

# Compensation Claims: What happens with Centrelink and Medicare?

When you pursue a personal injury compensation claim, both Medicare and Centrelink may have legal rights to recover certain payments they have made to you that relate to your injuries or loss of income. These obligations are set out in federal legislation and must be addressed before any settlement funds can be released.

## How Medicare Affects Your Compensation

Medicare can recover the cost of medical treatment it has paid for that is related to your accident. During your claim, a Medicare History Statement is obtained, listing all treatment you have received since the date of injury.

You will need to identify which items relate to the accident and return a declaration. Medicare will then issue a *Notice of Charge* stating the amount to be repaid. This amount is included as part of your claim for past medical expenses.

# What Happens at Settlement with Medicare

A valid Notice of Charge must exist at the time of settlement. If it does not, the insurer is required to pay 10% of the settlement to Medicare as an advance payment until the final charge is determined. Medicare does not apply a charge where the settlement is $5,000 or less, or where no compensation is paid.

# How Centrelink May Be Affected

Centrelink may recover income support payments if you claim compensation for lost income. Once your claim settles, Centrelink will calculate a *preclusion period* – this is a period where you may not be entitled to certain Centrelink benefits because you have been compensated for lost income. This process is designed to prevent what is often referred to as “double dipping”.

# What Is a Preclusion Period?

The preclusion period is calculated using half of your settlement amount, divided by the state’s average weekly earnings, and runs from the date of injury.

If you have received Centrelink payments during this period, those amounts may need to be repaid. Larger settlements will usually result in longer preclusion periods and may also affect your future Centrelink entitlements.

# Do You Still Need to Notify Centrelink?

Even if you are not claiming economic loss and no repayment is required, receiving a lump sum settlement can still impact your Centrelink benefits. For this reason, it is important to notify Centrelink of any compensation payment you receive.

# How Andersons Can Help

If you are making, or considering, a personal injury compensation claim, it is important to understand how Medicare and Centrelink can affect your settlement. Our personal injury team can explain these obligations, manage the process on your behalf, and help ensure your entitlements are protected.

To contact our experienced personal injury team, call us on **8238 6666** or alternatively, send through your enquiry to **enquiry@andersons.com.au.**

The information in this article is general in nature and was accurate at the time of publication. Laws and circumstances can change. For advice specific to your situation, please seek professional legal advice.