HEALTH INSURANCE AMENDMENT BILL (NO. 2) 1978

Date Introduced: 28 September 1978
House: House of Representatives
Presented by: Hon. R.J.D. Hunt, M.P., Minister for Health

Short Digest of Bill

Purpose and Background

Together with the National Health Amendment Bill (No. 2) 1978 the main provisions of this Bill replace the existing scheme of hospital medical benefits with a scheme of basic Commonwealth benefits which individuals may elect to supplement with additional, approved private insurance benefits. Background material to this is provided in the Bills Digest of the National Health Amendment Bill (No. 2) 1978.

Other important provisions relate to hospital payments.

Major Provisions and Discussion

Clause 2 proposes that this Act shall come into operation on 1 November 1978, except for some provisions which shall come into operation on the date of Royal Assent or on a date to be fixed by Proclamation.

Proposed s.3(1)(c)(i) and s.3(2) limit the upper age of dependant students of eligible pensioners to a maximum of 25 years, except in the case of a dependant who had attained 25 years of age before this provision came into force.

Proposed s.3A defines people who are deemed to have medical or hospital insurance for the purposes of this Act.

Clause 5 repeals both s.5 which relates to the activities of the Health Insurance Commission in issuing health insurance cards, and s.5A which relates to the definition of insured persons under the health insurance scheme which this Bill proposes to replace with a different scheme.

Clause 7 amends the heading of Part II of the Act by inserting "Commonwealth" before "Medical Benefits", indicating the essential change to be brought about by this
Act, namely the substitution of a basic Commonwealth medical benefit for the current levy/private insurance alternative.

Proposed s.10 establishes a Commonwealth medical benefit:

For eligible pensioners and their dependants - 85% of the appropriate schedule fee, or the schedule fee less up to $5, whichever is the greater;

For "disadvantaged persons" in accordance with proposed s.20A(2) 75% of the appropriate schedule fee; or

in other cases, 40% of the appropriate schedule fee or the schedule fee less an amount up to $20, whichever is the greater.

Proposed s.20A enables 2 classes of people to assign their Commonwealth medical benefit to the person by whom or for whom the professional service was provided: eligible pensioners who are not medically insured, and people who in the opinion of the practitioner are disadvantaged people. In the latter case, the assigned benefit is to be accepted as payment in full, and in both cases assignment is to be made in the approved form. No assignment of a Commonwealth medical benefit can be made except in accordance with this section.

There is no proposed definition of "disadvantaged person". In his Second Reading Speech, the Minister referred to the "lengthy consideration" given to the question of legislating guidelines and definitions relating to disadvantaged people. He concluded that the difficulties of definition, the personal relation between the doctor and his patient, and the possibility of introducing rigid procedures meant it was best to leave judgement in this area to the doctor and his patient. Low income groups, newly arrived migrants and refugees or those with a severe or prolonged illness were cited by the Minister as possible groups to be considered "disadvantaged". This lack of precise guidelines will give flexibility, but has been criticised for two major reasons:

- the responsibility it places upon doctors to evaluate a person's claim to be "disadvantaged", and the possible embarrassment it might cause either or both parties;

- the difficulty of obtaining equity from doctor to doctor in determining who is "disadvantaged".
Proposed s.20B provides that assigned benefits claimed in the approved manner shall be paid to the claimant by the Department of Health. For other people, claims will be paid by a relevant registered medical benefits organisation with which the claimant is either a contributor or a person registered with the organisation for the purposes of obtaining Commonwealth medical benefits.

Proposed s.20C provides for registered medical benefits organisations to enter into agreements with the Commonwealth to act as registering agents for people claiming Commonwealth medical benefits and to be reimbursed for their expenses in doing so. Such agreements may be varied by agreement by the parties or terminated on no less than 6 months notice by either party.

Proposed s.20D provides for the Commonwealth to reimburse organisations which have paid Commonwealth medical benefits.

Proposed s.20E enables the Minister to make advances on such terms and conditions as he thinks fit to registered organisations for the purpose of enabling them to pay Commonwealth medical benefits.

Proposed s.23E enables the Commonwealth to enter into hospital cost sharing agreements with the Northern Territory. As the Territory is now self-governing, this gives it equity with the States in this source of finance for hospitals.

There are a number of other proposed amendments in the Bill consequent upon the introduction of the new benefits scheme, the abolition of the levy or the transfer of functions from the Health Insurance Commission to the Department of Health. Provision is made for the payment of claims for benefits provided before the new provisions become operational on 1 November 1978 (clause 42).

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