



PRACTICE NOTE

Changing billing practices

Optometrists should carefully consider and develop their own billing practices that sustainably support the delivery of clinical services, with consideration of their patient demographic. Changes to the optometric Medicare Benefits Schedule (MBS) from 1 January 2015 allowed practices to reconsider their billing practices. The changes included a reduction in the patient rebate and a lifting of the 'fee cap.' This Practice Note provides information and practical tips on billing options available to optometrists.

WHAT BILLING OPTIONS DO OPTOMETRISTS HAVE?

Optometrists can choose whether or not to participate in Medicare arrangements. Optometrists who choose not participate in the Medicare arrangements can provide non-rebateable private consultations and set their own fees.

Previously, optometrists who participated in Medicare could not charge more than the scheduled fee for services listed in the Optometric MBS¹. They could bulk-bill by accepting 85% of the full scheduled fee (the amount rebateable by Medicare), or charge up to the full fee listed for the service. Optometrists could also charge a private fee for services for which there was no Medicare rebate (and which were not covered by the Department of Veterans' Affairs.) The changes to the Optometric MBS that came into effect 1 January 2015 impacted the billing options optometrists have, specifically::

- The 'fee cap' on optometric services provided under Medicare was removed and optometrists are able to determine the fee they set for any of their professional services without restriction. Patients may access a rebate under Medicare for all services listed on the optometric MBS.
- The Medicare rebate for optometric services was effectively reduced from 85% to 80% of the then scheduled fee. The Government achieved this by reducing the scheduled fee and retaining the 85% rebate.
- Under Department of Veterans' Affairs arrangements, the Optometric MBS fees remained at the levels prior to 1 January 2015 and were rebated at 100% of the scheduled fee.

WHY CONSIDER CHANGING YOUR BILLING PRACTICES?

Prior to the changes, around 97% of optometry services provided under Medicare were bulk-billed each year. Following the changes, bulk-billing decreased to 94% but has remained at this level subsequently. Bulk-billing means that optometrists are only paid 85% of the scheduled fee. However they now have the ability to charge above the scheduled fee for the first time with the removal of the 'fee cap'.

For some optometrists the reduction in rebate meant they needed to alter their billing practices to ensure their practice remained viable. Notably the reduction in rebate came on top of many years of inadequate indexation of MBS fees and an extended 'freeze' (from November 2013 to 1 July 2019) on fees for optometric services provided under the MBS, which means fees have, and will continue to, fall further and further behind, in real terms, with time. (If CPI had been applied to item 10900 from the late 1990s, the schedule fee for a 10910 or 10911 would be over \$10 more than it is. If the CPI Health had been applied the fee would be over \$20 more.)

Optometry Australia believes that optometrists should receive fair remuneration for the clinical services they provide and removal of the fee cap has facilitated this.

Reducing bulk-billing or introducing new billing practices with fees at or above the scheduled fee, means optometrists can receive additional payment for the service provided. This is an opportunity to access a fairer fee more appropriately matched to the clinical services. This can help reduce reliance on income from dispensing, and support business sustainability into the future.

Changing from bulk-billing to charging the full-fee (or above) with optimal electronic claiming mechanisms may decrease the administration fees and time related to bulk billing, reducing the number of rejected Medicare claims and reducing the number of services for which practices receive a delayed payment. For

¹ With the exception of item 10907 and domiciliary visits.

further information on electronic claiming see: the Practice Note on this topic at www.optometry.org.au

Insights from optometrists who have changed their billing practices suggest reducing bulk-billing helps to increase the value placed on optometry clinical services by patients. Optometrists' bulk-billing rate of 94% of Medicare services each year is a much higher rate of bulk-billing than that of all other professions and practitioners in Medicare. This is interpreted by Government policy makers as meaning the bulk-bill fee provides sufficient income to provide optometry services when, in fact, many practices rely on cross-subsidisation from optical appliance sales in order to provide clinical care and to purchase new equipment and technologies to increase the range of services they provide to their patients. High rates of bulk-billing reduce the likelihood of the Government increasing the scheduled fee for optometric items to reflect the true costs of care.

WILL PATIENTS OBJECT TO PAYING A LITTLE EXTRA FOR THEIR EYE CARE? WILL THEY GO ELSEWHERE OR MISS OUT ON CARE?

