Australian Government
Department of Health and Aged Care

Guide to the COAG Section 19(2) Exemptions Initiative

Improving Access to Primary Care in Rural and Remote Areas

Contents

1. Introduction

This Guide has been developed to assist jurisdictions in guiding sites that wish to participate in the *Council of Australian Governments (COAG) Section 19(2) Exemptions Initiative – Improving Access to Primary Care in Rural and Remote Areas*. It provides an overview of the Initiative, eligibility criteria, other requirements and application process.

The COAG s19(2) Exemptions Initiative is underpinned by a Memorandum of Understanding (MoU) that sets out the relevant framework the Minister (or their delegate) considers on making section 19(2) directions for eligible services. The Department of Health and Aged Care (the Department) administers and oversees the implementation of the COAG s19(2) Exemptions Initiative nationally on behalf of the Commonwealth and works closely with state health departments.

Disclaimer: This Guide is for information purposes only. The Department does not accept any legal liability or responsibility for any injury, loss or damage incurred by the use of, reliance on, or interpretation of the information provided in the Guide.

2. What is the COAG Section 19(2) Exemption Initiative?

2.1 What is a Section 19(2) exemption?

Section 19 of the *Health Insurance Act 1973* (the HI Act) provides that Medicare benefits are not payable for certain professional services (such as those provided in hospitals, multi-purpose services and community clinics) where other government funding is already provided for that service. The exception is if the Australian Government Minister for Health and Aged Care (the Minister), or his delegate, makes directions under subsection 19(2) of the HI Act exempting the site. This is called a subsection 19(2) exemption (often called a section 19(2) or s19(2) exemption in short). A COAG s19(2) exemption outlined in this Guide is just one of the s19(2) exemptions currently in place.

2.2 What is a COAG Section 19(2) exemption?

A COAG s19(2) exemption is an exemption that enables eligible health practitioners at approved sites to bulk-bill the Medicare Benefits Schedule (MBS) for eligible services as specified in the Minister's directions (directions) for the COAG s19(2) Exemptions Initiative.

The directions list the sites that have been approved by the Department and are eligible to participate under the COAG s19(2) Exemptions Initiative. All states and the Northern Territory (NT) have current directions in place under the MoU 2022–25 as at July 2023. The Australian Capital Territory is not eligible because it does not have any rural or remote areas.

Once a direction is made, approved sites are listed on the Department's website.

The directions also set out the MBS groups, subgroups and items that are eligible to be bulk billed under the COAG s19(2) Exemptions Initiative.

2.3 What is the COAG s19(2) Exemptions Initiative?

The COAG s19(2) Exemptions Initiative aims to improve access to primary health care services in rural and remote communities (including after hours) in public hospital and other public health service settings. It does this by granting states and the NT conditional access to Commonwealth funding through the MBS. This additional funding can also assist with addressing the challenges in attracting and retaining an adequate primary health care workforce in rural and remote communities.

A state or the NT can propose sites for the Department to consider for approval under the COAG s19(2) Exemptions Initiative. Once approved and listed in the direction for the relevant jurisdiction, approved sites may bulk bill the MBS for the following services provided in emergency departments and outpatient clinics:

- professional non-admitted, non-referred services provided by state remunerated medical practitioners, participating midwives and participating nurse practitioners
- professional non-admitted, referred services provided by state remunerated allied health and dental health professionals.

The eligible MBS groups, subgroups and items are specified in Schedule A of the directions. Under the COAG s19(2) Exemptions Initiative, sites are not allowed to charge any patient with a co-payment or any service fee for the medical care that they receive.

2.4 What are the Objectives of the COAG s19(2) Exemptions Initiative?

The COAG s19(2) Initiative aims to provide greater patient access to primary health care services locally, including after hours, in rural and remote public hospitals and health services.

The COAG s19(2) Exemptions Initiative does this by increasing access to Commonwealth funding to jurisdictions (states and the NT) to assist them to increase access to primary health care in rural and remote areas. It recognises the challenges in attracting and retaining adequate primary health care providers in rural and remote areas and aims to achieve a net gain in primary health care services in these areas.

