

napwa

NAPWA BRIEFING PAPER

March 17, 2004

MEDICARE PLUS

BACKGROUND

On Friday March 12, the Federal Government's proposed Medicare Plus package, a revamp of the rejected Fairer Medicare package, was passed by the Senate, with key amendments following negotiations between the Government and the four Independent senators.

The following is a summary of the changes, some background commentary and analysis, and a description of basic information which may be useful for people with HIV, as the changes come into effect.

MAJOR COMPONENTS AFFECTING PEOPLE WITH HIV/AIDS

A/ BULK-BILLING ARRANGEMENTS

The Medicare Plus package replaces the formerly proposed, voluntary General Practice Access Scheme with a \$5 incentive, which is payable to any general practitioner each time he or she bulk-bills a child under the age of 16, or a Commonwealth Concession Card holder.

This amount is increased to \$7.50 for all GP visits across Tasmania, and for some particular areas in regional, rural and remote Australia. These areas are decided according to a classification system, currently used in other policies, which classifies their 'remoteness' using certain demographical and geographical tools. The areas which would qualify for the \$7.50 are those classified 3-7 according to this scale, which means 'remote', 'very remote' and 'migratory'. Many regional centres, for example, do not come into this category. General Practitioners should be aware of which category their area of practice falls under.

It is important to stress that this incentive does not mean GPs are forced or obliged to bulk-bill children or concessional patients. They are still free to bulk-bill any, all, or none of their patients, and to charge any gap fees which they may think appropriate.

Bulk-Billing: What NAPWA submitted to the Senate Committee

- NAPWA called for the \$5 incentive for bulk-billing to be available to all patients, to challenge plummeting bulk-billing rates (now at just under 70 percent of all services), and to emphasise the role of Medicare as a universal health insurer, not simply a part of the welfare system.

Bulk-Billing: Analysis

The major concern is that a \$5 incentive payment, while a welcome start, is thought by many unlikely to stem the overall flow away from bulk-billing, which, as NAPWA pointed out in its submissions, has substantially begun to affect S100 prescribers and high-caseload GPs, who are often in the situation of having a high number of patients requiring detailed chronic care, but with low incomes.

It is hoped, however, that the additional incentive may mean that GPs who still bulk-bill all or many of their patients will be able to continue to do so, as depending on the number of patients a practice sees, the extra payments could be worth in the order of \$35,000 additional dollars for an individual GPs.

The \$7.50 additional payment, only applying to Tasmania and remote areas, will be unlikely to dovetail with the broad epidemiology of HIV.

What HIV positive people need to know about these changes

- Doctors are still free to charge fees, including charging fees to concession card holders. There is no cap on these fees. This legislation does not require that GPs bulk-bill.
- The \$5 incentive for children and concession card holders is already in place. The additional \$7.50 incentive payments for Tasmania/rural and remote are payable from May 1, 2004.

B/ MEDICARE SAFETY NET SCHEME

Perhaps the most contentious part of the package, the proposed safety net thresholds to protect low income earners from high medical costs attracted most of the Senate's attention and debate. Initially, the government was proposing that eligible families Commonwealth Concession Card holders would be required to pay up to \$500 per year in out of pocket expenses for any services with a Medicare item number carried out outside a hospital setting. This would include expenses such as gap fees, pathology testing and like costs. Once this threshold was reached, it was proposed that the government would reimburse that family or person 80 cents for every additional dollar spent on these items.

It was proposed that the safety net threshold for individuals without Concession Cards would be \$1,000 per annum.

However, these initial thresholds were widely challenged by opposition parties, independent senators, and a range of organisations, including NAPWA, as unreasonable and with the potential to compromise access to care, and were amended by the Senate.

Under the new Medicare Plus package the following safety nets now apply.

a) Families who are eligible for Family Tax Benefit (A) will be eligible for the safety net once their out-of-pocket expenses for Medicare items reaches more than **\$300**. This could include: gap fees for doctor or specialist visits; pathology; testing; anything which is delivered outside of a hospital setting and has a Medicare item number.

Under this safety net, the government would reimburse people for 80 percent of these costs, once they have exceed the \$300 threshold.

Family Tax Benefit A eligibility is determined by a combination of (a) having a dependent child or children; and (b) an assessment of the family's total income levels.

It does not apply to individuals without dependents.

Details of eligibility and income thresholds for FTB (A), and how to apply for this benefit, can be found on the website of the Australian Taxation Office (<http://www.ato.gov.au>).

b) Individuals who hold Commonwealth Concession Cards for health care will also be eligible for the **\$300** safety net threshold.

c) Individuals who do not hold Commonwealth Concession Cards, and who are not eligible for Family Tax Benefit Allowance (A) will have to pay a total of \$700 in any year, before they are eligible for this 80 percent reimbursement of their additional costs.

