

Autumn 2025



PRACTICE



We have moved to  
Kogarah Specialist  
Centre

Kogarah Specialist  
Centre

Suite 4/40-42

Montgomery St  
Kogarah 2217



## Dr. Mike O'Connor AM FRANZCOG Autumn 2025

[www.drmikeoconnor.com.au](http://www.drmikeoconnor.com.au)

95882466

### Black Box Billing & Informed Financial Consent

Black box billing is a term for healthcare costs which are not transparent or poorly communicated to patients. Such billing can be incomprehensible to patients. Some authors assert that the 'financial toxicity' of medical care is a significant source of patient harm. It may lead to avoidance of medical care, reticence to undergo surgery or other treatment, poor compliance with postoperative medications especially in cancer care and perhaps changing providers to obtain more affordable but perhaps less effective treatment alternatives.

The latest Australian Bureau of Statistics data from 2022 to 2023 found 11% of Australians are not seeing a specialist doctor, or are delaying appointments with specialist doctors including surgeons, due to cost. Financial distress caused by large medical bills has been associated (though perhaps to a lesser extent in Australia) with higher mortality rates in cancer patients especially those with breast, prostate and thyroid malignancy.

Medical financial hardship has also been shown to be associated with mental health problems including increased anxiety, and depression.

The failure of clinicians to disclose the likely cost of care during informed consent discussions has been associated with the business practice of 'surprise medical bills', sometimes linked to above market-level prices for services to which patients never agreed. One unpalatable solution to finance otherwise unaffordable medical care includes accessing superannuation funds. This has the effect of draining retirement assets. The alternative to accessing superannuation is the accumulation of potentially challenging credit card debts.

Many Australian patients now travel to Thailand or India for the proposed surgery because those overseas providers do give complete informed financial consent and at a fraction of the local Australian costs. However, those patients risk the need for self-funding medical care if any complications arise once they return to Australia.

Fifteen percent of all Australian healthcare was provided as OOP expenditure by consumers in 2022. In 2014 that figure was 17% and represented the 6<sup>th</sup> highest OOP costs in the Organisation for Economic Cooperation and Development (OECD). Forty eight percent of OOP expenses were for inpatient care and 19% were for dental expenses. In terms of healthcare 3.2% of Australian households had catastrophic healthcare costs in 2016 compared with 2.4% in Germany in 2018 and the UK at 1.4% in 2014.

**Informed financial consent** is defined by the Australia Department of Health and Aged Care as 'the provision of cost information to patients, including notification of likely out-of-pocket expenses (gaps), by all relevant service providers, preferably in writing, prior to admission to hospital or treatment'.

The types of costs incurred in private hospitals include hospital accommodation; operating theatre fees; prostheses costs, for example plates, screws, artificial joints; medicines and dressings and costs for physiotherapy and other therapies in hospital. The providers who may bill patients for in hospital care include surgeons; assistant surgeons; anaesthetists; other specialists and medical imaging, pathology or other diagnostic test services. Out-of-pocket 'expense can be considerable. For example, the MBS Schedule Fee for a radical prostatectomy (item number 37210) is currently A\$1815 but the AMA fee (HE255) is A\$4910. However the surgical fees charged range between A\$ 8,000 and A\$ 25,000. When complications arise from radical prostatectomy it is unsurprising that some patients may be then unable to afford corrective surgery.

## Black Box Billing (cont)



No surprise medical bills



Gap or No Gap ?



“Failure to disclose medical costs” refers to situations where healthcare providers do not fully inform patients about the costs of medical procedures, treatments, or services upfront. This lack of transparency can lead to ‘surprise billing’, where patients receive unexpected and often exorbitant bills after receiving care. A “menu without prices” serves as a metaphor for this issue. Just as a restaurant menu without prices leaves diners in the dark about what their meal will actually cost, healthcare services without clear pricing can leave patients confused and unprepared for the financial implications of their care.

Failure to disclose true costs of medical procedures prevents patients from making informed choices about their care. It may result in patients avoiding necessary medical care for fear of unknown expenses. It can also lead to a lack of trust between patient and provider

Private Healthcare Australia (PHA) in its submission to the Senate Estimates Committee in November 2024 recommended a package of legislative amendments to remove surprise billing related to healthcare. This proposed legislation would provide penalties for misleading charges and hold that where informed financial consent is not provided, consumers would only be liable to pay the Medicare scheduled fee for medical services. It is claimed by PHA that this would bring health care into line with other industries where consumers are better protected from egregious and unexpected billing.

It might also help to reduce the alarming increase in people delaying medical care. Already the Federal Government has a multiple operation rule (MOR) whereby a second procedure only attracts 50% of the MBS rebate and any further procedures are reimbursed at 25% of the MBS scheduled fee.

In recent years, there has been a growing movement towards increasing transparency in healthcare pricing to combat ‘black box billing’. Some US states and the US Federal government have introduced laws requiring healthcare providers and insurers to disclose pricing information upfront.

In Australia and the US there have been efforts to create online tools and databases that allow patients to access and compare prices for medical services and there have been initiatives aimed at educating patients about their rights and options regarding medical billing and insurance coverage. The Department of Health and Aged Care (DHAC) recommended in 2024 that patients obtain a cost estimate for any future proposed surgery before agreeing to the procedure. It established a Medical Costs Finder website in December 2019 where doctors could voluntarily publish their fee structure however very few doctors have cooperated with this initiative. It was reported to the Senate Estimates Committee in 2024 that there were only 20 doctors that had listed fees on the “individual fee disclosure element” of the website.

### Further Reading

1. Hussaini SMQ, Gupta A, Dusetzina SB. Financial toxicity of cancer treatment. *JAMA Oncology*. 2022; 8:788
2. Gordon LG, Merollini KMD, Lowe A, Chan RJ. A systematic review of financial toxicity among cancer survivors: we can't pay the co-pay. *Patient*. 2017; 10:295–309
3. Bygrave A, Whittaker K, Paul C, Fradgley EA, Varlow M, Aranda S. Australian experiences of out-of-pocket costs and financial burden following a cancer diagnosis: a systematic review. *Int J Environ Res Public Health*. 2021;18(5):2422. doi: 10.3390/ijerph18052422.
4. RodriguezAcevedo AJ, Chan RJ, Olsen CM, Pandeya N, Whiteman DC, Gordon LG. Out-of-pocket medical expenses compared across five years for patients with one of five common cancers in Australia. *BMC Cancer*. 2021;21(1):1055–1067. doi: 10.1186/s12885-021-08756-x.