

## 16 The Australian health-care system

While doctors who were educated and trained in Australia are likely to have a reasonable understanding of Australia's health-care system, overseas-trained doctors may have more difficulty negotiating the Australian system to adequately meet the needs of their patients and to avoid legal problems for themselves. This chapter outlines the Australian health-care system in simple terms and describes in more detail the two main elements relevant to doctors, Medicare and the Pharmaceutical Benefits Scheme (PBS).

Medicare and the PBS are managed by the Australian Government Department of Health (<http://www.health.gov.au>). These two elements are central to the clinical practice of medicine outside the public hospital system, as they provide government payments for medical services and pharmaceuticals together with centralised monitoring and disciplinary procedures related to those payments [1]. Doctors who breach the regulations of these systems, deliberately or through ignorance, face heavy fines and/or disqualification from participation. They are also likely to be subject to further disciplinary action by the Medical Board of Australia. The chapter focusses on health services provided by doctors, and does not cover regulations relating to dentists, pharmacists or other health-care providers.

### 16.1 An overview of the health-care system

People seeking medical attention in Australia are free to attend any general practitioner of their choice or attend a public hospital to see a doctor employed by the hospital. General practitioners are part of what is called the 'private' component of the Australian health-care system. A person who receives care from a general practitioner is responsible for the account rendered by the doctor, although in practice, approximately 80% of general practitioners' attendances are 'bulk billed'; that is, the doctor waives the right to charge a fee determined by the doctor and instead accepts direct payment for those services from Medicare. Medicare provides health insurance for all Australian residents for general practitioner attendances, non-inpatient specialist services, pathology and radiology services; and for the medical component (including pathology and radiology investigations) of private admissions to hospital. Medicare does not cover visitors or tourists, who are responsible for their own health costs, assisted either by travel insurance or via reciprocal health-care agreements between the Australian Government and the governments of the United Kingdom, New

Zealand, Malta, Ireland, Italy, the Netherlands, Finland, Sweden, Belgium, Norway and Slovenia.

Specialist medical services from physicians, surgeons, obstetricians, paediatricians, psychiatrists and others are mainly provided in the private health-care system, where most doctors are independent and self-employed. Bulk-billing by specialists is far less common, so out-of-pocket expenses for patients are common and often significant. Specialists generally do not see patients who refer themselves, as this is prohibited by the ethical rules of their colleges and discouraged by Medicare regulations. The higher Medicare rebate for specialist fees will only be paid if the patient has been referred to the specialist by another doctor, usually a general practitioner. To foster the central role of the general practitioner, Medicare rules deem that specialist to specialist referrals are valid only for 3 months. In addition, the Australian Medical Association's code of ethics states that

should a consultant or specialist find a condition which requires referral of the patient to a consultant in another field, only make the referral following discussion with the patient's general practitioner — except in an emergency situation [2].

The public component of the health-care system is predominantly hospital based, comprising public hospitals of varying size located in cities, suburbs and country towns. The public hospital system is the responsibility of the state and territory health departments, which are funded in part for this purpose by the federal government. General practitioner and other health-care services are also provided by community health services in some states, funded partly by state government and partly by Medicare.

Mental or psychiatric health care is also provided in both the private and public system, with most inpatient care, especially if it is involuntary, being undertaken in public psychiatric wards incorporated in general public hospitals. There are numerous other programs funded by state or federal governments which form part of the public health-care system, including district nursing services, ambulance services, immunisation programs and family planning services.

The level of funding from taxes collected by the federal government and returned to the states for health, principally for public hospital services, is negotiated periodically. The outcome is a complex agreement that considers several factors, including hospital efficiency, outpatient attendance levels and billing experience of public hospitals. Public hospitals can admit