



Freeze on Medicare Rebates

From 1 July 2014, indexation of all Medicare Benefits Schedule fees will be suspended for a further 24 months.

This freeze will also apply to fees in the Department of Veteran's Affairs (DVA) Schedule of Benefits.

It is currently not clear if the rebate freeze will apply to GP items that do not attract the \$5 rebate reduction and the \$7 co-payment.

These changes will not affect the Low Gap Payment (bulk billing incentive) or fees for pathology and diagnostic imaging services which are not indexed annually and will now also be subject to the \$7 co-payment.

MBS rebates were frozen in November 2013 until July 2014. This freeze has now been extended. As a result MBS rebate rates will remain at the current November 2012 rates.

This measure will affect specialists, allied health professionals, nurse practitioners, midwives and dental surgeons who provide services that are Medicare or DVA eligible.

Patients may be subject to higher out-of-pockets costs if doctors decide to increase their fees.

Practices that provide services that will be impacted by this rebate freeze will need to consider how the freeze will affect their practice, in particular;

- The gap between the rebate and the cost of providing the service
- The ability of the to absorb the rebate freeze in relation to changes in practice costs
- Whether you may need to consider increasing the fee charged to patients to subsidise the reduction in rebate

Specialists working in Public hospitals with Rights of Private Practice often practice in a structure that supports bulk billing. A freeze on the rebate rates mean that a number of those doctors may have a part of their remuneration curtailed (and funding for departmental expenses) and hospitals will receive less in facility fees thereby increasing financial stress in the system.

The AMA List of Medical Services and Fees provides costing assistance and guidance to AMA members in setting their fees based on their own practice cost experience.

The AMA's List of Medical Services and Fees takes into consideration the Labour Price Index and the Consumer Price Index. As a result, AMA recommended fees this year have been indexed on average by 2.93 per cent. This list of fees takes into account the real costs associated with running a practice.

Practice costs include staff wages, rent, electricity, computers, continuing professional development, accreditation and professional insurance.