
Understanding Medicare

Summary

- Medicare covers the cost of treatment in public hospitals and subsidises the cost of a wide range of health services and medications.
- You may choose only to have Medicare cover or to have private health insurance as well.
- Medicare allows you to visit a bulk-billing doctor and receive free medical treatment.
- Medicare does not cover ambulance fees. You will need to organise this separately – either directly with Ambulance Victoria or through a private health insurer.
- Registering your family for the Medicare Safety Net could save money on your medical costs.

Medicare is Australia's national public health insurance scheme. The scheme provides free or subsidised healthcare to all Australians and most permanent residents. It includes visits to doctors, specialists, optometrists and, in some cases, other healthcare professionals such as dentists.

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The Medicare system is made up of three main parts, being:

- hospital
- medical
- pharmaceutical.

Every person who receives treatment through the Medicare system is given a Medicare card, or their name is added to their parent or guardian's Medicare card. You will need to present your Medicare card every time you see a doctor, go to hospital or get a medical test done.

Medicare partially or fully covers:

- doctors' and specialists' fees
- blood tests, x-rays, scans
- eye tests
- some dental procedures
- specific items under the Cleft Lip and Palate Scheme
- specific items under the Chronic Disease Management Plan.

Medicare does not cover:

- ambulance transport
- hearing devices
- life insurance or workers' compensation check-ups
- home nursing services
- most dental services
- most allied health services (unless part of a Chronic Disease Management Plan)
- complementary or Chinese medicine (unless ordered by a doctor)
- contact lenses or glasses.

Eligibility for Medicare services

If you are an Australian citizen, you are automatically eligible for Medicare cover. Medicare cover is also available to New Zealand citizens living in Australia and most permanent residents of Australia. If you are not sure whether you are eligible, visit or call a Medicare office.

Overseas visitors

If you are visiting from overseas, you may be covered by one of Australia's Reciprocal Health Care Agreements. Australia has agreements with several countries, including:

- Belgium
- Finland
- Ireland
- Italy
- Malta
- Netherlands
- New Zealand
- Norway
- Slovenia
- Sweden
- United Kingdom.

Each country has a different arrangement with the Australian Government, so it is important to find out what you are covered for and what the circumstances are.

International students

International students are not covered by Medicare and are treated as private patients in the Victorian healthcare system. Therefore, international students are required to take out Overseas Health Cover (OSHC) before a student visa can be approved. OSHC covers medical care and hospital fees, and provides some subsidies for medication and ambulance transport.

Medicare Benefits Schedule and item numbers

The Medicare Benefits Schedule (MBS) assigns a fee and item number for every medical service that is offered by healthcare professionals across the entire sector. The MBS covers all medical procedures and services, from seeing your local doctor when you have the flu to having heart bypass surgery in a public hospital.

The government decides what it believes to be a reasonable fee for those medical services and sets the MBS Schedule Fees accordingly. How much you get reimbursed by Medicare is governed by the Schedule Fee for that particular service or treatment.

In some circumstances, Medicare reimburses you 100 per cent of the Schedule Fee and at other times it is a smaller percentage. The amount and the percentage of your reimbursement depends on which healthcare provider (public or private) you are receiving treatment from, and what the service or treatment is.

Medicare pays 85 per cent of the MBS fee for a specialist and 100 per cent for a local doctor (general practitioner). Some doctors bulk-bill, which means they accept the MBS fee as full payment. However, doctors, specialists and other healthcare professionals are free to charge more than the MBS fee for services if they wish. In this case, you will be required to pay the difference between the MBS fee and the service fee.

Medicare Safety Net

If you or your family members are very sick and need to get medical treatment more regularly than normal, you may find it difficult to keep up with rising costs. The Medicare Safety Net provides larger rebates to those who have significant healthcare costs.

If you spend a certain amount on healthcare over the course of a year and reach the Medicare Safety Net threshold, Medicare will provide a larger rebate for a wide range of services, including:

- biopsies
- blood tests

- healthcare professional consultations
- pap smears
- psychiatry
- radiotherapy
- scans
- ultrasounds
- x-rays.

Individuals do not need to register with Medicare, as their out-of-pocket payments are automatically recorded. However, families who wish to participate must register with Medicare so that their combined expenses can be recorded. Contact **Medicare** to find out more about the safety net.

Pharmaceutical Benefits Scheme

The Pharmaceutical Benefits Scheme (PBS) is the government program that provides affordable medication to all those covered by Medicare. The scheme subsidises a wide range of approved prescription medication.

