Department of Health and Human Services

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ADD/17/21160

Mr Frank Megens
Chief Executive Officer
Kooweerup Regional Health Service
PO Box 53
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21 DEC 2017

Dear Mr Megens

I am writing to confirm that in 2017-18 health services continue to be required to publish fees for Medicare ineligible patients on their respective websites. As stipulated in the *Victorian Health Policy and Funding Guidelines*, health services are able to charge Medicare ineligible patients for the full cost of their treatment. Health services are responsible for determining the level of fees to be charged, and fees should be set to achieve full cost recovery.

To assist you in setting these fees for your health service, the department has calculated an average cost of common services provided to Medicare ineligible patients, and the range in which the costs for 50 per cent of patients using these services falls (**Attachment 1**). Due to changes to the 2015-16 Victorian Cost Data Collection, the average costs have been calculated using 2014-15 cost data with updated capital and depreciation loadings and indexation. For postnatal care, an average cost cannot be calculated with the data available and continues to be based on Community Health Nursing hourly rates as per last year.

This information is provided as a guide only. Health services should publish their own fees for Medicare ineligible patients. Publishing the fees at the health service website can help in the process of gaining informed financial consent from patients, promotes interests of consumers, and will also ensure that the requirements of the Overseas Student Health Cover Deed are met. Health services may continue to structure their fees for Medicare ineligible patients as they wish, with some charging separately for each service provided and others on a bundled basis, providing that these fees for relevant services are published. The department will continue to monitor compliance with the requirement in 2017-18.

Yours sincerely

Denise Ferrier
A/Director
Policy and Planning
18 / 12 / 2017

VICTORIA
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Attachment 1: Average costs for services provided to Medicare ineligible patients

Health services are required to set their own fees for patients who are not covered by Medicare, including overseas patients. In line with the Department of Treasury and Finance advice, fees for ineligible patients should be set to achieve full cost recovery. When charging fees, hospitals should be aware that some overseas patients are entitled to financial assistance (e.g. because of Reciprocal Health Care Agreements).

Fees will vary between hospitals, and may be determined on a DRG or bed day basis. Fees raised on a DRG basis are calculated using the DRG cost weight and the private WIES rate. These are published in the *Victorian health policy and funding guidelines.*

The following table provides a guide to average costs per day/per encounter for services provided to Medicare ineligible patients. Please note that this is a guideline only, and that fees charged to Medicare ineligible patients are to be determined by individual health services.

Patient Classification	Estimated average costs for 2017-18	Estimated range for 2017-18 (the department expects that costs for 50% of patients will fall within this range)
Accommodation charges – fee per day		
Same day - single room	$406	$122 - $526
Same day - shared ward	$422	$169 - $563
Overnight (multi day) - single room	$828	$630 - $1,016
Overnight (multi day) - shared ward	$741	$584 - $845
Intensive Care Unit (ICU) - 1-4 days	$4,308	$2,748 - $5,068
Intensive Care Unit (ICU) - 5+ days	$4,011	$2,697 - $5,067
Coronary Care Unit (CCU) - 1-4 days	$1,559	$1,112 - $1,650
Coronary Care Unit (CCU) - 5+ days	$1,298	$1,119 - $1,337
Special Care Nursery	$930	$753 - $1,048
Emergency Department	$573	$223 - $684
Hospital in the Home	$341	$274 - $397
Outpatients – fee per encounter		
- Medical	$331	$133 - $330
- Allied Health	$172	$68 - $185
Postnatal care – hourly rate*	$97	N/A

Notes

Except where indicated, estimated average costs are based on costs for 2014-15 reported to the Victorian Cost Data Collection, and an allowance made for indexation, capital and depreciation to estimate bed day and encounter costs for 2016-17. Note that a number of costs are excluded, and health services should ensure that they also charge for the following items in addition to any fee determined on either a DRG or bed day basis:

i. Medical costs billed separately by the treating medical practitioner
ii. Diagnostics, which should be charged at 100% of the Medicare Benefits Schedule rate
iii. Prostheses, in line with the Commonwealth's schedule rate
iv. Drugs, which should be charged at cost (only when a bed day fee applies – fees determined on a DRG basis already include costs for drugs)
v. Theatre fees, with charges based on the TAC Schedule of Fees for Private Hospital Services (Non Arrangement): http://www.tac.vic.gov.au/providers/fees-and-policies/fee-schedule/non-arrangement-private-hospital-services

*Fee for Postnatal Care is based on Community Health Nursing hourly rates, as an average cost cannot be calculated with the available data.