

Changes to Medicare Safety Net Arrangements

From 1 January 2016 the current Medicare Safety Net arrangements will be merged into a Single Medicare Safety Net (SMSN) for out-of-hospital services.

The Single Medicare Safety Net (SMSN) will have three thresholds:

1. \$400 – for singles with a concession card or families with a concession card
2. \$700 – for singles with no concession card or families receiving Family Tax Benefits Part A with no concession card
3. \$1000 – for families with no concession card.

The definition of 'family' will also be broadened to include those under 22 years of age that are financially dependent on their parents, as well as couples living apart, due to ill health or injury.

A comparison of the new and old safety net arrangements using 2016 figures is:

	Current	New
Concessional Patients	\$654.30	\$400
Family Tax Part A	\$654.30	\$700
General Single	\$2,050	\$700
General Family	\$2,050	\$1,000

For many people this means that they will spend less on healthcare before they reach the threshold to receive benefits under the safety net. However all patients and doctors should be aware that the new \$7* co-payment will not be classified as an out-of-pocket cost and therefore will not contribute towards the Safety Net threshold. All patient contribution amounts charged will be excluded from the Medicare Safety Net.

From 1 January 2016 all Safety Net benefits will be calculated at 80 per cent of out-of-pocket costs (not including the co-payment). The total benefit payable (rebate plus safety net) will be capped at 150 per cent of the Medicare rebate. Previously some patients were eligible for a 100% benefit once they met the Safety Net threshold. These changes will translate into increased costs for many patients.

MBS rebates for GP services in 2016 are not available so the following example is calculated using 2014 MBS rebates:

- For a standard consultation that is not bulk-billed a fee of \$76 may be charged. With a Medicare Rebate of \$31.30 (Current \$36.30 rebate minus the \$5 reduction) the out-of-pocket cost would be \$44.70.
- Under new Safety Net rules, and the introduction of a \$7 co-payment, only \$37.70 will count towards out-of-pocket costs.
- Once a patient is eligible for benefits under the Medicare Safety Net they would receive a rebate of \$30.60 (80% of the eligible out-of pocket cost).
- Where a service attracts a Medicare Rebate of \$31.30 (Current \$36.30 rebate minus the \$5 reduction) benefits payable on the gap under the Safety Net will be limited to \$46.95 (150% of the Medicare Rebate) regardless of the actual fee charged by the doctor.

**From 1 July 2015 the government is introducing a \$7 co-payment for GP visits. This payment is made up of a \$5 reduction in the Medicare rebate and a \$2 increase in what the GP receives.*