



AMA

GAP COVER SCHEMES

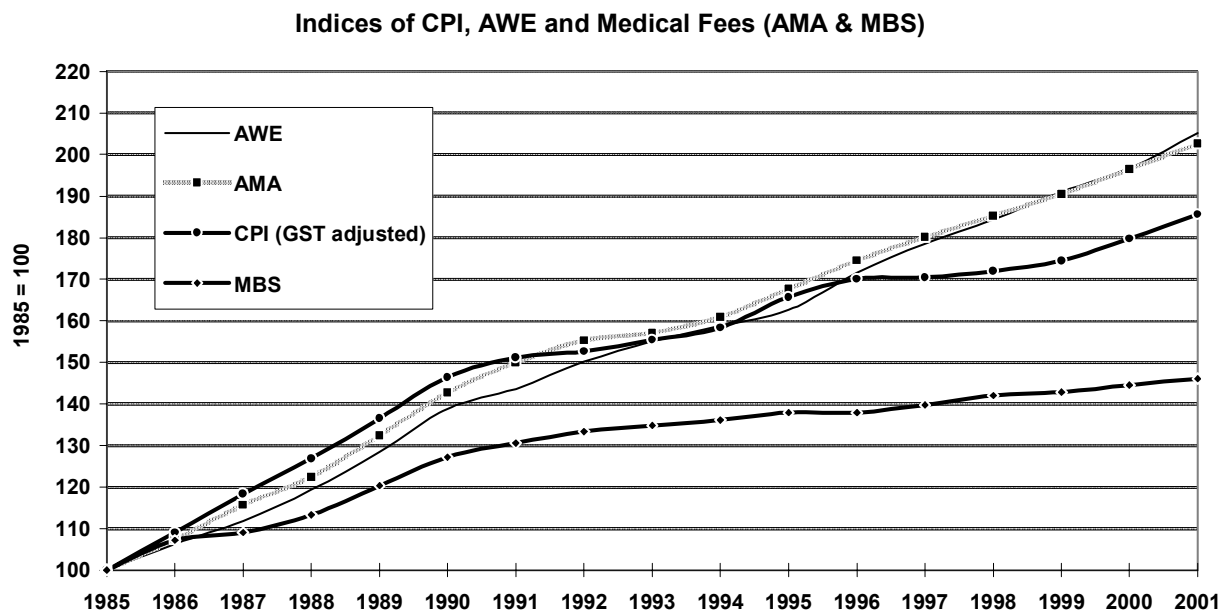
WHAT YOU CAN TELL YOUR PATIENTS

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Gap Cover Schemes - what you can tell your patients....

- The provision of **quality** medical care and running a **quality** medical practice is not **cheap!!**
- The AMA and doctors consider that referrals to specialists should be on the basis of the appropriateness of the specialist to treat the medical condition of the patient. The lowest price should not be the criterion for such an important decision.
- Decisions about what fees to charge are ones that are made by each medical practitioner - fees are not set by the Government.
- Under Medicare, the Government decides what level of rebate it will provide to patients to help them pay for medical services. The level of Government rebates has not kept up with inflation (or Average Weekly Earnings) over the years. Doctors running their private practices still have to pay the costs of running those practices (whatever the level of the rebate), as doctors' costs have risen, the Gap has developed.

The real reason for gaps is the failure of Government to adequately increase the Medicare Rebate.



