



# The Practice Manager's Guide to Starting a Practice

McMasters' Medical Practice Management



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## **The Practice Manager's Guide to Starting a Practice**

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### **Introduction**

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The Practice Managers' Guide to Starting a Practice has been developed to assist both doctors and practice managers with setting up a practice. It contains numerous practical tips and advice and identifies the main issues connected to setting up and successfully running the practice. It has been identified as an area where practice managers and doctors alike have a keen interest, and a lot of important information is contained in the guide.

Starting a practice is probably one of the most significant professional decisions a doctor will undertake during their professional life. "Starting a practice", or "buy into an existing practice", is a common goal of many doctors and health professionals.

This guide will introduce legal and financial aspects of beginning practice, and give advice on everything that should be considered prior to opening day. It also includes close examination of practice structures.

Topics included in this guide include:

- Registration with Medical Boards and Medicare;
- Prescribing under the PBS system;
- Australian Business Numbers;
- Practicing solo or in a group;
- Finding the right co-owner;
- Choosing the best practice structure

Further reading is encouraged on the topics and these will be identified throughout the guide.

The guide will equip readers with an understanding of the essential knowledge required in order to establish a practice, whether starting from scratch or purchasing an existing practice. Readers will be able to recognise the importance of choosing the right structures and partners, and will have acquired information regarding the legal requirements of practicing medicine.

## 1.1 GETTING STARTED

Planning and implementing the set up of a new practice requires a large investment of time. It is important to plan ahead, projecting desired outcomes and deciding how these will be achieved. Thoughts will be very subjective and cover a wide range of personal and business themes. Some doctors are in private practice for financial reasons; some are in private practice for purely altruistic reasons. However, most doctors are in it for both reasons: private practice represents the best way to balance legitimate lifestyle ambitions and aspirations, while doing what they are trained for: practicing medicine.

**The range of issues to consider is wide and long. They include:**

- Will the practice be successful?
- How will the practice differ from other practices?
- How much money will be made? Will it be worth the extra effort?
- Is private practice really the way to go?
- How much time will the practice consume? What is the work/life balance?
- Is buying into an existing practice a better option than starting a practice from scratch?
- Where should the practice be located?
- Is buying or leasing the practice premises a better option?
- Should practice equipment be bought or leased?
- Which is better – practicing alone or in a group?
- How much extra profit will be made?
- Will the practice be a business for tax purposes?
- What licences, consents and registrations are needed?
- Will the practice have a goodwill value?
- How will staff be employed?
- How many staff will be required?
- Should other doctors or health professionals be employed?
- Will there be any tax benefits to enjoy?
- Should a practice entity or a service entity be used?
- What insurances are required?
- What IT systems should be used; and
- How much will it cost to start a practice?

### Delegate the logistics

The tasks involved in setting up a practice should be delegated to a project manager; Doctors are very busy and the opportunity cost of a practitioner undertaking this role is very high. It makes perfect sense to employ an experienced practice manager to set the new practice. Parameters need to be set regarding the decision making processes. Issues regarding location and premises must be determined by the practitioner(s). However, once this is done, many of the other tasks can be

delegated to an experienced practice manager. Her knowledge can assist in creating a practice that duplicates the most successful combination of ideas from her previous industry experiences.

When a group of practitioners are combining together, it makes sense to nominate one of them to be the team leader. This person has authority to make decisions and to commit the other practitioners to expenditure up to agreed limits. Obviously, major decisions need to be settled by the group. Appointing a team leader to act as the agent for the group avoids problems with indecisive committees and the too many cooks syndrome.

The authority should be in writing and may look something like the draft minute of a meeting of the practitioners set out in [appendix 1](#). Preparing and signing a document like this gives each practitioner comfort that they will not be exposed to excessive costs and also gives the team leader comfort that he or she will not be left in a helpless situation and out of pocket if the project is cancelled for any reason.

### **Trusting partners**

Trust within group practices is imperative; if practitioners do not have enough trust in their colleagues to allow an arrangement as described above, it is clear that a long term business relationship will not succeed.

Most practices require practitioners to combine with other practitioners and the true solo operator, particular in general practice, is becoming rare. Obviously the relationship between the practitioners in the group needs to be documented, and these documents should be prepared carefully and only signed after much reflection and discussion. Practitioners should realise, however, that the most elegant and eloquent documents cannot replace trust. Practitioners' disputes, and hence practitioners' documents, rarely end up in court. It just costs too much and it's not worth the effort.