It is important that the implementation of the COAG s19(2) Exemptions Initiative at a site does not impact on the viability of existing primary care health services. Sites (such as public hospitals, multi-purpose services and community clinics) should only be seeking access to the COAG s19(2) Exemptions Initiative when there is a gap in primary care services in the local area that cannot be addressed by the private sector. They should not adversely impact on the business of existing privately operated health services, including existing general practices. As such, evidence of support from these stakeholders is a requirement for a site application (see section 5).

2.5 What principles underpin the COAG s19(2) Exemptions Initiative?

The COAG s19(2) Exemptions Initiative is underpinned by the following key principles, which have been agreed to by the Australian Government and participating jurisdictions:

- all Australians should have equitable access to appropriate and quality health care throughout their lifetime, regardless of their place of residence within Australia;
- Australians in rural and remote areas face particular challenges when it comes to accessing appropriate health care, and it is the responsibility of all Australian governments to seek to address these challenges;
- the health and medical workforce is a finite and valuable resource and its members' involvement and support is crucial to the continued success of the Initiative;
- funding accessed through the Initiative should not be used for any purpose that undermines the viability or profitability of existing privately operated health services, including existing general practices; and
- implementation of the Initiative should take place as transparently as possible, while ensuring that agreed data collection and reporting requirements remain straightforward and uses existing processes where possible.

3. How do I know if I need a COAG s19(2) exemption?

As outlined in 2.1, subsection 19(2) of the *Health Insurance Act 1973* (the HI Act) prohibits the billing of the MBS where other government funding is provided for that service. For example, a medical service in a public hospital which is funded under the National Health Reform Agreement 2020-25 (the NHRA) cannot be billed to the MBS. There are a number of s19(2) exemptions in addition to the COAG s19(2) Exemptions Initiative, including for Aboriginal Community Controlled Health Services.

Your health service may wish to apply for a COAG s19(2) exemption to allow MBS billing for eligible services if:

- your health service is in a rural and remote area (see section 4.1),
- there is an unmet need for primary care services in the area and you intend to meet this need by providing services that are eligible under the COAG s19(2) Exemptions Initiative (see sections 2.2. and 2.3 and the directions for eligible MBS items):
    - professional non-admitted, non-referred services provided by state remunerated medical practitioners, participating midwives and participating nurse practitioners; and
    - professional non-admitted, referred services provided by state remunerated allied health and dental health professionals.
- you want to bill the MBS for the eligible services and use the MBS revenue to improve access to primary care in your local area, and
- you receive support from stakeholders in your area (see section 4.2).

4. How do I know if I am eligible?

The eligibility criteria for a site wishing to apply for a COAG s19(2) exemption are outlined in sections 4.1 and 4.2 below.

4.1 Is my location eligible?

The site must be located in an area classified in Modified Monash Model (MMM) 5-7 under the Modified Monash Model classification system (MMM).

The MMM categorises metropolitan, regional, rural and remote areas according to both geographical remoteness, as defined by the Australian Bureau of Statistics (ABS) and town size. The current MMM (2019) classification of a location can be found using the Health Workforce Locator on the Health Workforce Locator website.

The MMM is not unique to the COAG s19(2) Exemptions Initiative and is managed and updated externally to the Initiative. The MMM is reviewed and updated every five years after the national census results are analysed.

4.2 Is there local stakeholder support for my site?

The purpose of the COAG s19(2) Exemptions Initiative is to increase primary care access within a community. As outlined in section 2.5 Principles, granting a COAG s19(2) exemption must not undermine the viability or profitability of existing privately operated health services, including existing general practices.

As such, the site must have support from all relevant stakeholders. This includes the local Primary Health Network (PHN), as well as local General Practitioners and health professionals.

Sometimes, there may be issues with obtaining stakeholder support, due to sensitivities or local issues. In the first instance sites should work with their Local Health Network (LHN) or (if in WA) their health service and state health department (which includes NT Health) to work through these. Your state health department will engage with the Commonwealth to discuss the issues if necessary.

It is important to note that the stakeholder consultation strategy and processes need to be appropriate to the local operating environment. Sites, the LHN or health service and the state health department would have insights what will work best, including any sensitivities to manage.

