew Southcott, 'Second reading speech: Health Legislation Amendment Bill (No. 2) 2001', House of Representatives, *Debates*, 24 May 2001, p. 27017.
 6. Katrine Del Villar, *Health Legislation Amendment Bill (no. 2) 2001: Bills Digest*, Department of the Parliamentary Library, Bills Digest no. 125, 2000-01, p. 5.

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Basis of policy commitment

Encouragement of electronic claiming

The Minister for Health and Ageing, the Hon. Nicola Roxon, MP, has stated that giving specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme will provide an incentive for these practitioners to use electronic claiming of Medicare benefits.⁷ This is because the amendments propose that access to the Scheme will be dependent on the original claim being submitted electronically. Electronic claiming over the internet has been available since 2002 when HIC Online (now known as Medicare Online) was introduced.

However, take-up of Medicare Online for patient accounts has been slow, with 7455 medical practices registered to use online claiming in 2006–07, and just 6632 actually transmitting claims (the bulk of which are bulk billing claims).⁸ Medicare Australia has recently introduced Medicare Easyclaim, an EFTPOS-based system that will allow patients and practices to lodge claims electronically and receive payments via electronic funds transfer direct from Medicare Australia. The benefit of online claiming is that patients can lodge their claims immediately after the consultation, removing the need to attend a Medicare office or submit a claim via mail. In order to encourage medical practitioners to migrate to the new system (which requires additional software, an EFTPOS machine, and the incurring of some EFTPOS charges) support packages are being offered to GPs, medical specialists, consultant physicians, pathologists, radiologists and software vendors.⁹

The support package being offered by Medicare Australia to encourage these medical practitioners to move to Medicare Easyclaim includes providing specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme, currently only available to GPs.¹⁰

However, as noted previously, other medical professionals, such as allied health providers and dentists, may experience similar problems with unpaid accounts. It is not clear why in extending the Scheme to medical specialists and consultant physicians these other groups, who would clearly benefit, are not included.

7. Hon. N. Roxon, op cit.

8. Medicare Australia, op. cit, p. 131.

9. Medicare Australia, 'Medicare Easyclaim' web address, <http://www.medicareaustralia.gov.au/provider/medicare/claiming/easyclaim/index.shtml#start> accessed on 1 April 2008. Practices may still be required to maintain Medicare Online for the processing of certain other services, such as for Veterans, childhood immunisation and pathology.

10. *ibid.*

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Position of significant interest groups/press commentary

The peak medical organisation the Australian Medical Association (AMA) originally expressed support for the introduction of the new Medicare Easyclaim system.¹¹ This followed the successful resolution of negotiations with the former Coalition government in September 2007, which resulted in the government announcing a support package to assist medical practices migrate to the new system.¹²

However, recently the AMA has expressed concern over the electronic claims system, suggesting that it, along with the Easyclaim system is 'needlessly complex'—they suggest a 'single low cost system for the payment of all Medicare rebates'.¹³

Financial implications

Standing appropriations

The implementation of the Bill is costed at \$4.5 million over four years. According to the Explanatory Memorandum the costs include the cost to Medicare Australia to introduce the necessary system changes and manage the program.¹⁴

When the original 90 Day Pay Doctor Cheque Scheme was introduced in 2001, there were no significant financial costs.¹⁵ The proposed expansion of the scheme to include medical specialists and consultant physicians might therefore be expected to incur minimal additional administrative costs (as many of the necessary systems must already be established to manage the existing scheme). The Portfolio Additional Estimates Statement (PAES) for the Human Services Portfolio 2007-08 show that most of the costs associated with the expanded scheme are for the incentive packages being offered to medical practitioners to move to Medicare Easyclaim.¹⁶

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11. AMA, 'EASYCLAIM package to make Medicare work better for patients', Press Release, 20 September 2007.
 12. Senator the Hon. C. Ellison, former Minister for Human Services, 'Australian government makes Medicare claiming easier', Press Release, 20 September 2007.
 13. AMA, 'Rudd government's first budget: an opportunity for a responsible long term health plan: AMA Federal Budget Submission 2008-09', Press Release, 21 January 2008.
 14. Explanatory Memorandum, Health Insurance Amendment (90 Day Pay Doctor Scheme) Bill 2008, p. 1.
 15. Explanatory Memorandum, Health Legislation Amendment Bill (no. 2) 2001, p. 2.
 16. Portfolio Additional Estimates Statements 2007-08: Human Services Portfolio, p. 93-94.

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Main provisions

Schedule 1—Amendments

Item 1 proposes to amend subsections 20(3) and (4) of the HIA by inserting the terms ‘specialist or consultant physician’ after ‘general practitioner’ wherever the latter term occurs. The proposed amendments will allow specialists and medical practitioners access to the 90 Day Pay Doctor Cheque Scheme, and also allow for any ‘pay doctor via claimant cheques’ issued in favour of the medical specialist or physician to be cancelled, eliminating the potential for ‘double dipping’ by a claimant (patient).

Item 2 proposes a **new subsection 20(6)**. This subsection would make access to the 90 Day Pay Doctor Cheque Scheme by specialists or consultant physicians dependent on the original claim for the Medicare benefit being submitted electronically as prescribed in the regulations. This proposed amendment will not affect the current arrangements for GPs, which remain unchanged.

Item 3 proposes that the amendments will apply in relation to professional services rendered on or after the day on which the Schedule commences.

Concluding comments

The proposed amendments will provide specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme. This which will benefit these medical practitioners as unpaid accounts will now be guaranteed after 90 days, provided they utilise electronic claiming. The Bill does not propose extending this benefit to other health professionals such as dentists and other allied health practitioners, although this would clearly be of benefit to these health groups and their patients. Arrangements for GPs will remain unchanged.

The proposed amendments will also encourage medical specialists and consultant physicians to migrate to electronic claiming for patient accounts (particularly using the new Medicare Easyclaim system), by making access to the 90 Day Pay Doctor Cheque Scheme dependent on the original claim being submitted electronically to Medicare Australia.

The cost of the implementation of the proposed Scheme appears to be mainly associated with the incentive packages being offered to medical practitioners to migrate to electronic claiming.

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