

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 103

Topic: Medicare Benefits Schedule #2

Hansard Page: E37-38 (03/06/2010)

Senator EGGLESTON asked:

Senator EGGLESTON—Can I ask my question in relation to the question that Senator Abetz was asking. As I understood it, the policy rationale for the no co-location rule was to avoid vertical integration between corporate practices and the providers and the orderers of the services, the general practitioners. Is that in effect no longer a concern? Is that the implication of this decision, which is what you alluded to as well?

Dr Kennedy—I am just not across the details of this issue, so I am not sure whether that is a concern or not. I can certainly take your question on notice as well. Are you concerned about a degree of vertical integration and driving less competition in the market?

Senator EGGLESTON—Not less competition, but the deregulation. Vertical integration means that you have a pathology-radiology practice that owns a series of general practices, and doctors in all of those practices refer patients to the pathology and radiology services.

Senator Sherry—I understand the issue you raise, Senator. I am not indicating I agree with your point, but I understand the issue. The difficulty at the moment is that we are not even sure; we will have to check.

Senator EGGLESTON—I understand that. We have put it on notice.

Senator Sherry—We suspect the markets group—but we will take it on notice—probably had no direct input to this policy. It may have been consulted. If it was, we will find out to what degree and give you what we can on that.

Dr Kennedy—I suspect it may have been consulted, but the policy issue clearly would have been led by those responsible for health policy in Treasury.

Answer:

The Government does not and has not previously restricted pathology providers from choosing where they locate their businesses.

Vertical integration, where companies own entities which request and provide pathology services, is already present in the industry.

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Pathology providers are prohibited from pressuring or providing inducements to doctors to request services. Medicare Australia investigates any alleged breaches of the prohibited practice provisions of the Health Insurance Act 1973.

To enhance consumer choice and increase competition between pathology providers, from 1 July 2010, patients may present request forms for Medicare-eligible pathology services to any approved pathology provider. Previously the provider was designated by the referring doctor.