Changing billing practices should be considered carefully. Consideration should be given to the potential impact on practice income and the sustainability of the practice, and on patients' access to eye health care.

Many optometrists are concerned about objections from patients, potential loss of business and reduced patient access to clinical care. However, optometrists have reported that decreased bulk-billing has been met with limited objections by patients, has not reduced the number of patients seeking care and has had positive financial effects for sustainable delivery of clinical care. For example, see case studies published by Optometry Australia [here](#). Remember that many patients are accustomed to paying a fee for healthcare services provided by other health professionals.

The reaction of your patients to a change in your billing practice may also be influenced by the way the change is introduced and explained. See the tips below for implementing a change in billing practices.

We recommend that you gather what evidence you can to monitor the impact your change in billing practice is having on your practice. It can be useful to monitor average number of services provided per day or week and average income per service and per day or week from clinical consultations. Also consider keeping a register of complaints made, or concerns raised, by patients about your new billing practices and when they were made.

WHAT SORT OF BILLING PRACTICES ARE BEST?

The best billing practice for you is one that aligns well with your personal ethics and beliefs, the sustainable delivery of clinical care, the socio-economic environment in which you work, the demographic of your patients, and, is accepted and supported by the practice staff with whom you work.

Optometry Australia believes optometrists should have the right to determine their own fees. We support bulk-billing of patients on low incomes where this does not threaten the sustainability of services provided.

Optometry Australia's Practice Note on [setting fees](#) provides tips to help you consider your billing options. Common billing practices in other professions that may suit your practice include:

- charging all patients a specified fee for your clinical services
- bulk-billing all patients for all Medicare listed clinical services with specified fees for additional clinical services not covered by Medicare
- charging a specified fee for each of the clinical services you provide to some patients, and bulk-billing certain categories of patients. This is a common approach in General Practice. You may decide it is appropriate to bulk-bill: health or concession card holders; Seniors; students; children; where you are aware that the patient has a low income or cost may be a barrier to care; or, any combination of the above
- bulk-billing some services and charging a specified fee for other services. For example, you may choose to bulk-bill for subsequent appointments and charge a fee for initial services, or vice versa

Regardless of your billing practice, it is important to ensure that the billing practices are clear and consistently applied.

A sustainable fee structure and billing strategy should not only be easy for your practice to administer but most importantly be simple, clear and easily understood by patients.

You must also inform patients of any fees before providing the service(s) so the patient can make an informed decision about whether or not to agree to the service(s). If the patient chooses not to receive a particular service the optometrist considers is clinically relevant, they should explain this and have the patient sign to indicate that they have elected not to undergo the test/s and attach this to the patient's clinical record.

HOW CAN WE IMPLEMENT A CHANGE IN BILLING PRACTICES?

The following tips may support you to plan and implement a change in billing arrangements and make the transition understandable and acceptable to both staff and patients:

Develop your billing policy

- Develop a clear billing policy that outlines what billing approach is taken with which patients, and fees to be charged for services. These work best when they are easily understood by staff and patients, when they are easy to administer and when they are applied consistently.
- Consider fee approaches that may be new to your practice. Packaging particular types of consultations (e.g. contact lens fitting, delivery and aftercare appointments), for example, can support patient clarity around fees (and, in the contact lens example, assist in patient compliance and attendance.)
- Consider whether it is easier to have a set examination fee that includes all necessary testing, or a structure that relies upon adding a private fee on a case by case basis that requires discussion on clinical necessity and cost each time. Some practices may consider a fee structure with both elements.

Plan your approach

- Take a well-planned approach to implementing change that enables you to ensure staff and patients are well informed of changes ahead of time.
- Consider a staged approach to modifying billing arrangements. For example, you may decide to charge new patients the full fee for services and phase out bulk-billing for existing patients at a date which enables you to provide many existing patients with notice of the change.

