

EXPLANATORY STATEMENT

Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Act 2008

Proclamation

Subsection 2(1) the *Health Insurance Amendment (90 Day Pay Doctor Cheque Scheme) Act 2008* (the Act) provides that Schedule 1 to the Act commences on a day to be fixed by Proclamation. However, if any of the provisions of Schedule 1 do not commence within 12 months from the day on which the Act received the Royal Assent, they commence on the first day after the end of that period. The Act received Royal Assent on 25 June 2008.

The purpose of the Proclamation is to fix 1 November 2008 as the day which Schedule 1 to the Act commences.

Schedule 1 to the Act amends section 20 of the *Health Insurance Act 1973* (the HIA) to allow specialists and consultant physicians access to the 90 Day Pay Doctor Cheque Scheme (the Scheme) where the original claim for the Medicare benefit is submitted electronically to Medicare Australia.

A person is entitled to a Medicare benefit on presentation of a paid account for a professional service under the HIA. However, when the patient is unable to pay the full amount of the account upfront, the patient may lodge an unpaid account with Medicare Australia and may request that a cheque for the amount of the Medicare benefit be drawn by Medicare Australia in favour of the medical practitioner who rendered the professional service. This cheque is sent to the patient, who is then responsible for presenting the cheque to the doctor along with any additional co-payment that may be required. This cheque is known as a 'pay doctor via claimant cheque'.

In cases where the patient fails to present the cheque for payment within 90 days, the cheque is cancelled and Medicare Australia pays the general practitioner (GP) directly, via electronic funds transfer. The Scheme was introduced in 2001 to protect doctors from non-payment as a result of patients not forwarding the cheques and is currently only available to GPs.

Schedule 1 to the amending Act allows specialists and consultant physicians access to the Scheme on the condition that the original claim for the Medicare benefit is submitted to Medicare Australia electronically in the manner prescribed by the regulations.

A separate Minute recommends that amendments be made to the *Health Insurance Regulations 1975* relating to the Scheme.

The amendments were made in response to repeated requests from the broader medical profession to extend the 90 Day Pay Doctor Cheque Scheme (the Scheme) to include specialists and consultant physicians. The industry has welcomed this beneficial measure which allows these medical practitioners to adopt the Scheme if they choose to take up electronic claiming. Medicare Australia undertook

consultation through focus groups with pathology peak bodies, (such as Australian Association of Pathology Practices and the Royal College of Pathologist of Australia), and the Australian Medical Association, to address technical issues around payment methods for the relevant professional bodies affected. The Reserve Bank of Australia was also consulted as part of this process. The Department of Health and Ageing consulted with Medicare Australia on policy matters and the date of commencement of the amendment to ensure that the arrangements around the payment system were ready before the commencement of the Scheme.

The Proclamation is a legislative instrument for the purposed of the *Legislative Instruments Act 2003*.