Nothing can replace trust and good faith in a group practice. This is particularly important at the start of a new arrangement. Colleagues should be chosen well, and if any doubts are raised about them, it is probably best not to begin a relationship. However, before making any decisions, discuss concerns and attempt to eliminate them before the new practice starts.

### **Further Reading:**

Kron J, 2009, Australian Doctor, *Slow and Steady Race for Rewards*, 17 June 2009

## **1.2 PRACTICING SOLO OR IN A GROUP**

Practitioners need to decide whether to practice with other doctors or on their own. Choosing to work with other co-owners could have numerous benefits including:

- Sharing of expenses;
- Sharing workload, both medical and administrative;
- Knowledge sharing and intellectual advancement;
- Learning from one another's work experience;

- Attracting more patients due to each doctor's credentials and specialties, for example, employing a female doctor could attract a specific demographic of patients who may have not come to the clinic otherwise if only male doctors practiced there; and
- Being able to offer patients a versatile set of skills

These benefits, however, are very minimal if the co-owners of a practice do not work together or more importantly do not completely trust each other as business partners. Partners or associates may be held liable for another co-owner's actions under some legal structures; therefore an ultimate level of trust and confidence in the legal structure selected is imperative.

We can recall one client situation, where a practitioner's solicitor wrote, furiously saying that the delegation minute described in the above paragraph was very dangerous, and could end up with his client being up for costs that he had not specifically authorised, or was even aware of.

McMasters responded that this was correct. However, if the practitioner did not have enough trust in her proposed future colleagues to go this far, it was hard to see how their relationship could endure for the long term.

This highlights the importance of trust in group practices. Entering a co-ownership arrangement means entering into a long term financial and professional arrangement; this could have a lasting impact on the finances, reputations, day to day management and the legal liability of the practice. Just as it is important to choose a life partner carefully, caution should also be taken when entering a co-ownership agreement.

If finding a suitable group practice is difficult, then consideration should be given to practicing autonomously. The advantages of practicing solo include:

- Independence;
- Retaining all the practice profits;
- Unlimited liability;
- Making decisions on what to purchase or how to spend the money;
- Making decisions about the practice without consulting others opinions;
- Having no one else to blame for outcomes; and
- Being the boss.

Most practices require doctors to combine with other practitioners in some way and the true solo operator, particularly in general practice, is becoming rare. Obviously relationships between practitioners within a group need to be documented. These documents should be prepared carefully and only signed after much reflection and discussion. Practitioners should realise, however, that the most elegant and eloquent documents cannot replace trust. Practitioners' disputes, and hence practitioners' documents, rarely end up in court, as it is costly in both monetary terms and effort.

Trust and good faith are integral to a successful business agreement in a group practice. This is particularly important to consider at the start of a new arrangement. Choosing colleagues well is imperative and if there is any doubt they should not be joined up with. Concerns should be discussed in order to eliminate them before the new practice starts.

The doctor who chooses to operate alone can still engage other professionals as independent contractors. This provides the following benefits:

- Maintaining a versatile level of skill and expertise throughout the practice;
- Attracting more patients due to the versatility of the team;
- Being able to control a heavy workload, delegating some patients to other doctors and/or technicians such as practice nurses; and
- Being able to operate as a business for tax purposes. The ATO states that a practice will be a business for income tax purposes where it employs, or otherwise engages, an equal or greater number of non-owner doctors (or practitioners, including practice nurses) than owner doctors, on an equivalent full time basis.

**Further reading:**

Kron J, 2010, Australian Doctor, *Going it alone*, 31 march 2010

**Finding the Right Co-Owner**

A doctor may decide to share ownership of the practice, but is unsure which candidate will be the best for the job. Apart from trust, there are no formulas for the ideal partner. It may be someone very close, like a long term colleague or a friend known from medical school. It is important that the prospective business partner shares common goals and objectives for the future of the practice.

When looking for a business partner it is advisable to write down a list of criteria that are important to consider. These criteria may include:

- Reputation;
- Medical and business experience;
- Potential equity investment;
- Attitude;
- Future aspirations;
- Preferred location , for example, regional as opposed to a metropolitan area; and
- Required ownership share/return.

It may become apparent that a very friendly colleague may not necessarily be the best business partner. In such cases, and if the circumstances allow it, this colleague could be offered the opportunity to join the practice as an independent contractor. In this way their skills can be used without involving them in business decisions or equity raising.

To further assist with finding a suitable business partner, personal and practice aspirations should be determined. For example:

- What are their personal objectives?

- Why do they want to own a practice?
- How many hours are they available to invest in the practice?
- What profit do they expect from the practice in the first three years?
- What sacrifices are willing to made, and what issues are not able to be compromised on?
- How long do they envisage owning their share of the practice?

