



## Ombudsman's Introduction

Welcome to the second issue of Health Insurance Insider. In this issue, we discuss what you need to think about when going to hospital.

When you are planning a hospital admission, you will naturally be focussed on your health and the treatment you will be undergoing. However, if you are planning to be admitted to hospital as a private patient, in either a private or public hospital, it is also important to check whether you will be covered for your admission and whether you will have any out-of-pocket costs for medical or other services.

Because health insurance can be very much “out of sight, out of mind” until we get sick, it’s also useful to be aware of these issues even if you don’t have a hospitalisation planned at the moment. This will ensure you are prepared when you do need treatment.

**Samantha Gavel**

*Private Health Insurance Ombudsman*

## Are you going to hospital as a private patient?

Going to hospital can be daunting enough without the added surprise of receiving unexpected out-of-pocket expenses. The following information will assist you in knowing what questions to ask prior to receiving treatment so you are aware of the costs associated with your admission.

As soon as you know you need hospital treatment, you should take steps to find out if your hospital admission will leave you with any out-of-pocket expenses.

Before you receive your treatment you are entitled to ask your doctor, your health fund and your hospital about any extra money you may have to pay out of your own pocket, commonly known as a ‘gap’ payment. Knowing how much your treatment will cost is called **Informed Financial Consent**.

## Questions to Ask Your Health Fund

### Does my policy cover me for this procedure or service?

It’s a good idea to have the Medicare Benefit Schedule (MBS) item number for your treatment when you contact your health fund. Most health funds will require the MBS item number to confirm that you have the appropriate level of cover for the treatment you require. Your treating doctor(s) can provide you with the item numbers they are planning to use for your treatment.

### Do you have an agreement with the hospital I’m planning to use?

Provided you have the appropriate level of hospital cover, when a hospital and health fund have an agreement or contract in place, you should be covered for the hospital accommodation and theatre fees.

If there is no agreement or contract in place between your fund and the hospital you’re planning to attend, then you may have to pay some portion of the hospital costs yourself.

You can also check whether your fund and hospital have an agreement by visiting the consumer website [www.privatehealth.gov.au](http://www.privatehealth.gov.au) and using the Agreement Hospital locator tool.

### Under my policy, do I have to pay an excess or a co-payment or any other charges?

It is important to remember that if your policy has a hospital excess or co-payment, you will be required to pay this amount upfront to the hospital either before or at the time of admission.





## Questions to Ask Your Hospital

### **Is there anything I have to pay for out of my own pocket during my time in hospital?**

In some cases, a hospital may charge you for items and services not covered by your health fund. These can include costs for phone calls, newspaper delivery and subscription television.

## Questions to Ask Your Treating Doctor or Specialist

### **How much is your fee?**

Wherever practical, doctors should be prepared to discuss their charges before providing their services. For major treatment this information should preferably be provided in writing.

### **Will all of your fee be covered under my private health insurance or will I have to pay a gap out of my own pocket?**

It is important to remember that doctors who are in private practice have the right to set their own fees for the services they provide. Generally, you will be covered for 100% of the Medicare Benefit Schedule (MBS) fee for most doctors' services. Medicare will pay 75% of the MBS fee and your health fund will pay the remaining 25%. Any amount charged above the MBS fee is known as your gap or out-of-pocket expense.

### **If I have to pay a gap, how much will that be?**

If your doctor does charge a gap, you have the right to know what this cost will be up-front, to help avoid any surprises later on. Your out-of-pocket expense will depend on how much above the MBS your treating doctor is charging for their services.

### **What if I can't afford to pay this gap?**

You may wish to discuss alternative treatment options with your specialist or GP. For instance, you may be able to be treated as a public patient in a public hospital. Alternatively, your doctor may agree to a payment plan where you can pay the medical fees over a set period of time.

### **Will you participate in my health fund's Gap Scheme?**

You may have lower or no out-of-pocket medical costs if your treating doctors elect to use your health fund's gap scheme. It is important to be aware that it is up to the doctor to decide on a case-by-case basis whether he or she wishes to use a fund's gap cover scheme.