Whether you have a healthcare card or not, you will still receive medication through the PBS. Your health consumer status will only determine how much you pay and how much is covered by the PBS.

You are entitled to extra concessions through the PBS if you hold any of:

- an Australian Seniors Health Card
- a Health Care Card
- a Pensioner Concession Card
- a Department of Veterans' Affairs (DVA) Gold, Orange, or White Card.

When purchasing your medication from a pharmacy you can ask for a generic brand. These medications have the same active ingredients and are approved by the Therapeutic Goods Administration (TGA).

If your medication is not yet on the list of approved PBS medications, you will be required to pay the full price. In these instances, every pharmacy will charge a different price, so it is a good idea to shop around for the cheapest.

If you and your family spend a lot on medication over the course of a year, it may be worth talking to your pharmacist about the PBS Safety Net. Once you and your family have spent a certain amount on healthcare within a given year (the threshold amount is revised yearly), the scheme will provide a discount on all further medication or, in some cases, supply it free of charge.

Bulk-billing

When a doctor or healthcare provider bulk-bills, it means that they accept the Medicare benefit as the full payment for their services. When you visit a bulk-billing healthcare provider, all you have to do is provide your Medicare card, and then you will have nothing to pay.

Some doctors bulk-bill all the time, some bulk-bill on certain days, or for certain hours of the day, while others do not bulk-bill at all. To avoid unexpected out-of-pocket expenses, it is important to call ahead to find out if your doctor will be able to bulk-bill you at the time of your appointment.

Not many specialists bulk-bill and their fees are usually higher than local doctors. To keep treatment affordable, MBS Schedule Fees for specialists are usually higher than that of doctors. However, to make sure you do not have unexpected costs, find out beforehand what the MBS Schedule Fee is and what the specialist's full fee will be.

Follow-up appointments

Even if you do not go to a bulk-billing doctor, sometimes they may bulk-bill you for a follow-up appointment. These are usually for quick appointments such as discussing test results or checking the progress of your recovery. However, every doctor has a different approach to billing. The only way to make sure you do not have to pay anything for your appointment is to go to a bulk-billing healthcare provider.

Concession and healthcare cards

There is a range of concession and healthcare cards available through the Medicare system. Many doctors and

healthcare providers will bulk-bill people who are concession or healthcare card holders.

The different kinds of concession cards include:

- Pensioner Concession Card
- Health Care Card
- Low Income Health Care Card
- Ex-Carer Allowance (Child) Health Care Card
- Commonwealth Seniors Health Card
- Foster Child Health Care Card.

Entitlements vary, so it is important to tell the healthcare administration staff when you are paying your bill that you have a healthcare or concession card. That way you can make sure you receive any concessions that you are eligible for.

Pensioners, children, indigenous Australians and low-income earners

Most doctors and healthcare professionals bulk-bill pensioners, children, indigenous Australians and low-income earners. If you are a low-income earner, you can apply for a Health Care Card so you can be bulk-billed for medical appointments and receive discounted medication through the Pharmaceutical Benefits Scheme (PBS).

Hospital visits

Medicare covers 100 per cent of your medical expenses if you are admitted into a public hospital as a public patient. The only costs you may be expected to cover are for emergency transport (ambulance) or non-essential services like TV or internet.

Ambulance fees can be very expensive so it is a good idea to take out ambulance cover (either directly with Ambulance Victoria or with your private health insurance) to make sure you do not have a large bill after emergency treatment.

As a private patient in a public hospital, you will still have your primary healthcare costs covered by Medicare, but your hospital accommodation, theatre fees and doctors' fees will not be covered. These fees are charged to you or your private health insurer.

If you are a private hospital patient, Medicare only covers 75 per cent of the Medicare Benefits Schedule (MBS) fee for your associated medical costs. The remainder of the hospital and medical fees are charged to you. The amount you get back from your private health insurer will depend on which health insurance plan you have.

Medicare levy

The Medicare scheme is funded through a two per cent levy on most Australian taxpayers. However, there are exemptions and reduced rates for pensioners and those on low incomes, as well as discounts for families. If you earn over a certain amount of money and you have not taken out private hospital cover, you may be required to pay the Medicare Levy Surcharge (MLS). The MLS was introduced with the aim of reducing Medicare costs by encouraging those that could afford it to take out private health insurance.

Contact the **Australian Taxation Office** to find out more about the MLS.

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