Safety Net Scheme: What NAPWA submitted to the Senate Committee

NAPWA argued that it is patently unreasonable to create a safety net which protects families and health care card holders, but ignores the very real needs of individuals on low incomes with high health care costs. We argued that any safety net should be universal, and reflect that many people with high health care costs on low incomes, in particular, people with HIV, would not necessarily be eligible for FTB(A), for example, because they did not have children.

NAPWA also suggested that a chronic illness card for people with high ongoing healthcare costs could be one option to protect this group.

Safety Net Scheme: Analysis

The safety net has certainly been the most contentious of the package issues, and a big focus for consumer groups and NAPWA, in both its verbal and written submissions. Questions have been raised about potential anomalies and inequities. For example, an individual worker earning \$35,000 per annum, with a chronic medical condition, would not qualify for the safety net, yet under some circumstances, self-funded retirees with relatively comfortable incomes (up to \$50,000) would. In other words, there are inconsistencies built into the system, according to some critics.

The setting of the final agreed safety net for low income earners at \$700 is a compromise, down from an initial proposed threshold of \$1,000. This is to be welcomed. However, NAPWA and others also raised concerns that this would raise some particular issues of its own, which we believe remain unresolved.

1. This safety net threshold is separate to the existing safety net for pharmaceuticals, which still requires its own expenditure threshold for co-payments before qualifying for concessional pharmaceuticals.
2. Many people may not reach the Medicare safety net until later in the year, exposing them to unregulated, uncapped gap payments for periods of what may be several months, until they clock up the required \$700 in expenditure: they would then receive back 80 cents for every dollar spent for the remainder of that year, with the whole process being re-calculated at the beginning of each year.
3. This situation could potentially be a real disincentive for people to return to work, particularly those who currently hold a Commonwealth Concession Card. People returning to work on low incomes would lose the concessional health care benefits, while facing

increased health care costs, for what may be ultimately only a marginal increase in income.

Families can get the FTB(A) allowance fortnightly, if they register with Centrelink and provide an estimate of income. However, predicting income in advance may sometimes be difficult, particularly for people working in part-time, contract, self-employed or sporadic casual arrangements. If Medicare safety net reimbursements are to be determined by the same system, some people have raised concerns this could lead to people receiving reimbursement to which they are later held to be not entitled, and which the government would then reclaim, for example, through docking of benefits, tax repayments or other means.

Safety Net Scheme: What people with HIV need to know

- The safety net applies to gap payments for all services which have a Medicare item, and are provided outside a hospital setting. This might include: doctors' or specialist visit fees; blood tests; x-rays; scans. It applies to money you pay over and above the scheduled amount of the Medicare rebate.
- The Safety Net scheme is now in place, and calculation of payments for 2004 will be backdated from January 1, 2004. However, the safety net will not begin to actually pay back anyone who has reached the safety net until April 1. For this reason, HIV positive people who have already reached the safety net may be advised not to submit Medicare receipts until after this date, when they can begin to be reimbursed for them.
- The Safety Net is calculated automatically, using information already available to Medicare through the normal process of Medicare claiming. You do not have to register for this safety net scheme. The only people who need to register are families who wish to have each individual's medical expenses count collectively towards the safety net amount. The form to register a family is available on Medicare's website: (<http://www.medicare.gov.au>).
- You simply pay and claim as normal, and your gap payments are automatically tallied by Medicare, using your Medicare number. Once your safety net threshold is reached, you will automatically receive the 80 percent reimbursement for the gap fees paid for further services, as part of your Medicare rebate cheque or payment, and if you have paid the full amount up front.
- If you pay **only the gap fee up front**, and have the rebate sent direct to your doctor or service provider, Medicare will still be aware of how much you have paid in gap fees. However, you will need to have your receipts to substantiate your payments, so that Medicare can confirm that you have reached the safety net and are eligible for reimbursement. When you approach your safety net payment threshold, Medicare will automatically contact you, to advise you of

this. To receive the 80 cents in the dollar reimbursement for any payments over the safety net amount if you have paid only the gap fee, you need to keep and provide receipts for these services to Medicare, who will then issue a cheque or make a payment to you. It will therefore be especially important under the new system for people to always keep receipts for their medical services.

