



Insurance Amendment (Compliance) Bill 2010

In the 2008–09 Federal Budget, the Australian Government announced its plan to enhance the Medicare Benefits Schedule (MBS) audit process undertaken by Medicare Australia - referred to as the Increased Medicare Compliance Audit (IMCA) Budget Initiative (the Initiative). Part of this Initiative involved the development of the *Health Insurance Amendment (Compliance) Bill 2010* (the Bill), to provide Medicare Australia with new powers in relation to audits.

I am pleased to announce that the Bill passed through the Senate on 21 March 2011 and will become law the day after receiving Royal Assent. This will occur in the coming weeks. The powers will only apply to services that are rendered on or after the date that the new law takes effect.

Over the last three years, Medicare Australia, together with the Department of Health and Ageing, has worked closely with stakeholder groups and peak bodies to develop the Bill and to address issues raised. Medicare Australia also engaged with the then Office of the Privacy Commissioner and developed a detailed Privacy Impact Assessment to work through privacy concerns.

The Bill was scrutinised by the Senate's Community Affairs Legislation Committee. The report issued by the Committee in June 2009 stated that "it considers that the proposed changes ... represent a good balance between ... overlapping public interests".

I wish to thank you for your input into the development of the Bill and your continued dedication in working with Medicare Australia to ensure that all issues were fairly heard and taken into consideration. Your assistance has been invaluable in ensuring a balanced and effective end result.

Medicare Australia will provide more detailed information to health professionals about the requirements and obligations of the new law in the coming weeks. We will also provide a dedicated email address for health professionals to ask us about the new law. Contact details will be provided with the information pack to health professionals.

Summary of the Bill

The new legislation amends the *Health Insurance Act 1973* and will provide Medicare Australia with the necessary powers to protect the integrity of approximately \$15 billion in annual expenditure under the Medicare program. In summary the new law will:

- Require health professionals to produce documents to substantiate claims made under the Medicare program when provided with a notice by Medicare Australia.
- Allow Medicare Australia to require the production of clinical records where it is necessary to substantiate the claim. The health professional may elect to provide the clinical record to a Medicare Australia medical adviser.
- Require that notices to produce documents only relate to services that were rendered in the two year period immediately before the notice is provided and after the legislation takes effect.
- Set timeframes for certain parts of the audit activity. For example Medicare Australia is required to give a health professional at least 21 days to respond to a notice to produce documents.
- Give greater clarity and certainty to the audit process.
- Require that Medicare Australia contact health professionals in writing at the beginning of an audit as well as advising health professionals in writing of the outcome when the audit has been finalised.
- Prevent Medicare Australia from issuing a debt notice until 28 days after the health professional has been advised of the audit outcome.
- Give health professionals 28 days in which to request an internal review of the audit outcome and allows the health professional to provide further information to substantiate the claims in that time.
- Prevent Medicare Australia from using information that is provided by a health professional in response to a notice to produce referrals to the Director of the Professional Services Review.
- Introduce a penalty system to encourage voluntary compliance and deter recidivism.