

24 April 2009

The Secretary
Senate Community Affairs Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir

Thank you for inviting the Royal College of Pathologists of Australasia (the College) to make a submission to the Inquiry into Compliance Audits on Medicare Benefits being conducted by the Senate Community Affairs Committee.

The College notes that the terms of reference for the inquiry are to inquire and report on *“any Government proposal to implement the Government’s announced 2008-09 Budget measure to increase compliance audits on Medicare benefits by increasing the audit powers to Medicare Australia to access the patient records supporting Medicare billing and to apply sanctions on providers.”*

In general the College is supportive of increasing the rate of audits undertaken, although it remains unclear to what extent such audits are actually effective relative to the costs incurred; it may be that an approach involving peer review and education would be more cost effective. Furthermore, in regard to pathology, it is important to realise that these audits do not address the perennial issues of incomplete or unclear test requests, nor do they contend with the frequent instances where the tests requested do not represent sound clinical practice, all of which contribute to unnecessary health care costs.

The College remains concerned, moreover, that the increased Medicare audit powers do not encompass leasing arrangements relating to pathology, as proposed in our letter to the Department of Health and Ageing in November 2008. In the absence of an audit process it will be very difficult to achieve the objectives of the “Enforcement of prohibited practices” legislation relating to pathology and diagnostic imaging, which was introduced last year.

College Fellows have also raised concerns that the scope of these proposed audit powers, as outlined in the exposure drafts of the legislative amendments and the explanatory material, will breach doctor-patient confidentiality agreements if doctors are required to provide details of patient records without seeking the patient’s approval. Notwithstanding the arrangements that will be in place to protect information provided, this represents a significant departure from the way patient information has been managed to date and would be a cause for alarm for many patients.

The College considers that serious attention should be paid to all of these issues in order to ensure that the audit processes in place are effective and worthwhile, and that patient privacy is not unduly compromised.

Yours sincerely



Dr Tamsin Waterhouse
Deputy Chief Executive Officer