

27 November 2024

Louise Riley  
Assistant Secretary  
MBS Policy and Reviews  
Department of Health and Aged Care

By email to: [MBSClinicalPolicy@health.gov.au](mailto:MBSClinicalPolicy@health.gov.au)

Dear Ms Riley

**Re: Medicare Benefits Schedule (MBS) 85% Project**

Thank you for your letter dated 17 October 2024 seeking the advice of The Royal Australian and New Zealand College of Psychiatrists (RANZCP) on the 85% project. The RANZCP understands that this review is seeking to amend the MBS to remove the 85% rebate for services that are only performed in hospitals (leaving only the 75% rebate for these services) and remove the 75% rebate from services that are only performed outside of hospitals (leaving only the 85% rebate for these services).

The RANZCP is broadly supportive of the project, and acknowledges that listing only one rebate, either 85% or 75%, for the psychiatry item numbers identified makes administrative sense and provides clarity for billing purposes and claiming of Medicare rebates.

The RANZCP highlights that in psychiatry there are circumstances where people may be seen in ordinary consulting rooms as part of an in-patient admission, where adequate leave arrangements are made. This is an important part of treating people in the least restrictive circumstances possible to support and enhance recovery. Situations in which this occurs would include:

- A psychiatrist provides consultations in the hospitals consulting rooms, situated in the same building as the hospital itself, as part of an inpatient admission.
- A patient is admitted for day treatment in a private psychiatric hospital, and the admission assessment takes place in an ordinary consulting room.
- An inpatient leaves the hospital to which they are admitted to attend external consulting rooms for regular psychotherapy with appropriate and safe leave arrangements in place.

These situations would specifically be relevant for items 320 – 328 (in hospital consultations). The RANZCP would like to clarify that in the situations outlined above it would still be appropriate for such consultations to be classified as inpatient consultations and therefore eligible for funding via inpatient private health insurance agreements.

The RANZCP further notes that the differential 75% and 85% Medicare rebates requires review. For MBS services in hospital, inpatients receive 75% of schedule fee and private

health insurance is intended to cover at least the remaining 25% under the minimum private health insurance rebate via no gap agreements. Owing to difficulties reported with policy exclusions with private health insurers, psychiatrists will often bulk-bill inpatients, recognising that it is unaffordable for patients to meet gap fees. This further exacerbates the current psychiatry workforce crisis in private hospitals where remuneration for this work is significantly less than for outpatients.

Moving to a system that provides equity between inpatients and outpatients by introducing the same Medicare rebates is supported. The RANZCP supports that the MBS rebate for psychiatry services to be increased to 100% of the schedule fee from the current 85% and 75%. In the case of inpatients, agreements with private health insurers should be in place to ensure that any increase to the MBS rebate goes directly to patient care, via psychiatrist billing. This will make psychiatry services more affordable for patients, and better recognise the value of private psychiatry workforce in meeting the mental health care needs of the population.

For further discussion of any issues raised above, please contact Nicola Wright, Executive Manager, Policy, Practice and Research via [nicola.wright@ranzcp.org](mailto:nicola.wright@ranzcp.org) or by phone on (03) 9601 4943.

Your sincerely



Dr Elizabeth Moore  
**President**

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