headspace
National Youth Mental Health Foundation

Making Sense of the MBS

An Overview

Introduction

This fact sheet provides an overview of the Medicare Benefits Schedule (MBS). The fact sheet is intended for **headspace** centre managers, to assist them with clinical pathway and business modelling. There are many rules regarding the proper use of the MBS and it is important that centre managers familiarise themselves with these by reading the Department of Health and Ageing Medicare Benefits Schedule (MBS) Book.

The MBS Book can be accessed at MBS online http://www.health.gov.au/internet/mbsonline/publishing.nsf/Content/Medicare-Benefits-Schedule-mbs-downloads

Online learning tools including tutorials, reference guides and handbooks are also available at http://www.medicareaustralia.gov.au/provider/business/education/index.jsp. General information about Medicare can be accessed at http://www.medicareaustralia.gov.au/

Overview

headspace centres provide their services through workers funded from a variety of sources. Currently the four major sources include: funding from **headspace** National Office; 'self-funded' MBS providers ('private providers'); workers engaged through other Medicare and Department of Health and Ageing (DoHA) funding streams [e.g. Medicare Mental Health Nurse Initiative (MHNI), Access to Allied Psychological Services (ATAPS), and More Allied Health Services (MAHS)]; and in-kind provision of worker time from consortium member and other local agencies.

It is anticipated that MBS providers will remain a major source of service provision at **headspace** centres into the future. The recruitment and retention of MBS providers is therefore a key **headspace** goal. Potential income is likely to play a role in influencing whether a private practitioner decides to work at a **headspace** centre, and the number of sessions they agree to work. It is important therefore, that **headspace** centre managers become familiar with the intricacies of the MBS system and develop mechanisms to assist individual practitioners to maximise their incomes, while complying with its regulations.

To support this, **headspace** National Office is preparing a series of fact sheets to assist **headspace** centre managers to better understand the MBS. This first fact sheet is intended to provide **headspace**

centre managers with a brief overview of the MBS. The other fact sheets in this series discuss MBS and Medicare items specific to each professional group.

The Medicare System

Medicare is a universal health insurance scheme, introduced in October 1984, to assist Australians to access community and hospital based health services.

Under Medicare, community based health care services provided by medical practitioners and some other health care providers, are supported by patient access to Medicare 'benefits' or rebates. A rebate is provided by Medicare to the patient to assist them to meet the cost of their treatment. Medicare benefits are claimable for 'clinically relevant' services rendered by an 'eligible' health practitioner.

A clinically relevant service is one which is generally accepted by the relevant profession as necessary for the appropriate treatment of the patient. The MBS subsidises access to a wide range of services provided by medical practitioners along with more limited access to services provided by optometrists, nurses, aboriginal health workers, psychologists, various allied health workers, and dentists.

The MBS book allocates each service a unique item number. Item numbers are based on the content of the service (e.g. consultation, diagnostic test, procedure), the location from which it is provided (e.g. clinic, home, institution), the day and time it is provided (e.g. weekdays, weekends, in-hours, after hours) and the nature/urgency of the situation. Each item number is allocated a 'scheduled fee' and a rebate. The scheduled fees and rebates are adjusted by the Commonwealth Government on a regular basis.

The scheduled fee is the price for the service set by the Commonwealth Government based on what it thinks is the 'fair cost'; however, a health care provider may charge a person whatever fee they choose. Many health care providers charge above the scheduled fee. Medicare rebates the person a certain percentage of the 'scheduled fee', not the fee charged by the provider. This rebate varies from 75-100% (usually 85%). The gap between the fee charged by the health provider and the Medicare rebate is often called a 'gap fee' or 'patient co-payment'.

Un-referred versus referred services

General Practitioners (GPs) have un-referred access to the MBS. This means that patients can see a GP without a referral. Access to other providers, except optometrists (and in the near future nurse practitioners), is through a referral from a GP or another medical practitioner that the GP has first referred the patient to (e.g. a psychiatrist). The MBS is therefore heavily GP driven. This has a major impact on clinical pathways in **headspace** centres since any client who requires an MBS funded

service from a ‘specialist’ mental health provider (e.g. allied mental health worker or psychiatrist) will need to first see a GP to obtain a referral.

Billing Options

Private billing

If a health care provider charges the person a fee directly (private billing), the person will generally pay the fee and then claim a rebate from Medicare (through a Medicare office or electronically at the point of service). The patient can also submit an unpaid or partially paid account to Medicare who will then send the patient a ‘Pay Doctor’ cheque, or a ‘Pay Allied Health Professional’ cheque (depending on the provider). The patient must forward this cheque to the doctor or allied health provider along with any outstanding balance owed. In cases where the patient fails to forward a ‘Pay Doctor’ cheque within 90 days (or the cheque is not banked or goes missing), the cheque is cancelled and Medicare Australia pays the doctor directly, under the 90 Day Pay Doctor Cheque Scheme (doctors must register for this scheme). Allied health professionals are not covered by this automatic cancellation scheme and will need to personally follow up clients who do not forward their ‘Pay Allied Health Professional’ cheque.

