COMMONWEALTH OF AUSTRALIA

CIRCULAR

Portfolio Strategies Division
Private Health Industry Branch
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Commonwealth Department of Health and Aged Care

For General Information
Registered Health Funds / Industry Associations
State/Territory Health Authorities
Private Hospitals and Day Hospital Facilities

HBF 627
PH 379

INFORMED FINANCIAL CONSENT

The purpose of this circular is to:

- advise the industry of the Department's approach to ensure consistency in the application of Informed Financial Consent (IFC); and
- seek comments on the initial approach on the use of forms to verify IFC.

The current provisions in the *National Health Act 1953* (the Act) to ensure that the out-of-pocket expenses are known to the patient are contained in sub-sections 73BD (2), 73BDAA(1) and 73BDA(2). The extract from the Act relating to these sections is at Attachment A.

You will note in the Act that IFC is legally required as a component of agreements. IFC thus requires the hospital or day hospital facility with a hospital purchaser provider agreement (HPPA), or similar arrangement, to discuss with the patient, upon admission, all expected costs to the patient including possible medical costs. This also applies to practitioner agreements and medical purchaser provider agreements (MPPA). IFC is also a criteria for hospitals and day hospitals facilities to qualify for the Second Tier Default Benefits.

Current practice indicates most hospitals are easily able to estimate hospital charges accurately. Medical practitioner cost information passed to the patient depends upon the estimate given to the hospital by the practitioner of the costs of the services provided by him/her. Hospitals are also able to assess any potential costs to patients by asking what fund policy cover they hold and checking directly with the fund as to patients' status. Increasing evidence shows that insufficient or incorrect information is being provided to consumers through current methods.

Legislation has been introduced into Parliament to allow the private health industry to develop 'no gap' or 'known gap' schemes which will operate without the need for contracts. This legislation, known as the *Health Legislation Amendment (Gap Cover Schemes) Bill 2000,* is significant in that it represents the first time health funds and doctors have been able to agree on a strategy for dealing with gaps.

In order to ensure maximum benefits to consumers, proposed no gap or known gap schemes will need to be approved by the Minister before they can become operative. Approved schemes will need to clearly benefit patients, offer IFC, provide for simplified billing as appropriate and have no inflationary impact.

As IFC is also an important component of these schemes, it is expected that verification of an informed decision by the patient (a parent, partner etc.) will be essential.

The Government is committed to ensuring correct information is given to a patient in respect to an episode of care so they can make an informed decision as to the costs involved.

To assist this the Department is proposing the voluntary take-up of the use of the attached forms by providers, funds and medical practitioners. The solution further outlined below is designed to assist all scheduled admissions to hospital. The Department is aware that this approach may not at times be suitable for those patients admitted via accident and emergency departments. However, in this case efforts should be made, before, at the time of, or as soon as practicable after admission to fully inform the patient of all expected charges.

The forms attached are a suggested format, are easily photocopied and cover:

1.Quotation for Medical Services:	completed by the treating medical practitioner and signed by the patient or nominated person.
2. Membership Verification Request:	completed by the hospital and confirmed by health fund authorised officer
3. Quotation for Hospital Services:	completed by the hospital and signed by the patient or nominated person.

These forms would verify sufficient information has been given to the patient prior to, upon or as soon as possible after admission to hospital. Both the patient and the provider should retain a copy of the completed forms. In addition, when a patient is not covered by their health fund for a procedure, the patient must be advised in writing by the fund before the procedure.

These forms should be used as a matter of every day practice by providers and funds as a means of:

a) assisting the patient to make an informed decision;

b) assisting the funds to ensure that hospitals are complying with the IFC requirements; and

c) assisting the doctors to ensure patients are aware of any out-of-pocket expenses.

The Department would welcome feedback on these forms by **close of business** ***5 May 2000***. Comments may be directed to:

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Private Health Industry Branch
April 2000

Attachment A

Extract from the *National Health Act 1953* relating to Informed Financial Consent (IFC)

73BD (2) Hospital purchaser-provider agreements

(d) require the hospital or day hospital facility, in accordance with subsection (6), to inform any eligible contributor in respect of whom hospital treatment is to be provided at the hospital or day hospital facility of the amounts that the eligible contributor will be liable to pay to the hospital or day hospital facility in respect of the hospital treatment; and

(e) require the hospital or day facility to provide, in respect of an episode of hospital treatment, all reasonable assistance to the organization to enable the organization to verify:

(i) the essential variables for accurate casemix assignment; and

(ii) the payability of amounts by the organization under the agreement; and

(iii) the payability of other amounts by the organization relating to professional services rendered in connection with the hospital treatment.

(6) For the purposes of paragraph (2)(d), the eligible contributor must be informed:

(a) where practicable, at any time before the admission for the hospital treatment in question; or

(b) otherwise—as soon after the admission as the circumstances reasonably permit.

