

Policy Directive



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Prostheses - Surgically Implanted - Fees Chargeable in Public Health Organisations

Document Number PD2006_008

Publication date 30-Jan-2006

Functional Sub group Corporate Administration - Fees
 Corporate Administration - Finance
 Clinical/ Patient Services - Aids and appliances
 Clinical/ Patient Services - Surgical

Summary Policy specifies conditions and fees for chargeable patients regarding surgically implanted prostheses.

Replaces Doc. No. Prostheses - Surgically Implanted - Fees Chargeable in Public Health Organisations [PD2005_638]

Author Branch Finance

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Applies to Area Health Services/Chief Executive Governed Statutory Health Corporation, Affiliated Health Organisations, Public Hospitals

Audience Administration, Finance, Visiting Medical Officers

Distributed to Public Health System, NSW Ambulance Service, Ministry of Health, Public Hospitals

Review date 30-Dec-2021

Policy Manual Not applicable

File No. 97/1911-6

Status Active

Director-General

This Policy Directive may be varied, withdrawn or replaced at any time. Compliance with this directive is **mandatory** for NSW Health and is a condition of subsidy for public health organisations.

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Author Branch Government Relations

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**PUBLIC HEALTH ORGANISATIONS CHARGES FOR SURGICALLY
IMPLANTABLE PROSTHESES AND MEDICAL DEVICES**

Fees chargeable in respect of prostheses used in Public health organisations

This policy directive supersedes Policy Directive PD2005_638.

Following ongoing negotiations between all States/Territories and Private Health Funds, it has been agreed by all parties to vary the benefit paid for cardio-thoracic and ophthalmic items as from 1 January 2006.

1. Background and Aims of the Commonwealth's Prostheses Reforms

The Commonwealth Government recently passed a number of significant amendments to the National Health Act 1953 in respect to prostheses (National Health Amendment (Prostheses) Act 2005). The amendments regulate the benefits paid for prostheses and medical devices by private health funds to hospitals for private patients. It also permits the introduction of co-payments for private patients utilising some high cost prostheses.

The Minister for Health and Ageing has made a Determination (HIB 18/2005) under subsections 73AAG(6) and (7) of the National Health Act 1953 giving effect to the first prostheses list under the new arrangements for listing of products and setting benefits ("Prostheses List").

2. Adoption by NSW of the Commonwealth's Prostheses List

The NSW Minister for Health has adopted the Commonwealth's scheduled benefits for items on the Prostheses List as the relevant fees and charges for the fitting of prostheses on the Prostheses List for public hospitals in New South Wales.

3. Commencement Date

The Prostheses List is effective from 31 October 2005 when the new arrangements commence ie applicable for prostheses and medical devices implanted on or after 31 October 2005.

However, commencing from 1 January 2006 a discount will be applicable to the Prostheses List for any cardio-thoracic or ophthalmic prosthetic claim for reimbursement processed from that date, subject to the conditions outlined in Clause 4 below.

Title: Public Health Organisations Charges for Surgically Implantable Prostheses and Medical Devices

4. Determination of the Prosthesis Benefit Level to be Charged

- Prostheses with Minimum Benefit Level Only

For items with a minimum benefit only, (other than Cardio-thoracic and Ophthalmic items (as described under Categories in the Prostheses List), the fee charged will be the minimum benefit. No invoices required.

For Cardio-thoracic items on the list a discount of 7.5% applies and for Ophthalmic items on the List a discount of 20% applies. No invoices required.

If a public hospital is unable to procure any cardio-thoracic or ophthalmic items on the Prostheses List at or below the agreed % discount from the Prostheses List minimum benefit, then that hospital may provide a supplier invoice to the relevant health fund for reimbursement. The health fund under the current legislation is able to pay a benefit for that prosthesis up to the minimum benefit level listed on the Prostheses list. Given the additional administrative and financial cost of procuring and sending an invoice to a fund, it is expected that hospitals will only provide an invoice where the cost is significantly above the discount level.

- Prostheses with Maximum/Minimum Benefit Level

Certain items on the Prostheses List have a maximum and minimum benefit. The maximum charge for these prostheses is the maximum benefit level.

Reimbursement from health funds above the minimum benefit is at the discretion of health funds.

Any prostheses charge above the benefit level paid by the health fund, will be the private patient's responsibility. Therefore the public health organisation will need to ascertain from the relevant health fund for each prosthesis that has a maximum benefit, what benefit level above the minimum, if any, the health fund will pay. Note that discounts still apply to the minimum benefit level for cardio-thoracic and ophthalmic items as outlined above.

Public health organisations must comply with this Policy Directive with respect to charging for Prostheses on the Prostheses List and are required to cease other charging practices with private health funds such as charging the supplier invoice price for prostheses on the Prostheses List except in exceptional circumstances as outlined above.

For items that are not on the Prostheses List current charging arrangements remain.

Title: Public Health Organisations Charges for Surgically Implantable Protheses and Medical Devices

5. Categories of Patients to be Billed

Hospitals are to ensure that the following categories of patients are billed:

- chargeable patients including day - only (with the exception of compensable patients);
- ineligible patients;
- DVA eligible patients

Note that for DVA eligible patients, charges are to be raised directly against DVA for minimum benefit protheses. However invoices must be supplied to the DVA where protheses with a maximum benefit are used in the treatment of DVA patients (see PD2005_529).

6. Informed Financial Consent

Hospitals are to ensure that patients in billed categories (excluding DVA) provide informed financial consent prior to surgery, and in doing so, understand that they are liable for any charges not covered by their health insurer for any protheses items.

Commonwealth IFC guidelines (PHI 63/05) are available at:

<http://www.health.gov.au/internet/wcms/Publishing.nsf/Content/health-privatehealth-providers-phicirculars2005-index1>

Public health organisations will need to review the wording of information provided to private patients to ensure that it reflects these revised arrangements.

7. Web Link for the Latest Protheses List

The NSW Department of Health will continue to notify public hospitals of the effective date of future revised determinations and related information from the Commonwealth. However it remains the responsibility of the public health organisation to:

- obtain all determination revisions directly from the Commonwealth (by accessing Commonwealth Circulars on their website <http://www.health.gov.au>); and
- regularly update their copy of the Protheses List (the current Protheses List is available at http://www.health.gov.au/internet/wcms/publishing.nsf/Content/health-privatehealth-providers-phicirculars2005-58_05)

Robyn Kruk
Director-General