

Private patients

Principles for public health services

Introduction

This document sets out the principles that apply to private patients who receive care in public hospitals. It provides health services with the Department of Health and Human Services' service delivery expectations, including those relating to patient choice and the provision of patient care.

The objective of this document is to promote consistent and equitable treatment of private patients in public hospitals, reducing variation in private patient services and patient experiences across the state.

When a patient elects to be treated as a private patient in a public hospital, benefits are provided to the health service, the patient and the insurer, as summarised below.

Party	Benefits
Patients	<ul style="list-style-type: none">• provides improved choice for patients, including choice of:<ul style="list-style-type: none">- doctor- single room (where available)- hospital
Public health services	<ul style="list-style-type: none">• provides an additional source of revenue• mix of patient types enables health services to attract and retain highly specialised staff• maximises services provided to the community, through opportunities to reinvest revenue into expanded public service offerings
Health insurers	<ul style="list-style-type: none">• expands members' choice of providers• services are available in areas not well-served by private sector providers• delivers a cost effective option for members, and reduced outlays for insurers

Principles

There are three sets of core principles supporting the private patient policy: access principles, fee-setting principles and relationship management principles.

Access principles

- All eligible patients in Victorian public hospitals may elect to be treated as either a public patient or a private patient.
- All patients in need of urgent treatment are able to access care in public health services, regardless of their decision to be treated as a public or a private patient.
- A patient's election to be treated as a private patient will be based on their understanding of the implications of being treated as a private patient, including informed financial consent (including payment of an excess where applicable) and the provision of patient information to the insurer.
- Private patients are entitled to access all services provided to public patients.

Guidelines

Patient election

Whether or not a patient can elect to be treated as a private patient depends on the setting of the patient's treatment. The following table briefly summarises the conditions for being able to be treated as a private patient.

Treatment setting	Can a patient be treated as a private patient?
Emergency department	Patients cannot be treated as a private patient. All treatment received by Medicare eligible patients in public hospital emergency departments will be provided free of charge.
Admitted patient	Medicare eligible patients may elect to be treated as a private patient for their admission to a public hospital, as long as formal election requirements and conditions of informed financial consent are met.
Specialist outpatient	Medicare eligible patients may elect to be treated as a private patient if the patient has been referred to a named specialist who is exercising their right of private practice.

Patients receiving treatment in an emergency department are unable to be treated as a private patient. Under the National Health Reform Agreement all emergency department treatment will be provided free of charge for all Medicare eligible patients.¹

Once a patient is admitted to a public hospital, all patients who are eligible for Medicare may choose to be treated either as a public or private patient. A patient's election should be in writing and should be made before, at the time of, or as soon as possible after admission to the public hospital.² Without a valid election a patient will be treated as a public patient.³

Patients should be made aware of all relevant information when making their election decision, including health service policy relating to potential gap fees, private health insurance coverage for the services required, and available types of accommodation.

Health services must not direct a patient to make a decision to be treated as either a public or private patient.⁴ This means that health services must not:

- offer any form of inducement including but not limited to vouchers, free TV access, hotel-style dress
- prioritise the patient above other patients in relation to the care provided or timeliness of treatment
- perform any other action, whether verbal or written, that directs a patient towards a particular choice.

Merely informing the patient of their right to request a private room and doctor of their choice does not constitute directing a patient to a particular decision. However, informing patients of their rights must not be done in a manner which leads the patient to a particular decision.

A private patient may be provided with a private room where one is available and may request their choice of doctor provided the doctor has a right to private practice at the health service.

A patient may only change their election status in the event of unforeseen circumstances. Unforeseen circumstances are outlined in clause G24(g) of the National Health Reform Agreement.

¹ National Health Reform Agreement, clause G18.

² National Health Reform Agreement, clause G18.

³ National Health Reform Agreement, clause G24(l).

⁴ National Health Reform Agreement, clause G18(b).

Patients being treated in an outpatient setting can also choose to be treated as a private patient, even though the health service will not receive a contribution from the patient's insurer (if any). To be treated as a private patient, the patient must be referred to a named specialist who is exercising a right of private practice.⁵ Any out-of-pocket costs must also be disclosed to the patient, however in practice there are unlikely to be any financial implications for the patient. Health services should refer to *Specialist clinics in Victorian public hospitals – a resource kit for MBS-billed services* for additional information.

