

INCOMING MINISTERS' BRIEF
TEMPLATE D.1 – SECTION D.1 – ISSUES FOR CONSIDERATION BEFORE CHRISTMAS
(1 Page Only)

DIVISION:

MPSD

PARTY RELEVANCE:

Coalition

Issue: Amendment to *Health Insurance Act 1973* to bring FTB(A) families into the definition of a family for safety net purposes.

CRITICAL DATE:

End of sitting for 2004. If legislation is not passed in 2004, arrangements will need to be made for retrospective payments in 2005.

BACKGROUND

- Current legislation does not recognise families that defer payment of FTB(A) as eligible for the lower safety net threshold of \$300.
- The Government approved Act of Grace arrangements for families that missed out on safety net benefits in 2004, as an interim arrangement until amending legislation is passed in the Parliament.
- Approval to proceed with the amendment has been received from the Prime Minister. Funding for Act of Grace payments and system changes to give effect to the legislative change have been agreed with the Department of Finance and Administration.

HANDLING STRATEGY

Drafting Instructions to be prepared by Department, in consultation with FaCS and Centrelink.

Legislation to be drafted by the Office of Legislative Drafting.

Centrelink and HIC to implement system changes.

RECOMMENDATION

That you note the intention to introduce legislation before Parliament rises for 2004.

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Australian Government

Department of Health and Ageing

Briefing for
Incoming Ministers
Volume 1

Portfolio
Overview and
Urgent Issues

October 2004

Pages i – iv and pages 1 – 9 exempt in full
under section 22(1)(a)(ii) of the FOI Act

Deletion according to section 22(1)(a)(ii) of the FOI Act

How?
How?

○ **Amendment to the Health Insurance Act 1973 to bring FTB(A) families into the definition of a family for safety net purposes**

- ~~Changes to the Health Insurance Act 1973~~ are required to correct the definition of a family for the purposes of the extended Medicare safety net.
- You will be asked to approve the issuing of Drafting Instructions for changes to the Health Insurance Act 1973 in mid-late October.

Deletion according to section 22(1)(a)(ii) of the FOI Act

Pages 11 – 19 exempt in full under
section 22(1)(a)(ii) of the FOI Act

Legislation

Acts

Deletion according to section 22(1)(a)(ii) of the FOI Act

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section 22(1)(a)(ii) of the FOI Act



cc: Ms Rebecca James
Ms Jane Halton
Mr Philip Davies

MINUTE TO THE MINISTER

RECEIVED
- 8 DEC 2004
MINISTER FOR HEALTH & AGEING

MINISTER ABBOTT

INDEXATION OF THRESHOLDS FOR THE MEDICARE SAFETY NETS

PURPOSE:

To advise you of the 2005 thresholds for the original Medicare safety net and the extended Medicare safety net.

ISSUE

2. The thresholds for the Medicare safety nets are indexed to the September quarter Consumer Price Index (CPI) with effect from 1 January in each year.

BACKGROUND

3. The original Medicare safety net operates on a calendar year basis and covers the difference between the Schedule fee and the MBS benefit paid for out of hospital MBS services. Once the safety net threshold (\$328 in 2004) has been exceeded, Medicare pays 100% of the schedule fee for any subsequent claims during the calendar year. For the 2003-04 financial year, total payments for the Medicare safety net totalled \$9.5 million.

4. The extended Medicare safety net also operates on a calendar year basis and covers 80% of the difference between the MBS benefit paid and the fee charged by the doctor once the threshold has been reached. For 2004, the thresholds are \$300 for concession card holders and families in receipt of Family Tax Benefit Part A (FTB(A)) and \$700 for all other individuals and families. For the 2003-04 financial year, total payments for the extended Medicare safety net cost \$20.2 million.

Indexation

5. Section 10A of the *Health Insurance Act 1973* (the Act) provides for the original and extended Medicare safety net thresholds to be indexed with effect from 1 January each year, in accordance with movements in the September quarter CPI.

6. New threshold rates for 2005 have been calculated in accordance with the formula specified in Section 10A of the Act. The result is a 2.3% increase in thresholds as follows:

- Medicare safety net threshold – increase from \$328 to \$335.50 per year.
- Extended Medicare Safety net threshold for
 - concession card holders and families in receipt of FTB(A) – increase from \$300 to \$306.90 per year.
 - all other individuals and families – increase from \$700 to \$716.10 per year.

