



Glossary of terms

Medical Costs Finder

This glossary lists definitions for commonly used terms on the [Medical Costs Finder](#). Definitions should not be used in lieu of definitions of these terms in other contexts, such as relevant rules and legislation.

TERM	DEFINITION
Benefit	A payment by an insurance company or the Government to cover some or all of your costs.
Bulk billing	Bulk billing means you don't pay out-of-pocket costs for a medical service. The healthcare provider accepts the Medicare benefit as full payment for the service. Note this is different to a 'no gap' arrangement.
Co-payment	A fixed amount that you pay to the service provider before receiving the service. For example, a co-payment within a hospital insurance policy is the amount that you agree to pay for each day you are in hospital. A co-payment for hospital costs in your private health insurance policy often results in the insurance policy costing you less money.
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.
Indicative fee	The amount a doctor usually charges for a specific medical service. An indicative fee on the Medical Costs Finder 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 your private health insurer towards the cost of hospital treatment. Having an excess often results in the insurance policy costing you less money. 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	A gap is the difference between the cost of your treatment and what Medicare and your private health fund will pay towards your treatment.
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	<p>The fees charged by the hospital if admitted to a private hospital as a patient. Hospital fees can be made up of:</p> <ul style="list-style-type: none"> • accommodation fees • operating theatre fees • prostheses costs, for example plates, screws, artificial joints • medicines and dressings • costs for physiotherapy and other therapies in hospital. <p>If your private health insurer has an arrangement with the private hospital, they may cover most or all of these fees on your behalf.</p>
Informed financial consent	<p>Receiving 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.</p>
‘Known gap’ arrangement	<p>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 type of gap arrangement applied can vary between patients.</p> <p>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. Your health insurer will make a higher payment to the doctor. In exchange, your doctor will limit the out-of-pocket cost to a capped amount.</p>
Medicare Benefit Schedule (MBS)	<p>A list of medical services that the Australian Government subsidises to help Australian’s with the costs of healthcare.</p>
MBS item or MBS item number	<p>The number assigned to a particular medical service on the MBS. You can search for your item number on MBS Online and the Medical Costs Finder. The MBS item includes information about the amount of funding provided by Medicare for the service.</p>
No arrangement	<p>No arrangement applies when your private health insurer and doctor have not negotiated any type of ‘gap agreement’ for an in-hospital medical service.</p> <p>Medicare will pay 75% of the MBS fee and your private health insurer will pay the minimum benefit amount for the medical service, which is 25% of the MBS fee. If your doctor charges more than the MBS fee, then you will have to pay the difference out-of-pocket.</p>
‘No gap’ arrangement	<p>Your private health insurer and doctor may have a ‘no gap’ agreement in place. This means that 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.</p> <p>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 an in-hospital service.</p>
Out-of-pocket cost	<p>An out-of-pocket cost is what you have to pay for a medical service. It is the difference between what your doctor charges for a medical service and what Medicare and your private health insurer (if any) pay. Out-of-pocket costs are also called gap or patient payments.</p>

TERM	DEFINITION
Outpatient	A patient who receives treatment at a hospital without being admitted to hospital. For example, they are treated in an emergency room or clinic.
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.
Private health insurance	Private health insurance policies help cover the cost of treatment in a private hospital. Insurance can also help cover 'extras' – other medical services such as dental, physiotherapy and optical.
Procedure	A surgical or non-surgical operation usually conducted in hospital.
Public hospital	Public hospitals are part of the Australian public health system. They are owned by a government and receive government funding. This type of hospital provides medical care free of charge. The cost is covered by the funding the hospital receives.
Service	A medical service that is 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).
Specialty	A medical speciality is a specific area of medicine. You can browse different specialties on the Medical Costs Finder website.