- For people with **Commonwealth Concession health care cards**, any reimbursement for money over the \$300 safety net is also automatic.
- Family Tax Benefit (A) eligibility for the \$300 safety net is determined according to criteria set out on the website of the Australian Taxation Office (ATO). It requires you to meet a definition of family, and an assessment of your income. You would have to be registered for this benefit with the Tax Office, and this information is then passed on to the Health Insurance Commission. They have to be aware that you are eligible and registered for this allowance.
- For legally recognised families (adult plus opposite sex spouse, with or without children), the expenditure can be calculated including cardholders together. In other words, for a married couple, the \$700 threshold would be based on the medical expenses incurred by both members of the family as well as any dependent children. For other domestic arrangements, such as same-sex partnerships, the safety net is calculated individually, and each person would need to reach the threshold on their own.
- Families need to register for the safety net, using forms available on the Internet or through Medicare. Their combined expenditure is then taken into account for the purposes of calculating the safety net.
- Individuals don't need to register for the safety net.
- The safety net is based on annual expenditure on health care costs, and is re-calculated from the beginning of each year.

C/ ADDITIONAL ACCESS TO ALLIED HEALTH CARE SERVICES

For some time, and in its Medicare submission, NAPWA has been specifically arguing for support for allied health care services, as part of appropriate management of chronic or complex illnesses such as HIV/AIDS or other conditions. In particular, dental care has been seen as important, but other services, such as counselling and dietetics are also significant.

Following a deal with Independent senators, the government has agreed to provide limited support for access to specified allied health care services, in a move welcomed by health consumers as a helpful step forward. It has long been argued that best practice care requires better-supported access to these services, and this will help to facilitate this.

Access to these services is specifically tied to the process of care planning, through the Enhanced Primary Care program. A new item number has been created on the Medicare Benefits Schedule, for services provided 'for and on behalf of the GP', by allied health providers not already funded by State or Commonwealth money. In other words, this will allow GPs to tap into the area of private practice.

Allied health care: What services will be covered?

- Aboriginal health workers
- Audiologists
- Dietitians
- Mental health workers
- Occupational therapy
- Physiotherapy
- Podiatry
- Chiropodists
- Osteopathy
- Psychology
- Speech pathology
- Chiropractic
- Dental care, if it is related to a chronic illness or condition (a separate MBS item).

These need to be services used in the context of a multidisciplinary care plan, done through the Enhanced Primary Care Program. These programs are developed by general practitioners for the management of complex or chronic illness.

The allied health care worker has to satisfy requirements, such as being a recognised professional working under relevant State or Territory law, or being a member of a recognised professional association with uniform national requirements. They are the same criteria which apply for allied health workers able to attract a GST-free tax status.

Allied Health Care: What HIV positive people need to know

- To qualify for this referral, you and your doctor need to be working to a multidisciplinary care plan, as part of the Enhanced Primary Care program. The allied health referral in question needs to be documented as part of this plan. Some doctors managing people living with HIV already use Enhanced Care plans.
- If you and your doctor don't already have an Enhanced Care plan, you may wish to discuss this with them, and see if this is appropriate.
- A doctor can only claim the rebate for allied health services listed above, and the practitioner must satisfy all the professional criteria and recognition as outlined above. You couldn't, for example, claim

for referral to a Chinese herbalist, or for diet advice prepared by a consultant who did not fulfill the criteria for recognition as a practicing dietitian in Australia (such as relevant tertiary qualifications). Your doctor should ensure all this before making any referral.

- This scheme begins on July 1, 2004.
- The rebate is available for limited courses of treatment only. Each year, up to five referred consultations, in total, would qualify for this rebate. This might, for example, entail five consultations with a particular practitioner for a course of treatment, or one consultation with five different practitioners, or any other combination making up five total consultations.
- You need to be referred to the allied health worker by your GP, as part of a recognised Enhanced Primary Care plan. The item number would not apply, for example, if a patient self-referred to an osteopath and then attempted to claim a rebate afterwards, or if they and their GP were not working under a recognised care plan.
- It applies only to allied health workers who are not already State or Commonwealth health department employees: that is, to private practice. A hospital-based referral would not attract the rebate.

FOR FURTHER INFORMATION

- The Commonwealth Department of Health and Ageing has a website with Fact Sheets available, outlining the key elements of the package, (<http://www.health.gov.au>). There is also a Medicare Plus Information Hotline, available on **1800 011 163**.
- Medicare can be contacted direct on 132 011.
- For further information on the Family Tax Benefit Allowance (A), see the website of the Australian Taxation Office (<http://www.ato.org.au>).
- Other background documents available from NAPWA include NAPWA's submissions to the Senate Select Committee on Medicare (July 2003; December 2003). For further information/copies, please contact the NAPWA office or see the NAPWA website (<http://www.napwa.org.au>).
- Senate Select Committee on Medicare, Second Report: Medicare Plus, February 2004. Available through the Commonwealth Government, Canberra.

– *National Association of People Living with HIV/AIDS, March 2004*