Consider billing technologies

- Seek advice from the Medicare eBusiness Service Centre (call 1800 700 199 or email ebusiness@humanservices.gov.au) who can work through the differing claiming options available based on your needs. Claiming options can be used to support your billing strategy, so it can be of great benefit to put in place a claiming approach that suits your billing practice.
- Consider using the electronic Medicare claiming system Easyclaim for patient claims, so that the patient pays the full amount and then a claim is lodged immediately. This payment method minimises the immediate out of pocket expenses, and by using your EFTPOS terminal does not require any additional fees beyond your standard

merchant fees. It can also be used for bulk bill claiming. Alternatively, Medicare online (online claiming through your practice management software) allows both patient claiming and bulk-billing and is integrated with practice management software. Many practices already have the infrastructure for both Easyclaim or Medicare online in place; talking with your terminal provider, Medicare eBusiness advisor or practice management software provider can help you use these to their full capacity. For more information about Easyclaim see the Practice Note on Electronic Claiming at www.optometry.org.au.

- Medicare Easyclaim reports can be accessed through the Health Professional Online Services (HPOS). It is also possible to use the HPOS system to submit a Medicare Bulk Bill Webclaim. Registration for HPOS is completed through the Department of Human Services.

Train and support staff

- Have a clear billing policy that all staff are aware of and understand. This should outline when to utilise what billing arrangements and whether there are exceptions to this policy.
- Ensure staff are informed of, and understand, changes in billing practice or policy. You are likely to need them to be able to explain the change and may need them to be able to outline why the changes are necessary to patients who have concerns about new billing practices.
- Train and support staff so they can easily explain the changes to patients. In the first instance it can be useful to give staff a 'script' of what you would like them to say and guidance on when to say it.

Communicate changes to patients

- Clearly communicate the change to patients and explain what this means to them. It may be useful to explain why you are making the change. You may want to advise patients that the Government rebate only covers part of what it costs to provide the clinical service, and in order to continue to provide high quality care you need to cover costs. You may decide to explain that the Government has reduced the fee they pay you if you bulk-bill, but it is not recommended that you take an approach of 'bad-mouthing' the Government to patients (you never know how someone votes or feels about healthcare policy!) It is also acceptable to say that if you want to continue to invest in technology you believe best supports quality eye care, you need to cover these costs which are not incorporated in the fees provided by Medicare.

- Advise existing patients of the billing change prior to their next appointment, and if possible before they arrive for their appointment. This can be done at the end of the previous appointment, when the next appointment is being made or when the practice makes a reminder call about the appointment. Introduce signage in the practice to inform patients about changes in billing practices and to provide patients with clarity about standard fees.
- You may wish to display Optometry Australia's recommended fee list if you charge in accordance with the list or a lower fee than recommended. This can add credibility to the fees you set or, if you choose to charge below recommendations, highlight that your fees are 'patient-friendly.'
- Clearly explain to patients the benefits of providing a particular service or procedure upon clinical indication. Highlighting the relevant clinical risk factors and benefits of these additional services will clarify the need for the increase in fees.

Monitor and evaluate

- Monitor the impact of the change on practice income and patient access over time. This will provide you with an informed understanding of the impact of the change and help you take a strategic approach to planning any further change.

SO WHAT SHOULD I ACTUALLY SAY TO PATIENTS?

How you communicate the billing practice change to your patients depends on the change you are making, your new billing practices, your usual communication channels to patients and the personal style of your practice. You should also consider your patient

demographic. Regardless, you must inform patients of the fee they will be asked to pay and it can be best for building trust and avoiding disputes to be upfront and honest. You could consider:

- Posting a notice beside the reception desk noting that there has been a change. For example, this may say: "In order to cover the costs of providing high quality eye care, the practice is no longer able to bulk-bill all patients for all services. We will continue to bulk-bill seniors, students and concession card holders. Exact fees will depend on the clinical care you need and will be discussed with you before the service is provided."
- Informing all patients making a booking that there has been a change. For example, your appointment secretary may be asked to note: "We are no longer able to bulk-bill all the services we offer as the amount the Government reimburses us when we bulk-bill has reduced. You will be asked to pay a fee for the consultation, but in most instances you can access a Medicare rebate for most of this. The exact fee will depend on the clinical care you need (OR for a full preventative eye health and vision examination, the average out-of-pocket charge for those eligible is around \$xx.)"
- Placing a similar notice to those above on your online booking system.
- Noting on the bottom of recall and reminder notices that the practice has changed billing practices. For example, "Please note, we have recently revised our clinical fees in order to cover the costs of providing high quality eye care. We will discuss any fees with you before undertaking the service."