Scenario: Why a GP clinic may oppose a site considering applying for a COAG s19(2) exemption

In a remote community there is currently one GP practice with two GPs offering primary health care services to the local community. The practice is open five days a week and offers some after-hours services, but it does not offer bulk billing for all services. In close proximity is the local MPS, with a 4-bed acute inpatient unit and 12 bed residential aged care unit. The hospital provides health services, including accident and emergency, community and primary healthcare, mental health, dental and outreach services to the local region. The LHN is seeking a COAG section 19(2) exemption so it can bulk bill for primary health care services. The GP clinic has concerns that if the COAG Section 19(2) exemption is granted, the local MPS may offer additional primary care services in order to increase revenue which could threaten the viability of the GP clinic.

5. How can my site be part of the COAG s19(2) Exemptions Initiative?

If you have determined that there is a need for primary care services in your area that the private sector cannot meet, but which your proposed site can, and if your site meets the eligibility criteria, you can begin the process to apply for a COAG s19(2) exemption.

Sites must complete an Operational Plan, which is used in lieu of an application form. The Operational Plan outlines how a jurisdiction intends to implement and operate the COAG s19(2) Exemptions Initiative at an approved site.

Operational Plans should provide clear and detailed information on how the site currently operates, why it is seeking the COAG s19(2) exemption, which MBS items it intends to bill using the COAG s19(2) Exemptions Initiative and how it intends to use the funding to provide greater access to primary care for the community. For eligible services and MBS items, see the direction.

The Operational Plan must include all supporting documents, including the Primary Care Practitioner Details, Stakeholder Consultation and Endorsement, Consent Form for Relevant Stakeholders (other than Primary Care) and Consent Form for Primary Healthcare Providers, including GPs.

The site will need to commit to reviewing its Operational Plan annually during the term of the MoU, and provide to the Commonwealth (the Department), via its state health department:

- a new or updated annual Operational Plan for the then current financial year, or
- confirmation that the existing Operational Plan is still current.

The following examples outline the type of sites that have benefited from joining the COAG s19(2) Exemptions Initiative.

Example MM5 Location

A MPS located in MM5 includes a 25-bed hospital with 10 acute beds and 15 aged care beds. It provides 24-hour accident and emergency services staffed by Registered Nurses and a Visiting Medical Officer. MBS items billed at this site include ED presentations, diagnostic radiology and pathology, outpatient services, allied health and nursing services. The additional revenue generated from the COAG s19(2) Exemptions Initiative is used to provide a part-time speech pathologist assisting patients recovering from stroke. This service was identified as a priority given the prevalence of stroke in the community and the need for additional services to assist patients with their recovery.

Example MM6 Location

A site located in MM6 has one emergency room, two consulting rooms and one treatment area. There is one Nurse Practitioner and one Registered Nurse employed at the site with support provided by one receptionist and one part time cleaner who also works as a driver and gardener. The site provides a 24-hour emergency on call service to the surrounding area and medical services are accessible via a visiting General Practitioner, Registrar and medical student for one day each week. The site provides primary health care and preventive health check-ups with a significant percentage of patients undergoing chronic condition management and health screening. Allied health professionals also visit once per week to provide physiotherapy, nutrition/dietetics, podiatry and speech pathology services. Based on the needs of the local community, the site uses the additional revenue to employ a Diabetes Nurse Educator to assist patients with managing their diabetes.

