



Department of Health and Human Services

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BAC-12582

Dear Chief Executive Officer

I write to confirm that in 2020-21, health services continue to be required to publish fees for Medicare ineligible patients on their websites. As stipulated in the *Victorian Health Policy and Funding Guidelines*, health services can charge Medicare ineligible patients for the full cost of their treatment.

To assist in setting these fees, the Department of Health and Human Services (the department) has calculated a median 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**). The 2020-21 recommended fees have been calculated using the 2017-18 Victorian Cost Data Collection with updated capital and depreciation loadings and indexation. For postnatal care, a median cost cannot be calculated with the data available and continues to be based on Community Health Nursing hourly rates.

Publishing fees on health service websites can help in the process of gaining informed financial consent from patients, promotes interests of consumers, and ensures that the requirements of the Overseas Student Health Cover Deed are met. The department will continue to monitor compliance with this requirement in 2020-21.

If you wish to discuss this matter further please contact Richard Bolitho, Assistant Director, Funding and Budget, on (03) 9096 7132 or richard.bolitho@dhhs.vic.gov.au.

Yours sincerely

Denise Ferrier

Director

Planning, Funding and Monitoring

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Encl. Attachment 1: Median 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. 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 (for example because of Reciprocal Health Care Agreements).

Fees will vary between hospitals and may be determined on a Diagnostic Related Group (DRG) or bed day basis. Fees raised on a DRG basis are calculated using the DRG cost weight and the private weighted inlier equivalent separation (WIES) rate. These are published in the *Victorian Health Policy and Funding Guidelines*.

The following table provides a guide to median costs per day/per encounter for services provided to Medicare ineligible patients. Note: This is a guideline only and fees charged to Medicare ineligible patients are to be determined by individual health services.

Patient classification	Estimated median costs for 2020-21	Estimated range for 2020-21 (the department expects that costs for 50% of patients will fall within this range)	
Accommodation charge - fee per day			
Same day - single room	\$160	\$62	\$303
Same day - shared ward	\$198	\$105	\$283
Overnight - single room	\$618	\$443	\$871
Overnight - shared ward	\$519	\$414	\$661
Intensive Care Unit - 1-4 days	\$5,933	\$4,570	\$6,975
Intensive Care Unit - 5+ days	\$6,434	\$5,287	\$7,108
Coronary Care Unit - 1-4 days	\$1,411	\$1,340	\$1,586
Coronary Care Unit - 5+ days	\$1,423	\$1,383	\$1,444
Special Care Nurse	\$4,101	\$3,936	\$5,622
Emergency department	\$596	\$320	\$1,021
Hospital in the home	\$371	\$130	\$511
Outpatients - fee per encounter			
Medical	\$287	\$172	\$479
Allied health	\$165	\$110	\$285
Postnatal care - hourly rate	\$99	N/A	N/A

Notes:

Except where indicated, estimated median costs are based on costs for 2017-18 reported to the Victorian Cost Data Collection, and an allowance made for indexation, capital and depreciation to estimate bed day and encounter costs for 2020-21. 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 per cent 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>

The fee for Postnatal Care is based on Community Health Nursing hourly rates, as a median cost cannot be calculated with the available data.