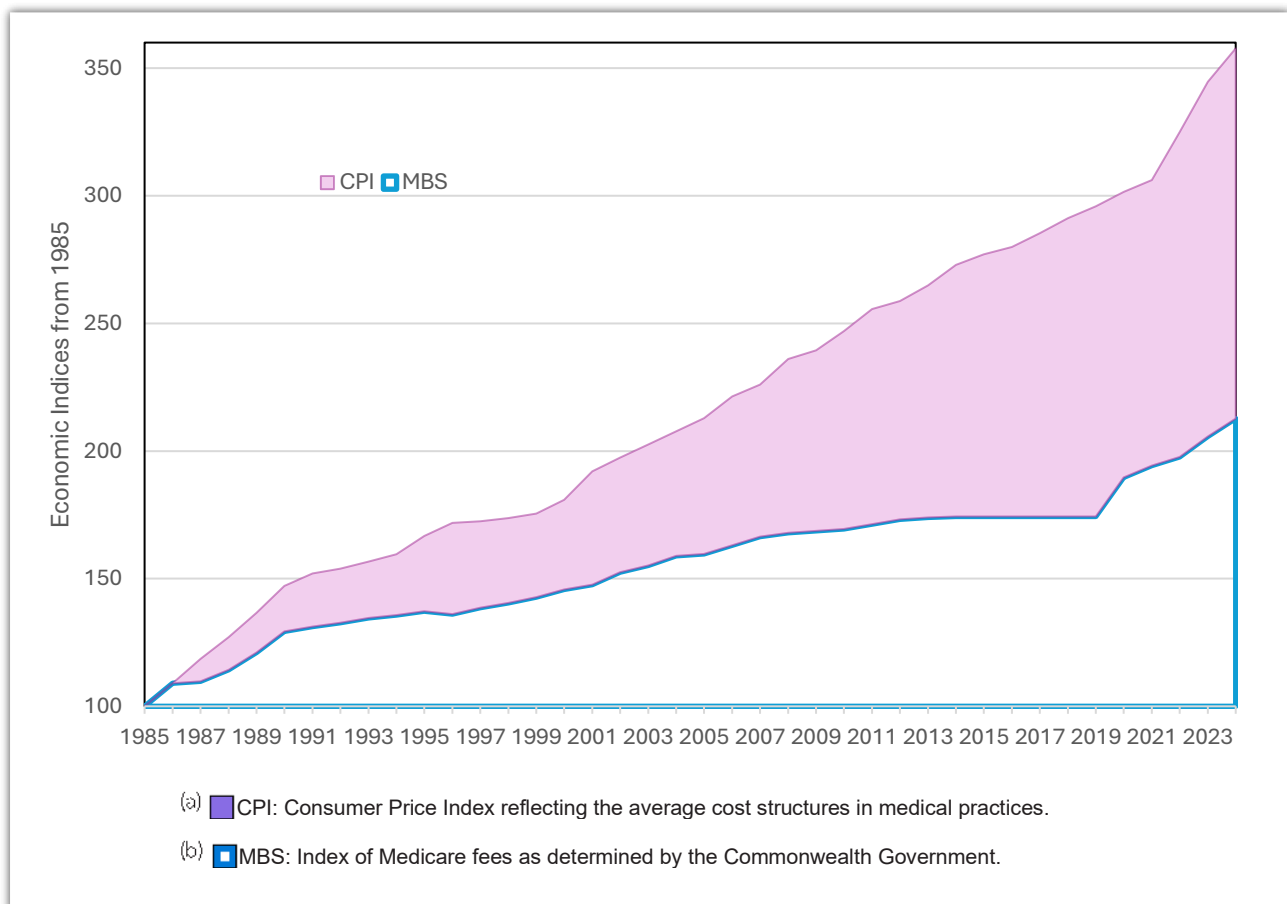


Health insurance rebates for anaesthesia procedures

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, as such, anaesthetists cannot agree on a single set fee as a group. Generally, the ASA endorses the AMA fee schedule, which is updated in November of each year. The current AMA RVG unit value, which the ASA considers to be a fair reflection of the value of anaesthetists' services, and therefore a reasonable maximum, is \$88.

The AMA fee schedule incorporates annual indexations which are 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 35 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. Private health insurers cover the other 25% of the Schedule Fee. The Medicare 'Schedule Fee' (\$20.40) 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.