Example MM7 Location

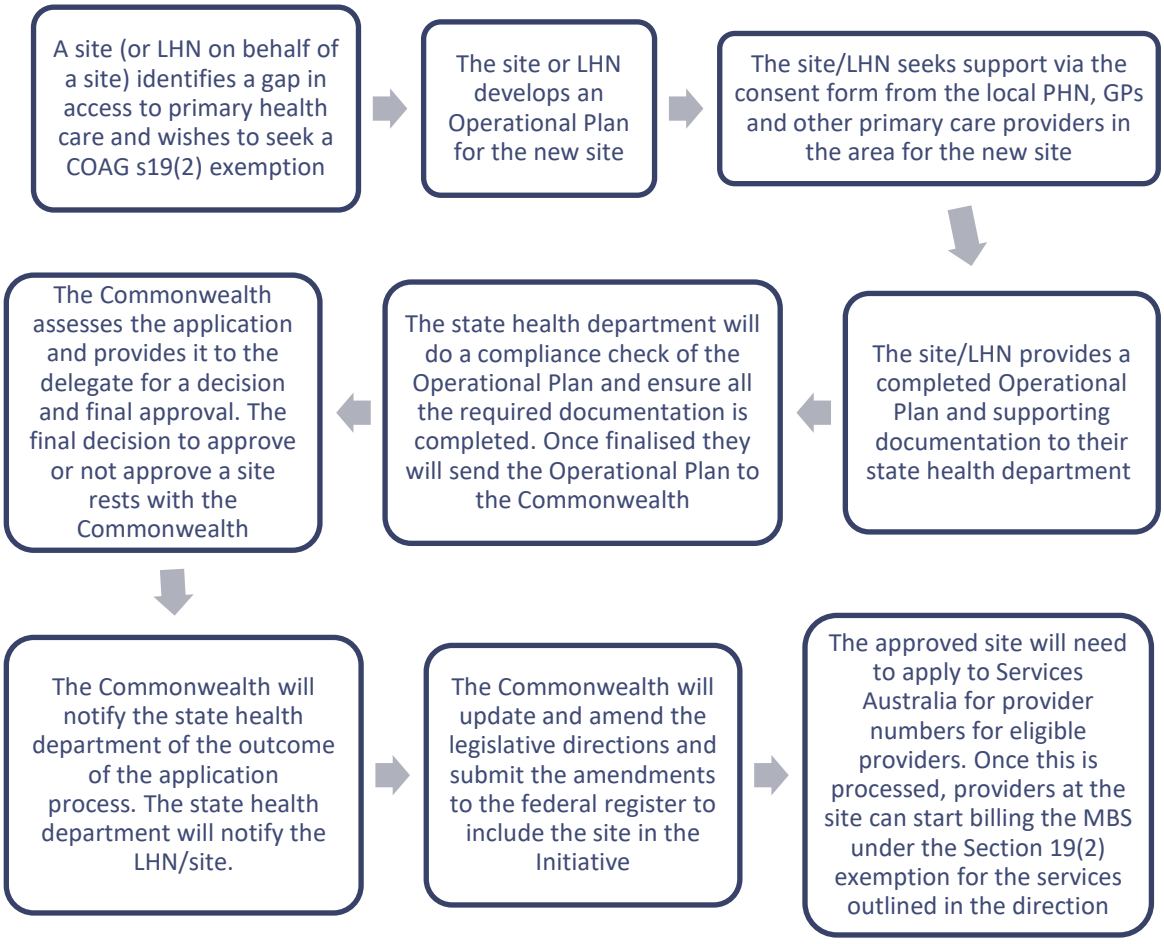
A MPS site located in MM7 employs 12 full time staff in a town with a population of 1,610 and no local GP clinic. The site has 9 beds and provides aged care, allied health, ambulance, emergency, general medical, medical imaging, mental health services, outpatients, paediatrics and visiting specialist services. The services eligible to be billed to the MBS under the COAG s19(2) Exemptions Initiative at this site include General Practitioner appointments and after-hours non admitted GP services. The additional revenue enables the site to employ a part-time Nurse Practitioner in the ED to support the immediate primary care needs of the local community and surrounding areas.

6. What steps do I need to take to apply?

Each site and state are unique so will require a different approach to developing an application to join the COAG s19(2) Exemptions Initiative. Depending on your state, the site, or the site in conjunction with the LHN or health service, is responsible for the development of an Operational Plan Model, assessing the benefits of revenue and getting stakeholder support.

Ensuring all information is contained within an Operational Plan when applying to join the COAG s19(2) Exemptions Initiative will assist the Department to process applications with minimal delay.

The steps involved in the application process for a COAG s19(2) exemption are outlined in the flowchart on the following page.



7. How long will it take for my Operational Plan to be approved?

Once the Department has received all required information, the assessment will usually be completed within four weeks. The Department will contact the state or territory to inform them of the outcome once the assessment is completed.

Once the state or territory has been informed of the decision, it will generally then take a further six to eight weeks for the Minister's delegate to make directions. Sites are not allowed to bill the MBS until they are listed in the direction and the direction is published on the Federal Register of Legislation website. Links to the directions are also available on the Department's website.

