



Unit 17G
Level 1
2 King Street
Deakin ACT 2600
T (+61) 2 6202 1000
F (+61) 2 6202 1001
E admin@ahia.org.au
www.ahia.org.au

PRESIDENT
Mr Richard Bowden
CHIEF EXECUTIVE
Hon Dr Michael Armitage

Mr Elton Humphery
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Humphery

SUBMISSION – INQUIRY INTO COMPLIANCE AUDITS ON MEDICARE BENEFITS

The Australian Health Insurance Association (AHIA) thanks the Senate for the opportunity to make a submission to the Senate Community Affairs Committee's inquiry into the provisions of the *Health Insurance Amendment (Compliance) Bill 2009*.

The AHIA is the peak body for the Australian Private Health Insurance Industry. The AHIA represents 23 health funds, which collectively provide health care benefits to more than 10 million Australians.

The Private Health Insurance Industry believes that measures to better detect and discourage fraud, while protecting patient confidentiality, are important in ensuring the integrity of our health system. Therefore, the AHIA is supportive of the intent of the Australian Government's 2008 Budget proposal to increase the number of Medicare Benefit Schedule compliance audits.

Private health funds are an important component of the health system, allowing more than 11 million Australians with private cover to access health services and treatment. In 2008, private health funds paid a total of \$10.6 billion in benefits on behalf of members who claimed for 2.9 million hospital episodes and 61.5 million general treatment services.

In many instances, when a privately insured patient makes a claim against Medicare, an associated claim is made with a private health fund. Therefore, the detection of inappropriate claiming within the public system can also assist in preventing inappropriate practices in the private sector, enhancing the integrity and affordability of private health cover.

Private health funds have set policies for approaching providers for information to substantiate claims. As a condition of payment for a private health claim, an insured patient signs a claim form which permits the patient's health fund to audit the medical records or any other substantiating information related to the claim. If a provider (medical or allied health professional) is identified as



having an anomalous charging pattern, a health fund may choose to investigate. This may result in several possibilities:

- An agreement being made with the provider to refund all monies (without legal action) and undertake corrective behaviour to ensure that the practice is discontinued;
- A provider may be denied electronic claiming rights for a period of time until behaviour is rectified;
- A provider may be de-recognised for the payment of benefits for that health fund if inappropriate behaviour is continued;
- A referral may be sent to the provider's registration board or association in relation to any of the above penalties; and/or
- A police brief may be developed, with possible legal action taken if the intent to commit fraud can be proven.

While the AHIA believes this legislation is an important step in allowing the Australian Government to maintain the integrity of the Medicare system, the Private Health Insurance Industry would like to see further measures introduced to address inappropriate billing and fraudulent activity within the broader health system.

Allowing private funds and Australian Government agencies to share information on suspected inappropriate and fraudulent activity would reduce the incidence of inappropriate behaviour across the health system. Currently, private health funds are unable to communicate the details of inappropriate claiming behaviour to Medicare Australia or to other health funds due to restrictions in the Privacy Act.

In summary, the AHIA supports any policy measures which ensure that Medicare Australia and private health funds are able to access and share information that addresses inappropriate and fraudulent behaviour within the health care system. Thereby, making the delivery of health services more efficient and ensuring the integrity of both the public and private payment systems.

Please feel free to contact me on 02 6202 1000 for any further information related to the AHIA's submission to the Committee.

Yours sincerely

A handwritten signature in black ink that reads "Michael Armitage". The signature is written in a cursive, flowing style.

HON DR MICHAEL ARMITAGE
CHIEF EXECUTIVE OFFICER

24 April 2009