Bulk billing

If a health care provider elects to ‘bulk bill’ the patient for the service, they agree to charge the patient the rebate price for that service and the patient agrees to ‘assign’ their rebate to the provider. If a provider ‘bulk bills’ a service, they will bill Medicare directly. The patient does not pay an account and does not incur an out-of-pocket cost. Health providers can submit their bulk billing claims through a manual paper-based system or electronically.

It is important to note that patients cannot be bulk billed and also be asked to pay a cash co-payment for the service. If a practice wants to charge a fee, they must use one of the two private billing methods described above. The only exception is if the patient is bulk billed for a consultation or procedure, but is charged a fee for a non-rebateable service (e.g. renting crutches).

Mixed billing

Some health care providers offer only private billing or only bulk billing, but many providers use a mixed billing model; privately billing the majority of people but bulk billing children/young people, health care card holders, pensioners and other people on low incomes.

headspace sites are free to use private billing, bulk billing or mixed billing arrangements. Flexibility is encouraged to ensure that each **headspace** centre meets the needs of its clients many of whom have no, or limited incomes. They therefore may not be able to afford a ‘gap’ between a provider’s fee and the Medicare rebate, or they may not be able to pay a large up-front fee before obtaining a rebate.

Compliance

Medicare Australia monitors health practitioners' claiming patterns. Where Medicare detects an anomaly, it may request the Director of The Professional Services Review (PSR) to review the practitioner's service provision. The PSR reviews and investigates service provision by health practitioners to determine if they have engaged in inappropriate practice when rendering or initiating Medicare services (or when prescribing or dispensing under the Pharmaceutical Benefits Scheme). A variety of penalties apply for improper use of the MBS. Broadly speaking the following key rules apply to the use of the MBS:

- A rebate is only payable for a service provided by an eligible provider. A rebate can only be claimed by an eligible patient (e.g. Australia citizen, permanent residents and members of some other groups set out in the MBS).
- The service must be clinically relevant and the patient must be present (e.g. telephone discussions, repeat scripts left for the patient to pick up cannot be billed).
- Normally only one item can be claimed per encounter (in addition to any bulk billing incentive, or service provided by a practice nurse or aboriginal health worker on behalf of the doctor). Exceptions apply, including chronic disease management items such as GP management plans and team care arrangements which can be prepared and billed at one consultation, or a consultation and a procedure rendered at the same encounter. **One important exception is that a general health item can be billed in addition to a mental health item.**
- Medicare benefits are not payable when the service is rendered by a medical practitioner employed by the proprietor of a hospital (not being a private hospital), except where the practitioner is exercising their right of private practice, or is performing a medical service outside the hospital.

  Medicare benefits are also not payable where the medical expenses for the service are:
    - paid/payable to a public hospital; for a compensable injury or illness for which the patient's insurer or compensation agency has accepted liability; or
    - for a medical examination for the purposes of life insurance, superannuation, a provident account scheme, or admission to membership of a friendly society.
- It is the responsibility of individual providers to familiarise themselves with the specific details for each item number so they can determine the appropriate billing item for each clinical encounter. The PSR audits individual practitioners, not practices.
- The health practitioner must ensure that they maintain adequate and contemporaneous records of each attendance. These may be audited to determine proper use of the MBS.

headspace and the MBS

The major benefit of the MBS is that it provides an 'uncapped' source of revenue which is available to eligible providers throughout Australia. Eligible providers can earn as little or as much as they like (within boundaries which govern appropriate practice). In addition, fees obtained through private,

mixed, or bulk billing are available immediately, or almost immediately, so that cash flow is readily maintained.

This situation provides **headspace** managers with the potential ability to recruit large numbers of MBS providers to work at **headspace** centres on a 'self-funded' basis. **headspace** managers can consider charging these providers a 'practice support fee' on a percentage basis or fixed sessional rate, to assist with general infrastructure and operating costs. These arrangements are commonplace among GPs, allied mental health providers and psychiatrists working in private practice.

headspace managers can also choose to employ MBS workers on a salary, subsidised by their MBS billings, and retain any profit to subsidise general infrastructure and operating costs. More detailed information about the interaction between the clinical model and the business model is available in fact sheet number 8 in this Making Sense of the MBS series.

Further Information

The day-to-day administration and payment of benefits under Medicare is the responsibility of Medicare Australia. Inquiries concerning matters of interpretation of schedule items should be directed to Medicare Australia on 132 150.

For broad information about the use of the MBS for **headspace** services, please contact Dr Claudio Villella, GP Advisor, **headspace** National Office, Tel +61 3 9027 0100, cvillella@**headspace**.org.au

This fact sheet was prepared by **headspace** National Office, January 2013.