When considering a prospective business partner, all relevant issues should be covered before agreeing to amalgamate. It is important that both colleagues agree on all key points, and areas not to be compromised are clearly stated in the early stages of the negotiation process.

It is unwise for practitioners to assume that good friends make good partners. This is not necessarily the case. Commencing a co-ownership agreement involves making many vital business decisions together as in other commercial structures, and it is wise to keep clear barriers between business and friendship. Alternatively, some practitioners believe that there is an ideal “profile” that makes up the correct partner. This approach is also flawed. A good partner could have only a few years of experience, or twenty years experience.

There have been a few examples reported in the *Australian Doctor*, where some general practitioners have been electing to partner with non-medical practitioners, such as physiotherapists or practice managers. In her article, ‘*Perfect Partners*’, Julie Bennett explores the various partnership options available to medical practitioners. One medical practitioner who has partnered with her former physiotherapist argues the benefit of “having a non-practitioner partner is that they are able to look at the practice more objectively.” A further example of a non medical partner is practice managers being offered equity as an incentive for their hard work. The President of the Australian Association of Practice Managers, Ms Angela Mason argues that “Practice managers are being offered ownership because they have such an instrumental role in the business”. Whilst it is advisable to bring on board a versatile team to take charge of the practice, it is often very messy and tax disadvantageous to involve a non-medical professional as a co-owner of the practice. From our experience, offering a practice manager anything more than 10% is not a good idea. However, as in any scenario, we recommend always to assess the situation on a case by case basis with an expert. McMasters’ offers tailored financial and legal advice, which will equip doctors with the tools to make an informed decision about future co-ownership of practices. The full version of the article can be accessed here: [Perfect Partners](#) .

Networking plays a significant role in finding the right partner. By building relationships with other colleagues, doctors are actively expanding the opportunities available and increasing the number of prospective business partners. Networking also means that although the doctor may not know the prospective business partner, the person who made the introduction will know them. Ask trusted people whether they can recommend a suitable business partner. General practitioners may meet new people and build meaningful relationships in a variety of ways. Examples include:

- Attending medical conferences;
- Attending seminars about financial management for health professionals;
- Keeping in touch with past employers;

- Attending social or sporting events with your colleagues; and
- Speaking to financial or legal professionals with similar clients.

The power of valuable contacts should never be underestimated.

### The Most Suitable Structure for the Practice

The structure of practices can vary significantly according to needs. Each structure has different advantages and disadvantages covering the level of autonomy, risk, responsibility and cost. Therefore, each one will need to be reviewed carefully before decisions are made on which strategy suits the practice’s short term and long term goals. Consultation with a solicitor who specialises in medical practices should be undertaken prior to making this decision. The advice should include the taxable and legal consequences of each structure.

As different levels of risk are associated to each structure, medical indemnity insurances will also vary accordingly. It is therefore a good idea to discuss needs with an insurance provider who can provide the various options available, and the costs associated with each structure.

Briefly, the types of structures available are:

- Sole trader;
- Trust, including a hybrid trust, a unit trust, a discretionary trust or a family trust;
- Company;
- Partnership;
- Associateship and
- Assistantship.

McMasters’ usually recommend doctors operate through a trust based structure, as a trust based structure benefits doctors the most. More information about trust structures is available here: [The McMasters' Way: Structures for practices](#). The main features of each structure are tabulated below:

Structure type	Features
<b>Sole Trader</b>	<ul style="list-style-type: none"> <li>• Independence;</li> <li>• Unlimited liability;</li> <li>• Cheap to run and easy to administer; and</li> <li>• Could potentially be highly inefficient for tax purposes as the highest tax rates of 45% could apply.</li> </ul>
<b>Trust</b>	<ul style="list-style-type: none"> <li>• A flexible option, could use with other practitioners or solo;</li> <li>• Ability to distribute income; and</li> <li>• If set up properly, could be highly efficient for tax purposes, due to income distribution and ability to cap income.</li> </ul>
<b>Company</b>	<ul style="list-style-type: none"> <li>• Limited liability;</li> <li>• Can be private or public;</li> </ul>

	<ul style="list-style-type: none"> <li>• Fixed tax rate of 30%; and</li> <li>• Relatively more complex and expensive to set up and maintain, due to compliance with the Corporations Act 2001.</li> </ul>
<b>Partnership</b>	<ul style="list-style-type: none"> <li>• Two or more doctors carrying on a business with a view to profit;</li> <li>• Partners are liable for each other's actions; and</li> <li>• Relatively cheap to set up and maintain, but there are no significant tax incentives.</li> </ul>
<b>Associateship</b>	<ul style="list-style-type: none"> <li>• Doctors operate the practice together; however each doctor operates a distinct practice for tax and legal purposes.</li> </ul>
<b>Assistantship</b>	<ul style="list-style-type: none"> <li>• This applies to non owner doctors only;</li> <li>• Here, non-owner doctors are considered assistants of owner doctors in the provision of medical services;</li> <li>• The assistant is an employee and subject to employment laws; and</li> <li>• The assistant is also subject to the progressive tax rates.</li> </ul>

Having decided upon the right legal structure, the foundations have been laid for commencing a profitable business.