73BDAA (1) Extension of hospital purchaser-provider agreements to cover rendering of some professional services

(c) the practitioner agreement requires the medical practitioner, in accordance with subsection (3), to inform any eligible contributor (see subsection (4)) in respect of whom such professional services are rendered of any amounts that the eligible contributor will be liable to pay to the medical practitioner in respect of the professional services; and

(d) the practitioner agreement requires the hospital or day hospital facility to maintain the medical practitioner's professional freedom, within the scope of accepted clinical practice, to identify appropriate treatments in the rendering of professional services to which the agreement applies.

(5) For the purposes of paragraph (1)(c), the eligible contributor must be informed:

(a) where practicable, at any time before the professional service is rendered; or

(b) otherwise—as soon after the professional service is rendered as the circumstances reasonably permit.

73BDA(2) Medical purchaser-provider agreements

(2) The agreement must also:

(a) require the medical practitioner to forward to the organization all accounts for amounts of the kind referred to in paragraph (1)(a); and

(b) require the medical practitioner to specify in each such account any amounts that an eligible contributor (see subsection (4)) will be liable to pay to the medical practitioner in respect of the professional service in question; and

(c) require the medical practitioner, in accordance with subsection (5), to inform the eligible contributor in respect of whom the professional service is to be rendered of any amounts that the eligible contributor can reasonably be expected to pay to the medical practitioner in respect of the professional service; and

(d) require the organization to maintain the medical practitioner's professional freedom, within the scope of accepted clinical practice, to identify appropriate treatments in the rendering of professional services to which the agreement applies.

(5) For the purposes of paragraph (2)(c), the eligible contributor must be informed:

(a) where practicable, at any time before the professional service is rendered; or

(b) otherwise—as soon after the professional service is rendered as the circumstances reasonably permit.

QUOTATION FOR HOSPITAL SERVICES

Facility to complete:

Section 1 Facility Information

Facility name

Facility provider number

Contact officer

Contact number

Section 2 Patient Information

Patient surname

Given name(s)

Patient's address

Post code

Patient telephone

Date of birth

/ /

Patient sex

☐ Male ☐ Female

Patient's health insurance fund

Membership number

Fund Table

Membership Verification Number

Section 3 Procedure Details

Date of admission: / /

Procedure	Item Number	Bed charge	Anticipated days to be claimed (if per diem)
		Episodic / per diem	
		Episodic / per diem	
		Episodic / per diem	
		Episodic / per diem	

Section 4 Hospital Quotation

	Hospital Fees		
	Estimated Cost	Fund Rebate	Patient Cost
Accommodation			
Theatre			
Consumables			
Other			

Patient / Guardian to complete:

Section 5 Certification

I _____ the patient or nominee named herein undertake to pay the patient payment as indicated, together with any unforeseen costs which may arise as a consequence of the procedure(s).

Signature

/ /

Date

QUOTATION FOR MEDICAL SERVICES

Doctor to complete:

Section 1 Practitioner and Facility Information

Treating Practitioner

Provider number

Contact officer

Contact number

Facility name

Facility provider number

Contact number

Section 2 Patient Information

Patient surname

Given name(s)

Patient's address

Post code

Patient telephone

Date of birth

/ /

Patient sex

☐ Male ☐ Female

Patient's health insurance fund

Membership number

Fund Table

Membership Verification Number

Section 3 Procedure Details

Date of admission: / /

Procedure	Item Number

Section 4 Medical Services Quotation

It is anticipated that the above patient will require the following procedure(s) (inc anaesthesia):

Item Number	Estimate of charges	Medicare Rebate	Fund rebate	Patient Payment
Total:				

Patient / Guardian to complete:

Section 5 Certification

I _____ the patient or nominee named herein undertake to pay the patient payment as indicated, together with any unforeseen costs which may arise as a consequence of the procedure(s).

Signature

Date / /

MEMBERSHIP VERIFICATION REQUEST NO:

Facility to complete:

Section 1 Facility Information

Facility name

Facility provider number

Contact officer

Contact number

Section 2 Patient Information

Patient surname

Given name(s)

Patient's address

Post code

Patient telephone

Date of birth

/ /

Patient sex

☐ Male ☐ Female

Patient's health insurance fund

Membership number

Fund Table

Section 3 Procedure Details

Date of admission: / /

Procedure	Item Number	Bed charge	Anticipated days to be claimed (if per diem)
		Episodic / per diem	
		Episodic / per diem	
		Episodic / per diem	
		Episodic / per diem	

Section 4 Confirmation of Health fund Cover

Date joined current table	Premiums paid to	*Applicable waiting period if yes expiry date	Excess / Deductible If yes amount	*Exclusions Procedures
			$	

Signature of authorised fund officer

Signature

Date

Contact number

** If member not covered both the patient and the hospital must be notified in writing immediately*

Patient / Guardian to complete:

Section 5 Certification

I the patient or nominee named herein undertake to pay the patient payment as indicated, together with any unforeseen costs which may arise as a consequence of the procedure(s).

Signature

/ /

Date