

# Media Release

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Private Healthcare Australia  
Better Cover. Better Access. Better Care.

## **Thousands of health insurance members may have been over-charged by specialist doctors**

Health insurers are urging people who have had surgery in private hospitals to check if they have been billed incorrectly under ‘no gap fee’ arrangements following allegations specialist doctors have been systematically defrauding patients, health funds and Medicare for personal financial gain.

Health insurers have been notified of allegations against nearly 50 doctors in one part of Australia. The specialists are mostly anaesthetists and surgeons, as well as an obstetrician and gastroenterologist. They have been accused of charging patients extra fees of up to \$5000 while purporting to participate in “no gap fee” arrangements with health insurers.

The doctors have also been accused of telling Medicare they were “bulk billing” patients (not charging the patients a fee) when they did charge fees labelled “booking fees” or “administrative fees”.

Health insurers are investigating the allegations and will do everything they can to resolve proven cases of fraud. One survey carried out this year by a large health fund found 31% of 4,172 respondents who received medical treatment under a “no gap” fee arrangement were charged a fee, and 23% of respondents who received treatment under a “known gap fee” arrangement paid more than \$500 out-of-pocket (the upper limit of what a specialist should charge under the agreement with the insurer). The health fund is still working through the cases to determine the extent of overbilling.

CEO of Private Healthcare Australia Dr Rachel David urged consumers to examine their medical bills to see if they were charged a fee while being “bulk billed” or treated under a “no gap fee” arrangement with their health insurer because they may be able to take action against the providers.

“These allegations are deeply disturbing because of the trust patients put in their specialist doctors. When you seek the help of a surgeon and an anaesthetist you are typically at your most vulnerable. You do not expect them to be financially exploiting you at the same time,” she said.

“There is a huge power imbalance between patients and doctors. We know many consumers do not understand their medical bills, which means most people wouldn’t know if they were getting charged inappropriate fees or not.

“If you have health insurance, call your health fund to examine your bills and ask questions about whether you should be paying out-of-pocket fees or not. They can help you ask the right questions. And if your Medicare records show you were bulk billed when you were charged a fee, report it to [Medicare](#).

Fifty-five per cent of Australians have health insurance (nearly 15 million people) and 45% of Australians have hospital cover (over 12.2 million people). Private health insurance pays for 2 out of 3 planned surgical procedures.

The investigations come as a rising number of Australians are reporting they cannot afford to pay for medical treatment. The latest [Australian Bureau of Statistics data](#) found 11% of Australians are not seeing a specialist

*Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 22 Australian health funds. 14.8 million Australians (55% of the population) have private health insurance.*

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doctor or delaying appointments with specialist doctors including surgeons due to cost. This is up from 8% the year before.

The latest [Medicare data](#) reports 29% of consultations with specialist doctors in 2023-24 were bulk billed – down from 30% the previous year. The latest private health insurance statistics for 2023-24 published by the [Australian Prudential Regulation Authority](#) reports 83% of in-hospital medical services for insured people (33.82 million services) were billed as part of a “no gap” agreement, whilst 9.3% (3.8 million) were billed as part of a “known gap” agreement.

Dr David said the allegations of “shadow billing” suggested specialist doctors were billing consumers unknown amounts of money under the counter and not reporting that income to other payers, including Medicare and insurers so it could be publicly recorded.

“Unfortunately, this means we cannot trust our Medicare statistics, our APRA data, and the Government’s Medical Cost Finder website, which reports how many doctors charge out-of-pocket fees for procedures, as well as what the average out-of-pocket cost is for those procedures,” she said.

“Medicare needs to urgently investigate these allegations to ensure taxpayers are not footing the bill for industrial scale fraud in our private health system.”

### **How to report potential fraud to Medicare**

You can report suspected fraud or corruption by:

- completing the Government’s [health provider fraud tip-off form](#)
- calling the Government’s [fraud hotline](#) – 1800 829 403
- [emailing ReportFraudorCorruption@health.gov.au](mailto:ReportFraudorCorruption@health.gov.au).

### **How “no gap” fee arrangements work**

Health insurers pay specialist doctors and private hospitals a higher fee than usual on the basis they will not charge the patient an out-of-pocket or “gap” fee.

### **How “known gap” fee arrangements work**

Health insurers pay specialist doctors and private hospitals a higher fee than usual on the basis they will charge the patient a known out-of-pocket “gap” fee up to a maximum of \$500.

**Ends**

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