

# Budget 2009 - A Welcome Step in the Right Direction



Dr Ron Shnier, President of ADIA discusses the Budget.

Dr Ron Shnier - President - ADIA

When the Rudd Government took office in November 2007, the rebates for diagnostic imaging services had not changed for over 10 years. The lack of any form of indexation was forcing many practices to close in communities that can ill afford to lose such a critical service.

When Wayne Swan handed down the Federal Budget on 12 May, the diagnostic imaging (DI) sector was relieved at the announced 10 per cent increase in rebates for all bulk-billed items. In a Budget that had more losers than winners—hardly surprising given the current economic crisis—the increase provided to the DI sector is a significant achievement. This measure is estimated to increase overall funding for DI services by \$600 million over four years.

The Australian Diagnostic Imaging Association (ADIA) applauds this Government, and in particular Minister Roxon, for acknowledging the under-funding of DI services that went unchecked for more than a decade, and for the commitment it has shown in providing funding as the first step of reform, in such a tough economic climate. The measure does not reflect all of what ADIA had hoped for out of this Budget, but Minister Roxon has acknowledged this and is committed to working with the sector to enhance the outcomes provided for in the Budget.

The measures in this year's Budget are just the first step in the major reform that is required to address the viability and sustainability of the sector. A key to our future success will be in demonstrating to government that universal patient access to high quality, affordable, DI services can only be achieved through a high quality network of viable private providers as well as a strong public sector.

It is clear that the Government also recognises this need for further reform and the Budget included resources to support an in-depth review of the funding of the DI sector. It was disappointing for many of us that indexation of DI rebates was not included in the Budget, however, I am confident that the Government is open to providing this in the long term and that it will be comprehensively addressed in the forthcoming in-depth review of the Diagnostic Imaging Services Table (DIST).

I must acknowledge the high level of collaboration exhibited by the Government in working with the DI sector. The Department of Health and Ageing, as well as the central agencies, spent considerable time with ADIA members to ensure they understood the complexities of the DI sector and its funding needs. This collaboration and understanding

will be extremely valuable as we go forward with the next stage of the reforms.

In addition to the increase in rebates for bulk billing—which applies to all items, even those high cost items currently subject to the 'gap cap'—the package includes a number of other measures. The details of some of these measures are still to be worked through, and this will be done in close consultation with the DI sector. Perhaps the most concerning of these is the extension of the 'capital sensitivity' measure to all DI modalities. The proposal would see the MBS rebate halved for all services provided on fully depreciated equipment. This has potentially devastating consequences for our sector, and fails to recognise the real effective life and real cost of imaging equipment, that many items can be subject to significant upgrades rather than being replaced, and the professional component of many DI services. However, I am again confident that by working collaboratively and constructively with government, this measure can be implemented in a way that is sustainable for all parties.

The funding increase provided for in this year's Budget was the result of a lot of hard work by ADIA and its members, and yet there is still much more work to be done. Over the next 18 months we have the opportunity to put in place a funding structure that will ensure the future sustainability of our sector and, in doing so, ensure all Australians continue to have access to a world class DI system.

## Budget at a Glance

- **Bulk billing incentive** – MBS rebate increased by 10 per cent for all out-patient DI services that are bulk billed (from 1 November 2009).
- **Extend capital sensitivity for DI** – MBS fee to be halved for services provided on fully depreciated equipment, except in rural and remote areas (from 1 July 2011).
- **Evidenced-based referrals** – National Prescribing Service funded to establish a national diagnostic requesting service to promote high quality and appropriate requests for tests from doctors.
- **Fifteen new diagnostic imaging training places** from 1 January 2010.
- **Trial of 'image-only' services** – a three-year trial to examine the impact of allowing requesting practitioners to decide whether they need reports for three dental and one chest X-ray items (from 1 November 2010).
- **Amended request forms** – all branded request forms to include advice to patient that they can choose to take the form to a different accredited provider (from 1 July 2011).
- **No further price/volume** – cap on funding.
- **Detailed review of DI rebates** – to report as part of 2011-12 Budget.