

2004-2005-2006-2007

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**HEALTH INSURANCE AMENDMENT (MEDICARE DENTAL SERVICES)
BILL 2007**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Health and Ageing,
the Honourable Tony Abbott MP)

HEALTH INSURANCE AMENDMENT (MEDICARE DENTAL SERVICES) BILL 2007

OUTLINE

The purpose of this Bill is to amend the *Health Insurance Act 1973* (the HIA) in order to increase access to dental treatment under Medicare for people with chronic conditions and complex care needs.

In the 2007-08 Budget, the Commonwealth Government announced an expansion of the current Enhanced Primary Care dental items to provide higher Medicare rebates and more services to eligible patients.

From 1 November 2007, eligible patients will be able to access Medicare benefits for dental services of up to \$4,250 (including any Medicare Safety Net benefits where applicable) over two consecutive calendar years. This arrangement further enhances the measure announced in the Budget which provided for patients to receive a diagnostic consultation and a maximum of \$2,000 in Medicare benefits for dental treatment each calendar year.

A limit of \$4,250 over two calendar years will give more flexibility for patients to receive dental assessment and treatment when they require services. This amount may be used for any combination of dental services covered by Medicare under this measure, depending on the clinical needs of the patient.

This Bill enables:

- A monetary limit on Medicare benefits for dental services to be introduced for eligible patients. The limit of \$4,250 over two consecutive calendar years will be set out in a Ministerial Determination made under subsection 3C(1) of the HIA.
- Medicare benefits to be paid for the supply of dental prostheses (such as dentures) under the new dental items.

The Medicare dental items will be targeted at people with chronic conditions and complex care needs where the person's oral health is impacting on, or is likely to impact on, their general health. To be eligible, a person needs to be managed under a GP Management Plan and Team Care Arrangements. Residents of aged care facilities can also access the dental items if they are managed by a general practitioner (GP) under a multidisciplinary care plan. All patients will need to be referred to a dentist by their GP.

The dental profession and GP representative groups are being consulted on the implementation arrangements.

FINANCIAL IMPACT STATEMENT

The measure enabled by this Bill has a total cost of \$384.6 million over four years. The budgeted annual costs, which include Medicare benefits to patients and administrative costs for Medicare Australia and the Department of Health and Ageing, are set out in the table below:

2007-08	2008-09	2009-10	2010-11
\$57.2m	\$117.1m	\$97.1m	\$113.2m

HEALTH INSURANCE AMENDMENT (MEDICARE DENTAL SERVICES) BILL 2007

NOTES ON CLAUSES

Clause 1 – Short title

Clause 1 provides for the short title of the Act to be cited as the *Health Insurance Amendment (Medicare Dental Services) Act 2007*.

Clause 2 - Commencement

This clause sets out the commencement date of the Bill as the day of Royal Assent.

Clause 3 – Schedule(s)

Clause 3 specifies that each Act that is specified in a Schedule to this Bill is amended or repealed as set out in the applicable items in that Schedule and any other item has effect according to its terms.

SCHEDULE 1 – AMENDMENT OF THE HEALTH INSURANCE ACT 1973

Schedule 1 amends the *Health Insurance Act 1973* (the HIA) to:

- provide a mechanism to introduce a monetary limit on Medicare benefits for eligible patients under the new dental items; and
- enable Medicare benefits to be payable for the supply of dental prostheses under the new dental items.

Following the commencement of the provisions in Schedule 1, a Ministerial Determination will be made under subsection 3C(1) of the HIA. This will set out:

- the specified amount and period of the monetary limit, being \$4,250 over two consecutive calendar years;
- the Medicare dental items, including the schedule fees;
- the eligibility requirements for dental providers and patients; and
- other administrative requirements.

The amendments in this Bill are not intended to affect any Medicare dental items in effect before the commencement of this Bill.

Item 1: After subsection 3C(2)

This item introduces new subsections 3C(2A) and 3C(2B).

The effect of this item is to allow a limit on Medicare benefits payable for dental services to be set at a specified amount over a specified period, through a Ministerial Determination made under subsection 3C(1) of the HIA.

Subsection 3C(2B) makes it clear that where such a Ministerial Determination is in force, Medicare benefit (including any increased Medicare benefit due to the application of a Medicare Safety Net) can be paid up to and including the maximum specified amount for the specified period, but not so as to exceed the maximum specified amount for the specified period.

This limit on benefits will apply irrespective of any provision under Part II of the HIA. The relevant provisions in Part II include those setting the Medicare benefit at 85% of the schedule fee (paragraph 10(2)(b)) and those specifying the benefit which may be payable under the Medicare Safety Nets (subsections 10AC(2), 10ACA(2), 10AD(3) and 10ADA(3)).

Item 2: Subsection 3C(8)

This item introduces a new paragraph to subsection 3C(8).

The effect of this item is to define the term ‘eligible dental service’ which is used in subsections 3C(2A) and 3C(2B). ‘Eligible dental service’ means dental treatment, and also includes the supply of dental prostheses under the new Medicare dental items.

Item 3: Subsection 3C(8) (definition of *health service*)

The effect of this item is to allow, through the new paragraph 3C(8)(d), a Medicare benefit to be paid for the supply of dental prostheses where there is an item prescribed in a Ministerial Determination made under subsection 3C(1) of the HIA.

It does not change the effect of the existing provision in section 3C(8), which already allowed the payment of Medicare benefit for the supply of dental prostheses for persons suffering from a cleft lip or cleft palate condition.

This amendment also does not change the existing prohibition on the payment of Medicare benefits for the supply of other (non-dental) prostheses.

Item 4: Saving provision

The effect of this item is to allow the existing Medicare dental items 10975, 10976 and 10977 to continue in force under the existing rules set out in the *Health Insurance (Allied Health and Dental Services) Determination 2006*. That is, the amendments under items 1, 2 and 3 of this Schedule will only apply to the new dental items being introduced under this measure.