### 1.3 THE NUMBERS GAME

#### Obtaining an ABN

An Australian Business Number, or ABN, is a single business identifier number that allows businesses to deal with the Federal Government. All practitioners need an ABN if their turnover is more than \$50,000 a year, or if they are interested in claiming GST credits on costs incurred in their practice. An ABN can be obtained from the ATO's website [ATO](http://ATO.gov.au).

#### Registration with the Medical Practitioner Board

Prior to commencing practice, doctors are required by law to register with the Medical Practitioner Board in the state in the state in which they plan to practice.

#### How to apply for registration

The Medical Board ensures doctors are fit to practice medicine according to the Australian medical standards. They set practicing guidelines, and investigate any complaints made against doctors.

The NSW Medical Board defines their role by simply stating:

*“The New South Medical Board has a statutory responsibility to protect the health and safety of the people of NSW. It does this by providing a range of programs and services aimed at ensuring that all doctors registered in NSW are fit to practice medicine at the high standard the public is entitled to expect.”*

Each state and territory has a separate governing medical board. Doctors will need to register with the relevant board: more information about each state's board can be accessed from their respective websites, listed below.

<b>State</b>	<b>Name of Board</b>	<b>Website</b>
New South Wales	New South Wales Medical Board	<a href="#">NSW Medical Board</a>
Victoria	The Medical Board of Victoria	<a href="#">Vic Medical Board</a>
South Australia	The Medical Board of South Australia	<a href="#">SA Medical Board</a>
Western Australia	The Medical Board of Western Australia	<a href="#">WA Medical Board</a>
Tasmania	The Medical Council of Tasmania	<a href="#">Tas Medical Board</a>
Australian Capital Territory	Medical Board of the ACT	<a href="#">ACT Medical Board</a>
Northern Territory	NT HPLA	<a href="#">NT Medical Board</a>
Queensland	The Medical Board of Queensland	<a href="#">QLD Medical Board</a>

### **Types of Registration**

The Medical Board of Victoria has provided the following guidance regarding the various types of registrations. These may vary slightly between states.

#### **General Registration – Section 6**

Australian or New Zealand medical school graduates, who have completed an approved internship; or Australian Medical Council exam graduates, who have completed 12 months of approved supervised training in Australia; should peruse the general registration form for medical practitioners, which is available here: [Medical Board Application](#). Further information on the Australian Medical Council (AMC) exam can be found at [Non Mandatory Guide 20.1..](#)

Medical practitioners with general registration or equivalent in another State or Territory of Australia should peruse the mutual recognition general registration form, which is available here: [Mutual Recognition Application](#) .

#### **Provisional Registration – Section 9**

Australian or New Zealand medical school graduates, who have been offered an accredited internship position, should peruse the provisional registration form for medical practitioners, which is available here: [Provisional Registration Application](#).

Australian Medical Council exam graduates, who have been offered a supervised training position in a Victorian teaching hospital, providing training that is a prerequisite for general registration, should peruse the provisional registration for medical practitioners, which is available here: [Provisional Registration Application](#).

#### **Specific (Specialist) Registration – Section 7(1)(f)**

International medical graduates, who have specialist qualifications that are recognised by an Australian specialist college, should peruse the form available here: [Specialist Registration](#).

International medical graduates, with specialist registration in another State or Territory of Australia, should peruse this form here: [Interstate Specialist Application](#) .

**Specific Registration – Section 7(1)(a), (b)(i)&(ii), (c) and (d)(i)&(ii)**

Medical practitioners who are not eligible for general registration to provide medical services under supervision as set out below:

- International medical graduates, who wish to undertake a program of teaching or research for a limited period, should peruse the form here: [Research Application](#);
- International medical graduates, who have arranged to exchange practice with a medical practitioner registered in Victoria, with the prior approval of an Australian specialist college, should peruse this form here: [Practice Exchange Application](#);
- International medical graduates, who are working towards recognition by an Australian specialist college, are an Australian Medical Council exam candidate, or wish to pursue supervised training with a view to returning to their country of origin, should peruse the form here: [Supervised Training Application](#) ; and
- International medical graduates, who wish to provide medical services as an Area of Need Specialist or General Practitioner, for any of the following purposes:
  - For a period of peer review required by an Australian specialist college;
  - To provide services under specific circumstances, while working towards Fellowship of the Royal Australian College of General Practitioners; or
  - To provide services as an Area of Need Specialist, or as an Area of Need General Practitioner, (including after hours locum service) for a limited period should peruse the form here: [Area of Need Application](#).