### **Which other doctors and medical staff will be involved in my treatment?**

In most cases, there will be other doctors and health care professionals needed in your treatment. These providers can include, but are not limited to, anaesthetists, pathologists and radiologists to name a few. Remember that each of the doctors and health care professionals involved in your care will probably charge a fee.

### **How can I get information about their fees and if they will be covered by my private health insurance?**

For planned surgery, your treating doctor will most likely



know which anaesthetist will be attending your treatment. Your doctor should be able to provide the details of the anaesthetist so you can contact them prior to admission to ask about their fees.

### **Am I having a surgically implanted device or prosthesis? Will the cost of this be covered by my health fund or will I have to pay a gap?**

A prosthesis is an artificial substitute for a missing body part, used for functional or cosmetic reasons or both. Surgically implanted prostheses are sometimes required during a medical procedure, such as a replacement lens for a cataract surgery, an artificial hip or knee joint, a pacemaker, or a heart valve.

Most prostheses will be fully covered by your health fund, but there are some prostheses where a gap is payable by the patient. If your doctor plans to use a gap-permitted prosthesis, he or she should advise you of this prior to surgery and explain the reasons why he or she has chosen to use a gap-permitted prosthesis.

### **What is the Medicare Benefits Schedule (MBS) item number for the procedure I am having?**

The Medicare Benefits Schedule (MBS) is a list of medical procedures, consultations and tests that are recognised by Medicare for a benefit. Each medical item number listed in the MBS has its own Schedule Fee.



## Informed Financial Consent (IFC) in Emergency or Urgent Situations

There will be circumstances, for example emergency admissions, where it will not be possible for your doctor to obtain IFC before the service is provided. In such cases, information should be provided to you as soon as possible

after the service is provided. In circumstances where it's not feasible to provide information directly to you before or after treatment, your doctors may provide the information to a near relative or representative acting in your interests.

## Recent and Upcoming Events in Private Health Insurance

### July 2012

- **Rebate and Medicare Levy Surcharge Changes** – Changes to the Australian government rebate and Medicare Levy Surcharge took effect on 1 July 2012. The changes affect singles who will earn over \$84,000 and couples / families earning over \$168,000 in the 2012-13 financial year. Check the ATO's website at [www.ato.gov.au/privatehealthinsurance](http://www.ato.gov.au/privatehealthinsurance) or call 132 861 for information on how the changes may affect you.

### October 2012

- **PHIO Annual Report** – The Ombudsman's Annual Report will detail the activities undertaken by the PHIO in 2011-12. The report will include case studies, discussion of developments and complaint trends in the industry, as well as PHIO's outlook on 2012-13. The report will be published on [www.phio.org.au](http://www.phio.org.au)
- **Final Lodgement for Income Tax Returns** – You have until 31 October to lodge your income tax return. If you use a registered tax agent you can lodge later than 31 October, but you need to be registered as a client before 31 October to qualify. Your private health insurance tax statement details may be required for your income tax return – you can request your statement or ask for a reprint from your health fund.

### November 2012

- **PHIO's Quarterly Bulletin** – The Ombudsman's bulletins keep the industry updated on the most recent health fund complaint statistics and trends in complaint issues. The bulletins are published on [www.phio.org.au](http://www.phio.org.au)

## Going to Hospital: Useful Links and Resources

- [Informed Financial Consent Fact Sheet and Checklist](#)
- [Brochure: Doctor's Bills](#)
- [The Private Patients' Hospital Charter](#)



## Contact Us

The Private Health Insurance Ombudsman (PHIO) protects the interests of people covered by private health insurance. We provide an independent service to help consumers with health insurance problems and enquiries. The Ombudsman can deal with complaints from health fund members, health funds, private hospitals or medical practitioners. Our services are free of charge.

**General enquiries:**  
1300 737 299 and [website@phio.org.au](mailto:website@phio.org.au)

**Complaints hotline:**  
1800 700 465 and [info@phio.org.au](mailto:info@phio.org.au)

**Websites:**  
[www.phio.org.au](http://www.phio.org.au) and [www.privatehealth.gov.au](http://www.privatehealth.gov.au)

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