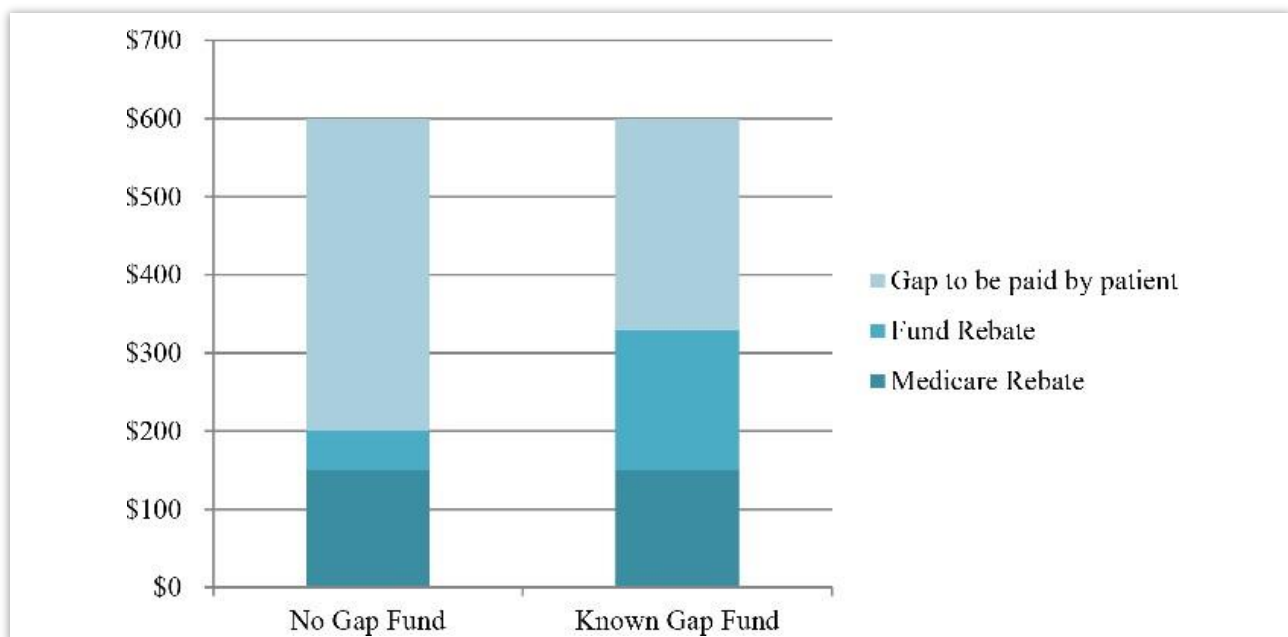
Some health insurers offer only a 'no gap' policy. Here, if the anaesthetist does not accept the insurer's total rebate (around \$31-\$39 as per the table below) as the full fee, the insurer will only provide benefits up to the level of the MBS 'Schedule Fee' (a total of \$20.40). As this 'no-gap' total 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.

A number of insurers which previously had a 'no gap only' policy have now changed. The only insurer to continue with this policy is NIB. As can be seen in the examples below, patients insured with NIB 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 \$31-\$39 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 typically requires written informed financial consent by the patient.

The example below illustrates the difference between the two types of funds. Here an anaesthetist has sent an account for 10 units at a fee of \$60 per unit. The full fee is \$600. The 'no gap' fund will only top up the Medicare repayment to \$200 leaving a gap of \$400. The 'known gap fund' will top up the Medicare repayment to \$330 (at a known gap rate of \$33/unit) leaving a gap of \$270. The patient is, therefore, \$130 better off and the anaesthetist is paid the same.

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.

Fee Schedule	2021	2022	2023	2024	% Change
CPI (Average Relative Change at Year-End)	\$86.33	\$89.35	\$96.32	\$100.27	4.10%
MBS	\$20.60	\$20.95	\$21.80	\$22.55	3.44%
AMA Fee Schedule	\$91.00	\$94.00	\$100.00	\$100.00	6.38%
DVA	\$34.10	\$34.65	\$36.10	\$37.40	3.60%
Medibank Private (GapCover)	\$34.00	\$34.60	\$36.00	\$37.25	3.47%
AHSA Access Gap Cover (AGC) ACT	\$36.30	\$36.30	\$36.40	\$37.70	3.57%
AHSA Access Gap Cover (AGC) NSW	\$36.30	\$36.30	\$36.40	\$37.70	3.57%
AHSA Access Gap Cover (AGC) NT	\$35.60	\$35.90	\$36.00	\$37.70	4.72%
AHSA Access Gap Cover (AGC) QLD	\$36.00	\$36.30	\$36.40	\$37.70	3.57%
AHSA Access Gap Cover (AGC) SA	\$35.90	\$36.20	\$36.30	\$37.60	3.58%
AHSA Access Gap Cover (AGC) TAS	\$37.50	\$37.90	\$38.00	\$37.70	-0.79%
AHSA Access Gap Cover (AGC) VIC	\$36.80	\$37.10	\$37.20	\$37.70	1.34%
AHSA Access Gap Cover (AGC) WA	\$35.10	\$35.40	\$35.50	\$36.70	3.38%
AHSA Access Gap Cover (AGC) Australia (Avg.)	\$36.19	\$36.43	\$36.53	\$37.56	2.84%
HBF Medical Benefits Schedule (Known Gap)	\$30.60	\$30.60	\$32.05	\$32.80	2.34%
HCF Medcover (Known Gap)	\$34.00	\$34.55	\$35.95	\$37.20	3.48%
Bupa Known Gap (Incl. Medicare Benefit)	\$34.95	\$34.75	\$36.15	\$37.35	3.32%
HBF Medical Benefits Schedule (No Gap)	-	\$39.20	\$35.10	\$35.85	2.14%
HCF Medcover (No Gap)	\$35.00	\$35.60	\$35.95	\$37.20	3.51%
Bupa No Gap (Incl. Medicare Benefit)	-	\$35.55	\$37.00	\$38.25	3.38%
HBF (Specialist Anaesthetists)	-	-	\$40.70	\$41.45	1.84%
St Luke's Health Medical Gap	\$35.35	\$36.05	\$37.50	\$38.80	3.47%
nib Medigap Schedule of Benefits	\$34.00	\$34.55	\$35.95	\$37.15	3.34%
nib GapSure Anaesthetics network	\$41.00	\$41.00	\$43.00	\$43.00	0.00%

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

Description	Units	Unit value	ASA/AMA Fee
Anaesthesia for appendicectomy	6	\$100	\$600
Start 8.00pm end 8.40pm (40 minutes)	4	\$100	\$400
Total	10		\$1000

A patient insured with (for example) Medibank Private would receive a rebate of (10 x \$37.25) \$372.50, leaving a gap of \$627.50. A patient insured with NIB would receive only the Medicare 'Schedule Fee'. The rebate would be (10 x \$22.55) \$225.50, leaving a significantly higher gap of \$774.50, despite the total fee being the same for both patients. If NIB paid its full rebate the gap would be approximately \$205 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.

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