Options for international medical graduates are looked at in detail in **Non mandatory Guide 20**.

**Acupuncture Endorsement**

Practitioners currently registered with the Chinese Medicine Registration Board and who wish to practise acupuncture; claim to be qualified to practise as an acupuncturist; or use the title ‘acupuncturist’, must have endorsement from the board for an application. More information about acupuncture endorsement is available at [Medical Board of Victoria](#). To register access this form: [Acupuncture Application](#).

**Non-Practising to Practising**

Practitioners with non-practising registration who wish to revert back to their previous category of practising registration should peruse this form: [Non-Practising to Practising Application](#).

The registration fees are set out at: [Registration Fee list](#).

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The registration year starts on 1 October, and ends on 30 September each year. Registration is payable regardless of the length of time registration is required, as there are no pro-rata payments.

### Renewing registrations

Registration must be renewed annually by 30 September, and ensuring registration is current is the responsibility of the doctor. A late fee is incurred if the Board does not receive the renewal fee by 30 September, and when registration is not renewed by 31 December, names will be removed from the Register. Changes of address must be notified within 14 days of the change occurring.

### Professional Indemnity Insurance

A registered medical practitioner needs to be covered by professional indemnity insurance. The insurance is subject to the area of practice that the practitioner is involved in during the registration period, with a minimum of \$5 million for each claim, or whatever greater amount is prescribed from time to time for the purposes of section 16 of the Medical Indemnity (Prudential Supervision and Product Standards) Act 2003, the Commonwealth Act.

Medical practitioners who are unable to obtain indemnity insurance should approach the Board for consideration of their medical registration.

Further information can be obtained from: [Medical Board of Victoria](#). Medical Indemnity and other insurances will be discussed further in [Guides 5 Part B.1.4](#).

### Further reading:

Kron J 2008, Australian Doctor, *Testing Times Ahead*, 4 November 2008

## 1.4 REGISTERING WITH MEDICARE

Every practitioner must have at least one Medicare provider number. A different provider number is issued for each practice location and the relevant provider number must be included on all accounts, stationery, referrals, pathology and radiology requests, and similar documents.

Provider numbers can be applied for through Medicare Australia [Provider numbers](#). Applying for a provider number is the first step in ensuring the doctor can provide medical services for patients. It also ensures doctors get paid the correct amount for those services. It is important to be aware that under some circumstances Medicare provider numbers may expire without any reminder notices.

This expiry will depend on the eligibility to provide services, and whether there are any restrictions associated with the initial provider number. Ample time should be allowed for initial registration and renewal, to ensure that doctors are adequately registered at all times.

The Medicare website has very useful tools allowing doctors to keep track of their registrations, be up to date with new regulations, and access various registration forms. It can be accessed at: [Medicare Australia](#). The registration form for each medical practitioner will vary according to the nature of the service provided. The following table summarises the different requirements for various medical practitioners.

Occupation type	Description	Form
General Practitioners	<p>Must ensure that each General Practitioner has a <u>separate</u> Medicare Provider number for each location from which they provide services.</p> <p>For enquiries contact <b>132 150</b>.</p>	<p>Initial registration: <a href="#">Initial provider number for GP</a></p> <p>Additional number: <a href="#">Additional provider number for GP</a></p>
Optometrist	<p>Registration for optometrist professionals. Additional supporting documentations may be required to be attached to the application form.</p> <p>For enquiries contact <b>132 150</b>.</p>	<p><a href="#">Initial provider number for optometrist</a></p>
Dentist/ Dentist specialist/ Dental Prosthetist	<p>Registration form for dental professionals. Additional supporting documentations may be required to be attached to the application form.</p> <p>For enquiries contact <b>132 150</b>.</p>	<p><a href="#">Initial provider number for dental professionals</a></p>
Vocational Registration	<p>Practitioners who are certified and included on the Vocational Register of General Practitioner have access to certain items on the Medicare Benefits Schedule (MBS).</p> <p>To be included on the register, you must have certification by the Royal Australian College of General Practitioners (RACGP) or the General Practice Recognition Eligibility Committee (GPREC).</p>	<p>Enquiries and applications can be sent to:</p> <ul style="list-style-type: none"> <li>❖ <b>National Membership/GP Recognition Coordinator RACGP,</b></li> <li>❖ <b>1 Palmerston Cres South Melbourne VIC 3205</b></li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>❖ <b>Secretary General Practice Recognition Eligibility Committee Medicare Australia</b></li> </ul>