Applications with incomplete information or where significant issues have been identified will generally take longer to complete, as the Department will not begin its assessment until it has all information.

8. The site has been approved; how do I start billing the MBS?

Eligible health professionals must apply for a Medicare provider number through Services Australia before they can start billing the MBS. A different provider number is required for each location where a health professional works.

For further information about the process to apply for a Medicare provider number, visit the Services Australia website.

Services Australia checks the practice address on the application against the COAG s19(2) directions and may also check the list of approved sites listed on the Department of Health and Aged Care website.

Approved sites need to ensure that they have the required systems and processes to bill the MBS and report on the MBS revenue derived from the COAG s19(2) Exemptions Initiative. A site should work with its LHN or health service to understand the requirements for this in each state.

9. Which MBS items can an approved site bill for?

A list of eligible MBS items can be found in the directions for the COAG s19(2) Exemptions Initiative. While there is a specific direction for each state and the NT, the MBS items listed are identical. Directions are updated from time to time by the Commonwealth to reflect changes to the MBS.

Please note specialist services and any items not listed in the directions cannot be billed under the COAG s19(2) Exemptions Initiative. See below information on when any of the MBS items can be billed by an approved site.

10. When can an approved site bill for MBS items?

Approved sites under the COAG s19(2) Exemptions Initiative can bill for MBS items when:

- They are provided in emergency departments and outpatient clinics.
- They are for patients who have not been admitted to the hospital or health facility.
- Non-referred services are provided by state-funded medical practitioners, participating midwives and participating nurses.
- Referred services are provided by state-funded allied health and dental health professionals.
- The item is an MBS item listed in the directions for the COAG s19(2) Exemptions Initiative.

11. Is telehealth billing eligible under the COAG s19(2) Exemptions Initiative?

Telehealth billing is eligible under the COAG s19(2) Exemptions Initiative when the consultation is being conducted from an approved site. Any rules and regulation applicable to telehealth billing also apply.

12. What can I use the additional revenue for?

Under the COAG s19(2) Exemptions Initiative, approved sites must reinvest at least 70% of the MBS revenue generated from participating in the Initiative into primary health care at the site. The additional funding must provide new, enhanced or additional primary care services or promote innovative solutions to address local need, that lead to a net gain in access to primary care services.

No more than 30% of the MBS rebate funds may be used to pay for the administration of the COAG s19(2) Exemptions Initiative.

Sites will need to determine the best use for the funding they receive to meet the needs of their community. Examples of appropriate use of funding from the COAG s19(2) Exemptions Initiative include:

- Employing additional staff such as midwives, practice nurses, physiotherapists or dieticians
- Increasing nursing staff to provide greater access to health services such as radiology, wound management services or chronic disease management
- Providing primary care telehealth services that would otherwise not be available
- Purchasing of equipment to provide improved primary care health outcomes for patients
- Providing educational services to the community on important health topics such as diabetes or childhood obesity

Funding should not be used for anything that does not increase access to primary care in the community, such as the purchase of items not used to provide patients with medical care.

13. What responsibilities does my site have once it is approved?

Under the COAG s19(2) Exemptions Initiative, the site must provide Site Annual Reports each financial year during the term of the applicable MoU and provide financial information and report on the benefits to the community from initiatives that have been funded.

Annual Reports require approved sites to report the amount of MBS rebate revenue received by the site and how that funding has been used to improve access to primary care for the community. The annual report also allows for sites to notify the Department of any new

information, such as changes to the local governance arrangements, new stakeholders in the area and any changes to services delivery.

As agreed under the bilateral MoU, all sites are required to provide a Site Annual Report to the Commonwealth via their state by 31 August (or the next working day) of each year. The information provided is used by the Commonwealth to assess the effectiveness of the COAG s19(2) Exemptions Initiative, ensure compliance with MBS requirements, and to provide data to feed into a robust evaluation.

Revenue data provided in Annual Reports is matched against MBS revenue data by the Department. Reporting MBS billing accurately is important to ensure that 70% of funding is being used to improve access to primary care at the site.

