Medical Industry Association of Australia

12 October 2005

Mr Elton Humphrey
Committee Secretary
Community Affairs Committee
Department of the Senate
Parliament House
CANBERRA ACT 2600

Dear Sir,

Inquiry into Health Legislation Amendment Bill 2005

I provide this submission in relation to the subject inquiry, Schedule 3 Health Services Tables.

The Medical Industry Association of Australia (MIAA) is the peak industry body representing suppliers of medical devices and diagnostic products. Schedule 3 – Item 5, page 10-11 of the Explanatory Memorandum (EM) refers to medical practitioners utilising existing MBS items for services for which they were never intended, and that this most commonly arises in relation to new medical technologies. Although not stated in the EM, new technology frequently involves new medical devices and in particular surgically implanted prostheses. Therefore the provisions of the Bill are relevant to suppliers of medical devices involving new technology.

MIAA does not support the inappropriate use of MBS items and accepts that there are procedural issues which must be honoured in respect to what is best for patients. The EM implies that MBS code drift must be occurring in a sufficient number of instances to warrant legislation to address the problem. MIAA is not aware of the frequency of such infringements and trusts that the Inquiry will seek data and other evidence from the Department of Health and Ageing (DoHA) to justify the need for this amendment and whether current procedures for dealing with occasional examples are inadequate.

If DoHA is able to sustain its concerns regarding code drift, then such actions by medical practitioners may be symptomatic of Departmental processes which they judge to be unable to deal satisfactorily with new medical technologies. The Medical Services Advisory Committee (MSAC) is tasked to in relation to new technologies which, as relevant, encompass medical

MEDICAL INDUSTRY ASSOCIATION OF AUSTRALIA INC. ABN 27 406 288 596
LEVEL 2, 82 CHRISTIE STREET, ST LEONARDS NSW 2065 • POST OFFICE BOX 299, ST LEONARDS NSW 1590
TELEPHONE: (+61-2) 9437 1151 • FACSIMILE (+61-2) 9437 3177 • email: miaa@miaa.org.au

devices and diagnostic tests after they have been approved for use by the Therapeutic Goods Administration. Favourable review by MSAC is a prerequisite to the allocation of a MBS code by the Medicare Benefits Consultative Committee (MBCC) which in turn is necessary for a related surgically implanted prosthesis to be reimbursed by private health funds under the National Health Act. This process can take upwards of two years and it is significant that the Productivity Commission observed that "It is possible that the frustrations reported by participants about the MSAC process may have discouraged some parties from making applications"[1] MSAC reviews have been conspicuous by their length and lack of transparency and it would be understandable if medical practitioners expressed their lack of confidence through code drift.

It is apparent that DoHA is attempting to address this particular issue by apportioning blame to medical practitioners rather than seeking to remediate a process which lacks widespread stakeholder confidence. MIAA recommends that the Inquiry rejects Schedule 3 in favour of imposing HTA performance criteria on DoHA, in particular addressing such crucial matters as timeliness and transparency. Development of performance criteria should be the result of effective consultation with affected healthcare stakeholders.

Although MIAA has a strong interest in the Schedule 3 amendment, our industry has not been consulted by DoHA and is concerned at the speed at which the Bill has been prepared and presented to Parliament.

MIAA would welcome the opportunity to attend a hearing to discuss Schedule 3.

Yours sincerely,

David Ross
Director Healthcare Access

[1] Australian Government Productivity Commission Impacts of Advances in Medical Technology in Australia, 31 August 2005, Page 252