

# SESLHD PROCEDURE COVER SHEET



**Health**  
South Eastern Sydney  
Local Health District

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| <b>NAME OF DOCUMENT</b>                                | Staff Specialists and Visiting Practitioners – Facility Fees / Licence to Occupy Charges   |
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| <b>FORMER REFERENCE(S)</b>                             | PD 207   |
| <b>EXECUTIVE SPONSOR or EXECUTIVE CLINICAL SPONSOR</b> | Director, Finance  |
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| <b>KEY TERMS</b>                                       | Facility fees, licence to occupy, staff specialists, visiting medical officers   |
| <b>SUMMARY</b>   | Facility fee or infrastructure charges refer to the percentage of private practice fees required by the Local Health District (LHD) to compensate the General Fund for the provision of services and the use of facilities when a specialist is treating a private patient in a public facility. |

## **COMPLIANCE WITH THIS DOCUMENT IS MANDATORY**

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# SESLHD PROCEDURE

## Staff Specialists and Visiting Practitioners - Facility Fees / Licence to Occupy charges

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### 1. POLICY STATEMENT

Facility fee or infrastructure charges refer to the percentage of private practice fees required by the Local Health District (LHD) to compensate the General Fund for the provision of services and the use of facilities when a specialist is treating a private patient in a public facility.

### 2. BACKGROUND

A **facility fee** is charged to all staff specialists and varies based on their level, speciality and, in the case of diagnosticians, on the procedure or the examination performed.

A **Licence to Occupy (LTO) charge** is a fee that the LHD charges a Visiting Practitioner for the use of public health accommodation to provide private services. For the purposes of this definition a Visiting Practitioner is a Senior Medical Officer (SMO) appointed under a Service Contract in accordance with [NSW Health Policy Directive PD2016\\_052 Visiting Practitioner Appointments in the NSW Hospital System](#) in either a remunerated or honorary capacity.

A **private inpatient** is a patient that is partially chargeable to an external funding agency. The Activity Based Funding component of their stay is offset to enable Senior Medical Officers to charge the external funder. **This option should not be offered to Visiting Medical Officers (VMOs) due to potential billing conflicts with their external billing options.**

A **privately referred outpatient** is a patient that is referred (by name) to the treating Senior Medical Officer, with the referral received prior to consultation/treatment, this enables the district to bill and receive funds on behalf of the SMO.

### 3. RESPONSIBILITIES

#### 3.1 Network Managers / Service Managers will:

- Conduct a cost benefit analysis of all proposed private services. If the cost is more than the NSW Health recommended charge and an agreement cannot be reached, the Network Manager / Service Director will:
  - Seek approval from the SESLHD Director, Finance for all facility fee arrangements and licence to occupy charges that are lower than that recommended by the NSW Health.
  - If that approval is not forthcoming, they will need to seek approval of the Chief Executive. If the Chief Executive does not approve, the services cannot be established.
- Charge a facility fee or licence to occupy fee that covers all costs related to that service. The reviewing officer must give consideration to the funding model, in so much that:

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- The relative value of the service is considered between the Independent Hospital Pricing Authority<sup>1</sup> (Public) value vs Facility fee value.
- Also give consideration to either downstream costs (e.g. pathology), or downstream revenue opportunities (e.g. medical imaging).
- Annually review LTO agreements and determine that they still fit within this criteria, given changes in pricing occur annually.
- Bi-annually (i.e. every two years) review Staff Specialist agreements and determine that they still fit within this criteria, given changes in pricing occur annually.
- Actively review all services provided by Staff Specialists/LTO holders where the facility fee is less 20%. This is the floor rate set in the [Fees Procedure Manual for Public Health Organisations](#).
- Except for medical imaging, where services are procedural in nature, and rely on the LHD providing either nursing/allied health staff, machinery and infrastructure or prostheses, a higher facility fee would be a reasonable request.
- Consideration should also be given to the facility fees of other LHDs where available.
- Hold all agreements within the Billing Services Centre.

#### 3.2 Medical staff will:

- Provide and retain adequate records for auditing processes, in line with the current policies that are updated from time to time by the Australian Department of Human Services.<sup>2</sup>

#### 4. PROCEDURE

- The Site/Service Director of Finance will conduct a cost benefit analysis before establishing the service (required for both private services and outpatient clinics). The cost benefit analysis will be provided to the SESLHD Director, Finance before clinics can be approved and activated in eMR Scheduler.
- Ensure that the charged fee covers all incurred costs.
- Seek approval from the SESLHD Director, Finance if the proposed fee is below that recommended by NSW Health. (This should be sent at the same time as the cost benefit analysis.)

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<sup>1</sup> [www.ihsa.gov.au](http://www.ihsa.gov.au)

<sup>2</sup> [www.mbsonline.gov.au](http://www.mbsonline.gov.au)

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- Seek approval from the Chief Executive if the cost of the service is more than that of the revenue generated by facility fees stipulated by NSW Health and a separate agreement cannot be reached.
- Send the original copy of the agreement to the Billing Services Centre and keep a copy for reference.

### 5. DOCUMENTATION

Nil.

### 6. AUDIT

Internal audit annually

### 7. REFERENCES

[NSW Health Fees Procedure Manual for Public Health Organisations](#)

[NSW Health Policy Directive PD2021\\_020 Infrastructure Charges for Visiting Medical Officers and Salaried Medical Practitioners](#)

[NSW Health Policy Directive PD2016\\_052 Visiting Practitioner Appointments in the NSW Public Health System](#)

### 8. REVISION AND APPROVAL HISTORY

| Date          | Revision No. | Author and Approval   |
|---------------|--------------|---|
| December 2008 | 0            | Genevieve Wallace, Executive Officer to the Chief Executive<br>Approved by Area Executive Team 8 December 2008. |
| August 2015   | 1            | Review undertaken by Nicole Smith. Endorsed by Executive Sponsor.   |
| February 2022 | 2            | Minor review undertaken by Allan Baker, Manager, Billing Services.<br>Approved by Executive Sponsor.            |