

Informed Financial Consent

2006

1. Preamble

- 1.1. The AMA has a long history of promoting the principle of obtaining Informed Financial Consent (IFC) from patients as part of the doctor-patient relationship, and AMA's policy position on this issue is clearly stated in relevant AMA policy resolutions:

Wherever possible, the medical practitioner should give the patient sufficient information regarding his or her likely fees and the associated rebates so that the patient is able to make an informed financial decision prior to the provision of medical services. AMA Policy Resolution ID: 32-96

- 1.2. The principle of IFC applies to all medical services, for which a fee can be charged but is most critical in relation to medical services provided to privately insured patients in hospital, and in circumstances where there is potential for the out of pocket costs to be cumulative. For such inpatient services, fees and out of pocket costs tend to be larger, and patients are less likely to have an appreciation of the potential costs of particular procedures, and of the proportion of fees covered by Medicare and their private health insurance.
- 1.3. The AMA defines IFC as the dialogue undertaken between a doctor or his/her representative and a patient so that the patient understands:
- 1.3.1. the potential fee for the medical procedure
- 1.3.2. the potential fee associated with other medical providers involved in the procedure, including anaesthetists and assistant surgeons, and
- 1.3.3. the potential rebate for the services from Medicare and /or the patient's private health insurer.¹ As a consequence of this dialogue, the patient would be expected to have an estimate in writing of what his or her out of pocket costs might be, subject to variations in fee estimates due to unforeseen circumstances.
- 1.4. This position statement is intended to provide professional guidance to assist medical practitioners in meeting their responsibilities to patients in relation to fees and charges for inpatient medical services.

2. The AMA's Position

2.1. The AMA's endorsement of the principle of Informed Financial Consent

- 2.1.1. The AMA fully supports the principle that patients should be asked to provide IFC prior to any inpatient medical treatment, including any elective and/or pre-planned procedures, wherever this is practicable. (See 3.4 - Emergency and exceptional circumstances.)
- 2.1.2. The AMA's endorsement of this principle reflects the association's view that providing information to patients in advance of the likely financial implications of proposed treatment is sound ethical, professional and business practice. It indicates respect for individual patients and their rights, avoids negative perceptions of private medical practice, and makes it more likely that patients are willing and able to settle their accounts following treatment.
- 2.1.3. The AMA strongly supports the voluntary implementation of IFC policies and practices by the medical profession and considers that very significant steps have already been

¹ Adapted from the Australian Society of Anaesthetists Position Statement on Informed Financial Consent 22 May 2004.

achieved and will continue to be achieved. The AMA is therefore opposed to the introduction of any sort of legislation that places a direct legal requirement on medical practitioners to obtain IFC from their patients or includes sanctions for non-compliance and considers such legislative compulsion unwarranted and inappropriate.

- 2.1.4. The AMA will continue to strongly support the principle of IFC, advocate for this with members, and continue to assist members to maintain or (where necessary) improve, their practices and procedures. The AMA will continue to work cooperatively with government, health funds, private hospitals and the Private Health Insurance Ombudsman to promote the voluntary adoption of appropriate IFC practices.