Informed financial consent

Decisions made by the patient must be based on informed financial consent.⁶

Health services must obtain a written Public Hospital Admitted Patient Election form from the patient. This form must be signed by the patient or their legal guardian acknowledging that they have been fully informed of the consequences of their election, that they understand those consequences and have not been directed by a hospital employee to a particular decision.⁷ A patient must be informed that they are responsible for the cost of their care if they elect to be treated as a private patient. The cost of care will depend on whether the patient is privately insured or self-funded, the level of cover held, whether an excess applies under the policy, and whether the fees charged by the health service will result in a 'gap' payable by the patient.

Health services must ensure that their election forms comply with all parts of clause 24 of the National Health Reform Agreement, as well as departmental policy outlined in the online fees manual, *Fees and charges for acute health services in Victoria*. To assist health services, the department publishes a sample election form (Appendix 1 and also available on the Department of Health and Human Services' website, Hospital Circular 25/2004).

Health services may develop election forms suitable for patients who require multiple or frequent admissions. This is appropriate, as long as the form provides patients with the same information and choices as the single admission election form, and the form is consistent with the national standards set out in the National Health Reform Agreement. Additionally, forms for multiple or frequent admissions should be for a specified period, not exceeding six months, and nominate the hospital unit where the treatments will be provided.

Health services should provide clear guidelines and training to ensure that staff understand their obligations and that they are consistent with the requirements set out in the National Health Reform Agreement.

Access

All patients must receive the same level of care whether they elect to be treated as a private or public patient. A patient must not receive priority access based on whether they are a public or private patient. All decisions should be based on clinical need, and not on the insurance status of the patient.

Additional non-medical benefits should not be provided to a particular patient because of their status as either a public or private patient. Benefits may include, but are not limited, to:

- concert tickets
- travel
- food and parking vouchers
- TV access
- hotel-style dress.

⁵ National Health Reform Agreement, clause G19.

⁶ National Health Reform Agreement, clause G15.

⁷ National Health Reform Agreement, clause G24.

Fee-setting principles

- Health services are responsible for setting fees for private patients.
- Prices should be simple, comprehensible and transparent.
- Prices should be set at a level that is sufficient to fully recover costs, including capital and depreciation.
- The health service should apply prices consistently for all private patients.

Guidelines

Setting fees

Health services are responsible for setting the fees to be charged for private patients. When setting prices, health services should consider:

- the benefit that private health insurance funds will assign to the health service
- any co-payment a patient may be willing to pay as a private patient
- the amount of any co-payment or excess the health service can viably forego.

Simplicity and transparency

Private patient pricing should be simple and comprehensible for patients. Fees, including any potential gap or excess, should be explained to patients prior to admission, and they should be easily understood and accepted before the election is confirmed (consistent with the informed financial consent requirements outlined above).

Full cost recovery

Prices set by health services for treating private patients should ideally be set to achieve full cost recovery. Charges should therefore be set to cover the costs incurred in undertaking activities.⁸

Health services collect cost data, and should use this information to determine an appropriate price that achieves full cost recovery. However, where the patient cohort is small or there is insufficient information to set an appropriate fee, health services should partner with, or seek assistance from, other health services in the fee setting process.

To assist health services, the department publishes average costs and nominal cost recovery rates in the online fees manual. These rates are based on costs reported to the Victorian Cost Data Collection. As the rates are based on statewide average costs, some variation is expected between health services.

Health services should note that there will be some difference between the guide to average costs published by the department, and the minimum benefits for shared ward accommodation set by the Commonwealth Minister for Health under the *Private Health Insurance (Benefit Requirements) Rules*. If health services choose to charge only the minimum benefit rate set by the Commonwealth, it is unlikely to cover the total cost of providing the service.

Consistency

Once the health service has set fees, the health service should then apply those fees consistently for all private patients receiving the same service.

⁸ Cost Recovery Guidelines: January 2013 – The Department of Treasury and Finance (Victoria)

Relationship management principles

- Health services deal directly with private health insurers when submitting patient claims, and raise any issues relating to patient claims directly with the insurer.
- The department liaises with private health insurers and raises issues that are common to health services.

