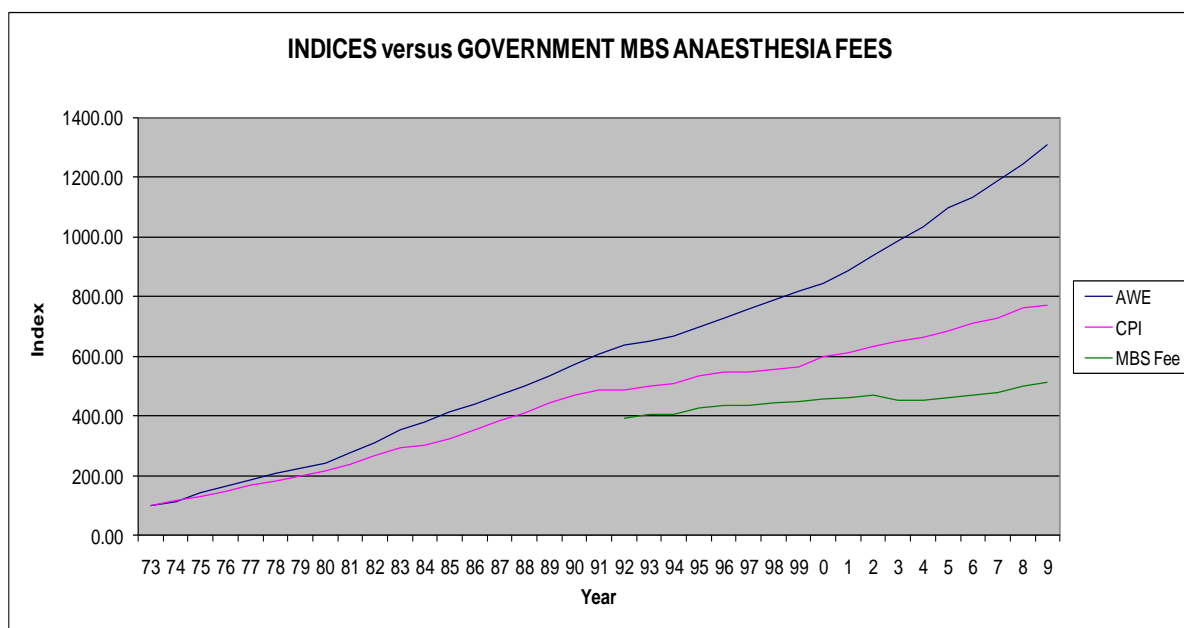


Health Insurance Rebates for Anaesthesia Procedures

Anaesthetists' fees are calculated according to the Relative Value Guide (RVG). This system allocates a number of "units" to an anaesthesia service, the number varying with factors such as the complexity of the surgery, the time taken, and the age and general health of the patient. For example, anaesthesia for a major procedure such as open heart surgery may generate 50-60 units or more (depending on the time taken) whereas a smaller operation such as wisdom teeth extraction may attract around 12 units.

The fee for an anaesthetic is calculated as (number of units) x (unit dollar value). By law each anaesthetist must individually decide upon a unit dollar value; we cannot agree on a single set fee as a group. The AMA schedule, accepted by the ASA as a fair and reasonable representation of the value of the service, has a unit value of \$69.

The AMA fee schedule is updated in November of each year. The indexation is carefully calculated, based upon factors such as inflation, the Consumer Price Index (CPI) and average weekly earnings (AWE). Any indexation less than the AMA level results in a drop in the unit value in real terms. Over the last 25 years, the annual indexation in the Medicare Schedule Fee has consistently been less than inflation (see chart below). Practice costs, on the other hand, increase year by year in line with inflation.



All Australian citizens are entitled to a Medicare rebate of 75% of the 'Schedule Fee' for anaesthetists' services in private hospitals, or approximately \$14.05 per unit. Private health insurers cover the other 25% of the Schedule Fee. It can be seen that the Medicare 'Schedule Fee' (\$18.70) is significantly lower than the AMA fee; in fact for anaesthesia the difference is the highest for any medical speciality. Private health insurers are prepared to pay more than the Medicare 'Schedule Fee' (see table below) but place various terms and conditions on this extra payment. These conditions vary from insurer to insurer.

Some health insurers offer only a "no gap" policy where if the anaesthetist does not accept the insurer's total rebate (around \$30-32 as per the table below) as the full fee, these insurers will then



only provide benefits up to the level of the MBS ‘Schedule Fee’ (a total of \$18.70). As this “no-gap” total rebate is still significantly less than the AMA fee, many anaesthetists will not accept this total rebate as their full fee, and a gap will be payable by the patient. The “no gap” insurers include BUPA (Mutual Community, HBA, MBF), HCF, NIB and Manchester Unity. As can be seen in the examples below, patients with these insurers will often have significantly higher gaps to pay despite the total fee being the same for all cases.

Other insurers offer a “known gap” policy. These funds will continue to pay at the \$30-32 level even where there is a gap to pay. However, each insurer applies different terms and conditions to their “known gap” policy. Most importantly, a “known gap” arrangement requires written informed financial consent by the patient.

There is no requirement for an anaesthetist to accept a “no gap” or “known gap” arrangement. Some anaesthetists may send you a private account. In this case your total rebate will depend on your insurer. Some will rebate at “known gap” levels, but others will only pay the Medicare ‘Schedule Fee’.

The table below shows the payment per RVG unit for a number of insurers, and the most recent indexation. The current AMA and MBS unit values are included for comparison.

Insurer	Unit Value	Last Indexed	Indexation
MBS	\$18.70	Nov 2009	2.2%
AMA	\$69.00	Nov 2009	3.0%
Medibank Private	\$30.55	Nov 2009	1.8%
AHSA*	\$31.39	Nov 2009	2.3%
BUPA*	\$33.31	April 2010	2.8%
HCF	\$32.05	Nov 2009	1.9%
NIB	\$29.05	Nov 2009	3.2%
HBF known gap	\$27.40	Nov 2009	3.2%
HBF no gap	\$35.00	Nov 2009	2.9%
MBF	\$29.65	Feb 2010	2.7%

** Average value – actual value varies from state to state*

As can be seen, most insurers indexed less than the AMA value. NIB provided a higher indexation in 2009, after several years of only passing on the small Medicare increase and not paying any extra themselves. As a result their payment still remains lower than most other insurers.

HBF is based in Western Australia and does not offer their “no gap” payment to anaesthetists outside of WA.

The following is an example of an anaesthesia fee, and the varying rebates offered by different insurers.

Description	Units	Unit value	Fee
Anaesthesia for appendicectomy	6	\$69.00	\$414.00
Anaesthesia time 60 minutes (1 unit per 15 minutes)	4	\$69.00	\$276.00
Total	10		\$690.00



A patient insured with (for example) Medibank Private would receive a rebate of $(10 \times \$30.55) = \305.50 , leaving a gap of \$384.50

A patient insured with Mutual Community, HBA, MBF, NIB, HCF or Manchester Unity would receive only the Medicare 'Schedule fee'. The rebate would be $(10 \times \$18.70) = \187.00 , leaving a significantly higher a gap of \$503.00, despite the total fee being the same for both patients. If these insurers would agree to pay their full rebate, the gap would be approximately \$200 less.

If you are having surgery you may already have information about the fee for your anaesthetic. The ASA strongly recommends that anaesthetists follow best possible informed financial consent processes. If you do not yet have this information, you should contact your anaesthetist (ask your surgeon for the contact details) prior to your admission.