3. Guidance and recommendations on IFC procedures and practice

3.1. Obtaining patient consent and disclosure of fees and charges

- 3.1.1. The AMA recommends that as a minimum requirement and wherever practicable, information about fees and charges for proposed inpatient medical services should be provided to patients in writing, and that the medical practitioner should obtain a signed acknowledgement of consent from the patient. This is a legal requirement in relation to practitioners' participation in health fund gap cover schemes but is also considered best practice in all cases.
- 3.1.2. Under the relevant legislation, it is also a requirement for medical practitioners participating in health fund gap cover schemes to disclose their financial interests in the care of patients where relevant (e.g. ownership of the facility where medical treatment is to be provided.)
- 3.1.3. Where practicable, this information should be provided sufficiently in advance of the proposed treatment to allow the patient to be able to confirm both the Medicare rebate and private health insurance cover for the procedure, and to adequately consider any financial implications.
- 3.1.4. The information provided should show the relevant Medicare Benefits Schedule (MBS) item numbers for each of the proposed procedures involved and the fee for each procedure, to enable the patient's health fund to confirm the level of rebate that will apply.
- 3.1.5. It is advisable to provide full details of proposed fees, even where the medical practitioner proposes to use a private health fund's no-gap or known gap arrangement. Unless each individual case is checked directly with the relevant fund, patients cannot be certain that a particular benefit is available
- 3.1.6. In so far as the admitting medical practitioner is able, information should be provided to patients on the estimated fees associated with other medical providers involved in the episode of care, and patients advised to confirm those costs with each of the practitioners involved. Where it is not possible to provide information on expected fees and charges, the names and contact numbers of other providers should be advised to the patient.
- 3.1.7. Where a surgeon uses an assistant surgeon for a procedure, the surgeon is responsible for informing the patient of the fees associated with the assistant surgeon, or for ensuring that the assistant surgeon informs the patient of his or her fees.
- 3.1.8. To facilitate distribution of IFC and other relevant material directly to patients from other medical practitioners involved in the patient's treatment episode, the admitting medical practitioner should ensure that patient details are forwarded to those other medical practitioners in a timely fashion.

- 3.1.9. It is important to advise the patient that the fees and charges discussed are an estimate only and that due to unforeseen circumstances the procedure may need to be varied, or the medical practitioners involved may vary, and hence the fees may change.
- 3.1.10. For in hospital elective procedural services, the AMA has developed a pro-forma 'estimate of fees' form, which practitioners can use to provide patients with an estimate of the likely costs associated with the service. A copy of the IFC pro forma can be downloaded from the AMA website: <http://www.ama.com.au/web.nsf/doc/SHED-5EXGKS> or obtained directly from the AMA. The AMA pro forma complies with the provisions of the National Health Act and the Gap Cover Scheme Legislation and accords with all the recommendations of this position statement.

3.2. Advice on Medicare and health fund rebates

- 3.2.1. The AMA recommends that, medical practitioners provide patients with an indication of associated Medicare and private health fund rebates to the extent that they are able. This is in addition to disclosing their fees and charges for proposed procedures. Patients should be advised to confirm any rebate for that procedure with their health fund prior to treatment.
- 3.2.2. Such information should always be accompanied by the advice that indications of rebates are based on what normally applies and each patient should confirm his or her own entitlements with their health fund. Even where the medical practitioner proposes to use a health fund gap cover scheme where a known gap applies, it is important to include the above caveat on advice about the likely gap.
- 3.2.3. Medical practitioners' are advised, where applicable, to inform patients of what health fund gap cover schemes, if any, they participate in and what benefits these schemes may provide to patients. There should be no restriction on the ability of medical practitioners to inform patients of all relevant financial considerations related to their treatment. However, under no circumstances should medical practitioners recommend that patients change from one PHI fund to another, or take any action to force or pressure a patient to change PHI funds.
- 3.2.4. The AMA believes that real IFC is only achieved for patients when both the medical practitioner and the PHI fund are committed to providing all relevant information. To this end and in the interests of the highest level of IFC, the AMA encourages all private health insurers to offer known gap products to their members for all inpatient episodes, and to improve private health insurance coverage of acute emergency, intensive care and anaesthesia services. The AMA will continue to pursue a robust and productive relationship with the private health insurance industry to develop strategies that ensure IFC across the board is a reality for all patients.

3.3. Prostheses charges

- 3.3.1. From October 2005, new arrangements apply to private health insurance cover for surgically implanted prostheses and devices. While the vast majority will continue to attract full health insurance coverage, some may involve less than full insurance cover with a gap to be paid by the patient.
- 3.3.2. It is important that, where the medical practitioner believes it is clinically necessary to use a prosthesis or device that involves a gap payment by the patient, the reasons for this and the extent of the gap, where known, should be discussed with the patient. Where the gap is unknown the patient should be directed to either their health fund or the manufacturer in order to be advised of the additional out of pocket expense.

