Australian Government
Department of Health

Medical Costs Finder

Glossary of terms

This glossary lists simple definitions for commonly used terms on the Medical Costs Finder website.

The purpose of this glossary is to support health consumers to use the website and the definitions should not be used in lieu of definitions of these terms in the relevant rules and legislation.

Fact sheets are also available on Common Medical Procedures and Common Medical Specialties.

TERM	DEFINITION
Benefits	The health care items, or services, covered under a health insurance policy. Covered benefits and excluded services are defined in the health insurance plan's coverage documents.
Bulk Billing	Bulk billing means you don't have to pay for your medical service from a health professional. The healthcare provider accepts the Medicare benefit as full payment for the service.
Co-payment	A fixed amount that a patient pays to the service provider before receiving the service. For example, a co-payment within a hospital policy is the amount that you agree to pay for each day you are in hospital. The inclusion of a co-payment for hospital costs in a private health insurance policy is often in exchange for a lower premium.
Cost Transparency	For medical costs, transparency means being able to view the typical costs of a treatment or service, the funding contributions from Medicare and your insurer (if any) and the remaining amount that you may need to contribute.
Estimate Fee	The amount typically charged by a doctor for a medical service they provide. This fee information is voluntarily provided by the doctor. It only includes their fees and does not include other costs you might have to pay.
Excess	An amount that you agree to pay the private health insurer towards the cost of hospital treatment, in exchange for lower private health insurance premium costs. You may be required to pay an excess every time you go to hospital, or only the first time. Depending on the type of hospitalisation (e.g. day surgery or overnight stays) you may only have to pay a part excess. The excess amount (if any) you will need to pay depends on the private health insurance policy you take out.
Gap	The Australian Government subsidises medical services listed on the Medicare Benefit Schedule (MBS). When a doctor charges a fee higher than the MBS schedule fee, it's called a 'gap'. A gap is the difference between what Medicare and your private health fund will pay towards your treatment and the total cost of your treatment as set by your doctor.
General Practitioner (GP)	A general practitioner (GP) is a doctor who is qualified in general medical practice. GPs are often the first point of contact for someone, of any age, who feels sick or has a health concern. They treat a wide range of medical conditions and health issues.

TERM	DEFINITION
Hospital Fees	The fees charged by the hospital if admitted to a private hospital as a patient. Hospital fees can be made up of: • Accommodation fees • Operating theatre fees • Prostheses costs, for example plates, screws, artificial joints • Medicines and dressings • Costs for physiotherapy and other therapies in hospital If your private health insurer has an arrangement with the private hospital, they may cover most or all of these fees on your behalf.
Informed Financial Consent	Your right to get an estimate of costs from your doctor or hospital before you agree to have treatment, to help you understand what you might have to pay.
'Known Gap'	Your doctor and insurer may have in place a 'known gap' agreement. This means if your doctor elects to make use of this agreement (it is up to the doctor), then they have agreed to charging a certain amount for your out-of-pocket cost. This cost is the difference between the doctor's total fee and the combination of what Medicare pays and what your insurer agrees to pay. The 'known gap' is generally capped at $500. Private health insurers have negotiated 'known gap' agreements with many doctors across Australia. These agreements minimise your out-of-pocket costs for in-hospital services because the health insurer will make a higher payment to the doctor than what they are required to under the law. In exchange for this higher payment the doctor will limit the out-of-pocket cost to a capped amount.
MBS Item	MBS refers to the Medicare Benefits Schedule. An MBS item is a specific medical service and each service has a specific reference or item number. You can search for your item number at MBS Online. The MBS item includes information about the amount of funding provided by Medicare for the service.
Medical Service	A medical service is a service provided by a doctor, specialist, radiologist, pathologist or anaesthetist.
No Arrangement	No arrangement applies if your private health insurer has not negotiated any type of 'gap agreement' with the doctor for an in-hospital medical service. Your private health insurer will only pay the minimum benefit amount for the medical service, which is 25% of the amount specified in the MBS item. Medicare will pay 75% of the MBS fee. If the doctor charges more than the MBS fee, then you will have to pay the difference out-of-pocket.
'No Gap'	Your doctor and insurer may have a 'no gap' agreement in place. This means if your doctor elects to make use of this agreement (it is up to the doctor), then, the doctor will provide the service to you for no out-of-pocket expense. In this instance, the doctor accepts the private health insurer benefit payment and the Medicare contribution as their total fee for the service. Private health insurers have negotiated 'no gap' agreements with many doctors across Australia. These agreements involve the insurer paying the doctor a higher amount than what they are required to under the law in exchange for the doctor not charging any out-of-pocket costs for in-hospital services.

TERM	DEFINITION
Out-of-pocket Cost	An out-of-pocket cost is the difference between the amount a doctor charges for a medical service and what Medicare and any private health insurer pays. Out of pocket costs are also called gap or patient payments.
Outpatient	A patient who receives treatment at a hospital, as in an emergency room or clinic, but is not hospitalised.
Procedure	A surgical or non-surgical operation, generally conducted in-hospital.
Private Hospital	Privately owned hospitals are funded and operated by the owner (typically a group or an individual person). They receive funding for medical services by patients themselves, insurers, and governments through national health schemes.
Private Health Insurance	Private health insurance policies cover some of the costs of treatment in a private hospital. Insurance can also help cover 'extras' – other medical services such as dental, physiotherapy, optical and more.
Public Hospital	Public hospitals are part of the Australian public health system and they are a hospital which is owned by a government and receives government funding. This type of hospital provides medical care free of charge, the cost of which is covered by the funding the hospital receives.
Service or Medical Service	A medical service is listed on the Medical Benefits Schedule (MBS). This means Medicare pays a benefit when a medical practitioner provides an MBS service to a patient. The service must be essential to the medical treatment of the patient.
Specialists	Medical specialists are doctors who have completed advanced education and clinical training in a specific area of medicine (their specialty area).

Any additional questions or queries should be directed to OOPTransparency@health.gov.au