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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HEALTH INSURANCE AMENDMENT BILL 1991

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments and New Clauses to be Moved on Behalf of the Government

(Circulated by authority of the Minister for Health, Housing and Community Services, the Honourable Brian Howe MP)

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GENERAL OUTLINE

The purpose of these Amendments is to supplement and modify the Health Insurance Amendment Bill 1991 (No.1) in order to:

(a) enable medical practitioners to charge up to a maximum of $2.50 for out-of-hospital GP attendance items (prescribed GP services) where a patient assigns the right to the payment of the medicare benefit to the practitioner and provide indexing arrangements for this charge,

(b) facilitate the commencement of the reduction in level of medicare benefits for prescribed GP services and the introduction of charges for bulk billed services from 1 December 1991,

(c) introduce arrangements for the payment of an indexed $1.00 additional fee to general practitioners for prescribed GP services provided to persons other than concessional beneficiaries who are bulk billed,

(d) include transitional arrangements which obviate the need for transitional regulations. These provisions also ensure that the existing entitlements of individuals in respect to the safety-net provisions for the 1990-91 financial year are retained notwithstanding the retrospective introduction of a calendar year safety-net; and

(e) provide a more appropriate structure to the new provisions, and introduce greater clarity to the Interpretation section of the Bill.

FINANCIAL IMPACT STATEMENT

The net reduction in medicare benefits expenditure from the reduced benefits for general practitioner out-of-hospital services provided to non-concessionary beneficiaries and from the improved safety-net arrangements is expected to be $121 million in 1991-92 and $301 million in 1992-93. The net effect of the modifications from the package proposed in the Amendment Bill is a reduction in savings by $69 million in 1991-92 and $104 million in 1992-93.

NOTES ON NEW CLAUSES AND AMENDMENTS

Amendment 1 alters the commencement provisions of the Amendment Bill so that, except for clauses 1 and 2 which commence on the date the Amendment Bill receives Royal Assent, all provisions commence on 1 December 1991.

Amendment 2 inserts a definition of 'approved investment' in new subsection 8(1A) so that the definition applies to all sections in Part II of the Principal Act, as amended.

Amendment 3 inserts definitions of 'concessional beneficiary' and 'dependant' in new subsection 8(1A) so that these definitions apply to all sections in Part II of the Principal Act, as amended. A date omitted from paragraph (e) in the definition of 'concessional beneficiary' has also been inserted.

Amendment 4 inserts a definition of 'maximum co-payment amount' in new subsection 8(1A), to mean an amount of $2.50.

Amendment 5 replaces paragraphs (b) to (d) in the definition of 'patient contribution' in new subsection 8(1A) with new paragraphs (b) and (c) reducing the amount of patient contribution in respect of bulk billed patients from $3.50 to the maximum co-payment amount.

Amendment 6 substitutes a new definition of 'prescribed GP service' in new subsection 8(1A). The new definition is restricted to prescribed professional services specified in identified groups of services in the general medical services table.

Amendment 7 substitutes a new definition of 'safety-net amount' in new subsection 8(1A) to mean an amount of $246. The reference to indexation has been removed from this definition. Provision for indexation is to be found in section 10A.

Amendment 8 replaces subparagraphs 10(2)(c)(i), (ii) and (iii) with new subparagraphs 10(2)(c)(i) and (ii), providing that medicare benefit will be reduced by $3.50 during the period 1 December 1991 to 31 October 1992. From 1 November 1992 the benefit reduction will be $5.00. The reference to indexation has also been removed from this provision.

Amendment 9 omits the definitions of 'approved investment', 'concessional beneficiary' and 'dependant' to take into account amendments 2 and 3.

Amendment 10 removes the reference to indexation from the definition of 'greatest permissible gap' in subsection 10(5).

Amendment 11 substitutes a new definition of 'year' in section 10A adding to the existing provisions for the definition of 'year' in the Amendment Bill, provisions which define 'year' for the purposes of the indexation of the maximum co-payment amount and the amount of additional fee payable to a bulk billing practitioner under new section 20C.

Amendment 12 substitutes a new CPI indexation table which adds the same provisions for indexation as those set out in amendment 11 above.

Amendment 13 substitutes a new subsection 20A(1A) allowing a bulk billing practitioner to charge persons who have not reached the safety-net level, other than concessional beneficiaries and their dependants, an amount not exceeding the maximum co-payment amount for a prescribed GP service.

Amendment 13 also inserts new subsections 20A(1B) to (1E). These provisions assist a practitioner in determining whether a patient is a concessional beneficiary or has reached the safety-net level and insert penalties for falsely demonstrating these matters.

