How are pathology test fees calculated?

Medicare refund payments, which are also known as ‘rebates’, cover most or all of the financial costs of pathology tests for patients. While rebates apply to many pathology tests, patients should not assume this is always the case. Some pathology tests do not qualify for a rebate under any circumstances, while others only qualify if certain criteria are met. The following information may clarify how pathology fees are calculated.

What does Medicare cover?

The Australian Government funds certain pathology services on a fee-for-service arrangement through the Medicare Benefits Scheme. This scheme includes a list of Medicare services subsidised by the Australian Government called the Medicare Benefits Schedule (MBS). Only tests listed on the MBS are eligible for a rebate if certain conditions are met.

- a treating practitioner who is registered with Medicare requests the pathology test
- there is a medical reason for the pathology test
- the pathology sample is sent to a Medicare approved pathology laboratory (Refer to fact sheet - How safe is the pathology testing process?)
- the pathology test has been supervised and quality assured according to Medicare accreditation rules.

For example, if a treating practitioner requests a pathology test that is covered by Medicare to investigate chest pain, and it is sent to a Medicare approved pathology laboratory, that test qualifies for a rebate. If the treating practitioner requests this same pathology test, but for insurance purposes, it does not qualify for a rebate, even though it has been sent to a Medicare approved pathology laboratory.

There are also situations where the frequency of a particular pathology test is limited. For example, a person with established diabetes can only have four of the tests known as ‘Haemoglobin A1c’ rebated by Medicare in every 12 month period, from the date of the first test, to monitor their disease. If they have further Haemoglobin A1c tests within this time frame they must pay the full test fee.

Some pathology tests don’t qualify for a rebate at all and the patient must pay the full test fee. This applies to several scenarios, such as pathology tests associated with elective cosmetic surgery or insurance testing, and a number of genetic tests.

Non-Medicare funded pathology is mostly purchased or funded by government authorities other than Medicare such as workers’ compensation authorities, public hospitals or the Department of Veterans’ Affairs.
What is direct billing?
Direct billing (also called bulk billing) occurs when pathologists accept the Medicare rebate as full payment for their service and there are no out-of-pocket expenses for the patient. Only tests listed on the MBS can be direct billed.

Did you know?
About 85% of all pathology services are direct billed which is the highest rate of any medical specialty.

What are out-of-pocket expenses?
Out-of-pocket medical expenses occur if the pathology laboratory chooses not to direct bill and charges a fee greater than the Medicare rebate. In this instance, the out-of-pocket expense is the difference between the fee the pathology laboratory charges, and the Medicare benefit and private health insurance benefit paid to the patient.

Not all pathology laboratories charge the same fee for the same pathology tests. They are able to set their own fee-for-service according to a range of factors such as operating and staffing costs or according to company policies.

Hospital pathology test fees
When a person is in hospital, the category of their admission determines who pays the pathology account. Public hospital patients are funded through the State public hospital system with no direct cost to them. Private hospital patients are privately billed and they, along with Medicare and their private health fund, are responsible for paying the pathology account. Private health funds often have billing arrangements with particular pathology laboratories for no-gap fees, although not all pathology tests may qualify for a rebate.

How do I find out how much my pathology tests will cost?
To obtain information about the cost of a pathology test, patients can:
- ask their treating practitioner about how the requested pathology tests are being billed
- contact the pathology laboratory for an indication of the approximate cost and out-of-pocket expenses for their requested pathology tests
- contact their private health fund and ask about their pathology billing arrangements
- contact Medicare by calling their 24 hour patient line on 132 011 or go to their website - www.medicareaustralia.gov.au - to find out about Medicare rebates for tests

- contact the relevant hospital and ask about their pathology billing arrangements.

What happens if I don’t pay my pathology account?
While most pathology accounts are direct billed, pathology laboratories will send an account when:
- the test/s are not covered by Medicare
- the pathology laboratory does not direct bill for the full cost of the pathology test.

Did you know?
In accordance with legislation, accounts for pathology services cannot be issued until after all of the pathology testing has been completed. Pathology laboratories can provide an estimate of out-of-pocket expenses before the testing has been completed, but the final account depends on a range of factors in accordance with Medicare rules. For example, sometimes the pathology laboratory might find an unexpected test result that leads to additional testing not foreseen when the pathology tests were originally requested.
The RCPA wishes to acknowledge the Australian Government Department of Health and Ageing for funding the production of Benefits and Risks for Consumers of Pathology Testing.

If accounts are sent to individuals or organisations and they refuse to pay without an explanation, then debt recovery action may be initiated. If the account causes financial distress, patients can contact the accounts staff at the pathology laboratory to discuss payment options.

Did you know?

Patients have a right to be informed by the treating practitioner or pathology collector if there is an out-of-pocket expense before the test. Most pathology laboratories also produce brochures or have information pages on their website about their fees.

Reliable information on pathology can be found at:

The Royal College of Pathologists of Australasia (RCPA) - [www.rcpa.edu.au](http://www.rcpa.edu.au)

ePathWay (the RCPA's online magazine for consumers) - [http://epathway.rcpa.edu.au](http://epathway.rcpa.edu.au)

The RCPA Manual - [http://rcpamanual.edu.au](http://rcpamanual.edu.au)

The Pathology Associations Council (PAC) - [www.pathology.med.pro](http://www.pathology.med.pro)

Lab Tests Online - [www.labtestsonline.org.au](http://www.labtestsonline.org.au)