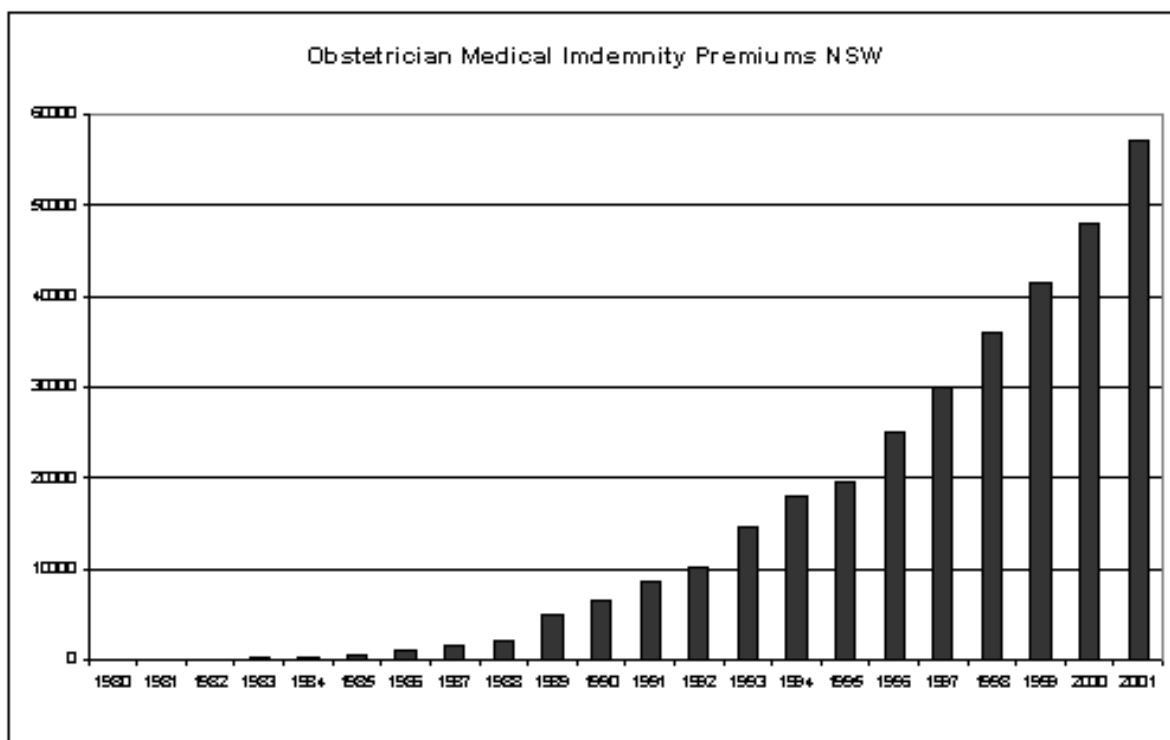
AWE - Average Weekly Earnings

AMA - Australian Medical Association fee (the fee the AMA considers appropriate for a medical service)

CPI - Consumer Price Index (the measure of inflation)

MBS - Medicare Benefits Schedule (the level of the Government rebate)

- Following the completion of the Relative Value Studies (conducted jointly by the Government and the AMA) in December 2000, which showed that Medicare is currently underfunded by \$1.5 billion dollars, the Government has had a further opportunity to reduce gaps - but it has not taken this opportunity.
- The cost of medical indemnity insurance is sky-rocketing.



- The advent of Gap Cover schemes has increased the rebates potentially available to patients.
- Some schemes require that a doctor charge a fee at or below the level set by the health fund in order for the patient to claim an additional rebate - the "Gap Cover" rebate which is above the 25% MBS fee rebate which has traditionally been paid by the funds).
- Not all doctors are able or willing to charge fees within a fund's set limits. The AMA is more supportive of schemes that provide their "Gap Cover" rebates to their patients regardless of the fee that the doctor charges.
- Some doctors are concerned that participation in these Schemes may, over time, lead to the introduction of managed care into Australia as has happened in the United States. (Commonwealth legislation currently prohibits funds from interfering in the clinical decisions of doctors. Some doctors are concerned that the funds need to minimise costs could see this situation change.)
- Some doctors are concerned that participation in these Schemes may diminish the importance of the patient -doctor relationship - particularly where payments are made directly by the fund to the doctor. There are many other areas of life where the payer assumes a dominant role!!
- Patients should be wary of lists of "Gap Cover" doctors currently being listed on the internet - many of these lists are inaccurate and contain the names of doctors who should not be on the list and omit the names of doctors who should be there.
- The Australian Society of Anaesthetists has reviewed the list of one major health fund and found that the list of specialist anaesthetists published on the internet comprised only 10% of anaesthesia specialists in Australia. It also found that 25% of those listed did not have formal qualifications in anaesthesia.