		PO Box 1001, Tuggeranong ACT 2901
Specialists/ Psychiatrist/ Physicians	<p>These are benefits at a special rate that apply only to specialists, psychiatrists and consultant physicians.</p> <p>To be eligible to bill at this rate doctors must be officially recognised by Medicare as such professionals.</p>	<p>For application forms contact: Medicare's Provider Liaison Section 13 20 11</p>
Locum Doctor	<p>Locum doctors must use a separate provider number for each location that has been allocated to them. Medicare benefits cannot be claimed unless that doctor's provide number appears on all relevant documents. This must be done even if the locum doctor provides services for a very short period of time. <b>Under no circumstances can a locum doctor use another doctor's Medicare Provider Number.</b></p> <p>Locums can request for their Medicare benefits to be deposited directly to the principal of the practice or the employer. A 'pay group link' can be set up to redirect these payments. Bulk bill stationery allows the providing practitioner to direct the Medicare benefits to another health professional.</p> <p>It is the responsibility of the practice owner to ensure that locum staff only use a provider number allocated to them, not the number of the doctor they are filling in for.</p>	<p>For further information please contact Medicare on 132 150</p> <p>The 'pay group link' application form can be downloaded here: <a href="#">Pay doctor group link</a></p>
OMP Program	<p>The Other Medical Practitioners (OMP) programs are designed for non-vocationally recognised doctors who provide services in approved locations and meet other eligibility criteria specific to the program to be able to receive Medicare rebates.</p> <p>This program is designed for practitioners in rural areas, in districts of workforce shortage (DWS), in outer metropolitan areas, provision of afterhours services, or if the practitioner is a temporary resident doctor.</p> <p>Registration in the program assumes doctors have expressed interest in undertaking an alternative pathway to vocational recognition. Further</p>	<p>More information on OMPs is available here: <a href="#">Department of Health and Ageing - OMPs.</a></p> <p>Registration forms can be accessed here: <a href="#">OMPs registration forms.</a></p>

	information on DWS and alternative pathways is discussed in <b>Non Mandatory Guide 20.2</b> and <b>20.3</b> .	
Pathology	Only an Approved Pathology Practitioner (APP) can claim Medicare benefits. It is possible to claim benefits on an APP's behalf. To become an Approved Pathology Practitioner (APP), you will need to submit an application and have the undertaking accepted by the Minister, and also pay the prescribed fee.	You can read more on APP here: <a href="#">Medicare - APP</a>  Application form is available here: <a href="#">APP application form</a> .

## 1.5 PRESCRIBING UNDER THE PBS

### Obtaining a prescriber Number

Every practitioner also needs a prescriber number. This enables them to prescribe PBS medicines. This number must appear on all prescriptions and similar documents, and is the same for every location the doctor works from. This means that unlike a provider number, the prescriber number does not change with a change in location.

The Pharmaceutical Benefits Scheme (PBS) allows all Australian residents and eligible overseas visitors to purchase prescribed medicine in an affordable way. Through the PBS, the Australian Government subsidises the cost of prescription medicine, making it affordable.

There are restrictions on certain PBS medicines, and some may require approval from Medicare prior to doctors prescribing them. This could occur in cases where the doctor feels that the patient requires an increased number of repeats, or a quantity greater than the maximum amount listed in the Schedule of Pharmaceutical Benefits. Where there are restrictions prescribers will need to provide additional information. In these cases, doctors will need to contact Medicare Australia on 1800 888 333, to obtain an authority approval each time they prescribe an authority required medicine, or when prescribing increased numbers of repeats, or large quantities of medicines. PBS prescription requests can also be mailed to:

**REPLY PAID 9657**  
**PBS Authority Section**  
**Medicare Australia**  
**GPO Box 9857 in each state capital city**

It is not possible to prescribe medicines under the PBS unless a doctor is listed in the Schedule of Pharmaceutical Benefits. The schedule is updated monthly to include new listings and the latest changes. A free copy of the schedule can be obtained from: [PBS subscription](#) or by contacting General PBS enquiries on 132 290.

