



Australian Government

Department of Health, Disability and Ageing

Dear stakeholder,

Modernising gap-only billing – replacing Medicare cheques with electronic benefit payments

In the 2025-26 Mid-Year Economic and Fiscal Outlook the Australian Government announced that government cheques will cease by 1 July 2028, including Medicare benefit cheque payments under Pay Doctor Via Claimant (PDVC) billing arrangements.

Reference: [Mid-Year Economic and Fiscal Outlook | Budget 2025–26](#) 'Appendix A: Policy decisions taken since the 2025 PEFO' page 290.

Gap-only billing assists with medical service affordability where bulk billing is not offered.

The government is seeking your views about modernised gap-only billing arrangements for high cost Medicare services.

Modernised gap-only billing arrangements – summary points

- With the removal of cheques, modernised gap-only billing arrangements will continue to assist with affordability for high cost services that are not bulk billed.
- Patients would continue to pay the gap amount only at the time of service (no change).
- After the patient has paid the gap amount in full, the provider would electronically submit the Medicare claim for the service to Services Australia (Medicare) and receive the Medicare benefit directly via electronic funds transfer after 90 days.
- All patients and all providers would be eligible to use gap-only billing for services where the Medicare Benefits Schedule (MBS) fee exceeds \$697 (at 1 November 2025, indexed annually). Gap-only billing arrangements would not be available for services where the MBS fee is less than \$697.
- Gap-only billing arrangements would not be available for services rendered under the Child Dental Benefits Schedule (CDBS) where bulk billing rates are high.

Consultation questions

We seek your views on the following questions:

1. To what extent are gap-only billing arrangements for high cost services necessary to support patients who cannot afford the full fee at the time of service?
2. Does the impact analysis accurately reflect the impact of gap-only billing, including the saving in administrative time estimated in section 4.3?
3. Gap-only billing is proposed for services with an MBS fee over \$697. Please discuss the effect of this threshold on patients and, if a lower fee is proposed, how fee inflation would be mitigated and bulk billing rates would be protected.
4. The payment of the Medicare benefit to the provider is proposed for 90 days after the claim has been submitted. Please discuss the effect of this delay and, if a different duration is proposed, how fee inflation would be mitigated and bulk billing rates would be protected.
5. How will the removal of cheques from the CDBS affect eligible patients?

6. Do you foresee any unintended consequences of the proposed gap-only billing arrangements?

7. Do you have any other feedback on the proposed gap-only billing arrangements?

The fact sheet and impact analysis in the consultation hub provide detail on proposed new arrangements.

If your organisation wishes to provide feedback, please use this [link](#) in the consultation hub or refer to <https://consultations.health.gov.au> and search for gap-only billing under Medicare Benefits and Digital Health Division. You are welcome to share the link with your members.

Feedback is required by close of business on **Friday 27 February 2026**.

I look forward to receiving your feedback.

Yours sincerely



Mary Warner
Assistant Secretary
Diagnostic Imaging and Pathology Branch
18 December 2025