

# *Billing for general practice services*

**Position Statement – August 2018**

## **Position**

General practices operate as businesses, which have tailored, sustainable business and billing models in place to remain viable and continue to provide high-quality care to the community.

The Royal Australian College of General Practitioners (RACGP) supports Specialist General Practitioners (GPs) and general practices to determine billing policies and consultation fees that enable them to provide high-quality general practice services. GPs and their teams should determine a fair and equitable fee for their services to ensure their practice's sustainability.

MBS rebates alone are not indicative of the value or cost of providing general practice services. GPs should therefore not feel obliged to set their fees solely according to the value of MBS rebates. GPs are not required to bulk bill any service.

GPs should abide by legislative requirements and consider the impact of billing changes on their patients when determining their billing policy or model.

Patient education on billing is a necessary part of the relationship between a GP and their patient. Just as GPs need to support patients to understand out-of-pocket costs associated with medical consultants to whom they refer, GPs should be transparent about any out-of-pocket costs their patients may incur at their practice.

## **Background**

### **Considerations for developing billing models**

The costs associated with running a practice should be considered when determining the cost of care. GPs need to consider both:

- practice costs, including staff salaries, facilities, equipment, rent and consumables, and
- professional costs to the individual GP, including insurance and continued professional development (CPD).

The cost of care will vary depending on the length of time a GP spends with a patient, the complexity of the consultation, the practice support required and the types of services provided. While a practice may adjust fees for particular patient cohorts, it may be appropriate to have set fees for some services, regardless of the patient cohort.

### **Setting fees for particular patient cohorts**

GPs should exercise their own judgement on what is an appropriate fee for a patient in a particular cohort (eg patients over the age of 65, under the age of 16, or holding a Commonwealth Concession Card). While patients in these groups may fall within financially vulnerable cohorts, the eligibility for some Commonwealth Concession Cards is not based on financial means. Many patients in these groups can therefore afford the fees set by a practice for its services.

### **Medicare Benefits Schedule (MBS) patient rebates have not kept pace with inflation**

MBS patient rebates have failed to keep pace with inflation and do not reflect the cost of delivering high quality general practice services.

While indexation of some MBS items has recommenced – including bulk billing incentive items from 1 July 2017 and GP consultation items from 1 July 2018 – the government has indexed these at approximately 1.4%. In the four years prior to the commencement of the pause of MBS indexation (2011 – 2014), indexation on MBS items for GP consultations averaged 1.9%. This level of indexation is inadequate to cover the cost of healthcare delivery. Health inflation has averaged 4.8%<sup>1</sup> over the past ten years.

Insufficient patient rebates reduce the capacity of the MBS to effectively subsidise patient access to high-quality general practice services.

It is difficult to ensure business viability as costs continue to rise. Inconsistent and insufficient indexation of the MBS has strained the viability of practices that offer bulk billing to their patients. This has resulted in some practices being

unable to afford to employ additional staff when needed or, in some cases, losing staff.

### **MBS rebates are not indicative of the value of general practice services**

General practice is the most efficient and cost effective part of the health system.<sup>2,3</sup> Within the MBS, specialist GP consultations are valued far less than equivalent consultations by other medical specialists, even after adjusting for different consultation structures and training time. Given other medical specialist consultation items are not time-tiered, an initial non-GP consultation item could take less than 10 minutes and still attract a patient rebate more than twice that of the equivalent GP item. Undervaluing GP services within the MBS has the potential to reduce patient perceptions about the worth of GP services and negatively influence GP job satisfaction.

### **Legal and regulatory requirements**

Care needs to be taken in setting fees to ensure compliance with the *Competition and Consumer Act 2010* (the Act). The Australian Competition and Consumer Commission (ACCC) authorises GPs that practise in defined business structures to set intra-practice fees and to collectively bargain as single practices in relation to the provision of Visiting Medical Officer services to public hospitals and with Primary Health Networks.<sup>4</sup>

### **Patient education on billing, out-of-pocket expenses and the cost of healthcare**

GPs should consider advising patients about fees by:

- letting patients know about fees when making new appointments (ie in the waiting room, on their website or by a phone message)
- providing training to staff in conflict management, taking into consideration how practice staff will respond to a patient who is particularly upset about fees
- ensuring staff are confident in explaining fees to patients.

It is important to set fees that appropriately reflect the cost of providing a service, including the time taken, practice costs and GP expertise. Patients need to know what fees are in place, whether there are any exceptions and what methods of payment are available.

The RACGP encourages GPs to educate patients on their billing practices or policies, considering what further support material is required to assist patients to understand how the MBS and other arrangements support their access to general practice care.

## **References**

1. Australian Bureau of Statistics. Consumer Price Index, Australia, [Sep 2008 – Sep 2017]. ABS Cat. 6401.0. Canberra: ABS, [2008–2017]. Available at <http://www.abs.gov.au/Price-Indexes-and-Inflation> [Accessed 23 January 2018].
2. General Practice Series Number 36, 'General practice activity in Australia 2013-14', Bettering the Evaluation and Care of Health (BEACH) Study, Family Medicine Research Centre University of Sydney, p. iii. 2014.
3. Healthy Communities: Frequent GP attenders and their use of health services in 2012–13. National Health Performance Authority. 2015.
4. Australian Competition and Consumer Commission. Determination and Interim Authorisation: Application for revocation of authorisation A91334 and the substitution of authorisation A91599 lodged by Australian Medical Association (AMA) in respect of intra-practice price setting by general practitioners and collective bargaining by single practices. 2018. Available at <https://www.accc.gov.au> [Accessed 28 February 2018].