



**THE HON NICOLA ROXON MP
MINISTER FOR HEALTH AND AGEING**



Mrs Julia Irwin MP
Chair
Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mrs Irwin *Julie*

Thank you for your letter of 29 October 2009 regarding the petition submitted by the citizens of Western Australia against the 50% reduction to the Medicare rebate for cataract surgery.

As you are aware, as part of the 2009-10 Budget, it was announced that the Medicare Benefits Schedule (MBS) fee for cataract and coronary angiography procedures will be adjusted to more appropriately reflect the time and complexity of these services, and will take effect from 1 November 2009.

Over the past 20 years there has been significant advancement in the technology used to carry out cataract operations, which means they can now be performed faster, with better results, and are safer for patients. To put this into context, the cataract procedure that takes around 20 minutes has had a similar fee as the payment made by the Australian Government for complex skull surgery (cranioplasty), which takes more time to perform and carries greater risk for the patient.

The changes made by the Government more accurately reflect the time taken to carry out these procedures. It is important to note that 95% of cataract procedures are undertaken in hospital. In these circumstances, in addition to the revised MBS rebate for the most common cataract procedure (item 42702), an average of \$1,700 is also provided through private health insurance rebates to cover the cost of the accommodation, theatre, lens and ancillary fees.

My Department has worked closely with the profession to determine the fees and weightings to be applied to the other cataract items within the overarching funding allocation. A new item for complex cataract procedures with a higher Schedule fee has also been developed in consultation with the profession in recognition of the additional time and complexity required for some cataract procedures.

On 28 October 2009, the Senate passed a motion to disallow MBS cataract surgery items 42698, 42701, 42702 and 42718 from the Health Insurance (General Medical Services Table) Regulations 2009. This effectively meant there would have been no Medicare rebates available for those services from 1 November 2009. On 29 October 2009, I signed a Determination, in accordance with section 3C of the *Health Insurance Act 1973*, reinstating those items. As such, rebates for in-hospital services from 1 November 2009 are \$263.25 for MBS item 42698, \$155.10 for item 42701, \$340.80 for item 42702 and \$675.60 for item 42718. MBS item 42718 is the new complex item providing for lens extraction and insertion of artificial lens, with a surgical procedure time of 40 minutes or more.

In order for the Government to continue to provide funding for new and improved procedures and medications for the community, the Government needs to ensure that it is able to make changes to fees when procedures become less costly to perform.

It is important to note that on average, an ophthalmologist receives around \$580,000 annually, from Medicare rebates alone, and even with the reduction in rebate for cataract surgery, this will still amount to around \$500,000 per annum.

The Government recognises that in some communities, particularly rural and remote Australia, dedicated ophthalmologists provide a range of services, including cataract surgery, where they would otherwise not be available. Medicare is a universal scheme offering equality of access to all Australians, with the same level of rebate regardless of location. However, for practitioners treating patients in rural and remote areas, further to the MBS benefit, additional financial assistance in some communities is currently provided through the Medical Specialist Outreach Assistance Program (MSOAP), as well as similar schemes run by the State and Territory Health Departments.

The MSOAP provides financial support to specialists providing outreach services in rural and remote Australia. The Program improves the access of people living in rural and remote Australia to medical specialist services by complementing outreach specialist services provided by the State and Northern Territory Governments. Funds are available for the costs of travel, meals and accommodation, facility fees, administrative support at the outreach location, lease and transport of equipment, telephone support and up-skilling sessions for resident health professionals. During 2007-08, the Program provided funding of over \$800,000 for ophthalmology services.

The Australian Government will continue to provide additional funding for these services, and will work with the profession to ensure these services are not compromised.

I trust that the above information is of assistance.

Yours sincerely

NICOLA ROXON

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