3.4. Emergencies and exceptional circumstances

- 3.4.1. There will be circumstances, for example an emergency admission, where it will not be possible to obtain IFC before the service is provided. In that case, information about fees and out of pocket costs should be provided to the patient as soon as possible after the service is provided.
- 3.4.2. In circumstances where it is not feasible to provide information directly to the patient either before or after treatment (eg. because the patient is not conscious or otherwise incapable of receiving or understanding the information) it may be appropriate to provide the information to a near relative or representative acting in the patient's interests.
- 3.4.3. The AMA acknowledges that there are particular clinical situations and provider categories where there is limited opportunity for patient contact prior to the procedure and hence IFC is more difficult to obtain. The AMA is committed to developing strategies with Government and private health insurers that provide for improved processes to obtain IFC, and result in known gap payments for patients.

3.5. Fees and billing

- 3.5.1. The AMA recommends that, in addition to providing specific information on fees and charges for particular patients, medical practitioners should document their fee charging and billing policies and provide this general information to all patients. Information about billing policies should indicate:
 - 3.5.1.1. when payment will be required;
 - 3.5.1.2. any discounts available for early payment (or charges for late payment);
 - 3.5.1.3. acceptable forms of payment; and
 - 3.5.1.4. contacts for discussion of payment issues and problems.
- 3.6. All medical practitioners are free to make their own judgment as to what fees they will charge for any service, and are free to opt into or out of gap cover schemes on a patient-by-patient basis. Medical practitioners should satisfy themselves in each individual case as to a fair and reasonable fee having regard to their own costs and the particular circumstances of the episode of care.
- 3.7. A fee for any service should be set having regard to the intellectual, physical and technical resources applied by the medical practitioner to the service, including background practice costs. It should not include the cost of any consumables not related to that service or the cost of any item for which separate reimbursement is available to the patient.
- 3.8. Advice provided to patients about fees should be as meaningful and as detailed as possible. Statements such as 'AMA fees are charged in this practice' do little to inform patients of their costs and the AMA List of Medical Services and Fees is not a "recommended fee" but an annually adjusted schedule of fees and is provided for assistance and guidance only. It may be appropriate to remind patients that both the Medicare and the health fund benefit payable have not kept pace with the actual cost of providing a service, in many cases creating a gap between the fees charged and the benefits paid by both Medicare and private health insurance funds.

References

AMA List of Medical Services and Fees. 1 November 2005.

Review of the second tier and basic default benefits and gap cover. Issues Paper for Stakeholders. November 2005.

Attachment 1. Relevant AMA Policy Resolutions and Position Statements[Policy Resolution ID: 04-88](#)

Private practitioners, as independent professionals, having regard for the nature of the service provided and the circumstances of each patient, have the right to set their own fees. It is prudent to inform the patient of the fees to apply, wherever possible, in advance of the service being provided.

[Policy Resolution ID: 08/93](#)

It is prudent to inform the patient of medical fees to apply, wherever possible, in advance of the service being provided.

[Policy Resolution ID: 16-94](#)

In keeping with the Notes for Guidance to the AMA List of Medical Services and Fees, Federal Council reaffirms the principle of “informed financial consent” between the patient and the medical practitioner, i.e., wherever possible, the medical practitioner should give the patient sufficient information regarding his or her likely fees and the associated rebates so that the patient is able to make an informed financial decision prior to the provision of medical services.

[Policy Resolution ID: 24-94](#)

The Federal Secretariat should further examine mechanisms by which informed financial consent could be enhanced.

[Policy Resolution ID: 32-96](#)

Wherever possible, the doctor should give the patient sufficient information regarding his or her likely fees and the associated rebates so that the patient is able to make an informed financial decision prior to the provision of medical services.

[Policy Resolution ID: 33-96](#)

The AMA is supportive of co-operative billing arrangements as a means of assisting patients in the processing of their medical claims for episodes of illness.

[Policy Resolution ID: 19-97](#)

Federal Council requests that, where possible, specialists in private practice and “Same Day Facilities” provide referring General Practitioners with the costs of same day facilities and procedures so that they can better inform patients, especially those who are uninsured, of the cost-effectiveness of having procedures undertaken in private same day facilities.

[Policy Resolution ID: 04-99](#)

c. patients are offered informed financial consent and, where appropriate, simplified billing