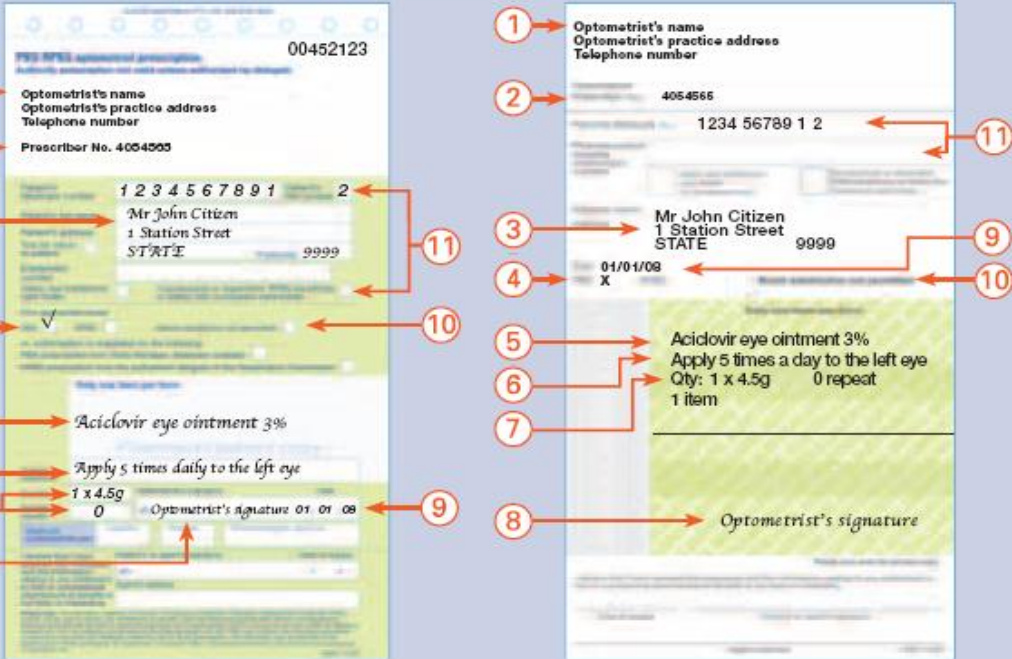
As new medicines are marketed frequently, doctors can remain current by joining the mailing list of independent review of therapeutics, such as Australian Prescriber. Australian Prescriber can be

contacted at [info@australianprescriber.com](mailto:info@australianprescriber.com) or more information can be accessed from: [Australian Prescriber](http://AustralianPrescriber.com).

### Personalised prescription pads

When prescribing medicine under the PBS, doctors should use their own personalised PBS prescription pads and authority forms provided by Medicare Australia. Doctors may use Medicare Australia computer stationery to issue a computer-generated prescription. The following example outlines all details that must be included on the prescriptions:

**Sample 1 example of a PBS-RPBS prescription**



- ① Your name and the name, address and telephone number of your practice (not just a mobile phone number).
- ② Your prescriber number.
- ③ Your patient's name and residential address (do not use a post office box number).
- ④ Tick the box that is relevant to your patient's entitlement status: PBS or RPBS.
- ⑤ Name, strength and form of medicine—only **one** item per prescription.
- ⑥ Instructions for use—please provide clear directions.
- ⑦ Quantity and number of repeats—no abbreviations.
- ⑧ Your signature.
- ⑨ Date prescription is written (forward or back dating is not allowed).
- ⑩ If appropriate, tick 'Brand substitution not permitted' box.
- ⑪ Medicare, concession and veterans' card numbers.

A ballpoint pen must always be used for writing prescriptions to ensure good quality carbon copies are produced. Fountain pens and felt-tip pens should be avoided when prescribing.

Issues to be considered when prescribing medicines include:

- The doctor is not permitted to prescribe the same item for the same patient more than once on the same day;
- On every PBS prescription, there should be no more than 3 items (there may be up to 10 items on a PBS public hospital prescription, which may include multiple authority required items);
- The 'brand substitution not permitted' box should be ticked if the doctor wants the patient to receive a specific brand of the medicine;
- Many items are restricted to specific conditions, and can only be prescribed in accordance with that specific condition; and
- Specific state or territory legislations differ for prescribing a narcotic.

Personalised prescription pads and forms can be ordered by sending a completed order form to:

**Prescription Pad Order Clerk  
Pharmaceutical Branch  
Medicare Australia  
GPO Box 9826  
Sydney NSW 2001  
Telephone (02) 9895 3295**

Alternatively, Medicare Australia can be called on 132 290 to order a form.

