ADIA
australian diagnostic imaging association

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Committee Secretary
Senate Standing Committee on Community Affairs, References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Supplementary submission to Inquiry into the out-of-pocket costs in Australian healthcare

ADIA is grateful for the opportunity to provide a supplementary submission to the *Inquiry into the out-of-pocket costs in Australia* following the 2014-15 Budget.

It is essential that the Government reduces the scale of the cuts to diagnostic imaging which were announced in the Budget, because these cuts are far greater than the $5.00 rebate reduction and will lead to out of pocket costs for patients which are much higher than the $7.00 co-payment which patients have been told to expect.

To be clear, the most concerning aspect of the co-payment measure is the diagnostic imaging rebate cuts, not the co-payment, and the patient group most significantly impacted is general patients referred for diagnostic imaging by their GP.

ADIA is particularly concerned that the Budget cuts will mean that patients referred for diagnostic imaging by their GP will decide that they can't afford to get diagnosed.

Diagnostic imaging has been treated differently to other medical services – Medicare rebates for diagnostic imaging have not been indexed since 1998. This has meant that despite a very competitive market for services, average gaps grew by 44 per cent between 2007-08 and 2012-13, and are currently $88 per service (including an average $94 for Ultrasound and $158 for MRI) – among the highest for any specialty.

Diagnostic imaging has been cut harder than other Medicare services

A bulk billing incentive of 10 per cent of the Schedule fee (15 per cent for MRI) is currently paid for bulk billed services to all patients. The Budget abolishes this incentive for services to adult general (non-concession) patients. This will reduce rebates by 10 per cent (15 per cent for MRI), in addition to the $5.00 cut to rebates.

ADIA estimates that these cuts will reduce rebates for general patients referred for diagnostic imaging by their GP by the following amounts:

Ultrasound	CT	X-Ray	NM	MRI
$16	$35	$10	$55	$65

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Co-payments for general patients will likely be higher than the $7.00 they expect

In the face of significant cuts to rebates, it is not realistic to expect that diagnostic imaging practices will be able to charge just the $7.00 co-payment and no more. ADIA estimates that general patients referred for diagnostic imaging by their GP can expect to pay:

Ultrasound	CT	X-Ray	NM	MRI
$16 - $99	$35 - $136	$10 - $56	$55 - $104	$65 - $163

*Range is based on the rebate cut for general patients, and the average gap by modality for privately billed patients in 2012-13

This problem is exacerbated by Medicare policies and systems which were not designed to support patient co-payments

Medicare systems do not support patients paying just the gap upfront

If practices charge out of pocket costs to recover the shortfall from rebate cuts, they will not be permitted to bulk bill the service, and general patients will need to pay the full cost of the service upfront. ADIA is advised that Medicare systems do not support a patient paying the gap upfront with the practice claiming the rebate directly from Medicare. Therefore, general patients referred for diagnostic imaging by their GP can expect to pay the following upfront costs:

Ultrasound	CT	X-Ray	NM	MRI
$106 – $189	$280 – $383	$45 – $92	$415 – $464	$403 – $500

This will pose particular challenges for general patients who require multiple diagnostic imaging services to reach a diagnosis:

Condition	Estimated total out of pocket costs	Estimated total upfront costs
Rheumatoid arthritis	$55 - $316	$289 - $549
Thyroid cancer	$123 - $516	$977 - $1,370
Breast cancer	$46 - $348	$410 - $712
Liver metastasis	$210 - $757	$1,803 - $2,256

Medicare systems do not support a single co-payment per episode of care

Where practices charge patients the $7.00 co-payment, ADIA is advised that Medicare systems are unable to support a single co-payment per episode of care (i.e. per referral). This means that patients who are referred for multiple diagnostic imaging services – such as X-Rays of the feet, hands and wrists, and an Ultrasound of the ankles for suspected rheumatoid arthritis – will be expected to pay multiple co-payments.

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The role of public hospitals providing services to outpatients needs to be clarified

Public hospitals largely bulk bill services to outpatients, and should they choose to waive the co-payment or absorb the cuts, are likely to attract patients looking for free or low cost services. This will take resources away from the care to inpatients. The Government's *Competition Policy Review* is a timely opportunity to consider the effectiveness of competition between public hospitals and private practices for Medicare-funded outpatients.

The importance of diagnostic imaging needs to be recognised

Diagnostic imaging is a cornerstone of modern medicine, and enables earlier detection and diagnosis of illnesses so that they can be treated while they are still treatable. This needs to be recognised in funding and policy settings which ensure that diagnostic imaging services are accessible and affordable to all Australians. If patients delay diagnosis, conditions will go undetected and cause significant implications for patients and our healthcare system.

This supplementary submission should be read in conjunction with ADIA's earlier submission to the Inquiry. ADIA would appreciate the opportunity to contribute further to the Inquiry by participating in a public hearing. In the meantime, please do not hesitate to contact me if you have any questions about this submission.

Kind Regards,

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