13 July 2012

The Hon Tanya Plibersek MP
Minister for Health and Ageing
Parliament House
Canberra ACT 2601

Dear Minister

I am writing, on behalf of the AHHA, the AMA and the Australian and New Zealand Hyperbaric Medicine Group (ANZHMG), to advise you of serious concerns regarding the decision to withdraw MBS funding for the treatment of chronic non-diabetic wounds (MBS 13015) in the 2012-13 Commonwealth Budget and to ask you for an urgent meeting to discuss this issue.

We believe that this decision was made on the basis of a flawed recommendation by the Medical Services Advisory Committee (MSAC).

It appears that MSAC made an erroneous assumption in relation to the 'clinical pathway' for HBO treatment leading to serious error in its analysis of the outcomes of treatment and projected costs of treatment. HBOT has always been used as a secondary treatment after failure of standard measures. However, MSAC used an incorrect clinical pathway when costing the treatment for chronic non-diabetic wounds as if HBO treatment was a first line primary treatment resulting in an inflated estimate.

Therefore, we dispute the expected savings from this measure ($4.9m over 4 years), and emphasise that even using the 1504.1 Report's own flawed costings, the total incremental cost of the item is likely to be less than $800,000 over 4 years ($2151 per patient). Indeed our calculations indicate there will be cost savings by using HBOT as a secondary intervention because HBOT is less expensive than normal treatment when commenced after three months of failed standard care. Hence *to withdraw funding for HBOT will actually lead to increased health care costs.*

In addition, we are concerned that the MSAC processes in relation to its reviews of HBOT (three since 1999) are flawed. Despite MSAC's brief to review new technologies, not existing funded technology, it has now conducted three reviews of HBOT, an existing service, at considerable cost to the Australian taxpayer.

In relation to its latest report, which resulted in withdrawal of funding for chronic non-diabetic problem wounds, the way in which the MSAC process was conducted lacked procedural fairness. The review was concluded with excessive haste; relevant information was not taken into consideration; erroneous information was relied upon; and, from the perspective of the specialist advisers, the proceedings lacked clarity transparency.

In relation to non-diabetic problem wounds, a major Australasian wound study was commenced after *specifically* being requested by MSAC in its 2004 1054 report, and reiterated in the 1054.1 report.

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Entry criteria for the study were strict in that the patients' wounds were refractory to standard care for greater than three months (the median time at entry was 16 months). The results showed that greater than 75% of all wounds referred for HBOT remained healed at 12 months after treatment. Despite this finding using Australian National Data, MSAC rejected this evidence out of hand. It is inexplicable that results from this national data collection (over 400 cases during a 7+ year period) have been ignored. This untenable situation has resulted in a waste of ANZHMG's time and resources and potential loss of valuable patient data.

In relation to the evidence, the fact that the Australasian wound study is not yet complete and a multi-site Venous Ulcer Randomised controlled trial study has now commenced puts into question the MSAC statement in its latest report that 'opportunities to generate any more convincing comparative data was unlikely to be successful'. This incorrect understanding seems to have led to the decision to cease interim funding of refractory non-diabetic problem wounds.

The negative impact on the industry from this decision will be considerable. Loss of revenue threatens the viability of the Wesley Centre for Hyperbaric Medicine, the Vaucluse and Berwick Hyperbaric Facilities in Melbourne and may also result in downgrading of the Royal Hobart Hospital State Referral Centre for Diving and Hyperbaric Medicine.

In addition, the cessation or downgrading of a multi-centre (Brisbane, Hobart, Perth) Cooperative Research Centre randomised controlled and double-blinded trial may also result. The trial is studying HBOT treatment for refractory non-diabetic venous ulcers for patients when first-line treatment has failed.

We are seeking an urgent meeting with you to discuss these issues.

Yours sincerely

Prue Power
Chief Executive

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