

## **The Australian Health System:**

### **Immigration Sponsorship and Legal Liabilities**

#### **Department of Immigration & Citizenship - Regulations from 1 November 2005**

Sponsoring a Temporary Resident to Australia involves accepting responsibility for:

-the medical and hospital expenses incurred by the sponsored person for treatment administered in a public hospital.

-the costs of return travel to home country.

Note that these undertakings differ from those required of sponsors who lodged their sponsorship application prior to 1 November 2005.

This undertaking releases the Australian Government from any liability for the medical and hospital costs incurred in a public hospital, and places the responsibility on the Employer/Sponsor.

Employers/Sponsors can require sponsored employees to sign an employee agreement requiring the employee to maintain health insurance which is deemed acceptable to the Employer/Sponsor.

Please note that, where an applicant is working for a Sponsor on a subclass 457 visa, the Sponsor's obligations remain in force until the visa holder is granted permanent residence. This does not change if the 457 visa holder is issued with an Interim Medicare Card, as advised by Business Employment Section, Department of Immigration & Citizenship (November 2004).

The Australian Health Insurance policy Table 190 (covering In-Hospital Only Expenses) together with IMAN Assistance Services covering medically necessary repatriation to home country, generally satisfies the medical insurance requirements of the Sponsorship agreement.

### **GP and Specialist doctors**

In Australia, a distinction is drawn between General Practitioners (GPs) and Specialist Physicians, e.g. dermatologists, orthopaedic surgeons and anaesthetists.

You need to obtain a referral from a GP before consulting a Specialist Physician or Surgeon.

### **Pharmaceuticals - (Physician-Prescribed Drugs and Medicines)**

Physician-prescribed pharmaceuticals can be expensive for overseas visitors.

Australian citizens and Permanent Residents, and those overseas visitors who are entitled to Reciprocal Medicare Benefits, have access to the subsidised Pharmaceutical Benefits Scheme (PBS). You must show your Medicare Card when purchasing Physician-prescribed drugs and medicines to obtain the PBS rate.

Overseas Visitors without access to the PBS rates generally pay considerably higher charges.

Tables 390 & 320 provide cover for Pharmaceuticals with an annual limit of \$1000 for Single Policies and \$2000 for Family Policies. (Effective 1 January, 2007)

## **Public and Private Hospitals**

There are both private and public hospitals in Australia. Public hospitals are funded and managed by State Governments. Private hospitals are owned privately and are run as businesses within the private sector. As a Member of AHI you are eligible to obtain treatment from both private and public hospitals. As in many other countries Public Hospitals can have long waiting periods for other than emergency admissions.

## **Medicare**

Medicare is the publicly funded Australian health system. It ensures a high level of health care for all Australians regardless of their level of income.

**Medicare is not available to Temporary Residents, unless they are from Reciprocal Agreement countries, in which case the benefits are limited to "medically necessary" treatment.**

It is for this reason that AHI exists. AHI and IMAN are here to service the health insurance needs of Temporary Residents and Overseas Visitors working in Australia.

For example, if a United States citizen were to have a heart attack in Australia not one cent of the cost of the surgery, hospitalisation, etc. would be borne by the Australian Government.

Their Sponsor, or their Employer, if that employer sponsored them, would be liable for all public hospital related expenses incurred in Australia. That is a very expensive risk to self-insure, so Sponsors require 457 VISA Employees to take out health insurance.

## **Medicare and "the Gap" - a very important point**

In Australia by law, health insurance funds insuring Australian residents are only allowed to reimburse up to a set amount. The amount is set by the Government and is found in the Medicare Benefit Schedule (MBS). In certain cases, funds are able to reduce the 'gap' by entering into contracts with 'participating hospitals'. The actual amount billed will vary depending on the type of treatment. Doctors sometimes charge up to twice the MBS amount, and many senior specialists and surgeons will charge up to three or four times that fee, hence the expression "the gap" that is used to explain the problem.

AHI takes care of "the gap" for our Members., who take out Tables 320 & 390. Tables 120 & 190 also take care of "the gap" for In-Hospital (In-Patient) Expenses for our members.

## **Medical Practitioners & Hospitals Insurance and Liability Expenses**

Some medical practitioners and hospitals now levy patients with a fee which is not normally claimable through private health insurance.

AHI covers this Insurance and Liability Surcharge to the policy, which means that this fee is claimable, up to a maximum of \$20,000 per Policy per annum in total.

## Private Health Insurance & Tax Issues

Australian citizens and Permanent Residents are encouraged to take out Private Health Insurance, in order to relieve the pressure placed on the public health system. The Federal Government has introduced tax-related reforms, such as the 30% rebate, Lifetime Health Cover, the Medicare Levy and the Medicare Levy Surcharge. Overseas Visitors health cover is not eligible for the 30% Rebate. Only domestic type policies attract the rebate.

Temporary Residents working in Australia are required to lodge an annual taxation return. The Australian tax year ends on 30th June.

## Recovering the Medicare Levy

Everyone who is a resident in Australia for tax purposes is required to pay a Medicare Levy of 1.5% of their taxable income. The levy is deducted by your employer.

The catch is that if you are a Temporary Resident or Overseas Visitor (and not from a country that has a Reciprocal Health Care Agreement with Australia), then you cannot access the Medicare system. So you pay the levy but receive nothing for it.

There is a way of recovering your Medicare Levy from the Australian Taxation Office.

You must first apply to the Levy Exemption Certification Unit and ask for a letter from the Minister exempting you from payment of the Medicare Levy. Once you have this letter you must attach it to your tax return in order to receive a refund of the levy for the past financial year. It only works retrospectively, not for the year ahead. You must first pay the levy before you are allowed to be exempted from it and lodge a refund claim.

The form that you require, along with a full explanation, is available online at the **Medicare Australia** web page. (Medicare Levy Exemption form)

The application of this refund may vary according to your personal circumstances and so we advise you to always consult a tax professional about Australian Taxation Law.

If you have been issued with or are entitled to a Visitor's Medicare Card, also called a Reciprocal Medicare Card, then you are required to pay the 1.5% Medicare Levy with your tax. You will also be subject to the Medicare Levy Surcharge of an extra 1% of your taxable income if you do not have appropriate private health insurance.

It is important that you consult a tax professional for advice on these issues. The information provided on this website is meant only as a general guide and may not be relevant to certain individual's tax situations.

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