Guidelines

The Victorian government does not have regulatory power over private health insurers, as this function sits with the Commonwealth government. The department is also unable to negotiate contractual terms and conditions on behalf of Victorian health services at present, due to restrictions imposed by the *Competition and Consumer Act 2010*. However, health services may seek advice from the department on issues relating to private health insurance, and the department may raise these directly with insurers, particularly if the issues affect multiple health services.

Relevant resources

Various pieces of legislation, agreements and guidelines underpin the principles in the private patient policy. Health services are responsible for ensuring that they comply with relevant obligations.

National Health Reform Agreement

The National Health Reform Agreement (NHRA) defines the roles and responsibilities that guide the Commonwealth, states and territories in the delivery of services across the health sector, including public hospital services. The Agreement contains specific obligations relating to private patients in public hospitals, and health services must ensure that they comply.

The Agreement can be accessed at:

http://www.federalfinancialrelations.gov.au/content/npa/health_reform/national-agreement.pdf

Health Insurance Act

The Health Insurance Act 1973, as amended, governs the payment of Medicare Benefits Scheme benefits.

The Act can be accessed at: http://www.austlii.edu.au/au/legis/cth/consol_act/hia1973164/

Private Health Insurance Act

The Private Health Insurance Act 2007, as amended, regulates private health insurance in Australia.

The Act can be accessed at: http://www.austlii.edu.au/au/legis/cth/consol_act/phia2007248/

Specialist clinics in Victorian public hospitals – a resource kit for MBS-billed services

This resource kit provides information to assist health services with MBS-billed specialist clinic services, and can be accessed at:

<https://www2.health.vic.gov.au/about/publications/researchandreports/Specialist%20clinics%20in%20Victorian%20public%20hospitals%20%20A%20resource%20kit%20for%20MBS-billed%20services>

Cost Recovery Guidelines: January 2013 – The Department of Treasury and Finance (Victoria)

The Department of Treasury and Finance (Victoria) has published guidelines for cost recovery. These guidelines set out the principles and objectives of cost recovery for government-provided services.

The guidelines can be accessed at: <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Cost-recovery-guidelines>

Appendix 1

Sample form of Election for Admission to a Public Hospital

(name).....

of (address).....

elect for myself / or on behalf of (patient name).....

I understand that:

- All eligible persons have the right to choose to be treated as either public or private
- A person with private health insurance can elect to be treated as a public patient
- Provided I (or my agent) has made an independent informed decision, my initial election status cannot be changed except in unforeseen circumstances
- This election is valid for the entire episode of care in this hospital, commencing on my admission date.

I have received a copy of [Victorian Public Hospitals - Information for Patients](#) (part 2 of this form).

Private (chargeable) Patient

Choosing option 1 or 2 or both will make me a private patient and I will be responsible for all charges listed below. I understand that my health insurance policy may not fully cover the costs incurred by treatment as a private patient.

(a) Hospital accommodation fees

(b) Charges for medical services, including diagnostic services performed and/or ordered by the doctor of my choice or by other medical practitioners to whom I may be referred

(c) Prostheses

(d) Dental and other related services.

I authorize the hospital to release a copy of this admitted patient election form to my private health insurance fund.

Option 1. I elect to be treated by Dr		
Option 2. I elect to be treated in a single room. Yes/No		
Signed:		
Relationship to patient (if applicable)		

Note that single rooms are not available in all Victorian public hospitals. Where present, these are allocated first to patients with specific medical or clinical need for single room accommodation. Private patients desiring single rooms will be allocated this accommodation only if available single rooms are not medically required for other patients.

Public (non-chargeable) Patient

Choosing this option will mean that I am not charged for the hospital, medical and diagnostic services, prosthetic, dental and most others services provided to me and that I will be treated by a doctor(s) nominated by the hospital.		
Signed:		
Relationship to patient (if applicable)		D a t e

DECLARATION BY HOSPITAL EMPLOYEE AS WITNESS

I (print name)		
have witnessed the above election.		
Signature		
Relationship to patient (if applicable)		D a t e