If computer-generated prescriptions are preferred, the forms in single sheet format that are provided by Medicare Australia can be used. The forms are available in units of 2000, up to a maximum of 6000 per order for each provider, and are free of charge. Most Medical software providers can incorporate electronic script writing software into existing medical software. Many practitioners prefer the electronic form as it is considered more efficient to use and easier to read.

The use of electronic script writing is incorporated into the Practice Incentive Program Grant (PIP).

### **Medicare Benefits Schedule Book**

Medicare benefits are fees paid for professional services rendered by doctors, some dentists, optometrists and eligible allied health professionals. The benefits covered by Medicare are contained in the Medicare Benefits Schedule (MBS) which also provides notes to explain the Medicare program, and each part of the Schedule in detail. A copy of the Medicare Benefits Schedule can be obtained from: [Department of Health and Ageing - Medicare Benefits Schedule](#). MBS online regularly updates information relating to item numbers that are amended or deleted and can be accessed at [MBS online](#).

An overview of chronic disease management (CDM) item numbers and enhanced primary care (EPC) items numbers can be found at [Multidisciplinary models of care](#). These allow practice nurses to assist GPs implement evidenced based models to increase positive patient outcomes. An overview of allied health services available for patients with chronic diseases can be found at [Allied health fact sheet](#), concession payments available can be found at [Concession fact sheet](#) and services provided by nurses can be found at [Nurse items](#). The service incentive program (SIP) was introduced to increase preventative medicine within general practice. An overview of SIP item numbers that can be claimed is available at [SIP](#).

**Doctor's Bag**

There are certain pharmaceutical benefits that are provided free to doctors, who in turn can supply them free to patients for emergency use. These items can be ordered and received once a month, but there are maximum quantities of each item. Therefore orders must comply, taking the practice to that maximum stock level.

To order doctor's bag supplies, the order form attached to the emergency drug (doctor's bag) book must be completed. This is updated every 2 years. The completed original and duplicate should be given to the pharmacist to have the order filled. Every form is only valid in the month indicated on the form. To obtain a form Medicare Australia's PBS service can be called on 132 290 and option 2 should be selected.

The completed form is then sent to:

**Pharmaceutical Benefits Branch  
Medicare Australia  
GPO Box 9826  
In your capital city**

**Education sessions for medical practitioners**

If thorough explanations on the Medicare Benefits Schedule, bulk bill processing, electronic claiming, private accounts and the Pharmaceutical Benefits Scheme are needed, workshop sessions are provided by Medicare. Attendance at information sessions can be arranged by contacting the following numbers:

State	Contact number
Australian Capital Territory (ACT)	(02) 9895 3338
New South Wales (NSW)	(02) 9895 3338
Northern Territory (NT)	(08) 8274 9784
Queensland (QLD)	(07) 3004 5980
South Australia (SA)	(08) 8274 9784
Tasmania (TAS)	(03) 6215 5674
Victoria (VIC)	(03) 9605 7518

Western Australia (WA)	(08) 9214 8133
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E-learning is also an option if that is a preferred method. The e-Learning program is available here: [e-Learning training](#).

### **Referrals**

In some cases, Medicare benefits will only be paid for services by specialists or consultant physicians if they were referred by another doctor, and if it is within a certain time frame.

A referral made by a specialist or consultant physician is only valid for 3 months, or in the case of inpatients, the length of the admission or 3 months, whichever is longer. A referral issued by a GP is valid for 12 months, unless the GP states otherwise. Referrals can be made electronically, and it is essential to follow the Medicare Australia IT standards when transmitting an electronic referral request. More detailed information on the standards is available at: [Medicare - Referral requests standards](#).

**Appendix 1**

**Minute of meeting of practitioners involved in the New Practice Project held at 1 Brown Street  
Brownsville on 1 December 2010**

**ATTENDANCE**

- Dr Green
- Dr Red
- Dr Blue
- Dr Purple

**Previous minutes**

The minutes of the previous meeting were read and confirmed as correct.

**Resolution**

It was agreed that Dr Green has the authority to incur costs on behalf of the group up to a limit of \$20,000 and that each practitioner will share one quarter of this cost and will pay his or her share to Dr Green within seven days of being asked to do so.

Dr Green was authorised to do all things necessary to implement the decisions of the group regarding the proposed lease of the premises at 100 Brown Street Brownsville and all other decisions regarding the start of a new practice including forming a partnership and setting up a service entity and employing a new practice manager to project manage the set up of the new practice.

**Closure**

There being no other business the meeting closed.

Signed as a true and complete record of the meeting.

- Dr Green .....
- Dr Red .....
- Dr Blue .....
- Dr Purple .....