New subsection 20A(1B) provides that a practitioner rendering a prescribed GP service is entitled to be satisfied that a patient is a concessional beneficiary or a concessional beneficiary's dependant if specified evidence is produced or an approved form is signed to the effect that the patient is a concessional beneficiary or concessional beneficiary's dependant. New subsection 20A(1D) is a similar provision in respect of safety-net concession cardholders. A practitioner is entitled to be satisfied that benefit is increased upon production of a current safety-net concession card relating to the patient.

New subsection 20A(1C) makes it an offence for a person to demonstrate that a person is a concessional beneficiary or a concessional beneficary's dependant when that person is not a concessional beneficiary or concessional beneficiary's dependant, and new subsection 20A(1E) creates a similar offence in respect of demonstrating that a person is a safety-net concession cardholder.

Amendment 14 omits clause 8 and inserts new clauses 8 to 14.

New clause 8 inserts new sections 20C and 20D.

New section 20C provides for a $1.00 additional fee in respect of certain bulk billed services.

New section 20D applies in respect of prescribed GP services the right to benefits for which have been assigned and the claim for benefit submitted to the Commission. It provides for the adjustment of medicare benefit to a practitioner and refund of co-payments where the Commission becomes aware that the patient was a concessional beneficiary or a concessional beneficiary's dependant, or had reached the safety-net level, at the time a service was rendered to a patient and a co-payment was made in respect of the service. This adjustment or refund can be made on written application from the patient, the person who paid the co-payment or the practitioner, or may be done on the Commission's own initiative.

New clauses 9 to 14 insert transitional provisions to provide detail on the application of the safety-net entitlements, assignment of medicare benefits, payment of additional fees, adjustment of benefits and refund of co-payments, retrospective payment of benefit increases and payments out of the Consolidated Revenue Fund during the year commencing 1 January 1991. Much of this detail was previously to be prescribed by Regulation.

New subclause 9(1) provides that a person's entitlement to increased benefits under subsection 10(3) of the Principal Act in respect of medical expenses incurred before 1 July 1991 will not be affected by the transitional provision.

New subclause 9(2) provides that subsection 10(3) of the Principal Act continues to apply to the transitional year commencing on 1 January 1991, with specified modifications, set out in new subclauses 9(3)-(6) and new clauses 10, 11 and 12.

These modifications include the following:

- for the purpose of determining whether a person has reached the safety-net level, subclause 9(3) inserts an explanation as to which patient contributions are to be used in computing a person's entitlement to increased benefits under subsection 10(1).

- subsection 10(4A), which excludes 'basic table' professional services from safety-net amount calculations, is given continued operation in respect of the transitional year but subsections 10(5) and (6) do not apply.

- subclause 9(4) provides that where the Commission makes a payment to a practitioner in respect of an assignment under section 20A the medical expenses in respect of that service are treated as being paid for the purpose of subsection 10(3). In this situation the patient contribution for the purpose of subsection 10(3) will be nil.

- subclause 9(5) deems a person receiving a cheque for medicare benefits drawn in a practitioner's name under subsection 20(2) to have paid the medical expenses represented by the cheque and further identifies a professional service for the purpose of applying subsection 10(3).

- definitions of 'medicare benefit', 'relevant amount' and 'Schedule fee' are inserted for the purposes of subsection 10(3) as it applies to the transitional year. Two definitions of 'patient contribution' are also inserted, one is given application in respect of medical expenses incurred before 1 December 1991 and is based on the definition found in subsection 10(6) of the Principal Act and the other is given application in respect of medical expenses incurred on or after 1 December 1991 and is based on the definition found in new subsection 8(1A) in the Amendment Bill.

A new clause 10 is inserted to provide a transitional provision where medicare benefit has been assigned. This subclause amends subsection 20A(1A) for the period 1 December 1991 to 31 December 1991 allowing a bulk billing practitioner to charge persons who have not reached the safety-net level, other than concessional beneficiaries and their dependants, an amount not exceeding $2.50 for a prescribed GP service. This subclause also provides for the application of subsections 20A(1D) and (1E) for the purpose of the transitional arrangements.

A new clause 11 is inserted to provide a transitional provision for payment of additional fees in respect of prescribed GP services provided during the period 1 December 1991 to 31 December 1991.

New clause 12 inserts a transitional provision allowing the adjustment of benefits and refund of co-payments for prescribed GP services which are rendered during the period 1 December 1991 to 31 December 1991.

Provision is made in new clause 13 for the retrospective payment of benefit increases where persons are entitled to increased benefits in respect of the transitional year for claims lodged before 1 December 1991. These claims are to be paid as soon as practicable by the Commission on or after 1 December 1991.

New clause 14 extends the effect of section 125 of the Principal Act, providing for payments out of the Consolidated Revenue Fund to cover increased medicare benefit payments (including retrospective payments), additional payments under section 20C and refunds under section 20D, as these payments are provided for in the transitional arrangements in new clauses 9 to 13.

Amendment 15 widens the title of the Amendment Bill by insertion of the words "and for related purposes".