Under-reporting MBS billing can lead to insufficient funding being used to support primary care in the community, while over-reporting can cause the site to spend increased funding it has not raised through the COAG s19(2) Exemptions Initiative.

Where the Department has identified an issue, it will work with the relevant state health department to identify why errors are occurring and so they can assist sites to improve the quality of their data.

14. The operational model at the site has changed – who do I tell?

Sites must commit to updating their Operational Plans if any changes to their situation occur.

Changes that may need to be updated in the Operational Plan include:

- Additional services being offered
- A significant increase or decrease in staffing
- New services being offered in the local area

The updated Operational Plan must be submitted to the state health department along with the site's annual report.

For any changes that occur due to exceptional circumstances and the timing falls outside the annual reporting, sites are required to inform their state health department as soon as practicable. The state health department and the Commonwealth will work together to find a solution as required.

15. What is the role of the LHN/Health Service?

Each jurisdiction is unique, and LHNs or health services may take a differing role depending on their location.

They can support sites through the application and reporting. They are encouraged to work in close collaboration with the state health department particularly around stakeholder support for the site joining the COAG s19(2) Exemptions Initiative.

16. What is the role of the State/Territory?

State health departments (or in the case of WA, the Western Australia Country Health Service) oversee the implementation of the COAG s19(2) Exemptions Initiative in their respective state or territory and liaise with their sites and the Commonwealth on matters related to the Initiative.

State health departments may work with sites to develop their Operational Plans and endorse applications and submit to the Commonwealth on behalf of the site. All queries regarding a site's participation in the COAG s19(2) Exemptions Initiative should be directed to the state department contact.

State departments are also responsible for consolidating and quality assuring site annual reports and providing these to the Commonwealth for assessment.

17. What is the Role of the Commonwealth?

The Commonwealth is responsible for the overall administration of the COAG s19(2) Exemptions Initiative nationally.

The Commonwealth works with state departments to assess site applications and Operational Plans. It reviews Annual Reports and updates the directions and MoU's as required.

The Commonwealth does not work directly with sites.

18. What happens if my site is no longer in an MMM 5-7 location after an update to the MMM?

If an approved site becomes ineligible under the COAG s19(2) Exemptions Initiative due to changes in MMM classification of the site, it will continue to be treated as an approved site for the term of the MoU. This allows the site time to source alternative funding for primary care services in the community. The MMM is only reviewed once during the term of an MoU.

19. Has the COAG s19(2) Exemptions Initiative been evaluated?

The COAG s19(2) Exemptions Initiative is evaluated periodically. The most recent evaluation, undertaken in 2021, assessed the extent to which the Initiative has been appropriate, effective, efficient and of quality and value to the Commonwealth and participating jurisdictions. The evaluation report is available on the Department's website.

A new evaluation of the COAG s19(2) Exemptions Initiative will be undertaken in 2024. Approved sites may be asked to participate in the evaluation process to provide feedback on the Initiative.

20. Useful Links

COAG Section 19(2) Exemptions Initiative website:

COAG Section 19(2) Exemptions Initiative – Improving Access to Primary Care in Rural and Remote Areas | Australian Government Department of Health and Aged Care

Operational Plan Template:

Schedule B – Operational Plan template | Australian Government Department of Health and Aged Care

Annual Report Template:

Schedule C – Site annual report template | Australian Government Department of Health and Aged Care

List of Approved Sites:

Hospitals and other sites that bulk bill primary care in rural and remote areas | Australian Government Department of Health and Aged Care

The Minister's directions (approved sites and eligible MBS items):

About the COAG Section 19(2) Exemptions Initiative | Australian Government Department of Health and Aged Care

Evaluation of the COAG s19(2) Exemptions Initiative in 2021:
Evaluation of the COAG Section 19(2) Exemptions Initiative – Improving Access to Primary Care in Rural and Remote Areas Final Report | Australian Government Department of Health and Aged Care

Health Insurance Act 1973:
Health Insurance Act 1973 (legislation.gov.au)

Health Insurance Regulations 2018:
Health Insurance Regulations 2018 (legislation.gov.au)

The National Health Reform Agreement website:
2020–25 National Health Reform Agreement (NHRA) | Australian Government Department of Health and Aged Care

Health.gov.au

All information in this publication is correct as of May 2023