



AMA

**GUIDE TO UNDERSTANDING THE
MEDICARE SAFETY NET**

August 2004

Federal Secretariat
Australian Medical Association
PO Box 6090
KINGSTON ACT 2604
Ph: (02) 6270 5400
Fax: (02) 6270 5499
Email: ama@ama.com.au

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Medicare Safety Net

- The Medicare Safety Net is an additional rebate scheme introduced by the Federal Government for the benefit of patients and represents an arrangement between patients and the Federal Government.
- The newly introduced Medicare safety net provides for reimbursement of 80% of the gap between the rebate and the charge for non inpatient services once the relevant threshold has been met.
- It is a significant benefit to patients and there is an interest in ensuring that the safety net remains as an aspect of Medicare into the future.
- It is reasonable for doctors to do what they can to assist patients to understand the safety net.
- Safety net entitlements should be based on existing fee structures, not vice versa.

Fees

- Longstanding AMA policy is that doctors provide their services in a competitive market and they are free to set their own fees without interference from third parties.
- The AMA produces a List of Medical Services and Fees which it considers are fair and reasonable.
- The AMA strongly supports open discussion and disclosure of fees between the doctor and the patient
- The doctor should attempt to ensure that patients are aware of the existence of safety net benefits.

The AMA recommends

- Doctors should document their fees and fee charging policies and provide these to patients.
- The charge for any medical service should be set having regard to the physical, technical and intellectual resources applied by the doctor to the service, including background practice costs. It should not include the cost of any consumables (other than background practice costs) not related to the service or the cost of any item for which separate reimbursement is available to the patient.
- The account for the service should indicate whether the service was rendered in an inpatient or outpatient setting.
- Doctors should not alter the actual location of the service to financially benefit the patient, nor to shift an inpatient gap to an associated outpatient consultation.
- Patients should expect that the billing practice of a doctor will not alter once the patient has reached the safety net eligibility point.
- The introduction of the safety net is not an opportunity to lift medical charges.
- Charges should be reviewed regularly in the light of movements in practice costs and earnings and should not vary from patient to patient without good reason.